Kenda Rubber Ind. Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors’ Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Kenda Rubber Ind. Co., Ltd. as of and for the year ended December 31, 2022, under the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Kenda Rubber Ind. Co., Ltd. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

KENDA RUBBER IND. CO., LTD.

By

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YANG CHI JEN

March 13, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kenda Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Kenda Rubber Ind. Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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 (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants, and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' 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 of 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 is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is stated as follows:

Appropriateness of the Revenue Cutoff

The Group has worldwide sales network, and the terms of sales are different by customer or geography. Revenue is recognized when performance obligations are satisfied by the transfer of the promised goods to customers but the timing of the transfer may be based on the time of actual delivery or on the time of actual receipt of the goods. The Group's revenue recognition process involves manual inspection of relevant documents, or an estimate of arrival time of the goods shipped to customers based on historical experience to determine the timing of the transfer of control of the promised goods to customers. Therefore, mistakes may occur in the evaluation process, and revenue could be recorded in the incorrect reporting period.

The main audit procedures that we performed in respect of the cutoff of revenue recognition included the following:

1. We obtained an understanding of and reviewed the sales contracts and the terms between the Group and its customers to identify the appropriate point of revenue recognition.

2. We obtained an understanding of and evaluated the process and related controls over revenue recognition.

3. We performed cutoff testing procedures covering a certain period before and after the balance sheet date and examined relevant supporting documents to determine that revenue was recognized in the correct reporting period, as evidenced by sales terms.

Other Matter

We have also audited the parent company only financial statements of Kenda Rubber Ind. Co., Ltd. as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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 members of the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' 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 auditors' 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 judgment 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 auditors' 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 auditors' 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 and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2022, and are therefore the key audit matters. We describe the matter in our auditors' 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.

The engagement partners on the audits resulting in this independent auditors' report are Yi-Wen Wang and Done-Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 13, 2023

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 6,007,721	13	$ 5,952,782	13
Financial assets at fair value through profit or loss - current	1,319	-	1,832	-
Notes receivable, net (Note 8)	198,265	-	281,596	1
Trade receivable, net (Notes 8, 24 and 25)	3,713,612	8	3,680,318	8
Inventories (Notes 9 and 25)	12,330,155	26	12,564,442	27
Prepayments	280,229	1	579,919	1
Other financial assets - current (Notes 10 and 25)	1,626,218	4	1,952,874	4
Other current assets	616,148	1	405,940	1
Total current assets	24,773,667	53	25,419,703	55
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 7)	521,443	1	479,634	1
Investments accounted for using the equity method	134,473	-	105,629	-
Property, plant and equipment (Notes 12 and 25)	16,334,327	35	14,732,010	32
Right-of-use assets (Note 13)	1,775,986	4	1,537,134	3
Investment properties (Note 14)	26,610	-	27,329	-
Deferred tax assets (Note 20)	449,680	1	749,812	2
Other financial assets - non-current (Note 10)	1,931,157	4	2,019,698	4
Other non-current assets (Notes 10 and 12)	652,806	2	1,265,125	3
Total non-current assets	21,826,482	47	20,916,371	45
TOTAL	$ 46,600,149	100	$ 46,336,074	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 4,590,273	10	$ 3,746,955	8
Contract liabilities - current	232,063	1	296,766	1
Notes payable	105,965	-	142,511	-
Trade payable (Note 24)	2,410,155	5	4,034,847	9
Lease liabilities - current (Note 13)	164,466	-	96,400	-
Other payables (Note 23)	1,612,531	3	1,812,902	4
Current tax liabilities	272,342	1	64,399	-
Current portion of long-term borrowings (Note 15)	1,735,672	4	1,635,081	4
Other current liabilities (Note 18)	110,785	-	112,178	-
Total current liabilities	11,234,252	24	11,942,039	26
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	14,018,511	30	13,816,068	30
Deferred tax liabilities (Note 20)	602,774	1	742,557	2
Lease liabilities - non-current (Note 13)	515,201	1	408,613	1
Net defined benefit liabilities (Note 16)	100,938	-	215,824	-
Other non-current liabilities (Note 14)	746,077	2	473,185	1
Total non-current liabilities	15,983,501	34	15,656,247	34
Total liabilities	27,217,753	58	27,598,286	60
EQUITY ATTRIBUTABLE TO SHAREHOLDERS OF THE COMPANY (Note 17)				
Share capital	9,094,100	20	9,094,100	19
Capital surplus	41	-	41	-
Retained earnings				
Legal reserve	3,398,776	7	3,308,030	7
Special reserve	1,970,995	4	1,601,002	3
Unappropriated earnings	5,749,958	13	6,705,592	15
Total retained earnings	11,119,729	24	11,614,624	25
Other equity	(831,490)	(2)	(1,970,995)	(4)
Equity attributable to shareholders of the parent	19,382,380	42	18,737,770	40
NON-CONTROLLING INTERESTS	16	-	18	-
Total equity	19,382,396	42	18,737,788	40
TOTAL	$ 46,600,149	100	$ 46,336,074	100

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 18 and 24)	$ 38,617,881	100	$ 34,896,128	100
COST OF REVENUE (Notes 9, 19 and 24)	32,947,434	85	27,746,346	80
GROSS PROFIT	5,670,447	15	7,149,782	20
OPERATING EXPENSES (Notes 19 and 24)				
Selling and marketing expenses	2,563,037	7	2,638,727	7
General and administrative expenses	1,378,017	3	1,306,051	4
Research and development expenses	1,490,297	4	1,451,484	4
Expected credit loss (Note 8)	8,243	-	10,645	-
Total operating expenses	5,439,594	14	5,406,907	15
OTHER OPERATING INCOME AND EXPENSES (Note 19)	(300)	-	(1,848)	-
INCOME FROM OPERATIONS	230,553	1	1,741,027	5
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 24)				
Interest income	154,479	-	121,275	-
Other income	222,189	1	247,154	1
Other gains and losses	455,793	1	(239,446)	(1)
Finance costs	(372,672)	(1)	(187,121)	-
Share of profit of associates	20,914	-	211	-
Total non-operating income and expenses	480,703	1	(57,927)	-
PROFIT BEFORE INCOME TAX	711,256	2	1,683,100	5
INCOME TAX EXPENSE (Note 20)	(373,105)	(1)	(765,167)	(2)
NET PROFIT FOR THE YEAR	338,151	1	917,933	3
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 16 and 20)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	95,656	-	(13,023)	-

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KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	33,036	-	(92,452)	-
Income tax related to items that will not be reclassified subsequently to profit or loss	(19,292)	-	2,554	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	1,383,084	4	(346,926)	(1)
Income tax related to items that may be reclassified subsequently to profit or loss	(276,617)	(1)	69,385	-
Other comprehensive loss for the year, net of income tax	1,215,867	3	(380,462)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,554,018	4	$ 537,471	2
NET INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	$ 338,151	1	$ 917,933	3
Non-controlling interests	-	-	-	-
	$ 338,151	1	$ 917,933	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Shareholders of the Company	$ 1,554,020	4	$ 537,471	2
Non-controlling interests	(2)	-	-	-
	$ 1,554,018	4	$ 537,471	2
EARNINGS PER SHARE (Note 21)				
Basic	$ 0.37		$ 1.01	
Diluted	$ 0.37		$ 1.01	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Shareholders of the Parent									
			Retained Earnings (Note 17)			Other Equity				
	Share Capital (Note 17)	Capital Surplus (Note 17)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	$ 9,094,100	$ 41	$ 3,213,262	$ 1,330,054	$ 7,073,254	$ (2,042,247)	$ 441,245	$ 19,109,709	$ 18	$ 19,109,727
Appropriations of 2020 earnings										
Legal reserve	-	-	94,768	-	(94,768)	-	-	-	-	-
Special reserve	-	-	-	270,948	(270,948)	-	-	-	-	-
Cash dividends to shareholders - NT$1.00 per share	-	-	-	-	(909,410)	-	-	(909,410)	-	(909,410)
Net profit for the year ended December 31, 2021	-	-	-	-	917,933	-	-	917,933	-	917,933
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	(10,469)	(277,541)	(92,452)	(380,462)	-	(380,462)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	907,464	(277,541)	(92,452)	537,471	-	537,471
BALANCE AT DECEMBER 31, 2021	9,094,100	41	3,308,030	1,601,002	6,705,592	(2,319,788)	348,793	18,737,770	18	18,737,788
Appropriations of 2021 earnings										
Legal reserve	-	-	90,746	-	(90,746)	-	-	-	-	-
Special reserve	-	-	-	369,993	(369,993)	-	-	-	-	-
Cash dividends to shareholders - NT$1.00 per share	-	-	-	-	(909,410)	-	-	(909,410)	-	(909,410)
Net profit for the year ended December 31, 2022	-	-	-	-	338,151	-	-	338,151	-	338,151
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	76,364	1,106,469	33,036	1,215,869	(2)	1,215,867
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	414,515	1,106,469	33,036	1,554,020	(2)	1,554,018
BALANCE AT DECEMBER 31, 2022	$ 9,094,100	$ 41	$ 3,398,776	$ 1,970,995	$ 5,749,958	$ (1,213,319)	$ 381,829	$ 19,382,380	$ 16	$ 19,382,396

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 711,256	$ 1,683,100
Adjustments for:		
Depreciation expense	1,829,400	1,538,515
Amortization expense	13,744	23,617
Expected credit loss	8,243	10,645
Net (gain) loss on fair value changes of financial assets and liabilities at fair value through profit or loss	513	(859)
Finance costs	372,672	187,121
Interest income	(154,479)	(121,275)
Dividend income	(66,517)	(73,736)
Share of profit of associates	(20,914)	(211)
Net gain on disposal of property, plant and equipment	(644)	(15,069)
Write-down (reversal of write-down) of inventories	(29,810)	107,788
Net (gain) loss on foreign currency exchange	(275,491)	378,339
Changes in operating assets and liabilities		
Notes receivable	83,331	149,371
Trade receivable	(45,078)	(661,675)
Other receivables	(50,123)	(101,992)
Inventories	1,222,372	(5,036,739)
Prepayments	233,546	(167,432)
Other current assets	5,773	(55,685)
Other non-current assets	145,523	77,709
Contract liabilities	(64,703)	23,114
Notes payable	(36,546)	101,395
Trade payable	(1,624,692)	1,308,887
Other payables	(205,368)	85,535
Other current liabilities	(1,393)	(16,982)
Net defined benefit liabilities	(57,816)	(49,228)
Other non-current liability	8,683	-
Cash generated from (used in) operations	2,001,482	(625,747)
Interest received	139,309	108,063
Dividends received	49,620	73,736
Interest paid	(332,347)	(184,864)
Income tax paid	(395,908)	(512,462)
Net cash generated from (used in) operating activities	1,462,156	(1,141,274)
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of capital from financial assets at fair value through other comprehensive income	-	3,410
Payments for property, plant and equipment	(1,298,372)	(659,640)
Proceeds from disposal of property, plant and equipment	51,737	158,028
Decrease in refundable deposits	28,013	2,516
Payments for intangible assets	(15,027)	(10,682)

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KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
Decrease (increase) in other financial assets	349,969	(952,162)
Increase in prepayments for equipment	(604,587)	(1,457,148)
Net cash used in investing activities	(1,488,267)	(2,915,678)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	495,859	1,498,856
Proceeds from long-term borrowings	27,332,855	9,224,304
Repayments of long-term borrowings	(27,232,710)	(8,030,580)
Proceeds from guarantee deposits received	253,259	12,976
Repayment of the principal portion of lease liabilities	(104,690)	(98,669)
Cash dividends	(909,410)	(909,410)
Net cash (used in) generated from financing activities	(164,837)	1,697,477
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	245,887	(173,151)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	54,939	(2,532,626)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	5,952,782	8,485,408
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 6,007,721	$ 5,952,782

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

Kenda Rubber Ind. Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) in March 1962. The Company is mainly engaged in manufacturing and trading of rubber products such as inner tubes and tires of bicycles, scooters, industrial trucks and cars, and various products of carbon fiber.

The Company's shares have been listed on the Taiwan Stock Exchange since December 20, 1990.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as the "Group") are presented in the Company's functional currency, the New Taiwan dollar.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 10, 2023.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Group's accounting policies.

b. The IFRSs endorsed by the Financial Supervisory Commission (FSC) for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that will be recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group's financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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 IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

Note 1: Unless stated otherwise, the above IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the balance sheet date; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the balance sheet date; and
- Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the balance sheet date.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of are included in the consolidated statement of comprehensive income from the effective date of acquisition and up to the effective date of disposal, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the shareholders of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to shareholders of the parent.

See Note 11, Table 7 and Table 8 for detailed information on subsidiaries, including percentages of ownership and main businesses.

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries and associates in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the balance sheet date; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income, attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

f. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Invest in affiliated companies

Affiliated enterprises refer to enterprises that have significant influence on the merged company, but are not subsidiaries or joint ventures.The merged company adopts the equity method for investing in affiliated companies.Under the equity method, invest in affiliated enterprise recognized at initially cost,and the book value after acquisition will increase or decrease with the combined company's share of the affiliated enterprise's profit or loss,other comprehensive income or loss, and profit distribution.In addition,changes in the equity of related companies are recognized on a shareholding basis.

h. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each balance sheet date, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill

At the end of each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation expense) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss or “FVTPL”) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (“FVTOCI”).

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 23: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial assets are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivable, notes receivable, other receivables, other financial assets and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information shows that the debtor is unlikely to pay its creditors.

ii. Financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

l. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of tires and tubes for vehicles, and other related products. The Group recognizes revenue and trade receivable when promised goods are delivered to the customer’s specified location or loaded on vessels at which point the customer obtains control of the goods and performance obligation is satisfied.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease period.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Group by the end of the lease terms or if the costs of right-of-use assets reflect that the Group will exercise a purchase option, the

Group depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group’s defined benefit plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years’ tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the possible impact of the recent development of the COVID-19 and its economic environment implications when making its critical accounting estimates on cash flows, growth rates, discount rates, profitabilities, etc. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 6,094	$ 5,922
Checking accounts and demand deposits	5,690,473	4,746,742
Cash equivalents (time deposits with original maturities of 3 months or less)	310,344	1,200,118
	$ 6,007,721	$ 5,952,782

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Non-current		
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	$ 400,744	$ 391,896
Foreign unlisted shares	120,699	87,738
	$ 521,443	$ 479,634

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

8. NOTES AND TRADE RECEIVABLE

	December 31	
	2022	2021
Notes receivable		
At amortized cost	$ 198,265	$ 281,596
Trade receivable		
At amortized cost		
Gross carrying amount	$ 3,793,908	$ 3,774,424
Less: Allowance for impairment loss	(80,296)	(94,106)
	$ 3,713,612	$ 3,680,318

The credit periods of sales of goods are between 30 days and 90 days from the date of the invoice. No interest is charged on trade receivable.

The Group measures the loss allowance for trade receivable at an amount equal to lifetime ECLs. The expected credit losses on trade receivable are estimated using a provision matrix approach considering the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. The Group uses different provision matrixes based on segments by geographical region, and determines the expected credit loss rate.

The Group writes off an trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivable based on the Group's provision matrix.

December 31, 2022

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 3,447,681	$ 353,354	$ 66,368	$ 22,182	$ 5,340	$ 36,932	$ 60,316	$ 3,992,173
Loss allowance (Lifetime ECLs)	(865)	(2,535)	(1,967)	(2,320)	(1,495)	(12,888)	(58,226)	(80,296)
Amortized cost	$ 3,446,816	$ 350,819	$ 64,401	$ 19,862	$ 3,845	$ 24,044	$ 2,090	$ 3,911,877

December 31, 2021

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Gross carrying amount	$ 3,656,084	$ 211,416	$ 51,393	$ 5,672	$ 29,654	$ 46,506	$ 55,295	$ 4,056,020
Loss allowance (Lifetime ECLs)	(403)	(1,411)	(664)	(270)	(11,450)	(26,559)	(53,349)	(94,106)
Amortized cost	$ 3,655,681	$ 210,005	$ 50,729	$ 5,402	$ 18,204	$ 19,947	$ 1,946	$ 3,961,914

The movements of the loss allowance of notes and trade receivable were as follows:

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 94,106	$ 90,331
Add: Net remeasurement of loss allowance	8,264	10,625
Less: Amounts written off	(25,594)	(1,956)
Foreign exchange gains and losses	3,520	(4,894)
Balance at December 31	$ 80,296	$ 94,106

Refer to Note 25 for information relating to notes and trade receivable pledged as security.

9. INVENTORIES

	December 31	
	2022	2021
Finished goods	$ 4,471,764	$ 3,946,585
Work in progress	1,147,512	1,952,291
Raw materials	5,538,764	5,119,176
Supplies	498,951	499,347
Merchandise	79,311	87,793
Inventory in transit	593,853	959,250
	$ 12,330,155	$ 12,564,442

The cost of revenue associated with inventories was $32,947,434 thousand and $27,746,346 thousand for the years ended December 31, 2022 and 2021, respectively. The cost of revenue consisted of reversal of inventory write-downs of $29,810 thousand as a result of increased sales in Europe and US markets for the year ended December 31, 2022. The cost of revenue consisted of inventory write-downs of $107,788 thousand for the year ended December 31, 2021.

Refer to Note 25 for information relating to inventories pledged as security.

10. OTHER FINANCIAL ASSETS

	December 31 2022	December 31 2021
Current		
Time deposits with original maturities more than 3 months	$ 1,624,010	$ 1,950,700
Others	2,208	2,174
	$ 1,626,218	$ 1,952,874
Non-current		
Repatriated funds	$ 1,049,412	$ 1,194,935
Time deposits with original maturities more than 1 year	881,745	824,763
	$ 1,931,157	$ 2,019,698

Repatriated funds refer to demand and time deposits pertinent to regulations governing repatriated offshore funds, which the use is restricted.

Refer to Note 23 for information relating to credit risk management and valuation. Refer to Note 25 for information relating to other financial assets pledged as security.

11. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2022	Proportion of Ownership (%) December 31 2021	Remark
The Company	American Kenda Rubber Ind. Co., Ltd. (KA)	Trading and investing activities	100.00	100.00	-
	Kenda Rubber Ind. Co., (Hong Kong) Ltd. (KHK)	Trading and investing activities	100.00	100.00	-
	Kenda Rubber (Vietnam) Co., Ltd. (KV)	Manufacturing and selling of various types of tires	100.00	100.00	-
	Kenda Rubber Industrial Co. (Europe GmbH) (KE)	Marketing planning activities	100.00	100.00	-
	Kenda International Corporation Co., Ltd. (KIC)	Investing activities	100.00	100.00	-
	Kenfong Industrial Co., Ltd. (KF)	Manufacturing and selling of various types of tires	100.00	100.00	-
	Pt. Kenda Rubber Indonesia (KI)	Manufacturing and selling of various types of tires	99.99	99.99	-
KA	Americana Development, Inc. (ADI)	Manufacturing of rims and distribution and selling of wheels and rims	100.00	100.00	-
KHK	Kenda Rubber (Shenzhen) Ltd. (KS)	Manufacturing and selling of various types of tires	60.00	60.00	-
	Kenda Rubber (Tianjin) Co., Ltd. (KT)	Manufacturing and selling of various types of tires	13.64	13.64	-
KIC	Kenda Global Holding Co., Ltd. (KGH)	Investing activities	100.00	100.00	-
	Kenda Global Investment Corporation (KGI)	Investing activities	100.00	100.00	-
KGI	STARCO Europe A/S	Investing activities	100.00	100.00	-
KGH	Kenda Global (China) Investment Corporation (KGCI)	Investing activities	100.00	100.00	-
	Kenda Rubber (Shenzhen) Ltd. (KS)	Manufacturing and selling of various types of tires	40.00	40.00	-
KGCI	Kenda Rubber (Tianjin) Co., Ltd.	Manufacturing and selling of	86.36	86.36	-

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2022	2021	Remark
	(KT)	various types of tires			
	Kenda Rubber (China) Ltd. (KC)	Manufacturing and selling of various types of tires	100.00	100.00	-
STARCO Europe A/S	STARCO GB Ltd.	Distribution and selling of various types of tires and rims	100.00	100.00	-
	STARCO GmbH	Distribution and selling of various types of tires and rims	100.00	100.00	-
	STARCO Polska Sp.z.o.o.	Distribution and selling of various types of tires and rims	100.00	100.00	-
	STARCO NV	Distribution and selling of various types of tires and rims	100.00	100.00	-
	STARCO GS AG	Distribution and selling of various types of tires and rims	100.00	100.00	-
	STARCO Baltic OÜ	Distribution and selling of various types of tires and rims	100.00	100.00	-
	STARCO SAS	Distribution and selling of various types of tires and rims	100.00	100.00	-
	STARCO Beli Manastir d.o.o.	Manufacturing of various types of rims	100.00	100.00	-
	STARCO DML	Manufacturing and distribution and selling of tires and rims	100.00	100.00	-
	Jelshoj Imovina d.o.o. (STARCO Jelshoj)	Investing activities	100.00	100.00	-
	STARCO IPR GmbH	Investing activities	-	100.00	-

b. Subsidiaries excluded from the consolidated financial statements: None.

12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Other Equipment	Equipment Under Installation and Construction in Progress	Total
Cost						
Balance at January 1, 2022	$ 2,553,547	$ 7,290,758	$ 17,895,065	$ 2,174,697	$ 167,013	$ 30,081,080
Additions	-	76,190	357,048	59,560	785,144	1,277,942
Disposals	-	(322,895)	(186,486)	(20,951)	-	(530,332)
Reclassification	-	51,366	1,414,358	69,992	(288,716)	1,247,000
Effects of foreign currency exchange differences	17,053	325,891	888,223	83,282	10,794	1,325,243
Balance at December 31, 2022	$ 2,570,600	$ 7,421,310	$ 20,368,208	$ 2,366,580	$ 674,235	$ 33,400,933
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$ 2,961,706	$ 10,834,118	$ 1,553,246	$ -	$ 15,349,070
Depreciation expense	-	218,345	1,245,258	159,755	-	1,623,358
Disposals	-	(322,805)	(139,444)	(16,900)	-	(479,239)
Effects of foreign currency exchange differences	-	99,311	422,670	51,436	-	573,417
Balance at December 31, 2022	$ -	$ 2,956,557	$ 12,362,602	$ 1,747,447	$ -	$ 17,066,606
Carrying amount at January 1, 2022	$ 2,553,547	$ 4,329,052	$ 7,060,947	$ 621,451	$ 167,013	$ 14,732,010
Carrying amount at December 31, 2022	$ 2,570,600	$ 4,464,753	$ 8,005,606	$ 619,133	$ 674,235	$ 16,334,327
Cost						
Balance at January 1, 2021	$ 2,497,949	$ 6,972,437	$ 17,083,005	$ 2,098,379	$ 451,391	$ 29,103,161
Additions	66,245	18,666	362,014	47,181	197,427	691,533

Disposals	-	-	(576,296)	(44,160)	-	(620,456)
Reclassification	-	413,981	1,261,536	100,698	(474,567)	1,301,648
Effects of foreign currency exchange differences	(10,647)	(114,326)	(235,194)	(27,401)	(7,238)	(394,806)
Balance at December 31, 2021	$ 2,553,547	$ 7,290,758	$ 17,895,065	$ 2,174,697	$ 167,013	$ 30,081,080
Accumulated depreciation and impairment						
Balance at January 1, 2021	$ -	$ 2,765,649	$ 10,346,567	$ 1,446,967	$ -	$ 14,559,183
Depreciation expense	-	225,852	1,028,633	162,825	-	1,417,310
Disposals	-	-	(441,216)	(36,281)	-	(477,497)
Effects of foreign currency exchange differences	-	(29,795)	(99,866)	(20,265)	-	(149,926)
Balance at December 31, 2021	$ -	$ 2,961,706	$ 10,834,118	$ 1,553,246	$ -	$ 15,349,070
Carrying amount at January 1, 2021	$ 2,497,949	$ 4,206,788	$ 6,736,438	$ 651,412	$ 451,391	$ 14,543,978
Carrying amount at December 31, 2021	$ 2,553,547	$ 4,329,052	$ 7,060,947	$ 621,451	$ 167,013	$ 14,732,010

The above items of property, plant and equipment used by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	10-55 years
Machinery and equipment	3-30 years
Other equipment	2-20 years

A portion of the land for operational use in Chongyang section of Yuanlin City and Citong Township of Yunlin County is categorized as agricultural and pasture land. The title of the land is currently registered under a related party, Mr. Chen, who is the trustee in a land trust agreement with the Company. The Company retains the certificate of title for land and the agreement stipulates that the nominal holder or trustee is prohibited from transferring the ownership to another party. The land will be registered under the Company once the category for land use has been changed.

The prepayments for machinery and equipment of $473,177 thousand and $1,063,302 thousand as of December 31, 2022 and 2021 were presented in other non-current assets.

Property, plant and equipment pledged as collateral for borrowings are set out in Note 25.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	2021
Carrying amount		
Land	$ 1,421,851	$ 1,327,454
Buildings	316,859	169,935
Machinery and equipment	19,867	24,571
Other equipment	17,409	15,174
	$ 1,775,986	$ 1,537,134

	For the Year Ended December 31	
	2022	2021
Additions to right-of-use assets	$ 296,282	$ 173,210
Depreciation charge for right-of-use assets		
Land	$ 69,260	$ 28,085
Buildings	85,330	71,147
Machinery and equipment	43,616	11,101
Other equipment	6,683	9,178
	$ 204,889	$ 119,511

Except for the aforementioned addition and recognized depreciation, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2022 and 2021.

b. Lease liabilities

	December 31	
	2022	2021
Carrying amount		
Current	$ 164,466	$ 96,400
Non-current	$ 515,201	$ 408,613

Range of discount rates for lease liabilities was as follows:

	December 31	
	2022	2021
Land	3.00%	3.00%
Buildings	2.75%-3.20%	2.75%-3.20%
Machinery and equipment	2.75%-3.20%	2.75%-3.20%
Other equipment	2.75%-3.20%	2.75%-3.20%

c. Material leasing activities and terms

KS, KC, and KT signed land use right contracts with Longhua, Penglang, Kunshan, and Tianjin government in mainland China, respectively; the periods of the land use right contracts are between 40 and 50 years. KV signed a land use right contract with Jiangtian Industrial Zone, Dong Nai Province in Vietnam; the period of the land use right contract is between 33 and 43 years.

The land use right contracts stipulated that the above companies have the rights to use, to make profit from, to transfer, to sublet and have other rights to dispose, and should pay taxes associated with using the land. The land use right contracts permit lessee to construct factories, office buildings and employees' dormitories on the land.

KI signed a land use right contract with the government of Serang, Banten Province in Indonesia. The land use right contract permits KI to construct factories, office buildings and employees' dormitories on the land.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 84,737	$ 68,135
Expenses relating to low-value asset leases	$ 102	$ 114
Total cash outflow for leases	$ 199,051	$ 179,728

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	December 31	
	2022	2021
Lease commitments	$ 847,431	$ 655,801

14. INVESTMENT PROPERTIES

	Right-of-use Assets
Cost	
Balance at January 1, 2022	$ 32,410
Effects of foreign currency exchange differences	507
Balance at December 31, 2022	$ 32,917
Accumulated depreciation and impairment	
Balance at January 1, 2022	$ 5,081
Depreciation expense	1,153
Effects of foreign currency exchange differences	73
Balance at December 31, 2022	$ 6,307
Carrying amount at December 31, 2022	$ 26,610
Cost	
Balance at January 1, 2021	$ 32,593
Effects of foreign currency exchange differences	(183)
Balance at December 31, 2021	$ 32,410
Accumulated depreciation and impairment	
Balance at January 1, 2021	$ 3,407
Depreciation expense	1,694
Effects of foreign currency exchange differences	(20)
Balance at December 31, 2021	$ 5,081
Carrying amount at December 31, 2021	$ 27,329

Investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Right-of-use assets	40-50 years

Due to the urbanization policy of future city development in Shenzhen, KS entered into a collaboration agreement with Kaisa Urban Renewal Group ("Kaisa") in October 2014 for the development of KS's land use rights. According to the agreement, KS and Kaisa will jointly transform KS's industrial land into new types of industrial (office), commercial, residential, and government subsidized buildings. The percentage of joint development and allocation of housing units is based on the agreement subject to government approval. KS is responsible of relocating the original factories, terminating employees, etc. Whereas, Kaisa is responsible for demolishing the buildings, measuring, assessing, verifying rights, planning, signing of compensation agreement, preparing and, acquiring land, construction, and development of the project. Kaisa provided a guarantee deposit of RMB100,000 thousand (approximately $440,872 thousand presented in non-current liabilities) to support KS's financial need. The deposit will be returned to Kaisa after the whole project is completed and the property has been allocated to KS.

However, KS reached a tripartite consensus with Kaisa and Shenzhen Heju Real Estate Co., Ltd. (hereinafter referred to as Heju) in June 2022. On the premise of protecting the original rights and interests of KS without increasing KS's responsibilities, Heju undertook the first phase of the land development project based on the original property allocation ratio. Therefore, KS signed a cancellation agreement with Kaisa in July 2022 to cancel the first phase of the land development project. Meanwhile, KS signed a collaboration agreement with Heju for the first phase of land development. According to the agreement, Heju paid KS a urban renewal allocation fee of RMB 50,000 thousand (approximately NT$220,436 thousand presented as non-current liabilities) in advance.

In accordance with the relevant regulations of land development projects in China, KS signed a land acquisition agreement with Heju and Shenzhen Urban Planning and Resources Bureau (hereinafter referred to as the Bureau) in September 2022. The Bureau first takes back the land use rights, and will subsequently hand it over to Heju for urban development and construction in accordance with the relevant procedures.

The determination of fair value was performed by independent qualified professional valuers, and the fair value was measured using Level 3 inputs. The valuation was arrived at by reference to the Residual Land Value Method. The fair value as appraised was $5,959,859 thousand and $5,737,938 thousand for the years ended December 31, 2022 and 2021, respectively.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	**2021**
Unsecured borrowings	$ 4,337,200	$ 3,658,472
Secured borrowings (Note 25) (1)	253,073	88,483
	$ 4,590,273	$ 3,746,955
Range of interest rates	0.60%-5.75%	0.60%-3.50%

b. Long-term borrowings

	December 31	
	2022	**2021**

Unsecured borrowings	$ 13,479,372	$ 13,446,264
Secured borrowings (Note 25) (1)	1,997,881	1,616,345
Project borrowing (2)	276,930	388,540
	15,754,183	15,451,149
Less: Current portion	1,735,672	1,635,081
Long-term borrowings	$ 14,018,511	$ 13,816,068
Range of interest rates	0.00%-5.75%	0.00%-2.00%
Maturity date	2023-2027 Years	2022-2027 years

1) As stipulated in the loan agreements, the Company, KA, ADI and some of the subsidiaries of STARCO Europe A/S should pledge assets as collaterals and, additionally, maintain certain covenants related to financial ratios. There was no breach of loan agreements associated with financial covenants as of December 31, 2022.

2) The Group participated in a project of the Ministry of Economic Affairs that encouraged Taiwanese enterprises to invest locally in September 2019. The Group expects to construct or expand factories, and acquire machinery and equipment in Taiwan from 2019 to 2022. Any shortage of funds would be financed via bank borrowings.

16. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and its subsidiaries in Taiwan adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in the United States, Vietnam, Indonesia, Europe and mainland China are members of state-managed retirement benefit plans operated by the governments. The subsidiaries are required to contribute specified percentages of payroll costs to the retirement benefit schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The subsidiary in Indonesia adopted a defined benefit plan and the remeasurement of the plan is carried out by qualified actuaries in compliant with the local labor standards law.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 551,838	$ 639,195
Fair value of plan assets	(469,188)	(433,975)
Net defined benefit liabilities	$ 82,650	$ 205,220

Movements in net defined benefit liabilities were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2021	$ 648,243	$ (403,452)	$ 244,791
Service cost			
Current service cost	5,988	-	5,988
Net interest expense (income)	1,901	(1,218)	683
Recognized in profit or loss	7,889	(1,218)	6,671
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,155)	(6,155)
Actuarial loss - changes in demographic assumptions	1,399	-	1,399
Actuarial loss - changes in financial assumptions	5,240	-	5,240
Actuarial loss - experience adjustments	12,285	-	12,285
Recognized in other comprehensive income	18,924	(6,155)	12,769
Contributions from the employer	-	(59,011)	(59,011)
Benefits paid	(35,861)	35,861	-
Balance at December 31, 2021	639,195	(433,975)	205,220
Service cost			
Current service cost	4,951	-	4,951
Past service cost and gain on settlements	(143)	-	(143)
Net interest expense (income)	4,386	(3,060)	1,326
Recognized in profit or loss	9,194	(3,060)	6,134
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(33,568)	(33,568)
Actuarial loss - changes in demographic assumptions	9	-	9
Actuarial loss - changes in financial assumptions	(50,005)	-	(50,005)
Actuarial loss - experience adjustments	(12,896)	-	(12,896)
Recognized in other comprehensive income	(62,892)	(33,568)	(96,460)
Contributions from the employer	-	(32,244)	(32,244)
Benefits paid	(32,225)	32,225	-
Liabilities extinguished on settlement	(1,434)	1,434	-
Balance at December 31, 2022	$ 551,838	$ (469,188)	$ 82,650

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities,

bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government and corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2022	2021
Discount rate	1.25%	0.70%
Expected rate of salary increase	2.00%	2.50%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2022	2021
Discount rates		
0.25% increase	$ (10,980)	$ (14,316)
0.25% decrease	$ 11,339	$ 14,819
Expected rates of salary increase		
0.25% increase	$ 11,227	$ 14,518
0.25% decrease	$ (10,926)	$ (14,103)

The above sensitivity analysis presented above may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2022	2021
Expected contributions to the plans for the next year	$ 30,551	$ 31,596
Average duration of the defined benefit obligation	8years	9 years

17. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	1,100,000	910,000
Shares authorized, par value $10 (in thousands of dollars)	$ 11,000,000	$ 9,100,000
Shares issued and fully paid (in thousands of shares)	909,410	909,410
Shares issued and fully paid (in thousands of dollars)	$ 9,094,100	$ 9,094,100

b. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, then setting aside or reversing a special reserve according to the laws or regulations. The Company takes into consideration the Company's operating environment, growth stage, future capital needs, long-term financial plans, and the shareholders' demand for cash inflows before resolving the amount of dividends. The Company's board of directors could propose dividends between 10% and 80% of distributable earnings which comprise of the current remaining earning and undistributed earnings from previous year. When distributing dividends via issuing shares, the motion should be submitted to shareholders' meeting for approval. The shareholders may adjust the ratio of share dividends to reflect the profit and the adequacy of capital of the year. The cash dividends shall not be less than 10% of the total dividend declared. The board of directors is authorized to adopt a resolution to distribute dividends, bonuses, legal reserve and all or a portion of the capital surplus in cash and a report of such distribution should be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 19(g).

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1090150022, No. 1010012865 and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company. Any special reserve appropriated may be reversed to the extent that the net debit balance reverses and is thereafter distributed.

The appropriations of earnings for 2021 and 2020 were as follows:

	Appropriations of Earnings		Dividends Per Share (NT$)	
	2021	2020	2021	2020
Legal reserve	$ 90,746	$ 94,768		
Special reserve	369,993	270,948		
Cash dividends	909,410	909,410	$ 1.0	$ 1.0

The above cash dividends have been approved after the resolution of the board of directors.The rest of the distribution items were also resolved at the general meeting of the shareholders on June 30, 2022 and August 31,2021, respectively.

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 10, 2023 as follows:

	For the Year Ended December 31, 2022
Legal reserve	$ 41,452
Reversal of Special reserve	(1,139,505)
Cash dividends	454,705
Cash dividends per share (NT$)	0.5
Share dividends	454,800
Share dividends per share	0.500104

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed earning appropriations will be resolved by the shareholders meeting to be held on May 31, 2023.

18. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2022	2021
Major goods/service lines		
Motorcycle and bias tires	$ 15,594,014	$ 14,763,408
Radial tires	9,236,722	7,256,904
Bicycle tires	4,058,353	4,110,666
Tubes	2,522,191	2,840,255
Others	7,206,601	5,924,895
	$ 38,617,881	$ 34,896,128

b. Contract balances

	December 31	
	2022	2021
Refund liabilities - current	$ 74,958	$ 80,941

The Group sells tires and other rubber products predominantly via dealers. It is stipulated in the contracts that volume discount is offered if a specific threshold of purchase is achieved. The Group provides agreed-upon percentages of refund or discount to dealers in accordance with the contracts. Based on historical experience, the Group estimates a reasonable amount of refund and recognizes it as refund liability (presented in other current liabilities).

19. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2022	2021

Dividends income	$ 66,517	$ 73,736
Others	155,672	173,418
	$ 222,189	$ 247,154

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Net foreign exchange gains (losses)	$ 481,082	$ (239,887)
Net gain on disposal of property, plant and equipment	644	15,069
Net (loss) gain on financial assets and financial liabilities classified as at FVTPL	(513)	859
Others	(25,420)	(15,487)
	$ (455,793)	$ (239,446)

c. Financial costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 364,119	$ 174,670
Interest on lease liabilities	9,522	12,810
Less: Amounts included in the cost of qualifying assets	(969)	(359)
	$ 372,672	$ 187,121

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 1,623,358	$ 1,417,310
Right-of-use assets	204,889	119,511
Investment properties	1,153	1,694
Intangible assets	13,744	23,617
	$ 1,843,144	$ 1,562,132
An analysis of depreciation by function		
Operating costs	$ 1,435,057	$ 1,170,902
Operating expenses	394,343	367,613
	$ 1,829,400	$ 1,538,515
An analysis of amortization by function		
Operating costs	$ 4,103	$ 5,348
Operating expenses	9,641	18,269
	$ 13,744	$ 23,617

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salary expense	$ 5,391,051	$ 5,213,595
Labor/health insurance expense	555,792	496,273
	5,946,843	5,709,868
Post-employment benefits		
Defined contribution plans	327,535	294,030
Defined benefit plans	6,134	6,671
	333,669	300,701
Termination benefits	300	1,848
Other employee benefits	221,684	223,275
Total employee benefits expense	$ 6,502,496	$ 6,235,692

	For the Year Ended December 31	
	2022	2021
An analysis of employee benefits expense by function		
Operating costs	$ 3,832,611	$ 3,691,264
Operating expenses	2,669,585	2,542,580
Other operating income and expenses	300	1,848
	$ 6,502,496	$ 6,235,692

(Concluded)

g. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 0.5% and no higher than 3%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 10, 2023 and March 23, 2022, respectively, are as follows:

	For the Year Ended December 31			
	2022		2021	
	Amount	Accrual rate	Amount	Accrual rate
Compensation of employees	$ 5,937	1.23%	$ 10,192	0.72%
Remuneration of directors	$ 8,911	1.85%	$ 15,297	1.09%

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan

Stock Exchange.

20. INCOME TAXES RELATING TO CONTINUING OPERATIONS.

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	**2021**
Current tax		
In respect of the current year	$ 384,630	$ 427,919
Adjustments for prior year	116,188	(23,070)
	500,818	404,849
Deferred tax		
In respect of the current year	(127,713)	(34,406)
Adjustments for prior year	-	394,724
	(127,713)	360,318
Income tax expense recognized in profit	$ 373,105	$ 765,167

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2022	**2021**
Profit before tax from continuing operations	$ 711,256	$ 1,683,100
Income tax expense calculated at the statutory rate	$ 183,555	$ 587,187
Nondeductible expenses in determining taxable income	25,961	(208,277)
Tax-exempt income	(9,922)	(4,854)
Investment tax credits	(16,045)	(15,698)
Adjustments for prior years' tax	116,188	371,654
Temporary difference	68,129	-
Tax incentives associated with repatriation	-	45,361
Others	5,599	(10,206)
Income tax expense recognized in profit or loss	$ 373,105	$ 765,167

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	**2021**
Deferred tax		
Remeasurement of defined benefit plans	$ 19,292	$ 2,554
Translation of the financial statements of foreign operations	276,617	69,385
Total income tax recognized in other comprehensive income	$295,909	$ 71,939

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Exchange differences on translation of the financial statements of foreign operations	$ 398,539	$ -	$ (276,617)	$ -	$ 121,922
Loss carryforwards	89,087	(74,867)	-	7,436	21,656
Property, plant and equipment	50,706	6,484	-	757	57,947
Unrealized loss on inventory	47,468	(14,089)	-	3,183	36,562
Unrealized gains on intercompany sales	10,157	4,557	-	-	14,714
Defined benefit obligations	33,310	-	(19,292)	-	14,018
Others	120,545	50,163	-	12,153	182,861
	$ 749,812	$ (27,752)	$ (295,909)	$ 23,529	$ 449,680
Deferred tax liabilities					
Reserve for land value increment tax	$ 208,226	$ -	$ -	$ -	$ 208,226
Deferred depreciation expense	117,363	35,986	-	13,957	167,306
Share of profit of associates	372,061	(200,620)	-	-	171,441
Others	44,907	9,169	-	1,725	55,801
	$ 742,557	$ (155,465)	$ -	$ 15,682	$ 602,774

For the year ended December 31, 2021

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Differences	Closing Balance
Deferred tax assets					
Exchange differences on translation of the financial statements of foreign operations	$ 329,154	$ -	$ 69,385	$ -	$ 398,539
Loss carryforwards	98,306	(6,512)	-	(2,770)	89,087
Property, plant and equipment	42,357	8,586	-	(237)	50,706
Unrealized loss on inventory	31,871	16,324	-	(727)	47,468

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Differences	Closing Balance
Unrealized gains on intercompany sales	$ 31,247	$ (21,090)	$ -	$ -	$ 10,157
Defined benefit obligations	30,756	-	2,554	-	33,310
Others	49,393	72,656	-	(1,504)	120,545
	$ 613,084	$ 69,964	$ 71,939	$ (5,175)	$ 749,812
Deferred tax liabilities					
Reserve for land value increment tax	$ 208,226	$ -	$ -	$ -	$ 208,226
Deferred depreciation expense	76,713	43,341	-	(2,691)	117,363
Share of profit of associates	-	372,061	-	-	372,061
Others	31,988	14,880	-	(1,961)	44,907
	$ 316,927	$ 430,282	$ -	$ (4,652)	$ 742,557

(Concluded)

d. Income tax assessments

The Company’s and KF’s income tax returns through 2020 have been assessed by the tax authorities.

21. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2022	2021
Basic and diluted earnings per share	$ 0.37	$ 1.01

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share from continuing operations and discontinued operations are as follows:

Net profit for the year

	For the Year Ended December 31 2022	2021
Earnings used from continuing operations in the computation of basic and diluted earnings per share	$ 338,151	$ 917,933

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	909,410	909,410
Effect of potentially dilutive ordinary shares		
Compensation of employees	265	393
Weighted average number of ordinary shares used in the computation of diluted earnings per share	909,675	909,803

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

22. CAPITAL MANAGEMENT

The Group requires to maintain an adequate level of capital to expand and optimize facilities and equipment. The Group’s capital management strategy aims to ensure that the necessary financial resources and operating plan are sufficient to meet the next 12 months’ requirements for working capital, capital expenditures, research and development expenses, debt repayment and other needs.

23. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Please refer to the information on the consolidated balance sheet. The management of the Group considered the carrying amounts of financial assets and liabilities not measured at fair value on the consolidated balance sheet approximate the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 1,319	$ -	$ -	$ 1,319
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	$ -	$ -	$ 521,443	$ 521,443

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 1,832	$ -	$ -	$ 1,832
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	$ -	$ -	$ 479,634	$ 479,634

2) Reconciliation of Level 3 fair value measurements of financial instruments

	For the Year Ended December 31	
	2022	2021
Financial assets at FVTOCI - equity instruments		
Balance at January 1	$ 479,634	$ 578,419
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	33,036	(92,452)
Return of capital	-	(3,410)
Effects of exchange rate difference	8,773	(2,923)
Balance at December 31	$ 521,443	$ 479,634

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic and foreign unlisted equity securities were determined using the market approach and asset-based pricing approach. Market approach derives fair value by reference to identical or comparable publicly-traded companies. It takes into consideration observable transaction prices on an active stock market, implied valuation multiples, related transactions and statistics. Asset-based pricing approach separately evaluates a target's assets and liabilities. It utilizes fair market value, replacement cost, liquidation value or related approaches to reflect the value of an enterprise or operating unit as a whole. A decrease in significant unobservable inputs, such as discount for lack of control and marketability, would result in an increase in fair value of the investments.

c. Categories of financial instruments

	December 31			
	2022		2021	
Financial assets				
FVTPL				
Listed shares	$	1,319	$	1,832
Financial assets at amortized cost (1)		13,956,654		14,312,752
Financial assets at FVTOCI				
Equity instruments		521,443		479,634
Financial liabilities				
Amortized cost (2)		25,197,086		25,661,549

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivable, other receivables, other financial assets and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term and long-term borrowings (including the current portion), notes payable, trade and other payables, and guarantee deposits.

d. Financial risk management objectives and policies

The Group’s major financial instruments include equity investments, trade receivables, trade payables and borrowings. The Group’s corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Group through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Group’s exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company have foreign currency denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group’s foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) are set out in Note 27.

Sensitivity analysis

The Group is mainly exposed to the USD.

The sensitivity analysis measures the effect of a 1% increase and decrease in the New Taiwan dollar and RMB (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. The pre-tax profit in 2022 and 2021 would have decreased/increased by $48,946 thousand and $51,494 thousand had the New Taiwan dollar and RMB strengthened/weakened by 1% against the USD.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. The Group's interest rate risk is resulted from cash and cash equivalents. Specifically, the Group is exposed to cash flow interest rate risk by holding cash and cash equivalents at floating rate. The risk is partially mitigated by borrowings at floating rates. Holding cash and cash equivalents and borrowings at fixed rate exposes the Group to fair value interest risk. The Group considers the overall interest rate trends and adjusts the portfolio of fixed and floating rate instruments accordingly.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 1,921,666	$ 3,139,331
Financial liabilities	5,284,212	4,150,750
Cash flow interest rate risk		
Financial assets	7,623,776	6,768,552
Financial liabilities	15,739,911	15,552,367

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by $8,116 thousand and $8,784 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity instruments. Equity investments are held for strategic rather than for trading purposes; the Group does not actively trade these investments. The Group measures the price risk of equity securities via sensitivity analysis.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by $66 thousand and $92 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by $26,072 thousand and $23,982 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk is mainly resulted from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To maintain the quality of trade receivable, the Group established operating procedures related to credit risk management to manage credit risks. Risk factors associated with individual customers include a customer's financial condition, internal credit rating, transaction history, current macroeconomic environment and other items that might affect a customer's ability to pay.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced. The Group writes off trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The Group had available unutilized short-term bank loan facilities set out in b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2022

	On Demand or Less than 1 Year	1-5 Years	More than 5 Years
Non-derivative financial liabilities			
Non-interest bearing	$ 4,128,651	$ -	$ -
Lease liabilities	164,466	228,398	286,803
Variable interest rate liabilities	4,170,303	12,341,880	-
Fixed interest rate liabilities	2,743,901	1,961,691	96
	$ 11,207,321	$ 14,531,969	$ 286,899

December 31, 2021

	On Demand or Less than 1 Year	1-5 Years	More than 5 Years
Non-derivative financial liabilities			
Non-interest bearing	$ 5,990,261	$ -	$ -
Lease liabilities	96,400	150,032	258,581
Variable interest rate liabilities	3,646,418	12,173,868	-
Fixed interest rate liabilities	1,919,579	1,762,098	105
	$ 11,652,658	$ 14,085,998	$ 258,686

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities, reviewed annually		
Amount used	$ -	$ 99,624
Amount unused	-	-
	$ -	$ 99,624
Secured bank overdraft facilities:		
Amount used	$ 6,546	$ 7,452
Amount unused	-	4,648
	$ 6,546	$ 12,100
Unsecured bank borrowing facilities		
Amount used	$ 18,640,567	$ 17,664,455
Amount unused	14,119,467	9,163,354
	$ 32,760,034	$ 26,827,809
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	$ 1,697,343	$ 1,426,573
Amount unused	2,294,661	392,797
	$ 3,992,004	$ 1,819,370

e. Transfers of financial assets

The Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payable to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payable. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

The maximum exposure to loss from the Group's continuing involvement in the derecognized bills receivable is equal to the face amounts of the transferred but unsettled bills receivable, and as of December 31, 2022 and 2021, the face amounts of these unsettled bills receivable were $635,549 thousand and $742,032 thousand, respectively. The unsettled bills receivable will be due in 12 months after the balance sheet date. Taking into consideration the credit risk of these derecognized bills receivable, the Group estimates that the fair values of its continuing involvement are not significant.

During the years ended December 31, 2022 and 2021, the Group did not recognize any gains or losses upon the transfer of the banker's acceptance bills. No gains or losses were recognized from the continuing involvement, both during the current year or cumulatively.

24. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category
Kenlight Trading Corp.	Other related party
Jienshang Co., Ltd.	Other related party
Total Lubricants Taiwan Ltd.	Other related party
Kenstone Metal Co., Ltd.	Other related party
Honko Technical Lubricants (Kunshan) Co., Ltd.	Other related party
Kenstone Metal (K.S.) Co., Ltd.	Other related party
GronBla CO., LTD.	Other related party
Americana Development Holding (ADH)	Other related party
Yang & Company, LLC (Y&C)	Other related party
Haro Bikes Corp. (HBC)	Other related party
Greentech Holding Corp. (GHC)	Other related party
STARCO Huanmei	Associate

Other related parties refer to companies having a chairman that is within second-degree relative, the same as the Company's chairman, or are determined as related parties in substance.

b. Revenue

		For the Year Ended December 31	
Line Item	Related Party Category	2022	2021
Sales of goods	Other related parties	$ 17,331	$ 16,262

c. Purchases

	For the Year Ended December 31	
Related Party Category	2022	2021
Other related parties	$ 176,967	$ 249,399
Associates	126,975	215,456
	$ 303,942	$ 464,855

d. Receivables from related parties

		December 31	
Line Item	Related Party Category	2022	2021
Trade receivable	Other related parties	$ 752	$ 5,322
Other receivables	Other related parties	1,077	1,422
		$ 1,829	$ 6,744

e. Payables to related parties

Line Item	Related Party Category	December 31 2022	December 31 2021
Trade payable	Other related parties	$ 61,395	$ 69,452
Trade payable	Associates	29,145	64,505
Other payables	Other related parties	7,195	6,164
		$ 97,735	$ 140,121

f. Others

Line Item	Related Party Category	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Manufacturing expense	Other related parties	$ 17,116	$ 19,281
Operating expense	Other related parties	1,961	1,850
Operating expense	Associates	-	689
		$ 19,077	$ 21,820

g. Lease arrangements - the Group is lessee

The Group leased offices and warehouses from other related parties and paid rent based on local rent levels on a monthly basis.

Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Lease expense		
Other related parties		
ADH	$ 15,838	$ 10,386
Y&C	9,586	9,015
Others	3,050	1,412
	$ 28,474	$ 20,813

h. Lease arrangements - Group is lessor

The Group leased warehouses to other related parties and received rent based on local rent levels on a monthly basis.

Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Lease income		
Other related parties		
HBC	$ 2,118	$ 1,992

i. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 29,538	$ 29,770
Post-employment benefits	106	95
	$ 29,644	$ 29,865

25. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

KA's operating assets, including but not limited to cash and cash equivalents, trade receivable, inventories, property, plant and equipment and intangible assets, were pledged as collateral for bank borrowings, and lien was placed by the banks correspondingly. The above assets were $8,293,633 thousand and $7,543,125 thousand as of December 31, 2022 and 2021, respectively.

Except as stated above, the following assets of the Group were pledged as collaterals for acceptance bills and short-term and long-term borrowings.

	December 31	
	2022	2021
Trade receivable	$ 24,611	$ 43,431
Property, plant and equipment	164,510	167,494
Others	57,127	38,022
	$ 246,248	$ 248,947

26. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Group were as follows:

a. Capital expenditures contracted but yet incurred are as follows:

	December 31	
Item	2022	2021
Machinery and Equipment	$ 302,612	$ 536,810

b. Contingencies

1) Products liability insurance

The Group has entered into a product liability insurance for the products manufactured by the Group and sold globally. The period of insurance agreement is from August 6, 2021 to August 6, 2022. The coverage of insurance policy is from August 6, 2004 to August 6, 2023. The maximum reparation of one single event is US$10,000 thousand.

2) The Company had entered into an exclusive agency contract with Gabjohn for the product distributed in Nigeria. Due to circumstances related to local sales, the Company switched to other agencies to distribute products in Nigeria. Consequently, Gabjohn filed a lawsuit against the Company for breach of exclusive agency contract and demanded $90,000 thousand (NGN500,000 thousand) as compensation. The Company signed an attorney agreement with Tommy & Jason International Intellectual Property Rights Co., Ltd. (collectively as Tommy & Jason), which then engaged a lawyer in the local intellectual Property Office, Adeniji Kazeem & Co., to handle the litigation and regularly reported the related proceedings. The lawsuit is currently awaiting in the High Court of Nigeria. Upon the date of issuance of the financial statements for the year ended December 31, 2022, the outcome of the dispute cannot be predicted with sufficient reliability.

3) The U.S. Department of Commerce notified Kenda in June 2019 of the review results of the U.S. anti-dumping duties on the total import price of car tires imported from China from August 2016 to July 2017. The review results are not applicable to all car tires imported from China. As a result of the anti-dumping tax re-examination, the anti-dumping tax rate was already raised from 8.72% to 64.57%. Kenda USA believes that this tax rate is unreasonable based on past experience, so it has appealed to the U.S. Federal Circuit Court. However, the Group has estimated the tax amount of about US$7,778,000 (NT$231,145,000) and the related overdue interest of US$789,000 (NT$23,461,000) in accordance with the above-mentioned tax rate in 2020.

27. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group’s significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 88,873	30.71 (USD:NTD)	$ 2,728,844
USD	78,748	6.96 (USD:RMB)	2,417,955
EUR	6,597	7.45 (EUR:RMB)	216,833
JPY	674,233	0.05 (JPY:RMB)	157,973
VND (in million)	196,277	0.04 (VND:USD)	255,553
IDR (in million)	147,363	0.06 (IDR:USD)	290,747
			$ 6,067,905
Financial liabilities			
Monetary items			
USD	4,583	30.71 (USD:NTD)	$ 140,724
USD	3,630	6.96 (USD:RMB)	111,458
VND (in million)	163,448	0.04 (VND:USD)	212,809
IDR (in million)	20,119	0.06 (IDR:USD)	39,696
GBP	1,238	1.13 (GBP:EUR)	45,911
			$ 550,598

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 131,837	27.68 (USD:NTD)	$ 3,648,712
USD	67,848	6.45 (USD:RMB)	1,877,772
EUR	5,696	7.64 (EUR:RMB)	178,549
EUR	2,873	1.13 (EUR:USD)	90,063
JPY	445,394	0.06 (JPY:RMB)	107,162
RMB	9,900	4.34 (RMB:NTD)	42,973
IDR (in million)	19,669	0.07 (VND:USD)	38,138
			$ 5,983,369
Financial liabilities			
Monetary items			
USD	8,022	27.68 (USD:NTD)	$ 222,028
USD	5,601	6.45 (USD:RMB)	155,012
VND (in million)	272,047	0.04 (VND:USD)	329,993
IDR (in million)	27,456	0.07 (EUR:USD)	53,237
GBP	1,330	1.19 (GBP:EUR)	49,610
			$ 809,880

For the years ended December 31, 2022 and 2021, net foreign exchange gain (losses) were $481,082 thousand and ($239,887) thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Group.

28. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 5)

9) Trading in derivative instruments (None)

10) Intercompany relationships and significant intercompany transactions (Table 6)

11) Information on investees (Table 7)

b. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 6)

b) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (Table 6)

c) The amount of property transactions and the amount of the resultant gains or losses (None)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 2)

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)

c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 9)

29. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided.

a. Segment revenue and results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segments:

For the year ended December 31, 2022

	Asia	Regions Excluding Asia	Others	Adjustment and Elimination	Total
Revenue					
Revenue from external customers	$ 18,014,256	$ 20,603,625	$ -	$ -	$ 38,617,881
Segment revenue	9,455,566	100,627	-	(9,556,193)	-
	$ 27,469,822	$ 20,704,252	$ -	$ (9,556,193)	$ 38,617,881
Interest income	$ 139,822	$ 13,999	$ 10,209	$ (9,551)	$ 154,479
Finance costs	$ 251,774	$ 137,115	$ -	$ (16,217)	$ 372,672
Depreciation and amortization	$ 1,538,720	$ 324,946	$ 16	$ (20,538)	$ 1,843,144
Segment income (excluding share of profit of associates and other operating income and expenses)	$ 371,655	$ 233,592	$ 20,176	$ 65,219	$ 690,642
Other operating income and expenses					(300)
Share of profit of associates accounted for using the equity method					20,914
Profit before tax					$ 711,256
Total assets					$ 46,600,149

For the year ended December 31, 2021

	Asia	Regions Excluding Asia	Others	Adjustment and Elimination	Total
Revenue					
Revenue from external customers	$ 17,890,430	$ 17,005,698	$ -	$ -	$ 34,896,128
Segment revenue	9,130,584	123,239	-	(9,253,823)	-
	$ 27,021,014	$ 17,128,937	$ -	$ (9,253,823)	$ 34,896,128
Interest income	$ 109,517	$ 2,659	$ 9,099	$ -	$ 121,275
Finance costs	$ 138,884	$ 53,556	$ -	$ (5,319)	$ 187,121
Depreciation and amortization	$ 1,316,376	$ 266,278	$ 18	$ (20,540)	$ 1,562,132
Segment income (excluding share of profit of associates and other operating income and expenses)	$ 718,098	$ 745,607	$ 53,297	$ 167,735	$ 1,684,737
Other operating income and expenses					(1,848)
Share of profit of associates accounted for using the equity method					211
Profit before tax					$ 1,683,100
Total assets					$ 46,336,074

Inter-segment revenue was accounted for according to market prices.

Segment profit represents the profit before tax earned by each segment without share of profit of associates, other operating income and expenses and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Refer to Note 18 for information relating to revenue from contracts with customers.

b. Geographical information

The Group operates in four principal geographical areas - China, the United States, Taiwan and Vietnam.

The Group's revenue from continuing operations from external customers by location of operations and information on its non-current assets by location of assets are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2022	**2021**	**2022**	**2021**
USA	$ 16,671,512	$ 12,952,007	$ 1,424,830	$ 1,140,783
China	9,392,376	10,429,286	5,342,908	4,991,840
Taiwan	3,595,505	3,415,613	5,498,229	5,650,913
Vietnam	3,541,023	2,874,609	6,377,136	5,869,073
Others	5,417,465	5,224,613	2,024,176	1,880,736
	$ 38,617,881	$ 34,896,128	$ 20,667,279	$ 19,533,345

Non-current assets include property, plant and equipment, right-of-use assets, investment properties and other non-current assets.

c. Information on major customers

There is no single customers contributing 10% or more to the Group's revenue for the years ended December 31, 2022 and 2021.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
0	The Company	KV	Finance receivables	Yes	$ 322,100	$ 307,050	$ -	2.00~5.00%	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	Forty percent (40%) of the financing company's net worth, $8,115,445	Sixty percent (60%) of the financing company's net worth, $12,173,168
1	STARCO Europe A/S	STARCO DML Ltd.	Finance receivables	Yes	31,125	31,125	28,890	3.00%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $163,452	Sixty percent (60%) of the financing company's net worth, $245,179
1	STARCO Europe A/S	STARCO GS	Finance receivables	Yes	57,988	55,282	25,669	3.00%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $163,452	Sixty percent (60%) of the financing company's net worth, $245,179
1	STARCO Europe A/S	STARCO Beli Manastir d.o.o.	Finance receivables	Yes	24,650	24,650	22,054	2.68%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $163,452	Sixty percent (60%) of the financing company's net worth, $245,179
1	STARCO Europe A/S	Starco Polska Sp.zoo	Finance receivables	Yes	19,720	19,720	19,720	3.00%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $163,452	Sixty percent (60%) of the financing company's net worth, $245,179
1	STARCO Europe A/S	STARCO GmbH	Finance receivables	Yes	55,873	55,873	55,873	3.00%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $163,452	Sixty percent (60%) of the financing company's net worth, $245,179
1	STARCO Europe A/S	STARCO Baltic OU	Finance receivables	Yes	6,573	6,573	6,573	3.00%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $163,452	Sixty percent (60%) of the financing company's net worth, $245,179
2	STARCO Beli Manastir d.o.o.	Jelshoj Imovina	Finance receivables	Yes	13,935	13,935	2,794	2.68%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $132,676	Sixty percent (60%) of the financing company's net worth, $199,014
3	STARCO GB Ltd.	STARCO DML Ltd.	Finance receivables	Yes	20,443	20,443	12,621	3.00%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $87,412	Sixty percent (60%) of the financing company's net worth, $131,118
4	STARCO GmbH	STARCO GS	Finance receivables	Yes	3,287	3,287	3,287	3.00%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $51,969	Sixty percent (60%) of the financing company's net worth, $77,953
5	KC	KT	Finance receivables	Yes	612,812	612,812	612,812	3.5065~ 3.5565%	The need for short-term financing	-	Operating capital	-	-	-	Forty percent (40%) of the financing company's net worth, $2,653,751	Sixty percent (60%) of the financing company's net worth, $3,980,627

Note: All intra-group transactions are eliminated upon consolidation.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsements/ Guarantees at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsements/ Guarantee Limit (Note 3)	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	The Company	STARCO Europe A/S	a	$ 8,115,445	$ 2,695,948	$ 2,695,948	$ 1,263,279	$ -	13.29%	$ 16,230,890 (Note 3)	Yes	No	No	-
		STARCO GmbH	a	8,115,445	644,200	614,100	147,906	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		STARCO DML	a	8,115,445	644,200	614,100	-	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		STARCO Polska Sp.z.o.o.	a	8,115,445	644,200	614,100	202,131	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		STARCO SAS	a	8,115,445	644,200	614,100	-	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		STARCO GS AG	a	8,115,445	644,200	614,100	42,741	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		STARCO NV	a	8,115,445	644,200	614,100	-	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		STARCO GB Ltd.	a	8,115,445	644,200	614,100	-	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		STARCO Baltic OÜ	a	8,115,445	644,200	614,100	-	-	3.03%	16,230,890 (Note 3)	Yes	No	No	-
		ADI	a	8,115,445	193,260	184,230	122,820	-	0.91%	16,230,890 (Note 3)	Yes	No	No	-
		KA	a	8,115,445	483,150	460,575	276,345	-	2.27%	16,230,890 (Note 3)	Yes	No	No	-
		KV	a	8,115,445	5,524,015	5,004,915	1,729,367	-	24.67%	16,230,890 (Note 3)	Yes	No	No	-
		KT	a	8,115,445	354,310	337,755	-	-	1.66%	16,230,890 (Note 3)	Yes	No	Yes	-
		KI	a	8,115,445	2,100,316	2,087,940	1,013,265	-	10.29%	16,230,890 (Note 3)	Yes	No	No	-
1	KHK	KS	a	1,159,164	901,672	881,744	-	-	60.85%	1,304,060 (Note 3)	No	No	Yes	-
2	KGCI	KS	a	4,079,928	3,606,688	1,763,488	-	-	17.29%	8,159,856 (Note 3)	No	No	Yes	-
3	STARCO Europe A/S	STARCO GB Ltd.	a	408,631	75,192	74,300	-	-	18.18%	817,262 (Note 3)	No	No	No	-
		STARCO NV	a	408,631	190,025	147,900	24,617	-	36.19%	817,262 (Note 3)	No	No	No	-

(Concluded)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Guaranteed During the Year	Outstanding Endorsements/ Guarantees at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsements/ Guarantee Limit (Note 3)	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements/ Guarantees Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
3	STARCO Europe A/S	STARCO GS AG	a	$ 408,631	$ 13,284	$ 13,284	$ 6,110	$ -	3.25%	$ 817,262 (Note 3)	No	No	No	-
		Starco Beli Manastir d.o.o	a	408,631	31,671	-	-	-	0.00%	817,262 (Note 3)	No	No	No	-
		STARCO GmbH	a	408,631	76,251	76,251	-	-	18.66%	817,262 (Note 3)	No	No	No	-
		STARCO Polska Sp.z o.o.	a	408,631	15,835	-	-	-	0.00%	817,262 (Note 3)	No	No	No	-

Note 1: Relationships between the guarantee provider and guaranteed party:

a. A subsidiary in which the Company holds directly and indirectly over 90% of an equity interest.

Note 2: Limit on endorsements to a single company is 40% of the Company's net worth.
Limit on endorsements to a single company is 40% of KHK's net worth. However, the limit on endorsements to a single company, in which KHK and the Company holds directly and indirectly 100% of an equity interest, is 80% of KHK's net worth.
Limit on endorsements to a single company is 40% of KGCI's net worth.
Limit on endorsements to a single company is 100% of STARCO Europe A/S's net worth.

Note 3: Limit on aggregate endorsements is 80% of the Company's net worth.
Limit on aggregate endorsements is 90% of KHK's net worth.
Limit on aggregate endorsements is 80% of KGCI's net worth.
Limit on aggregate endorsements is 200% of STARCO Europe A/S's net worth.

Note 4: KGCI and KHK jointly provided endorsement/guarantee for KS of RMB 400 million, but the limit for KHK is RMB 200 million.

Note 5: The Company provided shared endorsement/guarantee for nine subsidiaries including STARCO Europe A/S, STARCO GmbH, STARCO Polska Sp.z.o.o., STARCO SAS, STARCO GS AG, STARCO NV, STARCO GB Ltd, STARCO DML and STARCO Baltic OÜ . The total amount of the shared endorsement/guarantee is USD 20,000 thousand.

(Concluded)

TABLE 3

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				Note
				Shares/Units	Carrying Amount	Percentage of Ownership %	Fair Value (Note 1)	
The Company	Shares and equity							
	China Development Financial Holding Corporation	-	Financial assets at FVTPL - current	105	$ 1,319	0.00	$ 1,319	-
	Kenjou Ind. Co., Ltd.	The chairman of Kenjou Ind. Co., Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	7,382	336,766	10.86	336,766	-
	Chang Hwa Golf Co., Ltd.	-	Equity instruments at FVTOCI - non-current	30	375	0.08	375	-
	Ou Hua Venture Capital Co., Ltd.	-	Equity instruments at FVTOCI - non-current	41	-	5.15	-	-
	Yu Hua Venture Capital Co., Ltd.	-	Equity instruments at FVTOCI - non-current	10	-	2.50	-	-
	Total Lubricants Taiwan Ltd.	The chairman of Total Lubricants Taiwan Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	81	48,217	6.80	48,217	-
	BOMY (BVI) CO., LTD.	-	Equity instruments at FVTOCI - non-current	2,000	15,386	9.73	15,386	-
KGI	Shares and equity							
	Kenjou Investment Co., Ltd.	The chairman of Kenjou Investment Co., Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	1,703	120,699	13.00	120,699	-

Note: Fair value of domestic listed shares is determined based on its closing price on December 31, 2022.

TABLE 4

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Amount	% to Total	
The Company	KA	Subsidiary	Sales	$ 354,359	6.27	In accordance with mutual agreements	Agreed by both parties	-	$ 231,960	12.76	-
	KF	Subsidiary	Sales	642,188	11.35	In accordance with mutual agreements	Agreed by both parties	-	187,182	10.30	-
	KV	Subsidiary	Sales	198,706	3.51	In accordance with mutual agreements	Agreed by both parties	-	173,681	9.55	-
	ADI	Indirectly owned subsidiary	Sales	1,477,434	26.12	In accordance with mutual agreements	Agreed by both parties	-	921,006	50.67	-
KC	KA	Subsidiary of ultimate parent company	Sales	169,088	2.57	In accordance with mutual agreements	Agreed by both parties	-	77,072	8.75	-
	ADI	Subsidiary of ultimate parent company	Sales	216,880	3.29	In accordance with mutual agreements	Agreed by both parties	-	62,930	7.14	-
	KS	Subsidiary of ultimate parent company	Sales	156,091	2.37	In accordance with mutual agreements	Agreed by both parties	-	32,737	3.72	-
KV	KA	Subsidiary of ultimate parent company	Sales	2,963,872	40.34	In accordance with mutual agreements	Agreed by both parties	-	1,254,453	60.31	-
	ADI	Subsidiary of ultimate parent company	Sales	697,624	9.49	In accordance with mutual agreements	Agreed by both parties	-	507,653	24.41	-
KT	KS	Subsidiary of ultimate parent company	Sales	954,071	26.69	In accordance with mutual agreements	Agreed by both parties	-	160,450	29.51	-
	ADI	Subsidiary of ultimate parent company	Sales	236,596	6.62	In accordance with mutual agreements	Agreed by both parties	-	48,808	8.98	-
STARCO Beli Manastir d.o.o.	STARCO GmbH	Subsidiary of ultimate parent company	Sales	243,152	6.21	In accordance with mutual agreements	Agreed by both parties	-	47,830	9.98	-
	STARCO Polska Sp. z o.o	Subsidiary of ultimate parent company	Sales	109,890	2.80	In accordance with mutual agreements	Agreed by both parties	-	17,920	3.73	
STARCO Polska Sp.z.o.o.	STARCO Baltic OÜ	Subsidiary of ultimate parent company	Sales	104,722	2.67	In accordance with mutual agreements	Agreed by both parties	-	4,904	1.02	-
STARCO Europe A/S.	STARCO Huanmei	Associate	Purchases	126,975	4.06	In accordance with mutual agreements	Agreed by both parties	-	(29,145)	(6.13)	-

Note: Except for STARCO Huanmei, all intra-group transactions are eliminated upon consolidation.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	KA	Subsidiary	$ 231,960	1.46	$ 30,416	-	$ 41,234	-
	ADI	Indirectly owned subsidiary	921,006	1.79	43,105	-	161,987	-
	KF	Subsidiary	187,182	3.58	-	-	58,909	-
	KV	Subsidiary	173,681	1.77	84,116	-	90,490	-
KC	KT	Subsidiary of ultimate parent company	622,450	Note2	-	-	-	-
KV	KA	Subsidiary of ultimate parent company	1,254,453	2.60	671,932	-	1,189,502	-
	ADI	Subsidiary of ultimate parent company	507,653	1.82	15,759	-	257,460	-
KT	KS	Subsidiary of ultimate parent company	160,450	5.48	-	-	156,479	-
STARCO Europe A/S	STARCO Polska Sp.z.o.o.	Subsidiary of ultimate parent company	109,861	Note2	-	-	-	-

Note 1: All intra-group transactions are eliminated upon consolidation.

Note 2: The ending balance primarily consists of other receivables, which is not applicable for the calculation of turnover days.

Note 3: Amounts received as of February 28, 2023.

TABLE 6

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Details (Note 3)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	ADI	a	Sales revenue	$ 1,477,434	(Note 4)	3.83
		KA	a	Sales income	354,359	(Note 4)	0.92
		KC	a	Sales revenue	18,025	(Note 4)	0.05
		KC	a	Service revenue	120,616	(Note 4)	0.31
		KF	a	Sales revenue	642,188	(Note 4)	1.66
		KF	a	Service revenue	19,483	(Note 4)	0.05
		KI	a	Sales revenue	89,353	(Note 4)	0.23
		KI	a	Service revenue	53,340	(Note 4)	0.14
		KS	a	Sales revenue	4,158	(Note 4)	0.01
		KS	a	Service revenue	15,579	(Note 4)	0.04
		KT	a	Sales revenue	21,863	(Note 4)	0.06
		KT	a	Service revenue	60,551	(Note 4)	0.16
		KV	a	Sales income	198,706	(Note 4)	0.51
		KV	a	Service revenue	242,190	(Note 4)	0.63
		STARCO Europe A/S	a	Other revenue	4,691	(Note 4)	0.01
		STARCO GB Ltd.	a	Sales revenue	7,878	(Note 4)	0.02
		STARCO Polska Sp. Z.o.o.	a	Sales revenue	10,230	(Note 4)	0.03
		STARCO GmbH	a	Sales revenue	25,154	(Note 4)	0.07
1	KC	The Company	b	Sales revenue	10,298	(Note 4)	0.03
		ADI	c	Sales revenue	216,880	(Note 4)	0.56
		KA	c	Sales revenue	169,088	(Note 4)	0.44
		KI	c	Sales revenue	11,396	(Note 4)	0.03
		KS	c	Sales revenue	156,090	(Note 4)	0.40
		KT	c	Sales revenue	13,802	(Note 4)	0.04
		KV	c	Sales revenue	9,619	(Note 4)	0.02
		KF	c	Sales revenue	13,279	(Note 4)	0.03
		STARCO GB Ltd.	c	Sales revenue	46,425	(Note 4)	0.12
		STARCO GS AG	c	Sales revenue	12,121	(Note 4)	0.03
		STARCO NV	c	Sales revenue	73,428	(Note 4)	0.19
		STARCO Polska Sp. Z.o.o.	c	Sales revenue	83,715	(Note 4)	0.22
		STARCO Baltic OÜ	c	Sales revenue	7,348	(Note 4)	0.02
		STARCO GmbH	c	Sales revenue	12,879	(Note 4)	0.03
2	KT	ADI	c	Sales revenue	236,596	(Note 4)	0.61
		KS	b	Sales revenue	954,071	(Note 4)	2.47
		KF	b	Sales revenue	13,352	(Note 4)	0.03
		KC	c	Sales revenue	34,719	(Note 4)	0.09
		KA	c	Sales revenue	13,543	(Note 4)	0.04
		STARCO NV	c	Sales revenue	34,876	(Note 4)	0.09
		STARCO Polska Sp. Z.o.o.	c	Sales revenue	28,272	(Note 4)	0.07

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Details (Note 3)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
2	KT	STARCO GS AG	c	Sales revenue	10,369	(Note 4)	0.03
3	KI	The Company	b	Sales revenue	8,412	(Note 4)	0.02
		KV	c	Sales revenue	35,843	(Note 4)	0.09
		KS	c	Sales revenue	8,116	(Note 4)	0.02
4	KA	The Company	b	Commission income	15,328	(Note 4)	0.04
		KC	a	Commission income	5,199	(Note 4)	0.01
5	KV	The Company	b	Sales revenue	17,338	(Note 4)	0.04
		ADI	c	Sales revenue	697,624	(Note 4)	1.81
		KI	c	Sales revenue	74,085	(Note 4)	0.19
		KA	c	Sales revenue	2,963,872	(Note 4)	7.67
		STARCO Beli Manastir d.o.o.	c	Sales revenue	14,156	(Note 4)	0.04
		STARCO GB Ltd.	c	Sales revenue	19,252	(Note 4)	0.05
		STARCO GmbH	c	Sales revenue	8,561	(Note 4)	0.02
6	KE	The Company	b	Service revenue	99,617	(Note 4)	0.26
7	KS	KC	c	Sales revenue	16,563	(Note 4)	0.04
		KI	c	Service revenue	10,983	(Note 4)	0.03
		KT	c	Service revenue	3,938	(Note 4)	0.01
		KV	c	Service revenue	4,733	(Note 4)	0.01
0	The Company	ADI	a	Trade receivable	920,945	(Note 4)	1.98
		KC	a	Trade receivable	5,446	(Note 4)	0.01
		KC	a	Other receivable	5,943	(Note 4)	0.01
		KT	a	Trade receivable	7,900	(Note 4)	0.02
		KT	a	Other receivable	27,350	(Note 4)	0.06
		KI	a	Trade receivable	36,784	(Note 4)	0.08
		KI	a	Other receivable	4,594	(Note 4)	0.01
		KA	a	Trade receivable	200,978	(Note 4)	0.43
		KA	a	Other receivable	30,982	(Note 4)	0.07
		KV	a	Trade receivable	115,926	(Note 4)	0.25
		KV	a	Other receivable	57,755	(Note 4)	0.12
		KF	a	Trade receivable	187,182	(Note 4)	0.40
		STARCO Europe A/S	a	Other receivable	4,925	(Note 4)	0.01
		STARCO GmbH	a	Trade receivable	8,036	(Note 4)	0.02
1	KC	ADI	c	Trade receivable	62,930	(Note 4)	0.14
		KA	c	Trade receivable	77,072	(Note 4)	0.17
		KT	c	Other receivable	9,500	(Note 4)	0.02
		KT	c	Other receivable	612,813	(Note 4)	1.32
		KS	c	Trade receivable	32,737	(Note 4)	0.07
		KF	b	Trade receivable	5,378	(Note 4)	0.01
		STARCO GB Ltd.	c	Trade receivable	30,694	(Note 4)	0.07
		STARCO GmbH	c	Trade receivable	6,039	(Note 4)	0.01
		STARCO NV	c	Trade receivable	14,509	(Note 4)	0.03
		STARCO Polska Sp. Z.o.o.	c	Other receivable	10,628	(Note 4)	0.02
2	KT	ADI	c	Trade receivable	48,808	(Note 4)	0.10
		KA	c	Trade receivable	7,070	(Note 4)	0.02

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Details (Note 3)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
2	KT	KS	c	Trade receivable	160,450	(Note 4)	0.34
		STARCO NV	c	Trade receivable	9,248	(Note 4)	0.02
		STARCO Polska Sp. Z.o.o.	c	Trade receivable	5,307	(Note 4)	0.01
3	KI	KA	c	Trade receivable	3,942	(Note 4)	0.01
		KV	c	Trade receivable	4,271	(Note 4)	0.01
4	KA	The Company	b	Trade receivable	21,283	(Note 4)	0.05
5	KV	The Company	b	Trade receivable	10,397	(Note 4)	0.02
		ADI	c	Trade receivable	507,653	(Note 4)	1.09
		KA	c	Trade receivable	1,254,453	(Note 4)	2.69
		KI	c	Trade receivable	52,726	(Note 4)	0.11
		STARCO Beli Manastir d.o.o.	c	Trade receivable	7,037	(Note 4)	0.02
		STARCO GmbH	c	Trade receivable	4,044	(Note 4)	0.01
8	STARCO Europe A/S	KC	a	Commission income	8,799	(Note 4)	0.02
		STARCO GB Ltd.	a	Sales revenue	833	(Note 4)	0.00
		STARCO NV	a	Sales revenue	1,210	(Note 4)	0.00
		STARCO GmbH	a	Sales revenue	1,146	(Note 4)	0.00
		STARCO Polska Sp.z.o.o.	a	Sales revenue	909	(Note 4)	0.00
9	STARCO Beli Manastir d.o.o.	STARCO GB Ltd.	c	Sales revenue	2,680	(Note 4)	0.01
		STARCO GmbH	a	Sales revenue	7,763	(Note 4)	0.02
		STARCO Polska Sp. Z.o.o.	a	Sales revenue	3,509	(Note 4)	0.01
		STARCO GS AG	a	Sales revenue	1,210	(Note 4)	0.00
		STARCO NV	a	Sales revenue	526	(Note 4)	0.00
10	STARCO GmbH	STARCO SAS	c	Sales revenue	1,409	(Note 4)	0.00
		STARCO NV	c	Sales revenue	1,537	(Note 4)	0.00
		STARCO Polska Sp. Z.o.o.	c	Sales revenue	179	(Note 4)	0.00
		STARCO Baltic OÜ	c	Sales revenue	157	(Note 4)	0.00
11	STARCO NV	STARCO SAS	c	Sales revenue	2,333	(Note 4)	0.01
		STARCO Polska Sp. Z.o.o.	c	Sales revenue	2,092	(Note 4)	0.01
		STARCO Baltic OÜ	c	Sales revenue	1,260	(Note 4)	0.00
12	STARCO Polska Sp.z.o.o.	STARCO GmbH	b	Sales revenue	133	(Note 4)	0.00
		STARCO Baltic OÜ	c	Sales revenue	3,344	(Note 4)	0.01
13	STARCO DML	STARCO GmbH	c	Sales revenue	357	(Note 4)	0.00
14	STARCO GB Ltd.	STARCO NV	c	Sales revenue	204	(Note 4)	0.00
8	STARCO Europe A/S	STARCO Baltic OÜ	c	Other receivable	6,573	(Note 4)	0.01
		STARCO DML Ltd.	c	Other receivable	28,890	(Note 4)	0.06
		STARCO GS AG	c	Other receivable	25,669	(Note 4)	0.06
		STARCO GmbH	c	Other receivable	55,873	(Note 4)	0.12

(Continued)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Intercompany Details (Note 3)			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
8	STARCO Europe A/S	STARCO Beli Manastir d.o.o.	c	Trade receivable	$ 22,054	(Note 4)	0.05
		STARCO Polska Sp. Z.o.o.	c	Trade receivable	19,720	(Note 4)	0.04
		STARCO GB Ltd.	c	Trade receivable	71,535	(Note 4)	0.15
		STARCO NV	c	Trade receivable	77,530	(Note 4)	0.17
9	STARCO Beli Manastir d.o.o.	STARCO GmbH	c	Trade receivable	47,830	(Note 4)	0.10
		STARCO GS AG	c	Trade receivable	5,967	(Note 4)	0.01
		STARCO Polska Sp. Z.o.o.	c	Trade receivable	17,902	(Note 4)	0.04
		STARCO Europe A/S	c	Trade receivable	21,665	(Note 4)	0.05
10	STARCO GmbH	STARCO NV	c	Trade receivable	24,324	(Note 4)	0.05
		STARCO France	c	Trade receivable	4,822	(Note 4)	0.01
		STARCO Europe A/S	c	Trade receivable	44,847	(Note 4)	0.10
		STARCO DML Ltd.	c	Trade receivable	12,621	(Note 4)	0.03
11	STARCO NV	STARCO Polska Sp. Z.o.o.	c	Trade receivable	28,097	(Note 4)	0.06
		STARCO France	c	Trade receivable	10,935	(Note 4)	0.02
		STARCO Europe A/S	c	Trade receivable	11,598	(Note 4)	0.02
12	STARCO Polska Sp. Z.o.o.	STARCO Baltic OÜ	c	Trade receivable	4,904	(Note 4)	0.01
13	Starco DML	STARCO Europe A/S	c	Trade receivable	19,743	(Note 4)	0.04
14	STARCO GB Ltd.	STARCO NV	c	Trade receivable	5,166	(Note 4)	0.01
15	STARCO Baltic OÜ	STARCO Europe A/S	c	Trade receivable	4,139	(Note 4)	0.01
16	STARCO France	STARCO Europe A/S	c	Trade receivable	24,578	(Note 4)	0.05

Note 1: The parent company and its subsidiaries are coded as follows:

a. The parent company is coded as “0”.
b. Subsidiaries are coded sequentially, beginning from “1” and in the order presented in the table above.

Note 2: Nature of relationship is as follows:

a. From the parent company to its subsidiary.
b. From a subsidiary to the parent company
c. Between subsidiaries.

Note 3: For calculation of account balance ratio to total assets, the numerator is the balance sheet account balance and the denominator is the total assets. For calculation of account balance ratio to total sales, the numerator is the income statement account balance and the denominator is the total sales.

Note 4: Terms are in accordance with mutual agreements.

(Concluded)

TABLE 7

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor	Investee	Location	Main Business Activities	Original Investment Amount December 31, 2022 (Note 1)	Original Investment Amount December 31, 2021 (Note 1)	As of December 31, 2022 Shares (In Thousands)	As of December 31, 2022 Percentage of Ownership	As of December 31, 2022 Carrying Value (Note 1)	Net Income (Losses) of the Investee (Note 1)	Share of Profits (Losses) of Investee (Note 1)	Note
The Company	KA	United States	Trade and investment	US$ 9,000	US$ 9,000	-	100.00	NT$ 2,166,657	NT$ 152,723	NT$ 152,723	Note 3
	KHK	Hong Kong	Trade and investment	HK$ 100	HK$ 100	-	100.00	NT$ 1,444,263	NT$ (85,820)	NT$ (85,820)	Note 3
				US$ 30,600	US$ 30,600						
	KV	Vietnam	Manufacturing various types of tires	US$ 67,680	US$ 67,680	-	100.00	NT$ 8,298,949	NT$ 129,700	NT$ 172,367	Notes 2 and 3
	KIC	Cayman Islands	Investment	US$ 81,753	US$ 81,753	-	100.00	NT$ 11,198,802	NT$ (281,746)	NT$ (281,746)	Note 3
	KE	Germany	Marketing planning	EUR 405	EUR 25	-	100.00	NT$ 36,286	NT$ 1,945	NT$ 1,945	Note 3
	KF	Taiwan	Selling various types of tires	NT$ 199,000	NT$ 199,000	19,900	100.00	NT$ 277,815	NT$ 53,854	NT$ 53,854	Note 3
	KI	Indonesia	Manufacturing various types of tires	US$ 52,999	US$ 52,999	-	99.99	NT$ 952,313	NT$ (147,148)	NT$ (147,148)	Note 3
KA	ADI	United States	Manufacturing, distribution and selling of wheels and rims	US$ 20,000	US$ 20,000	1	100.00	US$ 64,869	US$ 4,647	Note 1	Note 3
KIC	KGH	Cayman Islands	Investment	US$ 112,050	US$ 112,050	-	100.00	US$ 349,475	US$ (9,227)	Note 1	Note 3
	KGI	Mauritius	Investment	US$ 1,703	US$ 1,703	-	100.00	US$ 14,899	US$ (230)	Note 1	Note 3
KGI	STARCO Europe A/S	Denmark	Investment	EUR 6,936	EUR 6,936	-	100.00	US$ 8,821	US$ (645)	Note 1	Note 3
STARCO Europe A/S	STARCO GB Ltd.	United Kingdom	Distribution and selling of various types of tires and rims	EUR 552	EUR 552	-	100.00	EUR 6,830	EUR 538	Note 1	Note 3
	STARCO GmbH	Germany	Distribution and selling of various types of tires and rims	EUR 511	EUR 511	-	100.00	EUR 4,622	EUR 670	Note 1	Note 3
	STARCO Polska Sp.z.o.o.	Poland	Distribution and selling of various types of tires and rims	EUR 30	EUR 30	-	100.00	EUR 2,407	EUR (36)	Note 1	Note 3
	STARCO NV	Belgium	Distribution and selling of various types of tires and rims	EUR 2,810	EUR 2,810	-	100.00	EUR 4,081	EUR 126	Note 1	Note 3
	STARCO GS AG	Switzerland	Distribution and selling of various types of tires and rims	EUR 355	EUR 355	-	100.00	EUR 1,287	EUR 278	Note 1	Note 3
	STARCO Baltic OÜ	Estonia	Distribution and selling of various types of tires and rims	EUR 3	EUR 3	-	100.00	EUR 1,016	EUR 167	Note 1	Note 3
	STARCO FR SAS	France	Distribution and selling of various types of tires and rims	EUR 183	EUR 183	-	100.00	EUR 1,101	EUR 157	Note 1	Note 3
	STARCO Beli Manastir d.o.o.	Croatia	Manufacturing of various types of rims	EUR 9,614	EUR 9,614	-	100.00	EUR 9,830	EUR 533	Note 1	Note 3
	STARCO DML	United Kingdom	Manufacturing, distribution and selling of wheels and rims	EUR 1,031	EUR 1,031	-	100.00	EUR 706	EUR 77	Note 1	Note 3
	STARCO Imovina d.o.o.	Croatia	Investment	EUR 3	EUR 3	-	100.00	EUR 1,666	EUR 5	Note 1	Note 3

Note 1: The share of profits (losses) of the investee is not disclosed herein as such amount was already included in the share of profits/losses of the investor.

Note 2: The differences between net income and share of profits or losses are unrealized (realized) profits or losses on transactions with investees.

Note 3: All intra-group transactions are eliminated upon consolidation.

TABLE 8

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022	Note
					Outward	Inward							
KS	Manufacturing and selling of various types of tires	$ 767,625 (US$ 25,000)	Note 1	$ 767,625 (US$ 25,000)	-	-	$ 767,625 (US$ 25,000)	$ (115,410)	100.0	$ (92,974)	$ 1,559,538	$ 8,027,699	Notes10
KC	Manufacturing and selling of various types of tires	2,149,350 (US$ 70,000)	Notes 1 and 7	2,149,350 (US$ 70,000)	-	-	2,149,350 (US$ 70,000)	(58,463)	100.0	Note 4	Note 4	-	-
KT	Manufacturing and selling of various types of tires	6,755,100 (US$ 220,000)	Notes 1, 2 and 7	478,998 (US$ 15,600)	-	-	478,998 (US$ 15,600)	(214,280)	100.0	(215,121)	3,539,901	-	Notes10
KGCI	Investment	4,943,505 (US$ 161,000)	Notes 1 and 2	-	-	-	-	(233,648)	100.0	(233,648)	10,099,679	-	-
Shanghai Bomy Foodstuff Co., Ltd.	Manufacturing and selling of various types of foods and drinks	614,100 (US$ 20,000)	Note 1	61,410 (US$ 2,000)	-	-	61,410 (US$ 2,000)	-	10.0	-	15,386	-	-
Ningbo Jingshang Huaxiang Auto Parts Co., Ltd.	Internal and external parts for automobiles	802,414 (US$ 26,133)	Note 1	52,291 (US$ 1,703)	-	-	52,291 (US$ 1,703)	-	2.6	-	120,699	121,991	-
STARCO Huanmei	Manufacturing of rims	164,333 (EUR 5,000)	Note 1	Note 9	-	-	Note 9	62,993	33.0	20,914	117,372	-	Note 9

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2022	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
$ 3,509,674 (US$ 114,303) (Note 5)	$ 11,375,585 (US$ 368,703) (EUR 1,660) (Note 5)	Note 6

Note 1: Indirect investment in mainland China through a subsidiary in a third place.

Note 2: Differences between the paid-in capital and accumulated outward investment from Taiwan are resulted from dividend reinvestment and cash injection.

Note 3: The share of profits (losses) is recognized based on the financial statements audited by an international accounting firm that collaborated with accounting firms in Taiwan.

Note 4: The share of profits (losses) and the carrying amount of KC were not disclosed herein as such amounts were already included in those of KGCI.

Note 5: The difference between the investment amount of US$368,703 thousand authorized by the Investment Commission and the accumulated outward remittance of US$114,303 thousand for investments in mainland China was due to dividend reinvestment and cash injection.

Note 6: Per the certificate of operational headquarters issued by Industrial Development Bureau of MOEA, the Company has no limitation on the accumulated remittance for investments in mainland China.

Note 7: The paid-in capital of KC and part of paid-in capital of KT were included in that of its investors and, therefore, they were not included when calculating the investment authorized and the investment remittance from Taiwan to mainland China.

Note 8: Foreign currencies were translated into NTD using spot rates as of December 31, 2022 or average exchange rates for the year.

Note 9: STARCO Huanmei was indirectly acquired via business combination.

Note 10: The difference between net income (loss) of the investee and investment gain (loss) are unrealized profits or losses on intra-group transactions.

TABLE 9

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yang Chi Jen	91,476,924	10.05
Yang Ying Ming	64,635,015	7.10