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One. Letter to Shareholders

Military conflict between Russia and Ukraine broke out in the 1st quarter of 2022, which triggered inflating prices of energy and raw materials worldwide. The pandemic also broke out in the coastal provinces of Mainland China in the 2nd quarter of the year that strict quarantine measures have been launched, which hardly hit the global supply chain once again. This was echoed with the growing inflation in Europe and America. As such, the US Federal Reserve Board moved up the interest rate at an exceptional speed since March. Most currencies other than the USD depreciated significantly that a large number of countries were under the increasing pressure of imported inflation. Accordingly, demand in many countries declined and export slowed down. Weak economic growth in 2023 is expected at the global level as the continuation of the sluggishness in the second half of 2022. How to respond to such severe challenges in stable paces will be a vital topic for the enterprises. The Company continued to pay close attention to the development of the market and proactively control its operation risk through matching with the diversification of the marketing channels of its subsidiaries in Europe and the USA to increase its share in the markets of North America and Europe by product and the scale of operation. The result is the substantial growth of revenue by 11% last year, which was unprecedented.

In addition, extreme weather also mounted up threats of different kinds globally alongside economic development. All over the world have started to respond to the Sustainable Development Goals (SDGs) proposed by the United Nations. The Company plays a vital part in the supply chain of the transportation industry, and is obliged to make effort for the sustainability of the earth through the concerted effort with its upstream and downstream partners of the industry. The Company has been accredited in many areas pertaining to sustainable development like the ISO14001 environmental management system, the ISO50001 energy management system, ISO45001 occupational safety and health management system, and ISO14025 environmental labels and declarations (the forerunner in the accreditation of carbon footprint label in the tire industry of Taiwan). We also support the SDGs in climate action and has proposed the policy of "annual carbon reduction by 3% and reduction by 25% by 2030". Under ISO14064 greenhouse gas emission standard, we proactively launched our plan for carbon reduction.

For the continued deepening of the development strategy, the Company established the Sustainable Development Committee in the 1st quarter of 2022 to integrate cross-organizational resources and effort, establish the indicators for sustainable development and long-term objectives, and the review of the accomplishment at different stages. We expect to incorporate the SDGs as an integral part of our organizational culture and our routine operation, and demand ourselves with a higher goal for creating a sustainable development brand of Taiwan.

The Company will continue to launch productivity 4.0 and MES to upgrade quality and stabilize output as the gravity of our work. In the aspect of research and development, the Company will further expand the R&D team of the group, and integrate the resources of the R&D centers in USA and Europe to launch a wider array of high price/performance ratio tires. The "Jiantai Phase I Urban Renewal Project" of our subsidiary in Shenzhen has started the construction in 2023, and is expected to complete in 2026. It is expected that this project will be a significant contribution to the operation

capacity and performance. The Company expects that the Company will be able to meet the expectations of its shareholders by successfully implementing the above-mentioned projects.

I. The 2022 Business Report

(I) Results of the 2022 Business Plan Implementation

1. Production and Sales:

In thousand units; %

Unit: NTD thousand; %

Year				Percentage of	
Product	Production in 2022	Sales in 2022	Sales in 2021	increase/decrease	
				(%)	
Bicycle tires	39,327	38,836	36,536	6.30	
Tires for motorcycles and	27,757	32,214	29,905	7.72	
other bias tires					
Radial tires	7,482	5,997	4,561	31.48	
Inner tube	69,396	63,210	71,837	-12.01	

2. Operational Status:

Consolidated

Year Item	2022	2021	Percentage of increase/decrease (%)
Net operating income	38,617,881	34,896,128	10.67%
Operating cost	32,947,434	27,746,346	18.75%
Operating expenses	5,439,594	5,406,907	0.60%
Profit from operations	230,553	1,741,027	-86.76%
Profit after tax	338,151	917,933	-63.16%

Individual Unit: NTD thousand; %

Year			Percentage of
Item	2022	2021	increase/decrease
			(%)
Net operating income	6,167,875	5,998,964	2.82%
Operating cost	4,659,353	4,496,441	3.62%
Operating expenses	1,220,771	1,256,166	-2.82%
Profit from operations	264,967	351,808	-24.68%
Profit after tax	338,151	917,933	-63.16%

(II) Budget implementation

The Company's actual revenues for the year 2022 were NT\$38.618 billion, representing an achievement of 96.29% compared to the forecasted target of NT\$40.106 billion for the year 2022.

(III) Analysis of receipts, expenditures, and profitability

Consolidated Unit: NTD thousand

Item	Year	2022	2021	Increase (decrease) %
D i - 4 1	Operating income	38,617,881	34,896,128	10.67%
Receipts and expenditures	Gross profit	5,670,447	7,149,782	-20.69%
on ponuncia	Profit after tax	338,151	917,933	-63.16%
	Ratio of Return on Total Assets (%)	1.35	2.38	-43.28%
Profitability	Ratio of Return on Equity (%)	1.77	4.85	-63.51%
Analysis	Ratio of income before tax to paid-in capital (%)	7.82	18.51	-57.75%
	Profit ratio (%)	0.88	2.63	-66.54%
	Earnings per share (NT\$)	0.37	1.01	-63.37%

Individual Unit: NTD thousand

Item	Year	2022	2021	Increase (decrease) %
D i - 4 1	Operating income	6,167,875	5,998,964	2.82%
Receipts and expenditures	Gross profit	1,508,522	1,502,523	0.40%
on ponuncia	Profit after tax	338,151	917,933	-63.16%
	Ratio of Return on Total Assets (%)	1.35	2.97	-54.55%
Profitability	Ratio of Return on Equity (%)	1.77	4.85	-63.51%
Analysis	Ratio of income before tax to paid-in capital (%)	5.15	15.20	-66.12%
	Profit ratio (%)	5.48	15.30	-64.18%
	Earnings per share (NT\$)	0.37	1.01	-63.37%

(IV) Examine the research and development work for the last two years

Due to the climate change and resource constraint around the world, nations are becoming more aware of environmental protection, which has led to the increase of eco-friendly, energy-saving and other environmental protection industries. Therefore, people has been trying to reduce the material used in tires and use the eco-friendly materials instead.

The global economy is affected by the unstable trade situation and increased protectionism. The tire industry will change from a passive component to an active one, which will provide all the performance parameters when driving the vehicle under the influence of the automation, intelligence and digitization.

The only way to survive in this highly competitive environment is to change, so that the business can remain stable. We can only create a new business opportunity by changing the traditional mindset and adopting an innovative one. Inflatable tires are no longer the only design for tires; the smart tires are also feasible.

Kenda will continue to develop the energy-saving technology and the dynamic simulation:

- 1. Research on the advance technology for smart tires to innovate new ideas in the tire industry.
- 2. Study on the advance technology for a new type of non-inflatable tire.
- 3. Provide the high value-added products and introduce automatic equipment to ensure the quality of our products.
- 4. Establish a tire laboratory to enhance the technology capability for dynamic tire simulation.
- 5. Establish a VOC (odor) laboratory in response to the new international regulations to reduce the tire odors and enhance the technical capability of the Company.
- 6. In 2022, the Company completed more than 400 new product developments and patents.
- 7. Kenda has won the 31th Taiwan Excellence Award, which is the 16th consecutive year for Kenda's products to be awarded, including TPHS super thick puncture resistant inner tube, XC off-road bicycle tires-K1237, commercial lawn mower/utility tires-K3012, racing tires for motorcycle-K6030/KD2, asymmetrical car/remotorcycle tires-KR201/KR201X.
- 8. In order to actively promote the intelligent property control plan, the implementation status of the plan in the recent years is as follows:
 - In 2021, the Company invited a patent office to conduct a survey on the development of smart tire patents and patent avoidance education training for international manufacturers.
 - In 2022, the R&D BSC will set the number of patent applications and regularly review the technology produced by the department.
 - In 2023, the R&D BSC will set the number of patent applications and regularly review the technology produced by the department.

II. Summary of Business Plan for 2023

(I) Business policy for 2023

We focus on sustainable management, launching innovative products, strengthening occupational safety and health, and expanding the marketing scale:

- 1. Expand the product lines and production capacity in Vietnam, Indonesia, Tianjin, and Taiwan factory to avoid the US-China trade war and the US anti-dumping and countervailing duties, and enhance our competitiveness to increase the global market share and business scale.
- 2. Reorganize the supply chain management in response to the COVID-19 to ensure that the raw material procurement remains on track to meet our global customers' needs.
- 3. Maintain the occupational safety and health and environmental protection management in order to respond to the impact from the post COVID-19 pandemic and to ensure the workplace and production safety.
- 4. Build a digital marketing management system to promote **KENDA**'s brand awareness in order to enrich the **KENDA** brand.
- 5. We will expand the management team and sales channels for subsidiaries in Europe, STARCO and the European Research Center to increase the market share and marketing scale in Europe and Eastern Europe markets.
- 6. Develop a trial run for the all-steel radial truck and complete the product line.
- 7. Develop high value-added products and optimize the existing one to expand into new markets.
- 8. Innovate and develop high value-added products for specific markets, and build up the channels to increase the market share.
- 9. Continue to research and develop the eco-friendly passenger car tire with EU A grade low rolling resistance and good wet grip performance.
- 10. Expand the product lines including the car tires for SUV, UHP, new snow tires, and the AT, RT, MT and MCR tires.
- 11. Extend the OEM business for PCR and LTR.
- 12. Refine human resources, enhance team discipline and improve the management capability and operational performance.
- 13. In response to the SDGs climate action target, we have proposed the policy of "reducing carbon emissions by 3% per year and reducing carbon emissions by 25% by 2030", and actively launch carbon reduction plans.

(II) The sales volume forecast and its basis: The forecast is based on the Company's annual operating targets and the market survey.

Consolidated

Year	2023
	Sales Volume (in thousand units)
Product Type	
Bicycle tires	41,100
Tires for motorcycles and other	29,894
bias tires	
Radial tires	9,795
Inner tube	72,849
Total	153,638

Individual

Year	2023
	Sales Volume (in thousand units)
Product Type	
Bicycle tires	3,393
Tires for motorcycles and other	4,875
bias tires	
Radial tires	1,600
Inner tube	12,765
Total	22,633

III. The Company's Future Development Strategy

Our business strategy is to "Operate in Taiwan; Distribute globally; Deeply develop around the world," to increase the production capacity, to innovate and develop new products with high quality and low price, and to serve global customers with the **KENDA** brand.

- 1. The Company will continue to expand the production capacity in Vietnam factory for passenger car and agricultural specialty tires in the Taiwan factory.
- 2. The Company will continue to set up the local sales channels in Indonesia for both domestic sales and sales in the nearby ASEAN countries in order to increase the market share and increase the operating scale in the ASEAN region.
- 3. The Company will expand the management team and sales channels with STARCO and the American ADI subsidiary.
- 4. The Company will integrate the resources from its R&D centers around the world, strengthen its R&D capabilities and technologies, develop various types of tires with high cost performance and new tires for electric vehicles, so as to meet the market demand.
- 5. The Company will introduce automation equipment and promote intelligent

- manufacturing to stabilize the quality in production processes and improve the productivity based on the MES production control management system.
- 6. Integrate human resources, reinforce team discipline and enhance the management capability and operational performance.
- 7. The Company has established a Sustainability Committee. We are taking action to integrate sustainable management into our business strategy and fulfill corporate social resposibility through our task teams on environmental health and safety, employee relations, social participation, and corporate governance to achieve sustainable development.
- 8. In response to the SDGs climate action target, we have proposed the policy of "reducing carbon emissions by 3% per year and reducing carbon emissions by 25% by 2030", and actively launch carbon reduction plans.

IV. The Effect of External Competition

- 1. The U.S. has not yet lifted its trade sanctions against China, which affects the Company's tires exported from its China factory to the U.S. and therefore the Company has to deploy the tires from other factories.
- 2. The Indian government had announced the ban on the tires imported from other countries in June 2020, the restriction on imports is still imposed, which would seriously affect our sales to the Indian market.
- 3. The Chinese tire manufacturers have invested and set up factories worldwide to intensify the competition in tire manufacturing industry.
- 4. Last year, the U.S. imposed a huge anti-dumping tax on passenger car tires produced in Taiwan, Korea, Thailand, and Vietnam; however, our Vietnam factory was only subject to a 6.46% anti-dumping tax rate, the lowest among all countries. So, the Company has taken this advantage to expand the capacity in Vietnam to increase the market share in North America.

V. The Effect of Legal Environment

- 1. The norms and standards for the tire product certification have continued to increase and become more time-consuming and costly; for example, the E-mark and labelling act in EU, DOT in US, CCC in China, SNI in Indonesia, GCC in the Middle East, INMETRO in Brazil, TIS in Thailand, BIS in India and other requirements that cause the barriers in trading.
- 2. In response to the global warming crisis, the government is actively working on the 2050 net-zero emissions target, and has included the amendment of the "Greenhouse Gas Reduction and Management Act" as a key objective. In the face of the future carbon fee and various government policies on greenhouse gas reduction, the Company is actively investing in various carbon reduction measures.
- 3. The government's policy of restricting the worker from overseas due to the impact of the COVID-19 pandemic has resulted in a labor shortage and limited the production capacity.

VI. The Effect of the Overall Business Environment

1. Favorable factors:

- (1) The investment environment in China is becoming more and more harsh, so the Company gradually shifts the bicycle tire factories to Vietnam, Cambodia and other Southeast Asian countries. The demand for bicycle inner and outer tubes in the local market will increase, which is a great benefit for the Company's Vietnam and Indonesia factories.
- (2) Our company has several production sites in China, Southeast Asia and Taiwan, offering great flexibility in supply.

2. Unfavorable factors:

- (1) The Russian-Ukrainian war has accelerated global inflation, which has caused raw material prices to continue to rise and profit margins to fall.
- (2) The U.S. Federal Reserve is expected to continue to raise interest rates significantly this year to cope with inflation, the Central Bank of Taiwan may also raise interest rates accordingly, which will increase the Company's interest expense.
- (3) After the global shortage of containers and port congestion, the slowdown in market sales from the second half of 2022 and the arrival of containers has lead to a rapid increase in client inventory, affecting the order situation in the fourth quarter of 2022 and even the first half of 2023.

Kenda Rubber Ind. Co., Ltd.

Chi Ja Gonf

Yang, Chi-Jen

Chairman

Two. Introduction of the Company

- I. Established and Registered on: March 30, 1962
- II. Organization and Operations:

The company was established in March 1962 with a capital of \$960,000 and 50 employees. At the beginning, the company was mainly producing bicycle inner and outer tires. In 1980, the capital was increased to \$126.1 million, which was used to expand the factory, purchase machines and equipment, and improve the quality and output of the products; therefore, the business turnover was increased every year. In 1978, the Yuanlin Factory was officially awarded with CNS Mark. In 1981, the Company's capital was increased by \$69.35 million from the retained earnings, resulting in the total capital being \$195.45 million. The Company acquired additional land for the Yuanlin factory and a new factory site in Yunlin. The first phase construction of the Yunlin factory included a raw material mixing plant, a public works building and an air-raid shelter. In 1982, the company diversified its investment portfolio by investing in Kenjou Ind. Co., Ltd.

1985~1991 In 1985, the capital was increased by the capitalization of \$130.96 million from retained earnings and an IPO. In 1986, the capital was increased to \$430.86 million after the capitalization of \$104.45 million from retained earnings. The capital was used to build a new factory in Yunlin and acquire equipment for manufacturing cover tires, including a set of equipment for tire covering rubber, a set of equipment for mixing rubber materials and other equipment. In 1988, the company's capital was increased to \$500,000,000 by the capitalization of \$69,140,000 from the retained earnings; the Yuanlin factory was also awarded the "JIS" Japanese Industrial Standard symbol. In 1989, the Yunlin factory was awarded the "JIS" Japanese Industrial Standard symbol and the "CNS" mark. In 1990, the capital was increased to \$800 million by the capitalization of \$199.6 million from the retained earnings and a cash capital increase of \$100.4 million. The Company was officially listed on the Taiwan Stock Exchange on 20 December 1990. In 1991, the Company's capital was increased to \$960 million by the capitalization of \$96 million from the retained earnings and \$64 million from the capital reserve; in April, the Company received the "E" mark from the European Common Market.

The Company's capital increased to NT\$1,132.8 million in 1992 by the capitalization of NT\$76.8 million from the retained earnings and NT\$96 million from capital surplus. Also, in 1992, Total Lubricants Taiwan Ltd. was established as a joint venture with Total SE; a Hong Kong subsidiary was established as well. In 1993, the Company increased the capital to NT\$1,300 million by the capitalization of NT\$92,538,000 from the retained earnings and NT\$74,662,000 from the capital surplus. The Company also merged the Kenda Tire (Shenzhen) Limited via Kenda Industrial (Hong Kong) Limited for US\$10 million and applied for an additional US\$5 million to invest in Kenda Tire (Shenzhen) Limited. The investment was approved by MOEAIC. The Company also

applied to MOEAIC for an investment of US\$15 million to establish Kenda Rubber (China) Limited, which was approved. Chou Chin Industrial (HK) Co., Ltd. was established in Hong Kong and Shanghai Bomy Foodstuff Co., Ltd. was established as the joint ventures with Chou-Chin Industrial Co., Ltd. In 1994, the Company completed the capital increase of US\$5 million for Kenda Tire (Shenzhen) Limited; in September, both the Yuanlin and Yunlin factories were certified with ISO-9002 by the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs. In 1995, the Company's capital was increased to \$1,625 million by the capitalization of \$280.8 million from the retained earnings and \$44.2 million from capital surplus. In October, the Kenda Tire (Shenzhen) Limited was certified to the ISO-9002 standard from the Shenzhen Quality Certification Centre and the British Vehicle Certification Authority (VCA); in the same year, the Company also established a joint venture with the Chinfon Group to build a tire factory in Vietnam. The Company's capital was increased to \$1,738,750,000 by the capitalization of \$81,250,000 from the retained earnings and \$32,500,000 from the capital surplus in 1996; the shareholders' meeting on May 29th resolved to authorize the Board of Directors to invest up to \$10 millions to set up a factory, and the contract was signed in December. In January of the same year, our Yuanlin Factory was certified with ISO9001 by the Bureau of Standards, Metrology and Inspection of the Ministry of Economic Affairs and the British BSI.

1997~2001

In 1997, the Company's capital was increased to NT\$1,982,175,000 by the capitalization of NT\$208,650,000 from retained earnings and NT\$34,775,000 from capital surplus. On 23 May 1997, the Company's Board resolved to establish KENDA GLOBAL HOLDING CO., LTD. In 1998, the Company's capital was increased to \$2,229,323,000 by the capitalization of \$279,487,000 from the retained earnings and \$37,661,000 from the capital surplus; in June of the same year, the Yuanlin Factory and the Yunlin Factory were certified with the ISO-14001 Environment Management System. In 1999, The Company's capital was increased to \$2,713,201,000 by the capitalization of \$390,885,000 from the retained earnings and \$22,993,000 from the capital surplus. In 2000, the Company's capital was increased to \$3,065,917,000 by the capitalization of \$339,150,000 from the retained earnings and \$13,566,000 from capital surplus. In 2001, the Company's capital was increased to \$3,203,884,000 by the capitalization of \$122,637,000 from the retained earnings and \$15,330,000 from capital surplus.

2002~2006

In 2002, the Company's capital was increased to \$3,364.08 million by the capitalization of \$160,196,000 from the retained earnings. In 2003, the Company's capital was increased to \$3,600 million by the capitalization of \$235.92 million from the retained earnings. In December, the Board of Directors resolved that Kenda Global Investment Corporation, a subsidiary of the Company, and Cooper Tire & Rubber Company in the United States, would jointly establish a production and sales company for passenger car and truck ply tires in Mainland China. The subsidiary, Kenda Global Investment Corporation, would invest US\$25 million and hold a 50% shareholding in this joint venture company. In 2004, the Company's capital was increased to \$3,960 million by

the capitalization of \$360 million from the retained earnings. In January of the same year, a capital increase of US\$15 million was made to Kenda Rubber (China) Co., Ltd. The Company also increased the investment in Kenda Rubber (Vietnam) Co., Ltd. by US\$6 million in March. In August, the Board of Directors resolved that Kenda Global Investment Corporation, a subsidiary, would invest US\$1.3 million and hold a 13% shareholding to establish a joint venture company in Mainland China with Kenjou Ind. Co., Ltd. and Inoac International Co., Ltd. The new joint venture would be used to manufacture automotive parts. In October, the Company increased the investment in its subsidiary, AMERICAN KENDA RUBBER IND.CO., LTD. by US\$4 million. October of the same year, the Company invested another US\$40,000 to acquire 20% of the equity of Cooper (Shanghai) Sales And Marketing Co., Ltd., a joint venture with Cooper Tire & Rubber Company of the United States. The establishment of Cooper (Shanghai) Sales And Marketing Co. is expected to serve both the domestic and export operations for Cooper & Kenda Tire (Kunshan) Co. Ltd. in mainland China. In 2005, the Company's capital was increased to \$4,356 million by the capitalization of \$396 million from the retained earnings. In December of the same year, a capital increase of US\$15 million was made to Kenda Rubber (China) Co., Ltd. In 2006, the capital was increased to \$4,595,580,000 by the capitalization of \$239,580,000 from the retained earnings, and in March of the same year, the Board of Directors resolved to increase the capital of Cooper and Kenda Tire (Kunshan) Co., Ltd., a joint venture subsidiary of the Company, by \$18 million.

 $2007 \sim 2011$

In 2007, the Company's capital was increased to \$4,895 million by the capitalization of \$299.42 million from the retained earnings. The Board of Directors' meeting in June resolved to authorize the Chairman to have full authority to establish a factory in North China. In August, the Board of Directors resolved to increase the investment in Cooper and Kenda Tire (Kunshan) Co., Ltd., a joint venture subsidiary of the Company, by US\$12 million. In August of the same year, the Board of Directors of the Company authorized the chairman of the Board to have full power to approve the investment of US\$3.6 million to Kenda Tire (Tianjin) Limited from the retained earnings allocated to Kenda Tire (Shenzhen) Limited through the Company's subsidiary, KENDA GLOBAL HOLDING CO. Ltd.; and the investment of US\$5.4 million in Kenda Tire (Tianjin) Limited from the retained earnings allocated to Kenda Tire (Shenzhen) Co., Ltd. through the Company's subsidiary, Kenda Industrial (Hong Kong) Limited. In 2008, the Company's capital was increased to \$5,262.5 million by the capitalization of \$367.5 million from the retained earnings. In March, the Board of Directors resolved to increase the investment in Kenda Tire (Tianjin) Co., Ltd. by US\$6.4 million; in August, the Board of Directors resolved to increase the investment in Kenda Rubber (China) Co., Ltd. by US\$10 million. In October, the Board of Directors resolved to cancel the investment in Cooper (Shanghai) Sales And Marketing Co., Ltd. a joint venture subsidiary of KENDA and COOPER. The Company received the 2008 Industrial Sustainable Excellence Award from the Industrial Development Bureau of the Ministry of Economic Affairs in

December. In 2009, the Company's capital was increased to \$5,526 million by the capitalization of \$263.5 million from the retained earnings. In March, the Board of Directors resolved to increase investment in Dongguan Inoac Kenjou Automotive Co., Ltd. by US\$403,000. In August, the Board of Directors resolved to increase the investment in Kenda Rubber (Tianjin) Limited by US\$9.6 million. The Company received the 17th Industrial Technology Advancement Award (Excellent Innovation Enterprise Award) from the Ministry of Economic Affairs in November. In 2010, the Company's capital was increased to \$6,206 million by the capitalization of \$680 million from the retained earnings. In February, the Board of Directors resolved to increase the investment in Cooper and Kenda Tire (Kunshan) Co., Ltd., a joint venture subsidiary of the Company, by US\$1.5 million. In February, the Board of Directors resolved to increase the investment in Kenda Tire (Tianjin) Limited by US\$9 million. In 2011, the Company's capital was increased to \$6,889 million by the capitalization of \$683 million from the retained earnings. The Board of Directors resolved to approve the disposal of 50% of the shares of COOPER KENDA GLOBAL HOLDING CO. LTD held by the KENDA GLOBAL INVESTMENT CORPORATION through the KENDA INTERNATIONAL CORPORATION in March. In April, the Board of Directors resolved to increase the investment in Kenda Rubber (Tianjin) Limited by US\$15 million. The Company was awarded the China Well-known Trademark in June.

 $2012 \sim 2013$

In 2012, the Company's capital was increased to \$7,336.8 million by the capitalization of \$447.8 million from the retained earnings. In August, the Board of Directors resolved to increase the investment in Kenda Rubber (Tianjin) Limited by US\$30 million; in October, the Board of Directors resolved to increase the investment in Kenda Tire (Tianjin) Limited by US\$6 million; in September, the Company was awarded the 2nd National Industry Innovation Award by the Ministry of Economic Affairs; and the Company was ranked the 24th in Branding Taiwan. In 2013, the Company's capital was increased to \$7,630,300,000 by the capitalization of \$293,500,000 from the retained earnings. In January 2013, the Company was awarded the JIPM (Japan Institute of Plant Maintenance) TPM Excellence Award; in February, the Company was awarded the 1st Taiwan Outstanding Medium Enterprise Award by the Ministry of Economic Affairs; in March, the Company was awarded the Guangdong Outstanding Taiwanese Enterprise Award; in August, the Company was awarded the 1st Outstanding Taiwanese Enterprise Award for Export Sales; in September, the Company was awarded the Product Innovation Award by the Taiwan Chemical Industry Association; and in November, the Company was awarded the "Carbon Footprint Certification" by the Industrial Development Bureau. In March, the Board of Directors resolved to establish Kenda Rubber (Huizhou) Limited; in May, the Board of Directors resolved to establish Kenda Rubber Industries (Europe) Limited; in November, the Board of Directors resolved to merge the U.S. Development Investment Corporation with Kenda's U.S. subsidiary; to establish KF Trading Company Limited and KENDA GLOBAL HOLDING (CHINA) CO., LTD.; and to increase the investment in Kenda Rubber (China) Limited by USD 33

million.

2014 ~ 2015 In 2014, the Company's capital was increased to \$8,164.5 million by the capitalization of \$534.2 million from the retained earnings. In April, Kenda Rubber (Tianjin) Co., Ltd. was certified with ISO/TS 16949; in May, the Board of Directors resolved to expand the R&D headquarters by establishing a R&D center; in June, Kenda joined the European Imported Tyre Manufacturers Association (ITMA); in August, the Board of Directors resolved to establish Kenda Rubber (Indonesia) with a total investment of US\$100 million; in December, the Yuanlin and Yunlin factories in Taiwan was certified with ISO 50001. In February 2015, the Board of Directors resolved to change the name of the subsidiary KF Trading Co., Ltd. to KF Industrial Co., Ltd. and to increase the investment by \$197 million in order to acquire a factory site in the Shihliuban Industrial Park in Yunlin; in March, the Board of Directors resolved to lease land in Dong Nai Province, Vietnam for the expansion of the passenger car tire factory in Vietnam. For nine years in a row, the Company's products won the Taiwan Excellence Award and from these, the Company was awarded the Taiwan Excellence Gold and Silver Award again.

2015 ~2016 In 2015, the Company's capital was increased to \$8,572.8 million by the capitalization of \$408.3 million from the retained earnings. The product K1127B won the 23rd Taiwan Excellence Silver Award in April. In August, the Board of Directors resolved to increase the investment in Kenda Rubber (Tianjin) Limited, the subsidiary of the Company by US\$35 million. The Company signed a land lease agreement for the establishment of the passenger car tire factory in Vietnam in September. In November, the U.S. Research and Development Center was officially established; the Company's products KR50, K1174, K518 and KD1 won the 24th Taiwan Excellence Award again; the Board of Directors resolved to increase the investment of US\$8 million in the subsidiary, Kenda Rubber (Vietnam) Co., Ltd. In February 2016, the Investment Commission approved the cancellation of the subsidiary - Kenda Rubber (Shenzhen) Company Limited; the Company was awarded as one of the Top Ten Brand Enterprises in Kunshan, Jiangsu Province in China.

In 2016, the Company's capital was increased to \$8,744.3 million by the capitalization of \$171.5 million from the retained earnings. In May, the construction of a new factory in Douliu, Yunlin, was started. In June, the construction of the second factory in Vietnam began. In August, the Board of Directors resolved to increase the investment of US\$15 million in the subsidiary, Kenda Rubber (Indonesia) Limited. In December, the Company's products K1160X and K3201 won the 25th Taiwan Excellence Award. In February 2017, the K1160X product was awarded the Taiwan Excellence Silver Award again.

2017~2018 In September 2017, the Company's products K779, K1201, KR41 and K3203 won the 26th Taiwan Excellence Award. This is the 11th consecutive year that the Company's products have been recognized by the Taiwan Excellence Awards. In October, the Company acquired the Danish-based rim company STARCO EUROPE A/S; the second factory in Vietnam started the trial runs for passenger car tire and light truck tire. In

November, the Board of Directors resolved to acquire land in the Tai Jiang Industrial Park, where the Yunlin factory is located, to increase investment in the area.

2018~2019

In May, July and September 2018, the Tianjin, Yunlin and Shanghai factories were certified with IATF 16949:2016 Quality Management System for Automotive Industry respectively. In October, the Company was certified the "Talent Quality-management System" by the Workforce Development Agency of the Ministry of Labor. In November, the Company was awarded the Yunlin County Occupational Safety and Health Excellence Award and certified as the D-U-N-S® RegisteredTM enterprise. In November, the Company's products K1211/K1211E off-road mountain bike tires, K678F/K678 all-terrain motorbike tires, K576A all-terrain multi-purpose car tire and KR600 light truck tire won the 27th Taiwan Excellence Award.

In December, the Company was awarded the "Excellent Enterprise in Occupational Safety and Health Performance" by the Ministry of Labor. In March 2019, the Board of Directors resolved to increase the investment in the subsidiary - Kenda Rubber (Vietnam) Limited by NT\$1.5 billion.

2019~2020

In October 2019, we were awarded the 16th National Brand Yushan Award - Outstanding Enterprise category by the Republic of China National Enterprise Competitiveness Development Association and the National Brand Yushan Award Selection Committee. In November, the Company's products K1227 XC off-road bicycle tire, K590 all-terrain multi-purpose car tire, K6022 dual-purpose compound motorbike tire, KR52 SUV asymmetrical RV tire and K3003/K3004 non-inflatable tires won the 28th Taiwan Excellence Award. In December, the Company was awarded the 2019 National Talent Development Award by the Ministry of Labor in the Large Enterprise category. In January 2020, the Company was awarded the 2019 Excellent Technology Award by Kwang Yang Motor Co., Ltd. In January, the Board of Directors resolved to increase the investment of US\$3 million in the subsidiary, Kenda Rubber (Vietnam) Limited, and the investment of US\$8 million in the subsidiary, Kenda Rubber (Indonesia) Limited. In February, the company was awarded the Outstanding Performance Award in Regular Evaluation by Sanyang Motor Co., Ltd. and the Outstanding Contribution Award by China Motor Corporation Association.

2020~2021

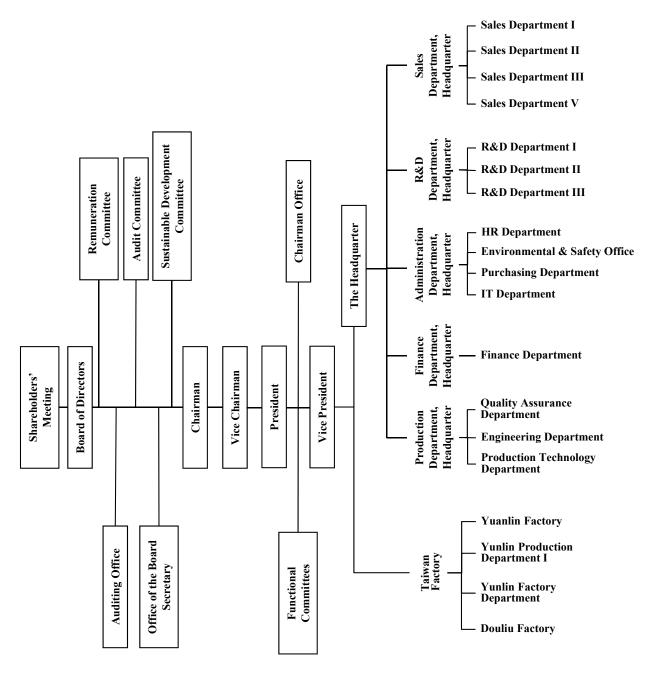
In 2020, the Company's capital was increased to \$9,094.1 million by the capitalization from the retained earnings of \$349.8 million. In November, the Company's products AGC off-road downhill bicycle tire technology, ultra-thin lightweight bicycle inner tube, NRF noise reduction foam technology in car tire, all-terrain motorbike tire - K6025, all-terrain multi-purpose vehicle tire - K3211, light truck tire - KR100 won the 29th Taiwan Excellence Award, and in January 2021, won the 2020 Technology Award from Kwang Yang Motor Co., Ltd. In January, the EMERA SUV607 UHP KR607 car tire, the Noise Reduction Foam Technology (NRF) KR41 (silent foam) car tire and the Advanced Gravity Casing (AGC) K1201/K1202/K1235/ K1241 bicycle downhill tires won the 2020 Chicago Good Design Award. In February, the company was awarded the Outstanding Performance Award in Regular Evaluation by Sanyang Motor Co., Ltd.

In November, 2021, the company received the 3rd National Enterprise Environmental Protection Award (Bronze Award) from the Environmental Protection Administration, Executive Yuan, and the 26th National Quality Award - Manufacturing Quality from the Industrial Development Bureau, Ministry of Economic Affairs. The Company's products TPHS super thick puncture resistant inner tube, XC off-road bicycle tires-K1237, commercial lawn mower/utility tires-K3012, racing tires for motorcycle-K6030/KD2, and asymmetrical car/remotorcycle tires-KR201/KR201X won the 30th Taiwan Excellence Award. In February 2022, the company was awarded the Outstanding Performance Award in Regular Evaluation by Sanyang Motor Co., Ltd.

In Febuary, 2022, the company received the Chicago Athenaeum's Good Design Award. In March, 2022, the Company's products TPHS super thick puncture resistant inner tube won the Gold Award Winners from TAIPEI CYCLE d&i awards, and the company received US International Design Awards. In April, 2022, the company received iF DESIGN AWARD. In June, the company awarded "TWAEO certificate" from Customs Administration, Ministry of Finance. In September, 2022, the company won the honor of "2022 Excellent Unit for Promoting Occupational Safety and Health" by the Occupational Safety and Health Administration, Ministry of Labor. In October, 2022, the company received the Golden Pin Design Award from Taiwan Design Research Institute(TDRI), and the Taiwan Prime Gold Award from Overseas Community Affairs Council (OCAC), "National Occupational Safety and Health Award-Traditional Industry Special Award" from Ministry of Labor. In November, 2022, the company received the 4th "Annual Enterprises Protection Award - Bronze Award" from The Environmental Protection Administration.

I. Organization

(I) Organizational structure



(II) Business for each segment

Segment	Job Description						
Auditing Office	Establishes the internal control system for the Group, reviews the rules and regulations, implements the audit and proposes the improvement measures.						
Chairman Office	 Plans and supervises the operations for the shareholders' meeting, the Board of Directors, the Remuneration Committee, the Audit Committee, and the CSR. Plans the short-term, mid-term and long-term business operations, develops the annual business policies and controls the performance for the Group. Plans, implements, and maintains the appropriateness and effectiveness of the internal control system. Plans, investigates, and evaluates overseas investment projects including the application, filing, and approval of the said investment projects. Supervises the businesses in all the subsidiaries and invested enterprises. Plans and implements the Group's intellectual property rights (trademarks and patents), contract review, legal affairs, product liability insurance, and liability insurance for directors and supervisors. 						
Kenda Rubber (America)	Be responsible for the market development and the product sales in North America.						
Kenda Rubber (Vietnam)	Manufactures and sells the tubes and tires of bicycles, motorbikes, industrial vehicles, and the radial tires for cars.						
Kenda Rubber (Indonesia)	Manufactures and sells the tubes and tires of bicycles and motorbikes.						
Kenda Rubber (Shenzhen)	Manufactures and sells the tubes and tires of bicycles, motorbikes, industrial vehicles, and light trucks.						
Kenda Rubber (China)	Manufactures and sells the tubes and tires of bicycles, motorbikes, industrial vehicles, and light trucks, as well as the radial tires for cars.						
Kenda Rubber	Manufactures and sells the tubes and tires of bicycles, motorbikes, industrial vehicles, and light trucks, as well						
(Tianjin)	as the radial tires for cars, waterproof tape, and other rubber products.						
Kenda Rubber (Europe)	Be in charge of the product marketing.						
KF	Be in charge of the sale for all kinds of tire products in Taiwan.						
Yunlin Production Department I	Manufactures the cover tires for motorbikes, cars, and industrial vehicles, as well as the radial tires for cars.						
Yunlin Factory Department	 Develops and manages the engineering and quality control of tire manufacturing. Promotes the CSR related activities. 						
Yuanlin Factory	Manufacturse the cover tires of bicycles, motorbikes, and industrial vehicles, as well as all kinds of tubes.						
Douliu Factory	Be in charge of product shipping and other rubber products manufacturing.						
Engineering Department	 Develops and introduces the manufacturing equipment for the Group and improve the production process. Manages the facilities and equipment for the Group. Promotes and manages the energy reduction and certification. 						
Quality Assurance	Maintains the Group's quality assurance system, quality certification, after-sales service, and continuously						
Department	implements the quality improvements.						
Production Technology Department	 Introduces new equipment, establishes the new process for production, assists in the development of new equipment and process testing, solves problems, and establishes the production technology. Improves the manufacturing technology for the Group's existing equipment; evaluates, analyses, and develops the process improvement projects for each factory; accepts, reviews, changes the design and validates, and develops the results. 						

Segment	Job Description
Finance Department	 Processes accounts, calculates costs, plans budgets, and analyzes financial and operational results. Provides financial planning, consolidation, and budgeting for the Group; handles the accounts and taxation for the overseas holding companies.
Environmental & Safety Office	 Plans, executes, guides, and audits the environmental protection and industrial safety management system. Works on the environmental management system certification.
Human Resources & Administration Department	 Plans and integrates the Group's HR and general affairs, and manages the oversea staff deployment. Promotes the CSR related activities.
Information Technology Departmen	Designs and manages the Group's information systems.
Purchasing Department	Plans, manages, and integrates the Group's procurement business.
R&D Department I	 Develops, designs, and controls the raw materials and formulations for the Group's new products; manages and tests the raw materials and formulations and conducts the evaluation. Develops the raw material specifications for the Group. Conducts the fundamental research on innovative rubber and tires; develops the polymer analysis and test methods.
R&D Department II	 Designs and controls the new product development for the Group (structure & mold), manages the trial production and new product development business. Develops the specifications for the Group's products. Develops the product design theory and the method for product validation. Develops and analyzes the evaluation method and related technology.
R&D Department III	 Implements the "R&D Project for Green Tire Design" by the Government. Conducts the fundamental research on innovative rubber and tires, as well as polymer analysis and testing. Provides trial run, pilot production, and mass production assistance for eco-friendly new material applications and new formulation development. Controls the design for new product development. Collects and calibrates feedback on the market evaluation information. Provides overseas staff assignment, training, and support.
Sales Department I	Conducts the product planning, marketing planning, market development, and sales activities.
Sales Department II	Conducts the product planning, marketing planning, market development, and sales activities.
Sales Department III	Conducts the product planning, marketing planning, market development, and sales activities.
Sales Department V	Conducts the product planning, marketing planning, market development, and sales activities.

Information on the Directors, Supervisors, Presidents, Vice Presidents, Assistant Vice Presidents, the Chiefs of All the Company's Divisions and Branches Ξ

I) Information on Directors and Independent Directors

Information on Directors and Independent Directors (1)

2023	Remarks														
12,	i.	Relation	2nd degree of kinship 2nd degree of kinship	None	2nd degree of kinship 2nd degree of kinship	Not applicable.	None	2nd degree of kinship 2nd degree of kinship	None	None	Not applicable.	None	None	None	None
	Other officers, directors or supervisors who are spouses or thin the second degree of kinsh	Name	Yang, Ying Ming Yang, Shin-Nan	None	Yang, Chi Jen Yang, Shin-Nan	Not applicable.	None	Yang, Ying Ming Yang, Chi Jen	None	None	Not applicable.	None	None	None	None
	Other o superviso within the s	Position	Director Director	None	Chairman Director	Not applicable.	None	Director	None	None	Not applicable.	None	None	None	None
	Position(s) held concurrently in the Company and other	companies	Chairman of the Board, American Kenda Rubber Ind. Co., Ltd.	Vice Chairman, Kenda Rubber Ind., Co., Ltd.	CEO, Kenda Rubber Ind., Co., Ltd. Chairman of the Board, Kenjou Ind. Co., Ltd.	Not applicable.	President, Kenda Rubber Ind., Co., Ltd.	None	President, Kenlight Trading Corp.	Vice President, OBERLIN TECH. CO., LTD.	Not applicable.	Vice President, Kenda Rubber Ind., Co., Ltd.	Convener of the Audit/Remuneration Committee, Kenda Rubber Ind., Co., Ltd.	Independent Director, Rechi Precision Co.,Ltd. Independent Director, Aerowin Technology Carporation Director, Nature Wise Biotech & Medicals Corporation Independent Director, Kenda Rubber Ind., Co., Ltd.	Independent Director, Kenda Rubber Ind., Co., Ltd. Member of Audit Committee, Kenda Rubber Ind., Co., Ltd.
	Principal work experience and academic qualifications		Master's Degree in Business Administration, City University of New York Vice Chairman, Kenda Rubber Ind., Co., Ltd.	Doctoral Degree in Mechanical Engineering, Cornell University President, Kenda Rubber Ind., Co., Ltd.	Master's Degree in Chemical Engineering, Syracuse University Chairman of the Board, Kenda Rubber Ind., Co., Ltd.	Not applicable.	Master's Degree in Materials Engineering, Ohio State University Vice President, Kenda Rubber Ind. Co. Ltd.	Doctoral Degree in Physics, State University of New York at Story Brook Profesor, Department of Physics, National Taiwan University	Bachelor's Degree in Pharmacy, China Medical University President, Kenlight Trading Corp.	Master's Degree in Communication Engineering. National Taiwan University Chairman of the Board, OBERLIN TECH. CO., LTD.	Not applicable.	Department of Chemical Engineering, National Taipei Vice President, Kenda Rubber Institute of Technology Indiana (Co., Ltd.	Bachelor's Degree in Chemistry, National Cheng Kung University Vice President, Kenda Rubber Ind. Co. Ltd.	Bachelor's Degree in Mechanical Engineering, National Cheng Kung University President, China Motor Corporation	Master's Degree in Business Administration, University of Louisville Director General, Bureau of Foreign Trade, MOEA Vice Minister, MOEA Deputy Minister, MOEA Adjunct Professor, Department of Political Science, National Taiwan University
	Number of shares held under other persons' names	Percentage of Ownership	0	0	0	0	1.83	0	0	0	0	0	0	0	0
	Number of under of n	Shares	0	0	0	0	16,662,680	0	0	0	0	0	0	0	0
	Number of shares held by the spouses and children of minor age currently	Percentage of Ownership	1.07	0.02	1.80	0	0	1.73	0	0.07	0	0	0	0	0
7 110	Number of the spouses a minor ag	Shares	9,729,904	142,561	16,400,649	0	0	15,701,546	0	669,463	0	0	0	0	0
	Number of shares held currently	Percentage of Ownership	10.07	0.84	7.11	1.04	0	1.76	3.15	1.15	0.01	0.00	0.00	0	0
	Number of	Shares	91,550,924	7,661,040	64,635,015	9,433,838	0	16,007,518	28,668,065	10,413,403	66,002	6,972	5,000	0	0
	Number of shares held on date elected	Percentage of Ownership		0.84	7.21	0.80	0	1.76	3.15	1.15	0.01	0	0	0	0
	Number of date	Shares	91,622,924	7,661,040	65,555,015	7,268,753	0	16,007,518	28,668,065	10,413,403	66,002	0	0	0	0
	Terms	office	3 years	3 years	3 years	3 200.00	ycan	3 years	3 years	3 years	3 veere	years	3 years	3 years	3 years
	Date elected (initial	elected date)	110.08.31 (68.05.20)	110.08.31 (92.06.20)	110.08.31 (63.01.01)	110.08.31 (110.08.31)	110.08.31 (101.06.13)	110.08.31 (110.08.31)	110.08.31 (104.06.23)	110.08.31 (107.06.11)	110.08.31 (101.06.13)	110.08.31 (111.04.01)	110.08.31 (104.06.23)	110.08.31 (104.06.23)	110.08.31 (110.08.31)
	Gender	Age	Male 71-80	Male 61-70	Male 71-80	-	Male 51-60	Male 81-90	Female 51-60	Male 41-50	Male	61-70	Male 71-80	Male 71-80	Male 71-80
	Nationality		Republic of China	Republic of China	Republic of China	Changhua County	Republic of China	Republic of China	Republic of China	Republic of China	Taipei City	Republic of China	Republic of China	Republic of China	Republic of China
		Name	Chairman Yang, Chi-Jen	Vice Chairman Chang, Hong-Der	Director Yang, Ying-Ming	Director Stretch Investment Co.,	Ltd. Representative: Chen, Chao-Jung	Director Yang, Shin-Nan	Director Yang, Chia-Ling	Director Lin, Tsung-Yi	Director Kenjou Ind.	ve: Ke	Independent Director Hsieh,Chun-Mou	Independent Director Su, Ching-Yang	Independent Director Cho, Shih-Chao

Table 1: Major shareholders of corporate shareholders

Name of the corporate shareholder (Note 1)	Major shareholders of corporate shareholders (Note 2)					
Kenjou Co., Ltd.	Yang, Ying-Ming (20%), Yang, Chi-Jen (20%), Hsiao, Ru-Po (15%)					
Stretch Investment Co., Ltd.	Chen, Chao-Jung (67.30%), Chen, Hsin-Yen (10%)					

- Note 1: If the director or supervisor is a representative of a corporate shareholder, the corporate shareholder's name should be stated.
- Note 2: Fill in the names of the major shareholders of the corporate shareholder (whose shareholding is among the top ten shareholders) and their shareholding ratio. If the major shareholder is a corporate shareholder, the following table 2 should be included.
- Note 3: If a corporate shareholder is not a registered company, the name of the shareholder and the percentage of shareholding disclosed in the preceding paragraph shall be the name of the contributor or donor and the percentage of contribution or donation.

Information on Directors and Independent Directors (2)

1. Disclosure of Professional Qualifications of Directors and Independent Directors and Independence of Independent Directors:

Requirements Name (Note 1)	Professional Qualifications and Experiences (Note 1)	Status of Independence (Note 2)	The number of other public companies in which the individual is concurrently serving as an independent director
Yang, Chi-Jen	Master's Degree in Business Administration, City University of New York Bachelor's Degree in Accounting, National Chengchi University President, Kenda Rubber Ind., Co., Ltd. Chairman, American Kenda Rubber Ind. Co., Ltd.	Not applicable.	None
Chang, Hong-Der	Doctoral Degree in Mechanical Engineering, Cornell University President, Kenda Rubber Ind., Co., Ltd. Associate Professor, Department of Mechanical Engineering, National Taiwan University of Science and Technology Executive Director in Office, Taiwan Rubber & Elastomer Industries Association Executive Director, Taiwan Bicycle Association Director, Cycling & Health Tech Industry R&D Center	Not applicable.	None
Yang, Ying-Ming	Master's Degree in Chemical Engineering, Syracuse University Bachelor's Degree in Chemical Engineering, National Taiwan University Chairman of the Board/President, Kenda Rubber Ind., Co., Ltd. Honorary Chairman, Taiwan Rubber & Elastomer Industries Association Honorary Chairman of the Board, Taiwan Rubber Research & Testing Center Honorary Chairman, Taiwan Bicycle Association Managing Director, Taiwan Transportation Vehicle Manufacturers Association Managing Director, The Polymer Society, Taipei	Not applicable.	None
Stretch Investment Co., Ltd. Representative: Chen, Chao-Jung	Master's Degree in Materials Engineering, Ohio State University Bachelor's Degree in Chemical Engineering, National Taiwan University Council Director, Taiwan Bicycle Association	Not applicable.	None

Requirements Name (Note 1)	Professional Qualifications and Experiences (Note 1)	Status of Independence (Note 2)	The number of other public companies in which the individual is concurrently serving as an independent director
Yang, Shin-Nan	Doctoral Degree in Physics, State University of New York at Stony Brook Professor, Department of Physics, National Taiwan University	Not applicable.	None
Yang, Chia-Ling	Bachelor's Degree in Pharmacy, China Medical University President, Kenlight Trading Corp.	Not applicable.	None
Lin, Tsung-Yi	Master's Degree in Communication Engineering, National Taiwan University Chairman of the Board, OBERLIN TECH. CO., LTD.	Not applicable.	None
Kenjou Co., Ltd. Representative: Lin, Chun-Ke	Department of Chemical Engineering, National Taipei Institute of Technology Vice President/Assistant Vice President, Kenda Rubber Ind., Co., Ltd.	Not applicable.	None
Hsieh,Chun-Mou (Independent Director)	Bachelor's Degree in Chemistry, National Cheng Kung University Vice President, Kenda Rubber Ind. Co. Ltd. Convener of the Audit/Remuneration Committee, Kenda Rubber Ind., Co., Ltd.	Eligible for the independence criteria.	None
Su, Ching-Yang (Independent Director)	Bachelor's Degree in Mechanical Engineering, National Cheng Kung University Deputy Chief Executive Officer, Yulon Group (Executive Office) Director/President, China Motor Corporation Chairman of the Board, CHINA ENGINE CORPORATION Managing Director, Taiwan Transportation Vehicle Manufacturers Association Independent Director, Rechi Precision Co.,Ltd. Independent Director, Aerowin Technology Corporation Director, Nature Wise Biotech & Medicals Corporation	Eligible for the independence criteria.	2
Cho, Shih-Chao (Independent Director)	Master's Degree in Business Administration, University of Louisville Director General, Bureau of Foreign Trade, MOEA Vice Minister, MOEA Deputy Minister, MOEA Adjunct Professor, Department of Political Science, National Taiwan University	Eligible for the independence criteria.	None

- (1) All directors of the Company possess working experience in business, law, finance, accounting or corporate business.
- (2) None of the Company's independent directors are directors, supervisors, or employees of the Company or its affiliates, including themselves, their spouses, or relatives within second degree of kinship.
- (3) None of the independent directors of the Company is a director, supervisor or employee of a company with which the Company has a specific relationship.
- (4) In the past two years, none of the independent directors of the Company has received remuneration for providing business, legal, financial or accounting services from the Company or its affiliates.
- (5) Independent Director HSIEH, CHUN-MOU holds 5,000 shares of the Company, representing approximately 0.0005% of the total shares of the Company; the other two independent directors do not hold any shares of the Company.

- Note 1: Professional qualifications and experience: Specify the professional qualifications and experience of individual directors and supervisors, and if they are members of the audit committee and have accounting or financial expertise, specify their accounting or financial background and work experience, and state whether they do not have the circumstances described in Article 30 of the Company Act.
- Note 2: The independent director shall state the independence status, including but not limited to whether he/she, spouse, relatives within the second degree of kinship are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by him/her, spouse, relatives within the second degree of kinship (or in the name of others); whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 3, Paragraph 1, Paragraphs 5 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies; and the amount of remuneration received from providing commercial, legal, financial and accounting services to the Company or its affiliates in the last two years.

2. Diversity and Independence of the Board of Directors:

(1) Board Diversity: Describe the board's diversity policy, objectives and status of implementation. Diversity policy includes, but not limited to, the criteria for selecting directors, the professional qualifications and experience, gender, age, nationality and culture of the Board of Directors, and the composition or proportion of the Board of Directors, and describes the Company's specific objectives and their accomplishment in relation to the foregoing policy.

Article 20 of the Company's "Corporate Governance Best Practice Principles" stipulates that the composition of the Board of Directors should consider diversity. The Company should formulate appropriate diversity guidelines with respect to the Company's operation, operating style, and development needs, including basic qualifications and values (e.g., gender, age, nationality and culture), professional knowledge and skills (e.g., legal, accounting, industrial, financial, marketing or technology), professional skills, and industry experiences.

The percentage of female directors is 9.1%; the percentage of independent directors is 27.3%; the percentage of employee directors is 27.3%, including 3 independent directors and 1 female director. Among the 11 board members, 2 have earned their Ph.D. in the U.S. and 5 have master's degrees, and they have a profound international perspective and extensive experience in finance, management, industry, international and regulatory fields.

The current Board of Directors of the Company consists of 11 directors. The implementation status of the diversity of the board members is as follows:

Status of Board diversity

Core item of					Info	rmation (on Director	s										
diversity	Gender			A			Terms of	Office of Inde	pendent	Indu	strial expe	eriences			Profess	ionals Skills		
				Age				Director					R					
Name		35-50	51-60	61-70	71-80	81-90	Less than 3	3 years to less than 6	More than 6	Chemical Industry	On-Site Flow	Trading	& D	Business Management	Finance	Risk Management	Law	Leadership
							years	years	years									
Yang, Chi-Jen	Male				✓						✓	✓		✓	✓	✓	✓	✓
Chang,Hong-Der	Male			✓							✓	✓	✓	✓	✓	✓	✓	✓
Yang, Ying-Ming	Male				✓					✓	✓	✓	✓	✓	✓	✓	✓	✓
Yang, Shin-Nan	Male					✓				✓			✓	✓	✓	✓		✓
Chen, Chao-Jung	Male		✓							✓	✓		>	✓	✓	✓	✓	✓
Lin, Chun-Ke	Male			✓						✓	✓		✓	✓	✓	✓	✓	✓
Yang, Chia-Ling	Female		✓									✓		✓	✓	✓		✓
Lin, Tsung-Yi	Male	>										✓		✓	✓	✓		✓
Hsieh,Chun-Mou	Male				✓				✓	✓	✓			✓	✓	✓		✓
Su, Ching-Yang	Male				✓				~		✓	✓	>	✓	✓	✓	✓	✓
Cho, Shih-Chao	Male				✓		✓					✓		✓	✓	✓	✓	✓

(2) Independence of the Board of Directors: Describe the number and proportion of independent directors, and state that the Board of Directors is independent, with reasons whether there is no violation as stipulated in paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act, including a description of relationships between directors, supervisors, or between directors and supervisors, such as spouses and relatives within the second degree of kinship.

The election procedures of the Company's directors have been open and fair, and are in compliance with the Company's Articles of Incorporation, the Rules Governing the Election of Directors, the Corporate Governance Best Practice Principles, the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 14-2 of the Securities and Exchange Act. The Board of Directors consists of eight general directors (72.7%) and three independent directors (27.3%).

More than half of the directors of the Company are not related to each other as spouse or relatives with second degree of kinship.

The Board of Directors oversees the management and operation of the Company and is responsible to the Company and its shareholders. In terms of corporate governance, the Board of Directors exercises its powers in accordance with the laws and regulations, the Articles of Incorporation, and the resolutions of the shareholders' meeting. The Company's Board of Directors is independent and the three independent directors exercise the powers of the Audit Committee in accordance with the relevant laws and regulations to review the Company's risk management and to supervise the effectiveness of the Company's internal control system, the appointment of CPAs, and the preparation of the financial statements.

The Company adopts a cumulative voting system and a candidate nomination

system for the election of directors, and encourages shareholders to participate in the election. Shareholders holding a certain number of shares or more may propose a list of candidates. Upon reviewing the qualifications of the candidates to determine whether there is any violation pursuant to Article 30 of the Company Act, the relevant acceptance procedures are conducted and announced in accordance with the law to protect the rights and interests of shareholders and independence.

(II) Information on the Chief Executive Officers, Presidents, Vice Presidents, Assistant Vice Presidents, the Chiefs of All the Company's Divisions and Branches

Information on the Chief Executive Officers, Presidents, Vice Presidents, Assistant Vice Presidents, the Chiefs of All the Company's Divisions and Branches

2023	Remarks	(Note 3)							
April 2, 2023	related to second	Relation	None	None	None	None	None	None	None
	Managers who are related to the spouse or the second degree of kinship	Name	None	None	None	None	None	None	None
	Managers the spot degr	Position	None	None	None	None	None	None	None
	Position(s) held	in other	Chairman of the Board, Kenjou Ind. Co., Ltd.	None	None	None	None	None	None
	Principal work experience and	academic qualifications (Note 2)	Master's Degree in Chemical Engineering, Syracuse University	Master's Degree in Materials Engineering, Ohio State University	Department of Chemical 0 Engineering, National Taipei Institute of Technology	Department of Mechanical 0 Engineering, National Taipei Institute of Technology	Bachelor's Degree in Foreign Languages and Literatures, National Chung Hsing University	Department of Finance and Taxation, Tamsui Institute of Business Administration	Bachelor's Degree in Agricultural Extension, National Taiwan University
	shares held r persons' nes	Percentage of Ownership	0	1.83	0	0	0	0	0
	Number of shares held under other persons' names	Shares	0	16,662,68	0	0	0	0	0
	hares held id children ir age	Percentage of Ownership	1.70	0	0	0	0	0	0
	Number of shares held by spouse and children of minor age	Shares	7.01 15,484,456	0	0	0	0	0	0
	olding	Percentage of Ownership	7.01	0	0	0	0	0	0
	Shareholding	Shares	63,718,822	0	6,972	0	0	0	0
	Date on which	position was assumed	2018.06.11	2018.08.09	2021.09.01	2006.04.01	2011.04.01	2017.07.16	2019.05.14
	**************************************		Male	Male	Male	Male	Female	Male	Male
	Nome	- Name	Yang, Ying-Ming	Chen, Chao-Jung	Lin, Chun-Ke	Chen, Chin-Fu	Chang, Hui-Chu	Liu, Kuei-Chun	Hsiao, Wei-Lien
	Notionality.	мацопанту	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China	Republic of China
	Doction		Group Chairman	President	Vice President	Assistant Vice President	Assistant Vice President	Assistant Vice President	Assistant Vice President

Number of shares held by spouse and children under other persons. Shares Shares Ownership Owners	Technology
Principal work Position(s) experience and academic concurrently qualifications in other (Note 2) companies Master's Degree in Information Management, National Yunlin University of Science and Technology Department of Electrical Engineering, National Yunlin Institute of	Technology
Principal work Position(s) experience and academic concurrently qualifications in other (Note 2) companies Master's Degree in Information Management, National Yunlin University of Science and Technology Department of Electrical Engineering, National Yunlin Institute of	Technology
Principal work Position(s) experience and academic concurrently qualifications in other (Note 2) companies Master's Degree in Information Management, National Yunlin University of Science and Technology Department of Electrical Engineering, National Yunlin Institute of	Technology
Principal work experience and academic qualifications (Note 2) Master's Degree in Information Management, National Yunlin University of Science and Technology Department of Electrical Electrical Flectrical Yunlin Institute of	Technology
f shares held mes mes academic Percentage Ownership Ownership Ownership Ownership Ownership Ownership Ownership Ownership Downership Master's Degree in Information Management, National Yunlin University of Science and Technology Department of Electrical Stulin Institute of	Technology
f shares held rer persons' mes Percentage of Ownership 0	
Number of under oth na na Shares	
shares held Ind children or age Percentage of Ownership	
Number of shares held by spouse and children of minor age Shares Ownership Ownership Ownership Ownership Ownership	
tage ship 0	
Shareholding Shares of Owner 11,000	
Date on which current position was assumed Male 2021.09.01	
Name Li, Tsung-Hsun Li, Chin-Tze	
Nationality Republic of China Republic of China	
Position Assistant Vice President Assistant Vice President	

Note 1: The information of the President, Vice President, Assistant Vice President, Department and Branch Heads shall be disclosed, as well as those whose position is equivalent to President, Vice President (for example: Group Chairman, Director, CEO, etc.), shall also be disclosed no matter their titles. Note 2: For those who have worked for a CPA firm or an affiliated company during the previous reporting period in relation to their current position, the title of the position and the duties for which they were responsible should be disclosed: None. Note 3: If the President or equivalent (the most senior manager) and the Chairman of the Board are the same person and are related to each other as spouses or first degree of kin, the reasons, reasonableness, necessity and measures (e.g. increasing the number of independent directors and having a majority of directors who are not also employees or managers) should be disclosed: None.

or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted (III) Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) are the same person, spouses, in response thereto: None.

III. The Remuneration Paid to Directors, Supervisors, Presidents and Vice Presidents in the Most Recent Year

Remuneration paid to directors and independent directors (with the name(s) indicated for each remuneration range) \equiv

Unit: NT\$		Compensation Received from	Non-consolidated Affiliates or Parent Company																						
December 31, 2022	(A+B+C+D+	E+F+G) as a % of Net Income	From All	Entities							25,155,595	†								2,071,808	0.61				
Decembe	(A+B+	E+F as of Net		Company							21,097,814	77.0								2,071,808	0.61				
		ation to	From All Consolidated Entities	Cash Stock							186,068									1		_			
	employees	Remuneration to employees (G)	From the Company	Cash Stock																		_			
	Remuneration paid to part-time employees	Pay and ns (F)	From All								669,250 186,068 -									-		_			
	ration paid	Severance Pay and Pensions (F)		Company							669,250														
	Remune	Salary, Bonuses and Allowances (E)	From All								10,987,168 669,250														
			From the	Company		6,929,387																			
		(A+B+C+D) and as a % of Net Income	From All	Entities	13.31				13.31								2,071	0.61							
		(A+B+C+ % of Ne	From the	Company																	2,071,808			0.61	
		Expenses from professional practice (D)	From All	Entities	432,596													233,000							
		Exper profe prac		Company							8,911,330 432,596									233,000					
	ectors	Director's remuneration (C)	From All																						
	paid to Dir	Dir		Company							439,629 8,911,330									,					
	Remuneration paid to Directors	Severance Pay and Pensions (B)	From All																						
	Re	Severar Pens	From the	Company							439,629														
		Remuneration (A)	From All	Entities							3,529,554									1,838,808					
		Remun	From the	Company		Г	T	t t			3,529,554									1,838,808					
			Name		Yang, Chi-Jen	Chang, Hong-Der	Yang, Ying-Ming	Stretch Investment	Co., Ltd.	Representative:	Chen, Chao-Jung	Yang, Shin-Nan	Yang, Chia-Ling	Lin, Tsung-Yi	Kenjou Co., Ltd.	Representative:	Shen, Jui-Hsiung	Lin, Chun-Ke	Hsieh,Chun-Mou	Su. Ching-Yang	Cho, Shih-Chao				
		:	Position								Director		28 -							Independent	Director				

The remuneration paid to the independent directors is a monthly fixed remuneration plus transportation costs to attend meetings. The monthly fixed remuneration is approved by the Remuneration Committee and discussed and resolved by the Board of 1. Please state the policy, system, standards and structure for the remuneration paid to independent directors and the linkage to the amount paid in respect of the responsibilities, risks, time and other factors that they are involved in. Directors.

Note 1: On April 1, 2022, Kenjou Co., Ltd. reassigned its representative. The original Mr. Shen, Jui-Hsiung was reassigned to Mr. Lin, Chun-Ke. The remuneration of the directors includes the remuneration of the representatives before and after the reassignment.

2. Except as disclosed in the preceding table, the remuneration paid to the directors of the Company for services rendered to all companies consolidated in the Financial Report (e.g. as non-employee consultants) in the most recent year: None.

Remuneration Range Table

		Directors' Names	Vames	
Remuneration paid to directors	mer and to lotal of the remainer	Total of the remunerations (A+B+C+D)	Total of the remuneratio	Total of the remunerations (A+B+C+D+E+F+G)
	From the Company	From All Consolidated Entities (H)	From the Company	From All Consolidated Entities(I)
	Chen, Chao-Jung, Shen, Jui-Hsiung,	Chen, Chao-Jung, Shen, Jui-Hsiung, Lin,	Shen Ini Heines Venieu 114	Chan Ini Hajima Kamion Co. 14
	Lin, Chun-Ke, Yang, Shin-Nan,	Chun-Ke, Yang, Shin-Nan,	Vone Chin Man Vane Chia I in	Vone Chin Non Vone Chie Line
80 ~ \$999,999	Yang, Chia-Ling, Lin, Tsung-Yi,	Yang, Chia-Ling, Lin, Tsung-Yi,	Tim Trans, VI III: Clina-Ling,	Tang, Sinn-Ivan, Tang, Cina-Ling,
	Hsieh, Chun-Mou, Su, Ching-Yang,	Hsieh, Chun-Mou, Su, Ching-Yang,	Chi. 1 Sung-11, HSlen, Chun-Mou,	C. China Vone Ch. Chul.
	Cho, Shih-Chao, Kenjou Co., Ltd	Cho, Shih-Chao, Kenjou Co., Ltd	Su, Ching- rang, Cho, Shin-Chao	Su, Cillig- I ang, Cilo, Silli-Cilao
81 000 000 81 000 000	Yang, Ying -Ming,	Yang, Ying -Ming,	Lin, Chun-Ke,	Lin, Chun-Ke,
\$1,000,000 ~ \$1,333,333	Stretch Investment Co., Ltd.	Stretch Investment Co., Ltd.	Stretch Investment Co., Ltd.	Stretch Investment Co., Ltd.
$$2,000,000 \sim $3,499,999$	Chang, Hong-Der	Chang, Hong-Der	Chang, Hong-Der, Chen, Chao-Jung	Chang, Hong-Der, Chen, Chao-Jung
$\$3,500,000 \sim \$4,999,999$	Yang, Chi-Jen	Yang, Chi-Jen	Yang, Chi-Jen	
$\$5,000,000 \sim \$9,999,999$			Yang, Ying -Ming	Yang, Ying -Ming, Yang, Chi-Jen
$$10,000,000 \sim $14,999,999$				
$$15,000,000 \sim $29,999,999$				
$\$30,000,000 \sim \$49,999,999$				
$\$50,000,000 \sim \$99,999,999$				
Over \$100,000,000				
Total	14	14	14	14

Note 1: On April 1, 2022, Kenjou Co., Ltd. reassigned its representative. The original Mr. Shen, Jui-Hsiung was reassigned to Mr. Lin, Chun-Ke. The remuneration of the directors includes the remuneration of the representatives before and after the reassignment.

Remuneration paid to supervisors: The Company has set up an Audit Committee; therefore, there is no supervisor. (II)

Remuneration paid to CEO, President and Vice President (with the name(s) indicated for each remuneration range) (

None Non-consolidated December 31, 2022 Unit: NT\$ Parent Company Received from Compensation Affiliates or (A+B+C+D) as a % 7,721,602 Consolidated From All of Net Income Entities $0^{7,721,602}_{2.28}$ Consolidated Entities Company Stock Remuneration to employees (D) From All 122,965 Cash Stock 0 Company From the 122,965 Cash 1,536,303 From the Consolidated Company Bonuses and Allowances From All Entities 669,250 1,536,303 From the Consolidated Company From All Entities Severance Pay and Pensions (B) 669,250 From the Consolidated 5,393,084 From All Entities Salary (A) Company 5,393,084 Shen, Jui-Hsiung, Lin, Chun-Ke Yang, Ying-Ming Chao-Jung Chen, Name President President Chairman President Position Group Vice Vice

Note 1: Vice President Shen, Jui-Hsiung retired on February 25, 2022.

Remuneration Range Table

	Names of the Preside	Names of the President and Vice President
Remuneration Paid to Presidents and Vice Presidents	From the Company	From All Consolidated Entities(E)
666'666\$ ~ 0\$	Shen, Jui-Hsiung	Shen, Jui-Hsiung
$1000,000 \sim 100,000$	Lin, Chun-Ke	Lin, Chun-Ke
\$2,000,000 ~ \$3,499,999	Chen, Chao-Jung Yang, Ying-Ming	Chen, Chao-Jung Yang, Ying-Ming
\$3,500,000 ~ \$4,999,999		
\$5,000,000 ~ \$9,999,999		
$\$10,000,000 \sim \$14,999,999$		
\$15,000,000 ~ \$29,999,999		
\$30,000,000 ~ \$49,999,999		
850,000,000, ~899,999		
Over \$100,000,000		
Total	4	4

Note 1: The remuneration disclosed in this table is for information purposes only and is not intended to be used for tax purposes as the definition of income is

different from that under the Income Tax Act.

Note 2: Vice President Shen, Jui-Hsiung retired on February 25, 2022.

Employees' Profit Sharing Bonus Paid to Management Team

December 31, 2022

	Position	Name	Stock	Cash Amount	Total	Proportion to Earnings After Tax (%)
	Group	Yang,				
	Chairman	Ying-Ming				
	President	Chen,				
	riesident	Chao-Jung				
	Vice President	Lin,				
	vice President	Chun-Ke				
	Assistant Vice	Chen,				
	President	Chin-Fu			248,821	0.0736
Managara	Assistant Vice	Lin,	0	248,821		
Managers	President	Chin-Tze	U	240,021		
	Assistant Vice	Chang,				
	President	Hui-Chu				
	Assistant Vice	Liu, Kuei-Chun				
	President	Liu, Kuei-Chun				
	Assistant Vice	H-: W/-: I :				
	President	Hsiao,Wei-Lien				
	Assistant Vice	I : Tauma II				
	President	Li, Tsung-Hsun				

- (IV) The analysis of the total remuneration, as a percentage of net income paid by the Company and by each other company included in the consolidated financial statements during the past 2 fiscal years to directors, supervisors, president, and vice presidents, and the description of the remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.
 - 1. The total remuneration, as a percentage of net income paid by the Company and by each other company included in the consolidated financial statements to directors, supervisors, president, and vice presidents.

	2021	2022
Remuneration paid to directors, supervisors, president and vice president proportion to earnings after tax (Individual Financial Statement)	3.13%	6.85%
Remuneration paid to directors, supervisors, president and vice president proportion to earnings after tax (Consolidated Financial Statement)	3.54%	8.05%

The Company's net income for 2021 was NT\$ 917,933,000.

The consolidated net income for 2021 was NT\$ 917,933,000.

The Company's net income for 2022 was NT\$ 338,151,000.

The consolidated net income for 2022 was NT\$ 338,151,000.

- 2. The description of the remuneration policies, standards, and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure:
 - (1) In accordance with Article 3 of the "Regulations Governing the Remuneration to Directors" issued by the Company, the remuneration criteria for directors shall be determined by the Board of Directors with reference to the industry standard, based on each individual director's participation in the daily operation and management of the Company and the performance of his or her duties for the Company. The remuneration of directors includes salary, compensation for duties, various bonuses, pensions, allowance and remuneration to directors from earnings distribution. Based on the Article 27-1 of the Article of Incorporation, the remuneration of directors shall be distributed at a rate of not more than 3% of the Company's profit for the year. Independent directors do not participate in the distribution of directors' remuneration. The Company regularly evaluates the remuneration to directors in accordance with the "Rules Governing the Performance Evaluation of the Board of Directors." The related performance evaluation and the reasonableness of the remuneration are reviewed by the Compensation Committee and the Board of Directors.
 - (2) The remuneration of the Company's managers shall be in accordance with Article 3 of the Company's "Regulations Governing the Remuneration of Managers," the Company's "Regulations Governing the Appointment and Promotion of Staff," and the Company's overall operating performance, the manager's years of service, personal performance achievement, contribution to the Company, and future potentials. The manager's remuneration includes salaries, pensions, allowances, bonuses, rewards, employee bonuses, and other substantial incentives; in addition, if the Company makes a profit during the year, the Company shall distribute the employee's remuneration at a rate of not less than 0.5% of the profit for the year in accordance with Article 27-1 of the Company's Articles of Incorporation.
 - (3) The performance evaluation and the reasonableness of the remuneration for directors and managers of the Company are evaluated and reviewed by the Compensation Committee and the Board of Directors on a yearly basis, with reference to the individual's performance achievement and contribution to the Company, the overall operational performance of the Company, the future risks and development trends of the industry. The remuneration system is reviewed regularly in light of the actual operating conditions and relevant laws and regulations. In addition, reasonable remuneration is determined by taking into account the corporate governance and timely review of the operating conditions and relevant laws and regulations in order to achieve a balance between sustainable operation and risk control.
 - (4) In addition to the Company's overall operating performance (e.g. the growth rate in profit before tax, the growth rate in operating revenue, and the over-consumption rate in the Group), the risks associated with the business operation and future development in the industry, the remuneration procedures also take into account the individual's performance achievement rate and the extent of his or her contribution to the Company's performance (e.g. Disabling Frequency Rate, the turnover rate, the number of trial productions and trial

runs, percentage of management fee, and yield rate).

(5) The Company's remuneration policy is reviewed based on the overall operating performance of the Company, and the payment standards are determined based on the performance achievement and contribution level, in order to enhance the overall organizational effectiveness of the Board of Directors and the managers. The Company also takes into account industry salary standards to ensure that the Company's management salaries are competitive with those in the industry in order to retain outstanding management professionals. The Company's managerial performance targets are integrated with "risk control" to ensure that possible risks are managed and prevented within the scope of responsibilities, and the results of the actual performance evaluation are linked to the human resources and related salary and compensation policies. The important decisions made by the Company's management are carefully evaluated based on various risk factors. The performance of related decisions is reflected in the company's profitability, and furthermore, the management's remuneration is related to the performance of risk control.

- IV. The Implementation Status of the Corporate Governance:
 - (I) The state of operations of the Board of Directors:

Information on the Operations of the Board

There were <u>six</u> meetings of the Board of Directors in the year 2022, the attendance of Directors and Supervisors at these meetings was as follows:

Position	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)	Remarks
Chairman	Yang, Chi-Jen	6	0	100%	
Vice Chairman	Chang, Hong-Der	6	0	100%	
Director	Yang, Ying-Ming	6	0	100%	
Director	Yang, Shin-Nan	6	0	100%	
Director	Stretch Investment Co., Ltd. Representative: Chen, Chao-Jung	6	0	100%	
Director	Kenjou Co., Ltd. Representative: Shen, Jui-Hsiung, Lin,Chun-Ke	6	0	100%	On April 1, 2022, Kenjou Co., Ltd. reassigned its representative. The original Mr. Shen, Jui-Hsiung was reassigned to Mr. Lin, Chun-Ke. The number of attendance is the total number of 2 people
Director	Yang, Chia-Ling	6	0	100%	
Director	Lin, Tsung-Yi	6	0	100%	
Independent Director	Hsieh,Chun-Mou	6	0	100%	
Independent Director	Su, Ching-Yang	6	0	100%	
Independent Director	Cho, Shih-Chao	6	0	100%	

Other matters that require reporting:

- 1. The implementation of the Board shall state the date and session of the Board meeting, the resolution, the opinions of all independent directors and the Company's response to such opinions, if any of the following circumstances apply:
 - (1) Items listed in paragraph 3 of Article 14 of the Securities and Exchange Act: The company has established the audit committee on June 11, 2018, which is applicable to Article 14-5 of the Securities Exchange Act. Therefore, Article 14-3 of the Securities and Exchange Act is not applicable. For relevant resolutions, please refer to the description of the operation of the Audit Committee.
 - (2) Except for the preceding matters, other Board resolutions on which the independent directors express objections or reservations that have been included in records or stated in writing: None.
- 2. The implementation status of the directors' recusal from a resolution in which they may have interests shall include the directors' names, the contents of the resolution, the reasons for the recusal and the participation in voting: The company has specified the terms of avoid a conflict of interes of directors in Rules of Procedure for Board of Directors Meetings, and has followed the relevant regulations.
- **3.** Information on the evaluation cycle, period, scope, method and content of the self- (or peer) evaluation of the Board: The implementation status of the Board's evaluation is as follows: The performance evaluation results of the board of directors and functional committees.

The performance evaluation results of the board of directors and functional committees

Cycle	Period	Scope	Method	Content	Result
Once a year	2022.01.01 – 2022.12.31	The Performance Evaluation of the Board of Directors	Chairman's evaluation	 Participation in the operation of the company. Improvement of the quality of the Board of Directors' decision making. Composition and structure of the Board of Directors. Election and continuing education of the directors. Internal Control. 	Overall: Very Good Weighted average score: 92.7
Once a year	2022.01.01 – 2022.12.31	The Performance Evaluation of Board members	Board member's self-evaluation	 Alignment of the goals and mission of the company. Awareness of the duties of a director. Participation in the operation of the company. Management of internal relationship and communication. The director's professionalism and continuing education. Internal Control. 	Overall: Excellent Weighted average score:98.11
Once a year	2022.01.01 – 2022.12.31	The Performance Evaluation of the Audit Committee	Self-evaluation of the Audit Committee	 Participation in the operation of the company. Awareness of the duties of the Audit Committee. Improvement of quality of decisions made by the Audit Committee. Composition of the Audit Committee, and election and appointment of committee members. Internal Control. 	Overall: Excellent Weighted average score:99.01
Once a year	2022.01.01 – 2022.12.31	The Performance Evaluation of the Remuneration Committee	Self-evaluation of the Remuneration Committee.	 Participation in the operation of the company. Awareness of the duties of the Remuneration Committee. The quality of decision making by the Remuneration Committee. Composition of the Remuneration Committee, and election and appointment of committee members. 	Overall: Excellent Weighted average score:97.87

- **4.** An evaluation of the current and most recent year's goals for improving the Board's functions (e.g. establishing an audit committee, improving information transparency and so on) and the implementation status:
- (1) The Company adopted a candidate nomination system to elect 11 directors (including 3 independent directors) for the 20th term of the Board of Directors in August, 2021. All independent directors served as members of the Audit Committee that was established to replace the Supervisors in order to strengthen the independence and diversity of the Board of Directors; the basic qualifications and the values include: gender, age, nationality and culture; and the professional knowledge and skills include:

Professional background, professional skills and experiences in the industry. The members of the Board of

Directors undertake continuing education each year during their term of office. The Company purchases liability insurance for all Directors in respect of the scope of business they conduct. The Board of Directors is responsible to the shareholders of the Company and exercises its powers in accordance with the laws and regulations, the Articles of Incorporation and the resolutions of the shareholders' meeting. To achieve the best company interests, the members of the Board evaluate the Company's business strategies, risk management, investment plans and other major projects with duties of loyalty and the due care of a good-faith administrator, as well as focus on corporate governance and the implementation of internal control systems.

- (2) The composition of the Company's Board of Directors includes overall consideration of operational judgment, management ability, financial analysis ability, crisis management ability, industry knowledge, international market perspective, ability to lead, and ability to make policy decisions.
- (3) The Company amended the Procedures for Election of Directors, the Rules of Procedure for Board of Directors Meetings and the Corporate Governance Practices in accordance with the laws and regulations, and disclosed them on the Company's website and the Market Observation Post System.
- (4) The Company discloses the information on directors' continuing education, attendance at board meetings and directors' remuneration on the Market Observation Post System.
- (5) The Company's website discloses the major resolutions of the Board of Directors, the profiles of the Board members and the diversity policy for the Board.
- (6) The Company has established an Audit Committee to supervise the fair expression of the Company's financial statements, the selection (dismissal) and independence and performance of the certified public accountant, the effective implementation of the Company's internal controls, the legal compliance of the Company with relevant orders and regulations, and the control of the Company's inherent or potential risks.
- (7) The Company has set up a corporate governance manager on May 6, 2021.

(II) The implementation status of the Audit Committee

The Company established the Audit Committee on June 11, 2018, which consists of three independent directors. For the professional qualifications of the members, please refer to the information on directors and independent directors (II) on pages 21-22 of this annual report. The purpose of the Audit Committee is to oversee the fair presentation of the company's financial statements, the effective implementation of the internal control system, the hiring (and dismissal), independence (and suitability) of certificated public accountants, the Company's compliance with relevant laws and regulations or management of the existing or potential risks.

The implementation status of the Audit Committee in 2022 is as follow:

- 1. Convene the quarterly Audit Committee meeting to oversee that the financial statements present fairly and the effectiveness of the internal control system.
- 2. Review the financial statements.
- 3. Evaluate the effectiveness of the internal control system.
- 4. Review the mjor endorsement and guarantee cases.
- 5. Review the formulation of "Corporate Governance Risk Management Policy and Operating Procedures".
- 6. Evaluate the independence of the CPA.
- 7. Evaluate duration and amount of overdue of accounts receivable.
- 8. Evaluate the proposal of loaning of company funds.
- 9. Evaluate the amendment of "Regulations Governing the Acquisition and Disposal of Assets".

There were <u>five</u> meetings of the Audit Committee in the year 2022, the attendance of independent directors at these meetings was as follows:

Position	Name	Attendance in person	Attendance by proxy	Attendance rate in person (%)	Remarks
Independent Director	Hsieh, Chun-Mou	5	0	100%	
Independent Director	Su, Ching-Yang	5	0	100%	
Independent Director	Cho, Shih-Chao	5	0	100%	

Other matters that require reporting:

- 1. The implementation of the Audit Committee shall state the date and session of the Board meeting, the resolution, independent directors' dissenting opinions, qualified opinions or material recommendations, the results of all Audit Committee meetings, and the Company's response to such results, if any of the following circumstances apply.
 - (1) Items listed in paragraph 5 of Article 14 of the Securities and Exchange Act.

Audit Committee Meeting Dates	Resolutions	Independent directors' opinions	Results of the Audit Committee's resolution	The Company's handling of the recommendation of the Audit Committee
2022.01.21 The 2nd meeting of the 2nd of the Board of Directors	 Report on the independence evaluation of the CPA. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company. The proposal to establish the "Sustainable Development Committee" of the Company. The proposal of the endorsement and guarantee of the Company. 	None	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on January 21, 2022.

Audit Committee	Resolutions	Independent directors'	Results of the Audit	The Company's handling of the
Meeting Dates		opinions	Committee's resolution	recommendation of the Audit Committee
2022.03.23 The 3rd meeting of the 2nd of the Board of Directors	 The adoption of the 2021 Business Report and Financial Statements. The proposal of the 2021 Earnings Distribution. The amendment of "Regulations Governing the Acquisition and Disposal of Assets". The statement of the Internal Control System of the Company. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company. The proposal of the endorsement and guarantee of the Company. 	None	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on March 23, 2022.
2022.05.11 The 4th meeting of the 2nd of the Board of Directors	 The proposal of the Company's consolidated financial statements for the first quarter of 2022. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company The application for extending the endorsement and guarantee for the Company's associates. The proposal of the endorsement and guarantee of the Company. 	None	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on May 11, 2022.
2022.08.10 The 5th meeting of the 2nd of the Board of Directors	 The proposal of the Company's financial statements for the second quarter of 2022. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company. The Company's loan of funds to subsidiaries. 	None	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on August 10, 2022.
2022.11.09 The 6th meeting of the 2nd of the Board of Directors	 The amendment of the Company's Internal Control System Manual and Internal Audit Implementation Manual. The preparation of the Company's audit plan for 2023. The proposal of the Company's financial statements for the third quarter of 2022. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company. The proposal to establish the Company's "Corporate Governance Risk Management Policy and Operating Procedures". The proposal of the endorsement and guarantee of the Company. 	None	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on November 09, 2022.
2023.01.07 The 7th meeting of the 2nd of the Board of Directors	 Report on the independence evaluation of the CPA. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company. The amendment of "Sustainable Development Practice". 	None	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on January 17, 2023.
2023.03.10 The 8th meeting of the 2nd of the Board of Directors	 Report of the evaluation of the suitability of the CPA. The adoption of the 2022 Business Report and Financial Statements. The proposal of the 2022 Earnings Distribution. Issuance of new shares through capital increase from earnings. The amendment of "Regulation of the independence evaluation of the CPA". 	None	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on March 10, 2023.

Audit Committee Meeting Dates	Resolutions	Independent directors' opinions	Results of the Audit Committee's resolution	The Company's handling of the recommendation of the Audit Committee
	 6. The statement of the Internal Control System of the Company. 7. The amendment of the Company's Internal Control System Manual and Internal Audit Implementation Manual. 8. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company. 			

- (2) Other than the preceding matters, matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors without having been passed by the audit committee: None.
- 2. The implementation status of the independent directors' recusal from a resolution in which they may have interests shall include the independent directors' names, the contents of the resolution, the reasons for the recusal and the participation in voting: None.
- 3. Communication between the independent directors and the internal auditors and the independent auditors (including the major issues, methods and results of communication regarding the financial and operating positions of the Company).
 - (1) Summary of the communications between the independent directors and the internal auditors for the year 2022 and as of the date of publication in 2023.

	<u>-</u>		
Meeting Dates	Content of Communication	Method of	Result of
		Communication	Communication
2022.01.21	Report on the implementation of internal audits.	Presentation	Acknowledged, no
2022.01.21	Report on the implementation of internal addits.	in the meeting	further comments.
2022.03.23	 Report on the implementation of internal audits. Discussion on the Statement of the Internal Control 	Presentation in the meeting	Acknowledged, no further comments.
	System.	in the ineeting	further comments.
2022 05 11	D	Presentation	Acknowledged, no
2022.05.11	Report on the implementation of internal audits.	in the meeting	further comments.
2022 00 10	D 4 4 1 1 4 2 6 4 1 12	Presentation	Acknowledged, no
2022.08.10	Report on the implementation of internal audits.	in the meeting	further comments.
2022.11.09	 Report on the implementation of internal audits. The amendment of the Company's Internal Control System Manual and Internal Audit Implementation Manual. 	Presentation in the meeting	Acknowledged, no further comments.
	3. Discussion on the audit plan for 2023.		
2023.01.17	Report on the implementation of internal audits.	Presentation	Acknowledged, no
2023.01.17	Report on the implementation of internal addits.	in the meeting	further comments.
2023.03.10	 Report on the implementation of internal audits. Discussion on the Statement of the Internal Control System. The amendment of the Company's Internal Control System Manual and Internal Audit Implementation Manual. 	Presentation in the meeting	Acknowledged, no further comments.

(2) Summary of the communications between the independent directors and the independent auditors for the year 2022 and as of the date of publication in 2023.

Meeting	Content of Communication	Method of	Result of
Dates	Content of Communication	Communication	Communication
2022.03.23	Communicate with the corporate governance unit on the audit results of financial statements, key audits matters, management's accounting estimates and accounting principle and evaluation on the independence.	Presentation in	Acknowledged, no further comments.

Meeting Dates	Content of Communication	Method of Communication	Result of Communication
2022.11.09	Communicate with the corporate governance unit on the key audit items for the 2022 financial report and Audit Quality Indicators (AQI).	Presentation in the meeting	Acknowledged, no further comments.
2023.03.10	Communicate with the corporate governance unit on the audit results of financial statements, key audits matters, management's accounting estimates and accounting principle, evaluation on the independence and Audit Quality Indicators (AQI).	Presentation in the meeting	Acknowledged, no further comments.

(III) The state of the Company's implementation of corporate governance, any variance of such implementation from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance.

Does Company follow "Corporate Governance Best Practice" o establish and disclose its corporate governance Best Practice or TWSE/TPEX Listed Companies" to establish methoding Structure & Sharcholders Suggestions, concerns, disputes and disclosed on the Market Observation Post System and the Company where Internal Operation Procedures for the Company where the risk particular structure? The Company maintains a sharcholders required and exceute for these major shareholders and freewall system vithin its conglomerate. Does the company establish internal rules against insiders in second the ranket. Every year, according to the authority and universal information? Does the company establish internal rules against insiders and exceute the risk ranking with undisclosed information? Does the company establish internal rules against insiders are able to the authority of the authorit	Non-implementation	and its reasons	in No material difference.	Ex	pu		No material difference.	pu				ınt		Jo	lly	he		to	SI	ıal	of	he	Jo	tor	_
Does Company follow "Corporate Governance Best Practice 'Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices? Shareholding Structure & Shareholders' Rights Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly? Does Company possess a list of major shareholders and 'beneficial owners of these major shareholders? Does the company establish and execute the risk management and firewall system within its conglomerate structure? Does the company establish internal rules against insiders 'rading with undisclosed information?	Implementation Status (Note 1)	Summary and Explanation	The Company has established a Corporate Governance Practice Principles	accordance with Corporate Governance Best Practice Principles for TWSE/TP	Listed Companies, which is disclosed on the Market Observation Post System a	the Company's website.		The Company has established Rules of Procedure for Shareholders' Meetings a	has a spokesperson and an acting spokesperson to handle the relevant issues.			The Company maintains a shareholders' roster through its shareholder service age	and is controlled by an insider share reporting system.	The Company has established and implemented the supervision and management	the subsidiaries in accordance with the regulations. The auditors also periodica	visit each subsidiary to monitor and audit the subsidiaries in accordance with t	regulations.	The Company has established the "Regulations on Prevention of Insider Trading"	control the trading of securities by insiders of the Company with information that	not yet publicly announced in the market. Every year, according to the actı	needs,the Company conducts training and education courses on "Prevention	Insider Trading" for employees and insiders. On December 28, 2022, t	appointment of lawyer of the company were invited to publicize "Prevention	Insider Trading" to officers and employeesand sent the information to each direct	
Assessed Items Does Company follow "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" to establish and disclose its corporate governance practices? Shareholding Structure & Shareholders' Rights Does Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters? If yes, has these procedures been implemented accordingly? Does Company possess a list of major shareholders and beneficial owners of these major shareholders? Does the company establish and execute the risk management and firewall system within its conglomerate structure? Does the company establish internal rules against insiders trading with undisclosed information?																									
		Yes													4)			>							
	A granged Frame	Assessed fields	es Company follow "Corporate Governance Best Practice	nciples for TWSE/TPEx Listed Companies" to establish	d disclose its corporate governance practices?		areholding Structure & Shareholders' Rights	Does Company have Internal Operation Procedures for	handling shareholders' suggestions, concerns, disputes anc	litigation matters? If yes, has these procedures been	implemented accordingly?	Does Company possess a list of major shareholders and	beneficial owners of these major shareholders?	Does the company establish and execute the risk	management and firewall system within its conglomerate	structure?		Does the company establish internal rules against insiders	trading with undisclosed information?						

A 1 T.			Implementation Status (Note 1)	Non-implementation
Assessed Items	Yes	No	Summary and Explanation	and its reasons
			reference.	
III. Composition and Responsibilities of the Board of Directors				No material difference.
(I) Has the Company established a diversification policy for	,		The Company has established and implemented a diversification policy in	
the composition of its Board of Directors and has it been implemented accordingly?	п		accordance with Article 20 of the "Corporate Governance Principles of Kenda Industrial Co., Ltd.", including basic requirements and values, taking into account	
			gender, age, nationality and culture. In addition, the professional knowledge with	
			skills and expertise required to execute the duties include operational judgement,	
			accounting and financial analysis skills, business management, crisis management,	
			leadership and decision-making skills, as well as industry knowledge and	
			international market perspective.	
			There are total 11 members on the Board of Directors; of which 27% are employees	
			of the Company, 27% are independent directors (3 independent directors), 9% are	
			female directors (1 female directors), 1 independent director has served for less than	
			3 years, 2 independent directors have served for 6-9 years, 6 directors are over 70	
			years old, 2 directors are between the ages of 61 to 70, 2 directors are between the	
			ages of 51 to 60, and 1 are under the age of 50.	
			The directors are all qualified and experienced in conducting the Company's	
			business. In terms of the professional background of the Company's directors	
			include: approximately 36% of the directors with a background in the chemical	
			engineering; 18% in finance; 91% in business management; and 36% in both	
			business management and chemical engineering.	
			The Board of Directors of the Company consists a wide range of professional	
			backgrounds, and we have recruited a wide range of talents to achieve the diversity	

	, , , , , , , , , , , , , , , , , , ,		Implementation Status (Note 1)	Non-implementation
	Assessed tems	Yes No	Summary and Explanation	and its reasons
			in the Board. The composition of the Board included the chemical, mechanical, and marketing professionals who are related to the Company's business. The Company	
			selects its Directors on the merit basis and without any discrimination. The next term	
			of the Board of Directors aims to increase the number of female board members and	
			an independent director with expertise in economic management or financial	
Ę	Other these the Demonstrates Committee and the Andia	`	accounting.	
	Committee which are required by law does the Company		Committee on Tannary 21, 2022	
	plan to set up other functional committees?			
	Does the company establish a standard to measure the	>	On 11 May 2015, the Company established the "Self-Evaluation or Peer Evaluation	-
	performance of the Board of Directors, and implement it		of the Board of Directors," and conducted annual performance evaluation to	
	annually? And have the results of performance assessments		implement corporate governance and enhance the functions of the Board of	
	been submitted to the Board of Directors and used as a		Directors; on 11 November 2020, the performance evaluation of functional	
	reference for the remuneration and continued nomination of		committees was added, and the "Self-Evaluation or Peer Evaluation of the Board of	
	individual directors?		Directors and Functional Committees" was established with the Board of Directors'	
			approval and had been published on the Company's website. The performance	4)
			evaluation for 2022 was completed by the end of December of that year. The	4
			evaluation period is for the whole year of 2022. The scope of the evaluation includes	1
			the performance evaluation of the Board of Directors as a whole, individual Board	
			members and functional committees; the evaluation method is self-evaluation of the	4
			performance of the Board of Directors, self-evaluation of the performance of the	4)
			individual Board members, self-evaluation of the performance of the Audit	
			Committee, and self-evaluation of the performance of the Remuneration Committee.	
			The results of the 2022 performance evaluation were submitted to the Remuneration	
			Committee and the Board of Directors on 17 January 2023 as reference in	
			determining compensation for individual directors, their nomination and their	

				Implementation Status (Note 1)	Non-implementation
	Assessed Items	Yes	No	Summary and Explanation	and its reasons
				additional office term. The results of the performance evaluation of the Board & Functional Committees, please refer to pages 35 of this annual report.	
2	Does the Company regularly evaluate its external auditors'	>		The appointment of the Company's independent auditor is approved by the Audit	
· · · · · · · · · · · · · · · · · · ·				Committee and then proposed to the Board of Directors for resolution. The Company has established "the method for evaluating the independence of the certified public	
				accounts" in 2015. The Company regularly checks the independence of the certified public account and reports to the Audit Committee and the Board of Directors each	
				year to determine whether there is any violation of the Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China and	
				Article 47 of the Certified Public Accountant Act, to ensure that the CPAs have no	
				other financial interest or business relationship with the Company other than compensation for audit and taxation cases, and to review whether the CPAs are	
				directors or managers of the Company or are remunerated by the Company, and to confirm that the CPAs are not a related parties before making the appointment.	
				In order to improve the quality of financial statement audits, the Board of Directors	
				approved the amendment to the "Corporate Governance Best-Practice Principles" on January 17, 2023 by adding the audit quality indicators (AQIs), used to evaluate the	
				suitability of auditors. On March 10, 2023, the Board of Directors approved to	
				change the original "Kegulations for Evaluation of CPA Independence" to the "Regulations for Evaluation of Independence and Suitability of CPAs". With	
				reference to the Audit Quality Indicators (AQI), the five major components of the	
				CPA - professionalism, quality control, independence, supervision, and	
				innovativeness are included in the evaluation of the CPAs. For the evaluation of the	

1 1			Implementation Status (Note 1)	Non-implementation
Assessed Items	Yes	No	Summary and Explanation	and its reasons
			independence and suitability of the CPAs, please refer to page 52-53 of this annual	
			report.	
			The appointment of the Company's Independent Auditor's independence and	
			suitability was evaluated and fulfilled for the year and, the results were reported to	
			the Audit Committee and the Board of Directors on January 17, 2023 and March 10,	
			2023. The Conformation of Independence for Accountants and Audit Team and the	
			Accountants' Independence and Suitability Evaluation Report are published on the	
			Company's website.	

	1 L			Implementation Status (Note 1)	Non-implementation
	Assessed tems	Yes	$\overline{N0}$	Summary and Explanation	and its reasons
IV.	IV. Does the TWSE/TPEx listed company set up an adequate	>		The Company's Board of Directors resolved on 6 May 2021 to set up a corporate No material difference.	o material difference.
	number of corporate governance personnel with appropriate			governance manager and a corporate governance staff, and appoint Mr. Lin,	
	qualifications and appoint a corporate governance manager			Chun-Ke, who is also the Vice President, as the corporate governance manager. Mr.	
	responsible for corporate governance affairs (including but			Lin has served as the head of shareholding and corporate governance related affairs	
	not limited to furnishing information required for business			in a listed company for at least three years. The corporate governance manager is	
	execution by directors and supervisors, assisting directors			responsible for dealing with matters relating to board meetings and shareholders'	
	and supervisors with legal compliance, handling matters			meetings, producing minutes of board meetings and shareholders' meetings,	
	relating to board meetings and shareholders' meetings			furnishing information required for business execution by directors, assisting in	
	according to laws, and producing minutes of board meetings			onboarding and continuing education of directors, and legal compliance in	
	and shareholders' meetings)?			accordance with the law.	
				The implementation status for the year 2022 and 2023 are as follows:	
				1. Dealing with matters relating to the board meetings and shareholders' meetings	
				in compliance with the law.	
				2. Arranging continuing education courses for directors.	
				3. Furnishing information required for business execution by directors.	
				4. Reviewing the amendments to the rules and regulations relating to corporate	
				governance.	
				The matters relating to the registration and changes to the registration of the	
				Company are performed by the Finance Department of the Company.	
				Please refer to pages 55 of the 2022 Annual Report for information on continuing	
				education of the corporate governance manager.	

	17.			Implementation Status (Note 1) Non-ir	Non-implementation
	Assessed Items	Yes	No	Summary and Explanation	and its reasons
>	Does the Company establish a communication channel and	>		The Company not only establishes a spokesperson system, but also provides a No material difference.	laterial difference.
	build a designated section on its website for stakeholders		<u> </u>	communication channel for employees, suppliers, customers and other stakeholders	
	(including but not limited to shareholders, employees,			to ensure that communication is smooth and that the spokesperson has full control	
	customers, and suppliers), as well as handle all the issues			over these communications. We have also set up a "Sustainable Development"	
	they care for in terms of corporate social responsibilities?		<u> </u>	section and an "Investor Relations" section on the company's website to disclose	
				the implementation of the company's sustainable development, communication	
				with stakeholders and issues of concern. In addition, we have set up a "Contact Us"	
			3 1	section on the company's website for contact information. Please refer to the	
			J	company's website (https://www.esg.kenda.com.tw/en).	
VI.	Does the company appoint a professional shareholder service	>	<u> </u>	The Stock Agency of the Company: The Stock Agency Department of Chinatrust No material difference.	laterial difference.
	agency to deal with shareholder affairs?			Commercial Bank was appointed by the Company to conduct the Annual	
			U 1	Shareholders' Meeting.	
VII.	. Information Disclosure			No mate	No material difference.
Ξ	Does the Company establish a corporate website to	>		The company's website has set up a "Corporate Governance" section and a	
	disclose information regarding its financials, business, and			"Financial Information" section to disclose the financial information and corporate	
	corporate governance status?		53,	governance information in compliance with the law. Please refer to the company's	
				website (https://www.esg.kenda.com.tw/en)	
\Box	Does the Company have other information disclosure	>	<u> </u>	The Company has a spokesperson responsible for collecting and disclosing the	
	channels (e.g. maintaining an English website, designating			Company's information and immediately uploading the information to the	
	staff to handle information collection and disclosure,			Company's website for public access, and the Company has set up a spokesperson	
	creating a spokesman system, webcasting investors			and implemented a spokesperson system in accordance with the regulations.	
	conferences, etc.)?			Relevant information is available on the "Investor Relationship" section of the	
				Company's website for investors' reference.	
	Does the Company announce and report the annual		>	The Company's financial statements and monthly operating results are publicly	
	financial statements within two months after the end of the			announced within the prescribed timeframe.	
	fiscal year, and announce and report the first, second, and				

1, T			Implementation Status (Note 1)	Non-implementation
Assessed liems	Yes	No	Summary and Explanation	and its reasons
third quarter financial statements as well as the operating status of each month before the prescribed deadline?				
VIII. Does the Company disclose other information to facilitate a	>	1.	Employee rights: The Company is committed to protecting the rights of our No material difference.	lo material difference.
better understanding of its corporate governance practices			employees with integrity and in compliance with the Labor Standards Act. The	
(e.g. including but not limited to employee rights, employee			Union has been set up to ensure employees' rights and benefits, in addition to	
wellness, investor relations, supplier relations, rights of			basic benefits such as labor insurance, national health insurance and pension fund	
stakeholders, directors' and supervisors' training records, the			allocation, the Company also provides regular health checks and group insurance	
implementation of risk management policies and risk			for our employees.	
evaluation measures, the implementation of customer		2	Employee care: The company considers employees as assets of the Company and	
relations policies, and purchasing insurance for directors and			cares for them based on the Labor Standards Act. The Company has established a	
supervisors)?			labor union to hold regular labor-management meetings to communicate with the	
			employees, and has set up an Employee Welfare Committee to allocate funds on	
			a monthly basis and organize regular employee welfare activities. There are 3	
			on-site visits per month by occupational medicine doctors.	
			In March 2022, Zhang Tian-chang Clinic went to the factory for free injection of	
			the Pfizer-BioNTech COVID-19 vaccine, invited doctors from the dental	
			department of Changhua Hospital to the company to conduct periodontal health	
			lecture, Tungs' Taichung Metroharbor Hospital conducted the human factors	
			health lecture, and factory doctors arranged for injured employees to return to	
			work for evaluation and Workplace hazard assessments for pregnancy	
			employees and conduct maternity protection programs.	
		3.	Investor relations: We provide investors, analysts and domestic and international	
			investors with the best possible service by making the information available	
			through the Market Observation Post System, the Spokesperson System and the	
			Investor Relations section on the Company's website, so that investors can fully	
			understand the Company's operating results and performance and the direction of	

A Consequent Learners			Implementation Status (Note 1)	Non-implementation
Assessed tems	Yes	No	Summary and Explanation	and its reasons
			its long-term business strategy in real time.	
			4. Supplier relations: We promote "green procurement" to strengthen the positive	
			impact on society and the environment from our suppliers. We maintain good	
			partnerships with our suppliers based on the principle of equality and reciprocity.	
			We have established a stable supply chain and conduct audits from time to time	
			to ensure the quality of products supplied.	
			5. Stakeholders' rights: Stakeholders may communicate and make suggestions to	
			the Company in order to protect their legitimate rights and interests. The	
			Company has also established rules governing the activities that employees may	
			engage in with the stakeholders of the Company.	
			6. Continuing education of directors, financial officers, corporate governance	
			managers, and internal auditors: The continuing education hours of the	
			Company's directors, financial officers and internal auditors are all in compliance	
			with the requirements for continuing education (please refer to pages 53-56 of the	
			2022 Annual Report).	
			7. The implementation of risk management policies and risk evaluation measures:	
			The Company has established various internal rules and regulations to manage	
			and evaluate all kinds of risks in accordance with the law. The Company	
			identifies the risks through the implementation and auditing processes in the	
			accounting and management system, prevents the risks from occurring through	
			the risk assessment of each department, and ensures that the risks are effectively	
			controlled and the objectives are achieved through the internal audit system,	
			annual audit plan, and control of all meetings.	
			8. The implementation of customer relations policies: The Company maintains a	
			steady and good relationship with all the customers to create win-win	
			relationships.	

		Implementation Status (Note 1)	Non-implementation
Assessed Items	Yes No	Summary and Explanation	and its reasons
		9. The implementation of purchasing insurance for directors: The Company has	
		purchased liability insurance for the directors, the coverage of which is up to	
		June 2023, and has reported to the Board of Directors.	

Please explain the improvements which have been made in accordance with the latest Corporate Governance Evaluation results published by the TWSE Corporate Governance Center, and the priority enhancement measures. (This information is not required for companies not listed in the assessment.) IX.

information will be uploaded to the Market Observation Post System starting in 2022, and the English version of the information will be available on the Company's website In addition to the preparation of the English version of the annual general shareholders' meeting handbook and annual report starting in 2021; the English version of material (https://www.esg.kenda.com.tw/en)

The succession plans of the Board of Directors and key management personnel of the Company are as follows: $\dot{\bowtie}$

(I) Succession Plan for Board Members

In accordance with the Articles of Incorporation, the Company shall have seven to eleven directors, of whom at least three shall be independent directors, who shall be elected by the shareholders' meeting from among the persons with disposing capacity. The company shall adopt the nomination system to elect the board member in accordance with Article 192 of the Company Act. The members of the Board of Directors should have working experience in business, law, finance, accounting, or corporate operation that meets the criteria of independence and materially contributes to the implementation of the Company's business strategies for sustainable development, including corporate continuing education courses for the directors to enhance their professional knowledge in accordance with the regulations. Please refer to pages 48-50 of the 2022 Annual Report governance, environmental protection, and social responsibility. In order to strengthen the effectiveness in exercising the directors' duties, the Company arranges annual for information on the continuing education status for each director, supervisor, CFO, and internal auditors

The Company has conducted succession planning for directors in the following:

- 1. Recommendation from current directors.
- 2. Recommendation from shareholders.
- 3. The results of the Board of Directors' performance evaluation shall be used as a basis for nominating directors for reappointment.

(II) Succession Plan for Key Executives

The Company has progressively implemented succession plan for key executives, including cross-field experience for senior executives and the implementation of job substitution system. Each executive officer has an acting officer. The Company offers internal and external training programs from time to time to train key executives and their acting officers. The training program covers not only the professional training, but also the judgment, management and problem-solving skills to improve the quality of

	Implementatio	elementation Status ($\overline{\text{Note 1}}$)	Non-implementation
Assessed Items	Yes No Summ	ary and Explanation	and its reasons
management decisions. In order to clarify the corporate vision and determine the core competencies, in addition to selecting succession candidates, we will also start building	on and determine the core competencies, in	addition to selecting succession candidates, we	will also start building a

talent pool and formulate an effective and complete training plan, and to prepare for the high quality manpower needed for the long-term development of the Company.

2023 Evaluation Form on the Independence and Suitability of Certified Public Accountant Evaluation of appointed firm and accountants:Deloitte & Touche Taiwan / Wang, Yi-Wen, Tseng, Done-Yuin Schedule 1: Evaluation Form on the Independence of Certified Public Accountant

	Assessed Items (Independence)	Result	Independence
1.	Not an employee of the Company or any of its affiliates.	Yes	Yes
2.	Not a director or supervisor of the Company or its affiliates (except for the case where the independent directors of the Company or its parent or a subsidiary in which the Company directly or indirectly holds more than 50% of the voting shares).	Yes	Yes
3.	Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of one percent or more of the total number of issued shares of the company or ranks as one of its top ten shareholders.	Yes	Yes
4.	Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the officer in the preceding 3 paragraphs.	Yes	Yes
5.	Not a director, supervisor or employee of a corporate shareholder who directly holds more than five percent or more of the total number of issued shares of the Company, or a director, supervisor or employee of the top five corporate shareholders of the Company	Yes	Yes
6.	Not a director, supervisor, officer, or shareholder holding five percent or more of the shares of a specified company or institution that has a financial or business relationship with the Company.	Yes	Yes
7.	Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company	Yes	Yes
8.	Not been a person of any conditions defined in Article 30 of the Company Act.	Yes	Yes
9.	Not a governmental, juridical person or its representative as defined in Article 27 of the Company Act.	Yes	Yes
10.	Whether the "Confirmation of independence" issued by the appointed CPA and audit team is available.	Yes	Yes

Schedule 2: Evaluation Form on the Suitability of Certified Public Accountant

	Assessed Items (Suitability)	Result	Independence
	Whether the audit experience of the accountants and auditors is sufficient to perform audits compared with the industry average.	Yes	Yes
D. C 1:	Whether the educational training received by accountants and auditors is sufficient compared to the industry average, so that they can continuously acquire professional knowledge and skills.	Yes	Yes
Professionalism	Whether the turnover rate of the firm maintains sufficient senior human resources compared to the industry average.	Yes	Yes
	Whether there are sufficient professional staff (other than auditors) of the audit firm to support the audit team compared to the industry average.	Yes	Yes

	Assessed Items (Suitability)	Result	Independence
	Whether the workload of the accountants is not excessive compared to the industry average.	Yes	Yes
	Whether the contribution of the audit team members at each audit stage is appropriate compared to the industry average.	Yes	Yes
Quality control	EQCR (Engagement Quality Control Review) - Whether the number of audit hours performed by the accountants is sufficient compared to the industry average.	Yes	Yes
	Whether the audit team has sufficient quality control manpower to support the audit team compared to the industry average.	Yes	Yes
Independence	Whether the percentage of non-audit service fees provided by the firm does not affect the independence of the firm.	Yes	Yes
Independence	Whether the cumulative number of years of audit services provided by the firm does not affect the independence of the firm.	Yes	Yes
Supervision	Whether the quality control of the firm and the implementation of the case audited are in compliance with the relevant laws and regulations	Yes	Yes
Innovation capability	Whether the CPA firm is committed to improving the audit quality, including the adoption or planning of plans or investments in improving the audit quality.	Yes	Yes

Schedule 3: The progress of continuing education of directors, supervisors, financial supervisors, corporate governance manager, and internal auditors in 2022.

					- ·
Position	Name	Date of Continuing Education	Organizer	Course Name	Contin uing Educati on Hours
Chairman	Yang, Chi-Jen	2022.08.11	Accounting Research and Development Foundation	Legal Liability and Case Analysis of Corporate "Takeover Contest"	3
Chairman	Yang, Chi-Jen	2022.08.11	Accounting Research and Development Foundation	How the Board of Directors and Senior Executives Review the ESG Sustainability Report	3
Vice Chairman	Chang, Hong-Der	2022.05.04	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
Vice Chairman	Chang, Hong-Der	2022.06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Vice Chairman	Chang, Hong-Der	2022.06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
Director	Yang, Ying-Ming	2022.05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
Director	Yang, Ying-Ming	2022.07.13	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
Director	Yang, Ying-Ming	2022.09.18	Taiwan Investor Relations Institute	Corporate Governance Series-ESG and Tax Practice Analysis	3

					Contin
Position	Name	Date of Continuing Education	Organizer	Course Name	uing Educati on Hours
Director	Yang, Shin-Nan	2022.03.10	QIC, Georgeson, Taiwan Stock Exchange Corporation	An International Perspective on Independent Directors and 2022 Shareholders' Meeting	1
Director	Yang, Shin-Nan	2022.05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
Director	Yang, Shin-Nan	2022.10.28	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Director	Chen, Chao-Jung	2022.05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
Director	Chen, Chao-Jung	2022.05.20	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Director	Chen, Chao-Jung	2022.07.20	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
Director	Lin, Chun-Ke	2022.05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
Director	Lin, Chun-Ke	2022.06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Director	Lin, Chun-Ke	2022.06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
Director	Lin, Chun-Ke	2022.07.20	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
Director	Lin, Chun-Ke	2022.10.06	Taiwan Stock Exchange Corporation	2022 Reference guide for Independent Director & Audit Committee	3
Director	Yang, Chia-Ling	2022.06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
Director	Yang, Chia-Ling	2022.07.07	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
Director	Yang, Chia-Ling	2022.08.24	Accounting Research and Development Foundation	ISSB S1 "General Requirements for Disclosure of Sustainability – related Financial Information	3
Director	Yang, Chia-Ling	2022.11.17	Taiwan Institute for Sustainable Energy	5 th Global Corporate Sustainability Forum - Road to Net Zero: Co-creation of "Decarbonization and Sustainable Ecosystem" conceptual analysis	3
Director	Lin, Tsung-Yi	2022.06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
Director	Lin, Tsung-Yi	2022.07.07	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
Director	Lin, Tsung-Yi	2022.09.01	Accounting Research and Development Foundation	Tax Regulations and Practices for Controlled Foreign Company (CFC)	3

		Date of			Contin uing
Position	Name	Continuing Education	Organizer	Course Name	Educati on Hours
Director	Lin, Tsung-Yi	2022.11.17	Taiwan Institute for Sustainable Energy	5 th Global Corporate Sustainability Forum - Road to Net Zero: Co-creation of "Decarbonization and Sustainable Ecosystem" conceptual analysis	3
Independent Director	Hsieh, Chun-Mou	2022.06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Independent Director	Hsieh, Chun-Mou	2022.06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
Independent Director	Su, Ching-Yang	2022.03.10	QIC, Georgeson, Taiwan Stock Exchange Corporation	An International Perspective on Independent Directors and 2022 Shareholders' Meeting	1
Independent Director	Su, Ching-Yang	2022.03.22	Taiwan Corporate Governance Association	2030/2050 Net Zero Emissions - Sustainability Challenges and Opportunities for Global Business	3
Independent Director	Su, Ching-Yang	2022.05.04	Taiwan Corporate Governance Association	A Risk Perspective on Corporate Sustainability Governance - from Corporate Governance to ESG	3
Independent Director	Cho, Shih-Chao	2022.05.04	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
Independent Director	Cho, Shih-Chao	2022.06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Independent Director	Cho, Shih-Chao	2022.10.11	Taiwan Stock Exchange Corporation	2022 Reference guide for Independent Director & Audit Committee	3
Financial Officer	Liu, Kuei-Chun	2022.06.20 2022.06.21	Accounting Research and Development Foundation	Continuing Education for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges (Accounting, Corporate Governance, Ethics & Legal Responsibility)	12
Corporate Governance Manager	Lin, Chun-Ke	2022.03.25	Accounting Research and Development Foundation	Task Force on Climate-related Financial Disclosures (TCFD) and Low-carbon Green New Value Model	3
Corporate Governance Manager	Lin, Chun-Ke	2022.05.12	Taiwan Stock Exchange Corporation, Alliance Advisors, Taiwan Corporate Governance Association	Twin-Summit Forum	2
Corporate Governance Manager	Lin, Chun-Ke	2022.06.10	Taiwan Stock Exchange Corporation	2022 Prevention of Insider Trading Advocacy Activity	3
Corporate Governance Manager	Lin, Chun-Ke	2022.06.22	UBS and Taiwan Academy of Banking and Finance	Corporate Governance and Sustainability Workshop: Corporate Sustainability and International Tax Trends	3
Corporate Governance Manager	Lin, Chun-Ke	2022.07.20	Taiwan Stock Exchange Corporation	Sustainable Development Roadmap Industry Theme Advocacy Activity	2
Corporate Governance Manager	Lin, Chun-Ke	2022.10.06	Taiwan Stock Exchange Corporation	2022 Reference guide for Independent Director & Audit Committee	3

Position	Name	Date of Continuing Education	Organizer	Course Name	Contin uing Educati on Hours
Auditing Supervisor	Hsieh, Yu-Huang	2022.09.07	Accounting Research and Development Foundation	Common Internal Control Deficiencies and Case Sharing Under Each Business Cycle Type	6
Auditing Supervisor	Hsieh, Yu-Huang	2022.10.28	Accounting Research and Development Foundation	"Information Security Protection" and "Cloud Security" Audit Practice Seminar	6
Internal Auditor	Chen, Yu-Jui	2022.09.14	Accounting Research and Development Foundation	Internal Audit and Internal Control Personal Information Law Practice	6
Internal Auditor	Chen, Yu-Jui	2022.11.07	Accounting Research and Development Foundation	The Focus of Operating System Audits and the Integration of Cross-cycles and Operations	6

(IV) The composition, duties and operation of the Remuneration Committee:

1. The Company's Remuneration Committee is responsible for periodically reviewing the Company's directors' and managers' performance assessment standards, the annual and long-term performance goals, and the policies, systems, standards and structure of remuneration. Also, periodically assessing the degree to which performance goals for the directors and managerial officers of the Company have been achieved, setting the types and amounts of their individual compensation based on the results of the reviews conducted in accordance with the performance assessment standards.

The performance assessments and compensation levels of directors and managerial officers shall take into account the general pay levels in the industry, the time spent by the individual and their responsibilities, the extent of goal achievement, their performance in other positions, and the compensation paid to employees holding equivalent positions in recent years. Also to be evaluated are the reasonableness of the correlation between the individual's performance and the Company's operational performance and future risk exposure, with respect to the achievement of short-term and long-term business goals and the financial position of the Company.

2. Information on the members of the Remuneration Committee:

	Requirements			Number of other public
			Independence	companies in which the
		Professional Qualifications and Experiences (Note 2)	Analysis (Note	individual is concurrently
			3)	serving as a member of
Status (Note 1)	Name			remuneration committee
Independent Director (Convener)	Hsieh, Chun-Mou	Please refer to page 22 of the 2022 Annual Report for information on directors and independent directors.	Eligible for independence.	0
Independent	Su,	Please refer to page 22 of the 2022 Annual Report for	Eligible for	2
Director	Ching-Yang	information on directors and independent directors.	independence.	2
Others	Liu, Shih-Tsung	Bachelor's Degree in Business Administration, National Chung Hsing University Chairman of the Board, Zheng-Cheng Autombile Travel Co., Ltd. President, Chien-Hsing Oil Mill Factory Co., Ltd. Council Member of Changhua County	Eligible for independence.	0

- (1) Members of the Remuneration Committee all have qualified working experience in business, legal, finance, accounting or business related to the Company.
- (2) Members of the Remuneration Committee, together with the person's spouse and second degree of kinship, are not directors, supervisor or employees of the Company and the affiliates of the Company.
- (3) Members of the Remuneration Committee are not directors, supervisor or employees of the associates of the Company.
- (4) Members of the Remuneration Committee did not provide business, legal, finance and accounting services to the Company and its affiliates to earn remunerations in the past two years.
- (5) Within the Members of the Remuneration Committee, only Hsieh, Chun-Mou owns 0.0005% of the shares, which is 5,000 shares in total, of the company. The other two members do not own any shares of the company.
- Note 1: Please specify the relevant years of work experience, professional qualifications, and status of independence of each member of the Remuneration Committee in the table. In case the person is an independent director, "please refer to pages XXX for profile on the directors" may be denoted, and please fill in either independent director or others in the ID column (please mark "convener" if the person is convener of the committee).
- Note 2: Professional Qualifications and Experiences: Please specify the professional qualifications and experiences of each member of the Remuneration Committee.
- Note 3: Independence Criteria: Please specify whether conditions of independence have been met, including but not limited to: whether the independent director, the person's spouse, or relative within the second degree of kinship have served as a director, supervisor, or employee of the Company or its affiliates; the number and ratio of the Company's shares held by the person, the person's spouse, relatives within the second degree of kinship, or held by the person under other's names; whether the person has served as a director, supervisor, or employee in a company with specific relations with the Company (refer to regulations from Items 5 to 8 in Article 6-1 of Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company whose stock is listed on the Taiwan Stock Exchange or the Taipei Exchange); and compensations received for providing commercial, legal, financial, accounting or related services to the Company or any affiliate of the Company in the past 2 years.
 - 3. Information on the meeting status of the Remuneration Committee
 - (1) There are three members in the Remuneration Committee of the Company.

- (2) The term of office: From August 31, 2021 to August 30, 2024.
- (3) Attendance: During the period from January 1, to March 31, 2023, the Remuneration Committee met twice and all members were present at the meetings in person. The Remuneration Committee met three times in 2022, with an average attendance rate of 100%, and the attendance of members was as follows:

There were three meetings held for the Remuneration Committee in 2022, with the following attendance:

Position	Name	Attendance in	Attendance by	Attendance Rate in	Remarks
Fosition	Name	Person	proxy	Person (%)	Kemarks
Convener	Hsieh, Chun-Mou	3	0	100%	
Independent	Su, Ching-Yang	2	0	100%	
Director	Su, Ching-1 ang	3	U	10070	
Committee	Liu, Shih-Tsung	2	0	100%	
member	Liu, Siiiii-Tsuiig	3	U	10070	

Other matters that require reporting:

- I. If the Board of Directors does not adopt or amend the recommendation of the Remuneration Committee, it shall state the date and period, the content of the resolution, the result of the resolution and the Company's handling of the recommendation of the Remuneration Committee (if the remuneration approved by the Board of Directors is better than the recommendation of the Remuneration Committee, it shall state the difference and the reasons for the difference): None.
- II. Matters resolved by the Remuneration Committee in 2022, where the members expressed objections or reservations on the committee's resolutions, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

Meeting dates of the Remuneration Committee	Resolutions	Result of the resolutions	The Company's handling of the recommendation of the Remuneration Committee
2022.01.21 The 5th session The 2nd meeting	 Report on matters resolved by the last Remuneration Committee meeting. The results of the performance evaluation of the Board & Functional Committees. Discussion on the payment of the year-end bonus for the Company's directors and managerial officers who execute the business operations. Discussion on salary adjustments of the Company's directors and managerial officers who execute the business operations. Discussion on the promotion of Mr. Hsiao, Wei-Lien to assistant vice president. 	RESOLVED by all members present.	On January 21, 2022, the Directors recused themselves from the resolution in relation to the motion and the other Directors who were present at the meeting approved the resolution.
2022.03.21 The 5th session The 3rd meeting	 Report on matters resolved by the last Remuneration Committee meeting. Discuss the distribution of the remuneration to employees and directors of the Company for the year 2021. 	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on March 23, 2022.
2022.08.10 The 5th session The 4th meeting	 Report on matters resolved by the last Remuneration Committee meeting. The distribution of remuneration to the directors of the Company. The distribution of remuneration to the managerial officers and directors of the Company who execute the business operations. Discussion on the promotion of Mr. Lin,Chin-Tze to assistant vice president. 	RESOLVED by all members present.	On August 10, 2022, the Directors recused themselves from the resolution in relation to the motion and the other Directors who were present at the meeting approved the resolution.

Meeting dates of the Remuneration Committee	Resolutions	Result of the resolutions	The Company's handling of the recommendation of the Remuneration Committee
	5. The salary adjustments of the Company's managerial officers who execute the business operations.		

III. Matters resolved by the Remuneration Committee in 2023, where the members expressed objections or reservations on the committee's resolutions, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.

	-		,
Meeting dates of the Remuneration Committee	Resolutions	Result of the resolutions	The Company's handling of the recommendation of the Remuneration Committee
2023.01.17 The 5th session The 5th meeting	 Report on matters resolved by the last Remuneration Committee meeting. The results of the performance evaluation of the Board & Functional Committees. Discussion on the payment of the year-end bonus for the Company's directors and managerial officers who execute the business operations. Discussion on salary adjustments of the Company's directors and managerial officers who execute the business operations. Discussion on the promotion of Mr. Li, Tsung-Hsun to assistant vice president. 	RESOLVED by all members present.	On January 17, 2023, the Directors recused themselves from the resolution in relation to the motion and the other Directors who were present at the meeting approved the resolution.
2023.03.10 The 5th session The 6th meeting	 Report on matters resolved by the last Remuneration Committee meeting. Discuss the distribution of the remuneration to employees and directors of the Company for the year 2022. The distribution of the remuneration to individual director of the Company. The distribution of remuneration to the managerial officers and directors of the Company who execute the business operations. 	RESOLVED by all members present.	Resolved by all Directors present at the Board Meeting on March 10, 2023.

(V) Sustainable Development Implementation, any variance from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, and the reason for any such variance.

				Implementation Status (Note 1)	tion
	Assessment Item		-	and its reasons	
		Yes N	No	Summary and Explanation (Note 2)	
	and corporate governance issues pertaining to company operations and establish the relevant risk management policy or strategy in accordance with the materiality principle? (Note 2)			effectively identify and control risk events that affect the Company's objectives and sustainable operations, the Company's "Sustainable Development" team conducts risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the principle of materiality, and establishes relevant management management indexes based on the assessed risk results, which are carried out by the relevant management units and the highest authority. The risks arising from those significant issues are evaluated as follows: Environmental issues: The risks to the environment and safety and health, and the risks to climate change. In response to the risk of 'climate change,' the Company has proposed a contingency plan for suppliers, promoted greenhouse gas reduction and maintained a safety stock for products. Social issues: Including the product risk, the raw material risk and the employee risk. The main focus is on product quality and staff competitiveness. The strategy is to improve the yield rate of our products and to provide a good working environment for the employees. Corporate governance issues: regulation compliance risk, financial risk, information security risk and market risk. The main strategies are to ensure the legal compliance and the information security control. Please refer to pages 271-273 of the Company's 2022 Annual Report for the risk management strategy and policy.	
E C	Environmental Issues Has the company established an appropriate environmental management system based on the industry characteristics?	>		1. In order to achieve the goal of sustainability, we have established the "Environmental Safety and Health Policy" to continuously improve our environmental safety and health performance, with "Zero Disaster, Zero Pollution" as the ultimate goal for environmental protection and safety and health efforts. The Company has set annual targets for its environmental health and safety management system, and is committed to continuously improving environmental protection and health and safety management to reduce environmental impacts and improve environmental health and safety in the Company. 2. We are an ISO 14001:2015, ISO 45001:2018, CNS 45001:2018, and ISO 50001:2018 (1) The validity period of ISO 14001:2018 is from 2023.01.17 to 2023.11.01. (2) The validity period of CNS 45001:2018 is from 2021.10.15 to 2023.11.01. (3) The validity period of ISO 50001:2018 is from 2020.12.05 to 2023.12.04.	rence.
(II)	Is the company committed to improving the resources utilization and the use of renewable materials	>		We actively use eco-friendly packaging materials, set up recycling, use energy-saving lighting No material difference. equipment, install energy-saving equipment with scheduled power disconnection, use water-saving equipment in toilets, and use energy-saving lights to reduce the impact on the	rence.

worl two ways			Implementation Status (Note 1) Non-implementation and its reasons	nentation
Assessment nem	Yes	No	Summary and Explanation (Note 2)	
that have low impact on the environment?			environment in order to achieve the sustainability. In addition, the Company has disclosed its environmental protection strategies such as energy saving, carbon reduction and greenhouse gas reduction on the website, and announced the tracking results periodically. We have been certified to ISO 50001:2018 management system and we are committed to continue to improve energy efficiency.	
(III) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take action on climate-related issues?	>		The Company manages the climate change risks through procurement meetings, business meetings, occupational safety & health (OSH) and environment committee; in addition, the Company has developed a supplier response plan, promoted greenhouse gas reduction, and maintained a safe inventory of products. In line with the greenhouse gas inventory, the Company has been working on the energy management system of ISO 50001, carbon reduction, product carbon footprint disclosure and waste reduction to reduce the greenhouse gas emissions, increase the water recycling efficiency, save water resources, reduce waste from the process source, and improve the recycling of waste in order to make efforts to sustainable environment. Please refer to the Company's 2021 CSR Report for more information. Climate change risks: Risks to the safe inventory in the supply chain, product transportation, unavailability of supplies, and energy shortages. In Build solar power facilities. 2. Promote carbon reduction activities. 3. Purchase eco-friendly raw materials. 4. Recycle and reuse the water resources. 5. Maintain a safe inventory at each sales office; for those locations without a sales office to be and a safe inventory wavell ensure that our customers have a safe inventory.	difference.

	A coacemant Item			Implementation Status (Note 1) Non-implemen	Non-implementation and its reasons
	Assessment trent	Yes	No	Summary and Explanation (Note 2)	
<u>[5]</u>	greenhouse gas emissions, water usage, and waste quantity in the past two years, and set energy conservation, greenhouse gas emissions reduction, water usage reduction, and other waste management policies? Management policies? Social Issues Does the Company formulate appropriate policies and procedures in	>			No material difference.
	compliance with relevant regulations and the International Bill of Human Rights?			Compact", "United Nations Universal Declaration of Human Rights", and "ILO Declaration on Fundamental Principles and Rights at Work". The Company takes practical action to demonstrate its responsibility to respect and protect human rights, abide by the local labor and	

ř			Implementation Status (Note 1)
Assessment Item	Yes	No	Summary and Explanation (Note 2)
			gender equality applicable laws and regulations, and put an end to any violations and violations of human rights. For related human rights policies, please refer to pages 112-113 of this annual report. The Company is committed in protecting the workers' rights and complying with the Labor Standards Act and the government's human rights policy according to the "Regulations for the Probation and Appointment of New Employees." We not only implement the policy, but also set up a variety of communication channels and management mechanisms to ensure that all employees are well protected so that we can create a respectful, caring and human rights-protective working environment. The Company provides a safe and healthy working environment. The Company has set up various communication networks to promote and encourage the use of communication systems, and to ensure a smooth communication mechanism to assist employees in resolving issues related to personal rights or unfair treatment at work, and to ensure that employees' opinions are addressed immediately, so that the communications throughout the workplace are hassle-free. If an employee is harassed by other workers in the workplace are hassle-free. If an employee is harassed by other workers in the workplace causing his/her personality, personal freedom, dignity, or work to be invaded or interfered with, he/she may file a complaint with the employer, supervisor, or HR unit. To ensure the mental and physical health of employees and compliance with the Labor Standards Act, the Company does not employ child labor below 16 years old to engage in heavy and dangerous work. Child laborers and persons over the age of 16 and under the age of 18 are not allowed to engage in dangerous or hardens or the age of 16 and under the age of 18 are not allowed to engage in the company does not employ the montal and physical health of employed to engage in the age of 18 are not allowed to engage in the company does not employe the age of 16 and under the age of 18 are not allowed to enga
(II) Has the Company established appropriately managed employee welfare measures (include salary and compensation, leave and others), and link operational performance or achievements with employee salary and compensation?	>		We believe that our employees are the most valuable asset for the Company and we are committed to share the profits with all our employees; we are also dedicated to provide a perfect working environment and system by setting rules for calculating the salary, special leave, regulations on employees' leave of absence, and regulations on employees' retirement management. Please refer to pages 108-109 of the 2022 Annual Report for other related benefits. The monthly performance bonuses are paid based on the performance achievement rate as evaluated. Article 27-1 of the Company's Articles of Incorporation stipulates that employees' remuneration shall be distributed at a rate of not less than 0.5% of the Company's earnings for the year. The Board of Directors' Meeting on March 10, 2023 approved the employees' remuneration in the amount of NT\$5,937,301 for 2022. The Company provides monthly employee performance bonuses based on the overall operating performance (e.g. pre-tax net profit growth rate, profitability growth rate, and group overconsumption rate), and also provides reasonable compensation based on individual

		Implementation Status (Note 1)	and its reasons
Yes	ss No	Summary and Explanation (Note 2)	
		performance and contribution to the Company's overall performance (e.g. frequency of disability injuries, daily closing speed, trial production and development, overhead expense ratio, yield rate, and reduction in waste rate). The Company has made annual salary adjustments for the employees based on the profitability. The 2023 average increase rate is 2.98%.	
Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?		and health seminars are arranged with se and oral health care, stay away from keletal disorders, to raise employees' also organize professional certification	No material difference.
		The Company is ISO 45001:2018 certified, and follows the ISO 45001 occupational safety and health management system to promote the on-site implementation for occupational safety and health management, to conduct regular inspections on workplaces, to implement contract management, to introduce a false alarm reporting system, to conduct activities for safety, to manage toxic chemical substances, and to hold regular training on safety and health. It is our responsibility to provide a working environment that satisfies the legal and client requirements through a continuous improvement based on the PDCA management cycle for our employees and their families.	
		The Company regularly holds seminars on employee safety and conducts safety inspections for the working environment, prepares a manual on safety and hygiene practices. The safety and health work rules have been prepared for all employees, and management staff have been required to attend work safety related courses; the Company has also allocated funds to improve the safety and environmental facilities in the factory Our safety and health education includes:	
		 In compliance with the occupational safety and health education and training requirements: For new employees: three hour courses. For the supervisors: two hour courses per year. On-site special operators: 3-hour course every 3 years on safety, hygiene, health and fire education. 	
		(4) For on-site staff: a. Before the new employee starts work on the first day, he/she will be given a one-hour course on equipment safety, hazard identification and safety awareness according to the job description. b. The employees will be given one hour seminar on equipment safety, hazard	

A Annual Items			Implementation Status (Note 1)	Non-implementation
Assessment nem	Yes	No	Summary and Explanation (Note 2)	
			identification and safety awareness every year according to the job description. (5) Occupational Safety and Health Staff: They must attend 12 hours of occupational safety and health courses organized by external institutes every 2 years. (6) According to the Fire Services Act, the General Affairs Section shall invite firefighters to conduct factory-wide fire drills for all employees in the Company for four hours every six months. The total number of training hours for occupational safety and health, environmental protection, and fire education in 2022 is 20,781.5 hours with 13,724 participants. 2. The number of occupational accidents, the number of employees injured in the occupational accidents, and the ratio to the total number of employees: (1) In 2022, the number of occupational accidents and employees in Yuanlin Plant is 6. (2) In 2022, the FR is 1.91 times per million working hours for the Yuanlin plant. (3) In 2022, the SR is 247 days per million working hours for the Yunlin plant.	
			 Improvements for occupational accidents: Check the machine and equipment clamp and roll spots throughout the plant, and examine whether the safety protection is sound, and ask each unit to improve the part that is not done. Modify and add machine and equipment, change the operation process, implement hazard identification and risk assessment in advance, and request the relevant units to improve in order to reduce the chance of occupational accidents. 	
(IV) Has the Company established effective career development training plans?	>		The training program includes pre-employment training for new employees, on-the-job Norientation training for new employees, and training for new technical personnel; training for current employees and supervisors by level (common category and core competencies), training for management competencies, training for departmental projects (common category) and professional competencies, succession training programs for senior executives, and self-directed training programs. We have offered a wide range of training opportunities and related incentives and subsidies to encourage employees to actively learn in order to improve the competitiveness within the organization. In 2022, the total expenditure for education and training is \$10,047,214, and the total training hours are \$2,875, with an average of 27.7 hours per employee, therefore, improving the overall quality of all employees is one of the important tasks for the Company. Our employee training roadmap(system chart):	No material difference.

A grademant Itam			Implementation Status (Note 1)	Non-implementation and its reasons
Assessment nem	Yes	No	Summary and Explanation (Note 2)	
			The company regularly organizes new employee orientations, general (core competencies) training, management competency training, project(competency) training, self-training, etc. every year to provide a variety of training courses that are linked to job promotion and serve as criteria for evaluating promotion standards. Please refer to pages 69 of the 2022 Annual Report for the employee training roadmap.	
service comply with related regulations and international rules for customers' health and safety, privacy, sales, labelling, etc., and has the Company set polices and consumer appeal procedures to protect consumers' and clients' rights?	>		The products sold to each region must comply with the local requirements for concentration limits for toxic substances. If there is a violation of the concentration limit in the market sampling test, please file a complaint to the Company according to the internal market complaint management mechanism, so that the internal investigation can clarify the problem and then provide feedback to the customer. EU REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) Regulation EU ROHS (Restriction of Hazardous Substances) Directive US CPSIA (Consumer Product Safety Improvement Act) ENC ROHA (Consumer Product Safety Improvement Act) PRC GB/T 35012-2014 Requirements for Prohibited Substances on Automotive Sales to the following targeted markets are required to meet local requirements for providing information on fuel efficiency, wet grip and noise performance to consumers EU Tyre Labelling Rules REGULATION (EU) 2020/740 (Information on tyre fuel efficiency, braking capacity and noise levels) The Gulf Cooperation Council countries GSO (GCC Standardization Organization): GSO ECE 117 (Uniform Provisions Concerning the Approval of Tyres with Regard to Rolling Sound Emissions and/or to Adhesion on Wet Surfaces and/or to Rolling Resistance) SASO (Saudi Arabian Standards Organization): SASO 2857:2016 (VEHICLE TIRES ROLLING RESISTANCE AND WET GRIP REQUIREMENT) Brazil Inmetro (National Institute of Metrology, Standardization, and Industrial Quality): INMETRO No. 379: 2022 (Approves the Technical Quality Regulation) All of our motorbick tires are produced using eco-friendly oils without the use of polycyclic arromatic hydrocarbons (PAHs) in order to ensure the safety of both consumers and employees. Our products and services are marketed and labelled in accordance with the relevant regulations and are certified worldwide with BIS (India), CCC (China), Colombia, DOT (USA), E-MARK (Europe), GSO (GCC), SASO (Saudi Arabia), I-MARK (Barazi), AraTECH (Korea), SNI (Indonesia), and TIS (Thailand).	No material difference.

	*			Implementation Status (Note 1) Non-implementation	n
	Assessment Item	Yes	No	Summary and Explanation (Note 2)	
				Our products are also certified in Taiwan with the BSMI, the CNS Mark, the Vehicle Safety Component Certification (VSCC) and the Taiwan Tire Energy Efficiency Label. We have set up a "Sustainable Development" (stakeholder information) section on our website (https://www.esg.kenda.com.tw/en), and have established rules for managing customer complaints and after-sales service. The Quality Assurance Department is assigned to handle the consumer protection and the customer complaints, and to conduct the customer satisfaction survey and set up a free customer service telephone number: 0800-048-888.	
(2)	T) Does the company establish a supplier chain management policy that requires suppliers to follow and implement related issues on environmental protection, occupational safety and health, or labor rights?	>		When the Company evaluates the suppliers, in addition to information on management, technical capability, and production capacity, new suppliers must provide the "Basic Supplier Information Survey Form" with the "Declaration of Non-Use of Environmental Hazardous Substances and Conflict Minerals," the "Sustainable Development Statement for Suppliers," and samples (including the SDS Safety Information Sheet) for the Company's responsible department to investigate and evaluate before they can be classified as qualified suppliers. The Company also considers that suppliers should have a sound quality system. The selection of new suppliers must also be certified with ISO 9001 quality system. The selection of new suppliers is based on the criteria such as quality, delivery time, supply status, operational performance, service capability, and so on, in addition to environmental protection, labor practices, human rights, and anti-corruption. From 2016, the Company starts to conduct CSR evaluation and communication to 1,165 domestic and overseas suppliers, including sending the Sustainable Development declaration to suppliers, asking them to fill in the declaration and existing suppliers. The result shows that 94% of the suppliers get qualified for the surveys, and those who fail to meet the standards are required to make improvements by a certain date, otherwise they will not be classified as qualified suppliers. The company currently aims at carbon fooprint verification, eco-friendly and renewable material suppliers, and hopes to fulfill corporate social responsibility for sustainable development.	Joe.
>	Does the company comply with international standards or guidelines for preparing corporate social responsibility or non-financial related reports? Have the previous released reports been verified by third-party certification entity with assurance or pointing statements?	>		The Company prepares the CSR report in accordance with the GRI Standards published by the Global Reporting Initiative as well as the Sustainable Development Goals (SDGs) of the United Nations. The Company has not yet acquired 3rd certification party verification or statement of assurance. In the future, the Company expects to disclose CSR reports with the goal of acquiring 3rd certification party verification or statement of assurance.	nce.
VI.		rate so	cial re	If the company has established its corporate social responsibility code of practice according to the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM	TSM

essment Item		Implementation Status (Note 1) Non and and	Ion-implementation nd its reasons
	Yes	No Summary and Explanation (Note 2)	

Listed Companies," please describe the operational status and differences:

The Company established "Sustainable Development Best Practice Principles", in order to strengthen the Company's focus on ESG and to align with the international trend of sustainable development. In order to strengthen the implementation of sustainable development, the Company regularly reviews the implementation status of the Principles and makes improvements accordingly.

VII. Other important information to facilitate better understanding of the company's implementation of corporate social responsibility:

(I) Implementation status for sustainable development:

Please refer to the 2021 CSR Report for more information.

- Established the Kenda Cultural and Educational Foundation:
- (1) Encourage students to continue their studies by awarding them with the Kenda Outstanding Scholarship and Underprivileged Scholarship for Freshmen Students.
- (2) Promote education, culture and arts activities: The Company regularly organizes annual summer camps for children, Newton Science Camp and concerts, and Golden Jade
- (3) Support for students who have suffered from family problems, donations to schools in rural areas, and bicycles for economically disadvantaged students.
- (4) Seminars in environmental issues: We hold the Marine Environment Seminar, the Sustainable Management of Enterprises Integrated with the Environment Seminar.
 - Social concerns:
- (1) The US subsidiary donated personal protective supplies to health care workers in Europe and the US.
- (2) The Company donated residential fire alarms to the Fire Departments of Cihtong Township and the West District of Yuanlin City.
- (3) The Company maintains and cleans the roads around the community area.
- (4) The Company sponsored the Bicycle Festival organized by Giant Manufacturing Co. Ltd.
- (5) The Company supports various sports events in Taiwan and has been sponsoring a number of potential golfers for a long time.
- (II) For more information on the Company's ESG implementation, please refer to the 2022 ESG Report.

(https://www.esg.kenda.com.tw/en/%E6%B0%B8%E7%BA%8C%E5%A0%B1%E5%91%8A%E6%9B%B8)

Note 1: If "Yes" is selected for the "Implementation Status," please state the important policies, strategies, measures adopted, and their implementation status. If "No" is selected for the "Implementation y please explain the reasons and state the plans for the future policies, strategies and measures to be implemented. However, with regards to Items 1 and 2, TWSE and TPEx listed companies should specify the governance and supervisory framework for sustainable development, including but not limited to management guidelines, formulation of strategies and goals, and measures for review. The Company's risk management policies or strategies for environmental, social, and corporate governance issues related to its operations, and its evaluation should also be described

Note 2: The materiality principle refers to environmental, social and corporate governance issues that have a significant impact on the Company's investors and other stakeholders.

Independent training Conversational TOEIC Class Japanese Training Others Professional training (professional functions) All Departments Professional certification training Technical department functions upwards) (Each Kenda Employee Training Roadmap (System Chart) leader/internal training) -Implemented in the leadership skills (director, Production Department above/external training) business acumen, and cost management, and assignment, and work Management function Talent training, work leading change (manager/internal Process management, deputy director and instruction (team Business strategy, training) Hierarchical consciousness (core functions) Five core functions: honesty and integrity communication and problem solving, responsibility, coordination, Teamwork, Personnel Division: 2-day New employees training Employee Training Roadmap employment training training on arrival Each division: Orientation/Pre-Basic level employees New hires executive executive Mid-level executive Junior Senior

(VI) The state of the Company's Code of Conduct on integrity, any variance from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, and the reasons for such variances.

Tor I was E/GI SIVI LISTED	ompar	101 1 W SE/O I SM Elsted Companies, and the reasons for such variances.	
	-	Implementation Status (Note 1)	Non-implementation and
Assessed Items	Yes	No Summary and Explanation	its reasons
I. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures (I) Does the company have a clear ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team?	`	The Company has established the "Ethical Corporate Management Best Practices Principles" and the "Codes of Ethical Conduct and Regulations on the Public Recusal of Interested Parties" as resolved by the Board of Directors. The Company requires the Board of Directors, senior executives and all employees to implement these regulations. These policies has do integrity, transparency and accountability, and establish good corporate governance and risk control mechanisms to create a business environment for the sustainability of the Company. In addition to complying with the relevant laws and regulations, the Company Act, the Securities and Exchange Act, the Business Entity Accounting Act, the Political Donations Act, the Anti-Corruption Act, the Government Procurement Act, the Act on Recusal of Public Servants Due to Conflicts of Interest, the regulations relating to the listed companies or other business conduct related laws and regulations are also applicable. Offering and acceptance of bribes, illegal political donations, improper charitable donations or sponsorships, offering or acceptance of unreasonable presents, hospitality or other improper benefits, misappropriation of trade secrets and infringement of trademark rights, patent rights, copyrights, and other intellectual property rights, and engaging in unfair competitive practices are strictly prohibited. The Company's directors and senior executives shall exercise a high degree of self-discipline. If a director or a juristic person represented by the director is an interested party with respect to any proposal for a board meeting, the director shall state the important aspects of the interests of the Company, the director may not participate in discussion or voting on that proposal and shall enter recusal during the discussion and voting. The director also may not act as another director's proxy to exercise voting rights on that matter. In 2022, the Company conducted internal and external training related to ethical management (including ethical management	No material difference.
(II) Whether the company has established	>	For business activities with a higher risk of unethical conduct, the Company shall follow the	
an assessment mechanism for the risk		accounting system and internal control system established by the Company. The Company does	

			Implementation Status (Note 1)
Assessed Items	Yes	No	Summary and Explanation its reasons
of unethical conduct; regularly analyzes and evaluates within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies? (III) Special Assistance: Whether the company has established relevant policies that are duly enforced to prevent unethical conduct, provided implementation procedures, guidelines, consequences of violation and complaint procedures, and periodically reviews and revises such policies?	>	р ю с d с 1 s f a s в в в в в в в в в в в в в в в в в в	not allow external accounts or secret accounts, and constantly reviews to ensure the appropriateness of the system design and the continuous effectiveness of its implementation. The Company's Audit Office shall conduct audits on the compliance of the preceding system from time to time and shall prepare an audit report to the Board and may appoint an accountant to perform such audits and, if necessary, an independent auditor or professional to perform such audits. In order to improve the mechanism, we have set up a clear and effective reward and punishment system by integrating the ethical management policy with employee performance evaluation and human resources policy through education, training and evaluation. There is also a system for whistleblowing, punishment and grievance. New suppliers of the Company are required to sign a "ESG Statement for Suppliers" as a guarantee. The Company has established a code of conduct for the relationship of interested parties and ethics guidelines, as well as a non-disclosure policy for its employees, which provide clear directions for directors, managerial personnel, employees and persons having substantial control over the Company. In addition, the management and operation of each business is governed by an internal control system that clearly reveals the disciplinary methods and provides appropriate remedies for grievances.
II. Ethic Management Practice (I) Whether the company has assessed the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts? (II) Whether the company has set up a unit which is dedicated to promoting the company's ethical standards and regularly (at least once a year) reports directly to the Board of Directors on its ethical corporate management policy and relevant matters, and program to prevent unethical conduct and monitor its implementation?	> >		The suppliers and customers of the Company have signed the Letter of Undertaking of Integrity in compliance with the "Act on Recusal of Public Servants Due to Conflicts of Interest" and the "Ethics Guidelines for Civil Servants." On January 21, 2022, the Board of Directors resolved to establish the "Sustainable for formulating the Company's Ethical and Integrity Corporate Management Policies, ensuring the implementation of the Ethical and Integrity Corporate Management Policies approved by the board of directors, and reporting to the Board of Directors at least once a year on the implementation of the overall ethical and integrity corporate management. The implementation status for ethical management policy and prevent unethical conduct, the Company holds annual training courses on relevant laws and regulations. The courses cover ethical management, procedures for investigation and public handling of material

			Implementation Status (Note 1)	- Cro
Assessed Items	Yes	oN	Summary and Explanation its reasons	
(III) Whether the company has established policies to prevent conflict of interests, provide appropriate communication and complaint channels and implement such policies properly? (IV) To implement relevant policies on ethical conducts, has the company established effective accounting and internal control systems, audit plans	> >		information, prevention of insider trading, the Company Act, the Securities and Exchange Act, and other laws and regulations. 2. On December 28, 2022, the Company's appointed lawyer was invited to explain to the officers and some employees about the prevention of insider trading, and the materials were sent to all directors and announced on the Company's internal website for employees' reference. 3. The Company has established a specific whistleblowing system and announced the internal independent whistleblowing mailbox and hotline on the "Contact Us" and the "ESG Report" sections of the Company's website. The Company has designated a responsible person or unit to handle reports that involve directors or senior executives. The report should be submitted to the independent directors or the Audit Committee, and the types of matters to be reported and the standard operating procedures for the investigation should be established. Investigation aceses, investigation processes, results and related documents shall be recorded and maintained. The identity of the whistleblower and the contents of the whistleblowing report are kept confidential to protect the whistleblower from improper treatment due to his/her whistleblowing. The Company has a "Code of Ethical Conduct and Regulations on Conflict of Interest in Public Recusal" to prevent conflict of interest related business; the employee who has a conflict of interest related business; the employee who has a conflict of interest vialunds and recuse himself/herself; the Board members will not participate in the discussion and vote on the motion if a conflict of interest is involved. The Company has an effective accounting system and internal control system, which is audited by an audit unit under the Board of Directors and by professional independent auditors.	
based on the assessment of unethical conduct, and have its ethical conduct program audited by internal auditors or CPA periodically? (V) Does the company provide internal and external ethical conduct training programs on a regular basis?	>		In 2022, the Company conducted internal and external training related to ethical management (including ethical management regulations, internal control systems, accounting systems, tire quality regulations and policies, safety and health and management) for a total of 9,863 participants and 11,866 hours.	

				Implementation Status (Note 1)	
	Assessed Items	Yes	No	Summary and Explanation its reaso	non-implementation and its reasons
III. I	Implementation status of whistleblowing procedures			No material difference.	al difference.
<u> </u>	Does the company establish specific whistleblowing and reward procedures.	>		The Company has established a specific whistleblowing system and announced the internal independent whistleblowing mailbox, hotline, responsible personnel or unit on the "Contact	
<i>S</i> 3	set up conveniently accessible reporting				
	channels, and designate responsible personnel to handle the reports			refer to the Company's website of "Contact Us" section (https://www.esg.kenda.com.tw/en).	
1	received?	,			
<u> </u>	Whether the company has established	>		The Company has designated a responsible person or unit to handle reports that involve	
<i>S</i> 2 ·	standard operation procedures for			directors or senior executives. The report should be submitted to the independent directors or	
	investigating the complaints received,			the Audit Committee, and the types of matters to be reported and the standard operating	
	follow-up measures after investigation			procedures for the investigation should be established. The investigation cases, investigation	
	are completed, and ensuring such			processes, results, and related documents are properly recorded and maintained. The identity of	
	complaints are handled in a confidential			the whistleblower and the contents of the whistleblowing report are kept confidential.	
1	manner?				
	(III) Does the company adopt proper	>		The Company shall keep the identity of the whistleblower and the contents of the	
-	measures to prevent improper treatment			whistleblowing report confidential, and shall protect the whistleblower from improper	
1	from retaliation for whistleblower?		_	treatment due to his/her whistleblowing.	
IV. I	Information Disclosure			No material difference.	al difference.
<u> </u>	Does the company disclose its	>		The Company has established a Code of Conduct on Integrity, which is disclosed on the	
JJ)	guidelines on business ethics as well as			Company's website and the Market Observation Post System.	
	information about implementation of				
<i>s</i> 2	such guidelines on its website and the				
	Market Observation Post System				
	(MOPS)?				
1 / 1	-+			CITIESTO DE LA COMPANION DE LA	

If the company has established corporate governance policies based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies," The Company has established the "Ethical Corporate Management Best Practice Principles" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and has followed the relevant regulations. There is no difference between the operation and the regulations. please describe any discrepancy between the policies and their implementation. >

The Company will review and amend the "Ethical Corporate Management Best Practice Principles" based on the implementation status each year and the relevant law and VI. Other important information to facilitate better understanding of the company's corporate conduct and ethics compliance practices (e.g., review the company's corporate conduct and ethics policy):

Note: 1. Suppliers: https://www.esg.kenda.com.tw/en/%E4%BE%9B%E6%87%89%E5%95%86%E4%BA%8B%E5%AE%9C%E8%81%AF%E7%B9%AB%E6%B4%BD%E8%A9%A2 regulations.

2. Employees: https://www.esg.kenda.com.tw/en/%E5%93%A1%E5%B7%A5%E4%BA%8B%E5%AE%A6%E8%81%AF%E7%B9%AB%E6%B4%BD%E8%A9%A2

3. Shareholders: https://www.esg.kenda.com.tw/en/%E8%82%A1%E5%8B%99%E4%BA%8B%E5%AE%9C%E8%81%AF%E7%B9%AB%E6%B4%BD%E8%A9%A2

(VII) If the Company has adopted corporate governance best-practice principles or related by laws, disclose how these are to be searched.

The company has the relevant regulations, such as "Corporate Governance Principles", "Code of Ethical Conduct and Principle on the Avoidance of Conflict of Interest", "Ethical Corporate Management Practice", "Sustainable Development Practice", "Charter of the Sustainable Development Committee", and "Regulation of Corporate Governance Risk Management Policy and Procedures", which are available on the Company's website (https://www.esg.kenda.com.tw/en).

- (VIII) Other significant information that will provide a better understanding of the state of the Company's implementation of corporate governance may also be disclosed.
 - 1. The Company's corporate governance practices are disclosed on the Company's website (https://www.esg.kenda.com.tw/en) and on the Market Observation Post System.
 - 2. We will comply with the internal control system, ensure its on-going and effective operation, implement internal control self-examination, strengthen the audit and report to the Board of Directors.
 - 3. The Company implements a spokesperson system to make information transparent and to fully disclose material information so that our shareholders have the right to receive information on an equal basis.
 - 4. Directors of the Company attend continuing education courses to fulfil the corporate governance practices of the Company.
- (IX) The implementation status of the Company's internal control system
 - 1. Statement on Internal Control.

Kenda Rubber Ind. Co., Ltd.

The statement of the Internal Control System of the Company.

Date: March 10, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year 2022:

- I. The Company's Board of Directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability of the financial reporting, and compliance with laws and regulations.
- II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and the Company takes immediate remedial actions in response to any identified deficiencies.
- III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (herein below, the "Regulations"). The criteria adopted by the "Regulations" identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. There are several items in each key components. Please refer to the "Regulations" for the preceding items.
- IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforesaid Regulations.
- V. Based on the findings of such evaluation, the Company believes that, on December 31, 2022, it has maintained, in all material respects, an effective internal control system (that includes the supervision and management of our subsidiaries), to provide reasonable assurance over our operational effectiveness and efficiency, reliability of the financial reporting, and compliance with laws and regulations.
- VI. This Statement is an integral part of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 10, 2023, all the 11 directors present hereby affirm the content of this Statement.

Kenda Rubber Ind. Co., Ltd.

Chi Ja Gonf

Chairman: Yang, Chi-Jen

President: Chen, Chao-Jung

2. If CPA was engaged to conduct a special audit of internal control system, provide its audit report: None.

- (X) If there has been any legal penalty against the Company or its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.
- (XI) Material resolutions of a Shareholders' Meeting or a Board of Directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.
 - 1. The result and implementation status of the Annual Shareholders' Meeting: The Annual Shareholders' Meeting was convened on June 30, 2022.

	Resolutions and voting results		
Proposals	Result of the votes	Percentage of the total votes represented by the attending shareholders at the time of voting	Implementation status
1. Adoption of the 2021	Approval votes: 707,633,637 (including 120,807,769 electronic votes)	99.12%	Publicly announced in
Business	Disapproval votes: 81,034 (including 81,034 electronic votes)	0.01%	accordance with
Report and Financial	Invalid votes: 0 (including 0 electronic vote)	0.00%	the resolution.
Statements.	Abstention votes/no votes: 6,178,297 (including 5,860,297 electronic votes)	0.86%	
	This proposal was adopted as proposed.		
2. Adoption of the 2021	Approval votes: 708,480,015 (including 121,654,147 electronic votes)	99.24%	The cash dividend paid at
Earnings	Disapproval votes: 84,947 (including 84,947 electronic votes)	0.01%	NT\$1 per share.
Distribution.	Invalid votes: 0 (including 0 electronic vote)	0.00%	The cash dividend record
	Abstention votes/no votes: 5,328,006 (including 5,010,006 electronic votes)	0.74%	date is September 11,
	This proposal was adopted as proposed.		2022, and the payment date is September 30, 2022.
3. Amendment to the	Approval votes: 707,760,178 (including 120,934,310 electronic votes)	99.14%	The amendment was made in
Company's "Articles of Incorporation. "	Disapproval votes: 90,699 (including 90,699 electronic votes)	0.01%	accordance with
	Invalid votes: 0 (including 0 electronic vote)	0.00%	the resolution, publicly
	Abstention votes/no votes: 6,042,091 (including 5,724,091 electronic votes)	0.84%	announced on the Company's
	This proposal was approved as proposed.		website, and approved by the Ministry of Economic Affairs on July 22, 2022.

	Resolutions and voting results		
Proposals	Result of the votes	Percentage of the total votes represented by the attending shareholders at the time of voting	Implementation status
4. Amendment to the Company's	Approval votes: 707,768,553 (including 120,942,685 electronic votes)	99.14%	Publicly announced on
"Rules of	Disapproval votes: 80,804 (including 80,804 electronic votes)	0.01%	the Company's
Procedures for Shareholders'	Invalid votes: 0 (including 0 electronic vote)		website in
Meetings "	Abstention votes/no votes: 6,043,611 (including 5,725,611 electronic votes)	0.040/	accordance with the resolution.
	This proposal was approved as proposed.		
	Approval votes: 707,632,362 (including 120,806,494 electronic votes)	99.12%	Publicly
the Company's	Disapproval votes: 194,235 (including 194,235 electronic votes)	0.02%	announced on the Company's
"Guideline for Endorsement	Invalid votes: 0 (including 0 electronic vote)		website in
and Guaranty,"	Abstention votes/no votes: 6,066,371 (including 5,748,371 electronic votes)	Λ 0 / 10/.	accordance with the resolution.
	This proposal was approved as proposed.		
	Approval votes: 703,506,961 (including 116,681,093 electronic votes)		Publicly announced on
	Disapproval votes: 215,173 (including 215,173 electronic votes)	0.0570	the MOPS
participation in competitive	Invalid votes: 0 (including 0 electronic vote)	0.00%	website in accordance with
business.	Abstention votes/no votes: 10,170,834 (including 9,852,834 electronic votes)	1.42%	the resolution.
	This proposal was approved as proposed.		

2. Major decisions of Board Meetings

Date	Major Proposals
2022.01.21	1. The proposal of the year-end bonus for the directors and managerial officers of the Company who
	execute the business operations.
	2. The proposal of salary adjustments for the directors and managerial officers of the Company who
	execute the business operations.
	3. The assessment of the Company's "Past Due and Amount of Accounts Receivable".
	4. The promotion of Hsiao, Wei-Lien, to Assistant Vice President.
	5. Establishment of the Company's "Sustainable Development Committee."
	6. The amendments to the Company's "Corporate Governance Principles."
	7. The proposal for destruction of the Company's accounting books and documents upon the expiration
	of their retention period.
	8. The proposal of the endorsement and guarantee for the Company's subsidiaries.
	9. The proposal of the Company's credit line with banking transaction.

Date	Major Proposals
2022.03.23	1. The proposal of the employees' and directors' remuneration for the year 2021.
	2. The adoption of the 2021 Business Report and Financial Statements.
	3. The proposal of the 2021 earning distribution.
	4. The proposal to distribute the cash dividends to shareholders from the 2021 earnings of the Company.
	5. The amendments to the Company's "Articles of Incorporation."
	6. The amendments to the Company's "Rules of Procedures for Shareholders' Meetings."
	7. The amendments to the Company's "Procedures for Acquisition or Disposal of Assets."
	8. Release the prohibition on directors from participation in competitive business.
	9. The Company's shareholders proposed the motion for the 2022 Annual General Meeting of
	Shareholders.
	10. The proposal to convene the 2022 Annual Shareholders' Meeting of the Company.
	11. The statement of the Company's Internal Control System.
	12. The assessment of the Company's "Past Due and Amount of Accounts Receivable."
	13. The proposal of the endorsement and guarantee for the Company's subsidiaries.
	14. The proposal of the Company's credit line with banking transaction.
2022.05.11	1. The proposal of the Company's financial statements for the first quarter of 2022.
	2. The amendments to the Company's "Articles of Incorporation."
	3. The amendments to the Company's "Corporate Governance Principles."
	4. The assessment of the Company's "Past Due and Amount of Accounts Receivable."
	5. The application for extending the endorsement and guarantee for the Company's associates.
	6. The proposal of the endorsement and guarantee for the Company's subsidiaries.
	7. The proposal of the Company's credit line with banking transaction.
2022.06.30	1. Kenda Rubber (ShenZhen) Co., Ltd., terminated partial of the Urban Renewal Project Agreement.
	2. Kenda Rubber (ShenZhen) Co., Ltd., signed the Urban Renewal Project Agreement.
2022.08.10	1. The proposal of the Company's financial statements for the second quarter of 2022.
	2. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company.
	3. The distribution of remuneration to the directors of the Company.
	4. The distribution of remuneration to the managerial officers and directors of the Company who execute
	the business operations.
	5. The promotion of Lin, Qin-Ze, Director, to Assistant Vice President.
	6. The proposal of Salary Adjustment to the managerial officers of the Company who execute the
	business operations and the managerial officers.
	7. The amendment to the Company's "Rules of Procedures for Board of Directors Meetings."
	8. The amendment to the Company's "Procedures for Handling Material Inside Information."
	9. The proposal of the Company's credit line with banking transaction.
	10. The Company's loaning of fund to the subsidiaries

Date	Major Proposals
2022.11.09	1. The amendment to the Company's internal control system manual and internal audit implementation rules manual.
	2. The formulation of the Company's audit plan for 2023.
	3. The proposal of the Company's financial statements for the third quarter of 2022.
	4. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company.
	5. The amendment to the Company's "Rules of Procedures for Board of Directors Meetings."
	6. The amendment to the Company's "Procedures for Handling Material Inside Information."
	7. The formulation of the Company's "Corporate Governance Risk Management Policy and Operating
	Procedures Regulations."
	8. The proposal of the endorsement and guarantee for the Company's subsidiaries.
	9. The proposal of the Company's credit line with banking transaction.
2023.01.17	1. The proposal of the year-end bonus for the directors and managerial officers of the Company who
	execute the business operations.
	2. The promotion of Li, Tsung-Hsun, to Assistant Vice President.
	3. A motion to review the salaries for the directors and the managerial officers of the Company who execute the business operations.
	4. The proposal of the Company's "Past Due and Amount of Accounts Receivable."
	5. The amendments to the Company's "Corporate Governance Principles."
	6. The amendments to the Company's "Sustainability Practice."
	7. The amendments to the Company's "Code of Ethical Conduct and Principle on the Avoidance of
	Conflict of Interest."
	8. The proposal of the Company's credit line with banking transaction.
2023.03.10	1. The proposal of the employees' and directors' remuneration for the year 2022.
	2. The distribution of remuneration to individual directors of the Company.
	3. The distribution of remuneration to the managerial officers and directors of the Company who execute
	the business operations.
	4. The adoption of the 2022 Business Report and Financial Statements.
	5. The proposal of the 2022 earning distribution.
	6. The proposal to distribute the cash dividends to shareholders from the 2022 earnings of the Company.
	7. The amendments to the Company's "Evaluation on the Independence of Certified Public Accountant."
	8. The Company's shareholders proposed the motion for the 2022 Annual General Meeting of
	Shareholders.
	9. The proposal to convene the 2022 Annual Shareholders' Meeting of the Company.
	10. The statement of the Company's Internal Control System.
	11. The amendment to the Company's internal control system manual and internal audit implementation
	rules manual.
	12. Evaluation of "Past Due and Amount of Accounts Receivable" of the Company.
	13. The proposal of the Company's credit line with banking transaction.

(XII) Where, during the most recent fiscal year or during the current fiscal year up to the date of

publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the Board of Directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof: None.

(XIII) A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's Chairman of the Board, president, accounting supervisor, financial supervisor, internal audit supervisor, corporate governance manager, and R & D supervisor: Vice President Shen, Jui-Hsiung was resigned on February 25, 2022, and was dismissed.

V. Information on CPA Fees:

(I) If any of the following events occurred regarding the amounts of the audit fees and non-audit fees paid to the attesting CPAs and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services, the following information shall be disclosed:

Information on CPA fees

Unit: NT\$ thousand

Accounting firm	Name of CPA	Audit period	Audit Fees	Non-Audit Fees	Total	Remark
Deloitte & Touche Taiwan	Wang, Yi-Wen, Tseng, Done-Yuin	2022	6,025	1,529	7,554	Application for Business Profits from Tax under an Agreement for Avoidance of Double Taxation, Preparation of Transfer Pricing, and consulting fees, etc.
Deloitte & Touche Taiwan	Wang, Yi-Wen, Tseng, Done-Yuin	2021	5,790	1,714	7,504	Transfer Pricing Report, 2017 Business Tax Audit Services, 2021 XBRL Fees

Note 1: Audit fees refer to the fees paid by the Company to the CPA for auditing, reviewing and verifying the financial statements and reviewing financial projections.

Note 2: If the Company has replaced its CPA or accounting firm during the year, please indicate the period of audit and the reasons for the change in the remarks column, and disclose information on the audit and non-audit fees paid respectively. The service provided to the non-audit fee should be described in the notes.

- (II) When the Company changes its accounting firm and the audit fees paid for the financial year in which the change took place are lower than those paid for the financial year immediately preceding the change, the amount of the audit fees before and after the change and the reason shall be disclosed: Not applicable.
- (III) When the audit fees paid for the current financial year are lower than those paid for the immediately preceding financial year by 15% or more, the amount and percentage of and reason for the reduction in audit fees shall be disclosed: None.

VI. Information on Change in CPA: None.

VII. Where the Company's Chairperson, General Manager, or Any Managerial Officer in Charge of Finance or Accounting Matters Has in the Most Recent Year Held a Position at the Accounting Firm of Its Certified Public Accountant or at an Affiliated Enterprise of Such Accounting Firm: None.

- VIII. Share Transfers and Change in Pledges on Shares by Directors, Supervisors, Managers and Shareholders with at Least 10% Stakes During the Most Recent Year and as of the Print Date of This Annual Report:
 - (I) Information on changes in the shareholdings of directors, supervisors, managerial officers and major shareholders (holding more than 10% of the shares):

Unit: shares

		2022 As of April 2 of the current years			
				As of April 2 of the current year	
Position	27	Increase	Increase	Increase	Increase
(Note 1)	Name	(decrease) in the	(decrease)	(decrease) in the	(decrease) in the
		number of shares		number of shares	
		held	shares pledged	held	pledged
Chairman (Major Shareholder)	Yang, Chi-Jen	(74,000)	0	0	0)
Vice Chairman	Chang, Hong-Der	0	0	0	0
Director	Yang, Ying-Ming	(920,000)	0	(916,193)	0
Director	Yang, Shin-Nan	(917,000)	0	0	0
Director	Yang, Chia-Ling	(9,000)	0	(9,000)	0
Director	Lin, Tsung-Yi	0	0	0	0
Director	Stretch Investment Co., Ltd.	0	0	0	0
Director	Kenjou. Co., Ltd.	0	0	0	0
Independent Director	Hsieh, Chun-Mou	0	0	0	0
Independent Director	Su, Ching-Yang	0	0	0	0
Independent Director	Cho, Shih-Chao	0	0	0	0
President	Chen, Chao-Jung	(7,228,842)	0	0	0
Vice President	Shen, Jui-Hsiung (Note 2)	0	0	0	0
Vice President	Lin, Chun-Ke	0	0	0	0
Assistant Vice President	Huang, Shi-Cheng (Note 3)	0	0	0	0
Assistant Vice President	Chen, Chin-Fu	0	0	0	0
Assistant Vice President	Chang, Hui-Chu	0	0	0	0
Assistant Vice President	Liu, Kuei-Chun	0	0	0	0
Assistant Vice President	Hsiao, Wei-Lien	0	0	0	0

		20	22	As of April 2 of the current year		
Position	Name	Increase	Increase	Increase	Increase	
(Note 1)		(decrease) in the	(decrease)	(decrease) in the	(decrease) in the	
(Note 1)		number of shares	in the number of	number of shares	number of shares	
		held	shares pledged	held	pledged	
Assistant Vice President	Li, Tsung-Hsun	(5,000)	0	0	0	
Assistant Vice	Lin,Chin-Tze	0	0	0	0	
President	(Note 4)	U	U	U	U	

Note 1: The shareholders holding more than 10% of the total shares of the Company should be indicated as major shareholders and listed separately.

(II) Information on the share transfer:

Name (Note 1)	Reason for transferring the share	Transaction Date	Trading Counterpart	Relationship between the trading counterpart and the company, the directors, managers, and shareholders holding more than 10% of the shares	Shares	Transaction price
Chen, Chao-Jung	Stock certificate	2022.03.03	Rong Xuan Investment Company Provisional Office Representative: Chiang, Tsai-Feng	Husband and wife	7,228,842	30.20
Yang, Shin-Nan	Gift	2022.07.20	Yang, Jin-Yi	Father and son	917,000	29.90
Yang, Chi-Jen	Gift	2022.08.11	Yang, Sheng-Jie	Father and son	74,000	32.85
Yang, Ying Ming	Gift	2022.04.14	Yang, Su-Ting	Father and daughter	920,000	29.55
Yang, Ying Ming	Gift	2023.03.28	Yang, Su-Ting	Father and daughter	916,193	29.95

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

(III) Information on the share pledge:

The counterparty of the share pledge of the Company is a related party: None.

Note 2: Vice President Shen, Jui-Hsiung was resigned on February 25, 2022.

Note 3: Assistant Vice President, Huang, Shi-Cheng was resigned on July 31, 2022.

Note 4: Mr. Lin, Chin-Tze was promoted to Assistant Vice President on August 16, 2022.

IX. Information on the Top 10 Shareholders Who Are Related to Each Other Under SFAS No. 6 or Are Related to Each Other as Spouses, Second Degree of Kinship:

Relationship information among the top ten shareholders

Unit: Shares; %

Name	Number of shares held in person		Number of shares held by spouse and children of minor age		Total number of shares held under other persons' names		The names and relationships of the top ten shareholders who are related parties or are related to each other as a spouse or second degree of kinship		Remarks
	Shares	Percentage of Ownership	Shares	Percentage of Ownership	Shares	Percentage of Ownership	Name	Relation	
Yang, Chi-Jen	91,476,924	10.06%	9,655,904	1.06%	0	0	Yang, Ying-Ming Yang, Hsiu-Ya	2nd degree of kinship	
Yang, Ying-Ming	63,718,822	7.01%	15,484,456	1.70%	0	0	Yang, Chi-Jen Yang, Su-Ting Yang, Ya-Ting	2nd degree of kinship	
Yang, Jin-Yi	41,667,360	4.58%	0	0	0	0	Yang, Shu-Yuan Yang, Ying-Yuan	2nd degree of kinship	
Fubon Life Insurance Co., Ltd.	34,613,761	3.81%	0	0	0	0	None	None	
Representative: Tsai, Ming-Hsing	0	0	0	0	0	0	None	None	
Yang, Chia-Ling	28,650,065	3.15%	0	0	0	0	None	None	
Yang, Hsiu-Ya	26,416,551	2.90%	0	0	0	0	Yang, Chi-Jen	2nd degree of kinship	
Yang, Shu-Yuan	25,149,924	2.77%	0	0	0	0	Yang,Jin-Yi Yang, Ying-Yuan	2nd degree of kinship	
Yang, Ying-Yuan	25,149,924	2.77%	0	0	0	0	Yang,Jin-Yi Yang, Shu-Yuan	2nd degree of kinship	
Yang, Su-Ting	23,685,986	2.60%	0	0	0	0	Yang, Ying-Ming Yang, Ya-Ting	2nd degree of kinship	
Yang, Ya-Ting	23,421,646	2.58%	0	0	0	0	Yang, Ying-Ming Yang, Su-Ting	2nd degree of kinship	

Note 1: The top ten shareholders should all be listed, and the names of corporate shareholders and the names of their representatives should be listed separately.

Note 2: The calculation of the percentage of ownership refers to the calculation of the percentage of shareholding in the name of oneself, one's spouse, one's minor children or the name of another person respectively.

Note 3: The shareholders listed in the preceding paragraph shall include both juristic and natural persons and the relationship between them shall be disclosed as well.

X. Ownership of Shares in Affiliated Companies:

Unit: Thousand Shares; %

Investment Business	Invested by the Company		supervisors, r	de by directors, managers, and etly or indirectly d by them	Consolidated Investments	
	Shares	Shares Ratio	Shares	Shares Ratio	Shares	Shares Ratio
KA, Subsidiary	-	100.000	-	-	-	100
KHK, Subsidiary	-	100.000	-	-	-	100
KV, Subsidiary	-	100.000	-	-	-	100
KE, Subsidiary	ı	100.000	1	-	-	100
Kenda International Corporation, Subsidiary	1	100.000	-	-	-	100
KF, Subsidiary	-	100.000	-	-	-	100
KI, Subsidiary	-	99.998	-	0.002	-	100

Note: Long-term investments accounted for using the equity method.

Four. Capitalization

I. Capitalization and Shares

(I) Source of share capital

	(1)		C OI SHAIC			T	P 1	
		Authoriz	zed capital	Paid-	in capital		Remarks	
Year/ month	Issuance price	Shares	Amount	Shares	Amount	Source of share capital	Contribution to share capital with non-cash assets	Others
1962.03	100	9,600	960,000	9,600	960,000	Founding share capital	None	None
1966.03	100	30,000	, and the second	30,000	3,000,000	Issuance of common stock for cash 2,040,000	None	None
1967.03	100	48,000	4,800,000	48,000	4,800,000	Issuance of common stock for cash 1,800,000	None	None
1968.01	100	60,000	6,000,000	60,000	6,000,000	Issuance of common stock for cash 1,200,000	None	None
1970.04	100	80,000	8,000,000	80,000	8,000,000	Issuance of common stock for cash 2,000,000	None	None
1973.09	100	160,000	16,000,000	160,000	16,000,000	Issuance of common stock for cash 8,000,000	None	None
1974.12	100	240,000	24,000,000	240,000	24,000,000	Issuance of common stock for cash 8,000,000	None	None
1975.12	100	360,000	36,000,000	360,000	36,000,000	Issuance of common stock for cash 1,776,000 Issuance of shares for capitalization of capital surplus 10,224,000	None	None
1977.04	100	480,000	48,000,000	480,000	48,000,000	Issuance of common stock for cash 7,320,000 Issuance of shares for capitalization of earnings 4,680,000	None	None
1978.08	100	600,000	60,000,000	600,000	60,000,000	Issuance of common stock for cash 8,400,000 Issuance of shares for capitalization of earnings 3,600,000	None	None
1979.07	100	860,000	86,000,000	860,000	86,000,000	Issuance of common stock for cash 11,000,000 Issuance of shares for capitalization of earnings 15,000,000	None	None
1980.06	10	12,610,000	126,100,000	12,610,000	126,100,000	Issuance of common stock for cash 10,000,000 Issuance of shares for capitalization of earnings 30,100,000	None	None
1981.07	10	19,545,500	195,455,000	19,545,500	195,455,000	Issuance of shares for capitalization of earnings 69,355,000	None	None
1985.05	10	32,640,985	326,409,850	32,640,985	326,409,850	Issuance of shares for capitalization of earnings 130,954,850	None	Public issuance status in 1985 Official Letter Taiwan-Finance-Securities (I) No. 00682 on May 27, 1985
1986.08	10	43,086,100	430,861,000	43,086,100	430,861,000	Issuance of shares for capitalization of earnings 104,451,150	None	Official Letter Taiwan-Finance-Securities (I) No.00812 on August 6, 1986
1988.09	10	60,000,000	600,000,000	50,000,000	500,000,000	Issuance of shares for capitalization of earnings 69,139,000	None	Official Letter Taiwan-Finance-Securities (I) No. 09055 on September 16, 1988
1990.01	10	60,000,000	600,000,000	60,000,000	600,000,000	Issuance of shares for capitalization of earnings 100,000,000	None	Official Letter Taiwan-Finance-Securities (I) No. 02601 on December 29, 1989
1990.11	10	80,000,000	800,000,000	80,000,000	800,000,000	Issuance of common stock for cash 100,400,000 Issuance of shares for capitalization of earnings 99,600,000	None	Official Letter Taiwan-Finance-Securities (I) No. 35820 on October 17, 1990
1991.08	10	96,000,000	960,000,000	96,000,000	960,000,000	Issuance of shares for capitalization of earnings 96,000,000 Issuance of shares for capitalization of capital surplus 64,000,000	None	Official Letter Taiwan-Finance-Securities (I) No. 01562 on July 17, 1991
1992.08	10	120,000,000	1,200,000,000	113,280,000	1,132,800,000	Issuance of shares for capitalization of earnings 76,800,000 Issuance of shares for capitalization of capital surplus 96,000,000	None	Official Letter Taiwan-Finance-Securities (I) No. 01584 on July 13, 1992
1993.08	10	160,000,000	1,600,000,000	130,000,000	1,300,000,000	Issuance of shares for capitalization of earnings 92,538,000 Issuance of shares for capitalization of capital surplus 74,662,000	None	Official Letter Taiwan-Finance-Securities (I) No. 01700 on July 14, 1993
1995.07	10	162,500,000	1,625,000,000	162,500,000	1,625,000,000	Issuance of shares for capitalization of earnings 280,800,000 Issuance of shares for capitalization of capital surplus 44,200,000	None	Official Letter Taiwan-Finance-Securities (I) No. 37684 on June 27, 1995
1996.07	10	173,875,000	1,738,750,000	173,875,000	1,738,750,000	Issuance of shares for capitalization of earnings 81,250,000 Issuance of shares for capitalization of capital surplus 32,500,000	None	Official Letter Taiwan-Finance-Securities (I) No. 37640 on June 14, 1996

		Authori	zed capital	Paid-	in capital		Remarks	
Year/ month	Issuance price	Shares	Amount	Shares	Amount	Source of share capital	Contribution to share capital with non-cash assets	Others
1997.07	10	198,217,500	1,982,175,000	198,217,500	1,982,175,000	Issuance of shares for capitalization of earnings 208,650,000 Issuance of shares for capitalization of capital surplus 34,775,000	None	Official Letter Taiwan-Finance-Securities (I) No. 48771 on June 24, 1997
1998.07	10	300,000,000	3,000,000,000	229,932,300	2,299,323,000	Issuance of shares for capitalization of earnings 279,486,675 Issuance of shares for capitalization of capital surplus 37,661,325	None	Official Letter Taiwan-Finance-Securities (I) No. 54403 on June 22, 1998
1999.07	10	300,000,000	3,000,000,000	271,320,114	2,713,201,140	Issuance of shares for capitalization of earnings 390,884,910 Issuance of shares for capitalization of capital surplus 22,993,230	None	Official Letter Taiwan-Finance-Securities (I) No. 58268 on June 25, 1999
2000.07	10	320,000,000	3,200,000,000	306,591,728	3,065,917,280	Issuance of shares for capitalization of earnings 339,150,140 Issuance of shares for capitalization of capital surplus 13,566,000	None	Official Letter Taiwan-Finance-Securities (I) No. 55494 on June 27, 2000
2001.07	10	320,388,400	3,203,884,000	320,388,400	3,203,884,000	Issuance of shares for capitalization of earnings 122,636,690 Issuance of shares for capitalization of capital surplus 15,330,030	None	Official Letter Taiwan-Finance-Securities (I) No. 140082 on June 26, 2001
2002.07	10	336,408,000	3,364,080,000	336,408,000	3,364,080,000	Issuance of shares for capitalization of earnings 160,196,000	None	Official Letter Taiwan-Finance-Securities No. 0910134107 on June 24, 2002
2003.07	10	430,000,000	4,30,000,0000	360,000,000	3,600,000,000	Issuance of shares for capitalization of earnings 235,920,000	None	Official Letter Taiwan-Finance-Securities (1) No. 0920129322 on July 2, 2003
2004.07	10	430,000,000	4,300,000,000	396,000,000	3,960,000,000	Issuance of shares for capitalization of earnings 360,000,000	None	Official Letter Securities-Futures (1) No. 0930129968 on July 7, 2004
2005.07	10	450,000,000	4,500,000,000	435,600,000	4,356,000,000	Issuance of shares for capitalization of earnings 396,000,000	None	Official Letter FSC(1) No. 0940126863 on July 5, 2005
2006.06	10	480,000,000	4,800,000,000	459,558,000	4,595,580,000	Issuance of shares for capitalization of earnings 239,580,000	None	Official Letter FSC(1) No. 0950126935 on June 28, 2006
2007.07	10	500,000,000	5,000,000,000	489,500,000	4,895,000,000	Issuance of shares for capitalization of earnings 299,420,000	None	Official Letter FSC (1) No. 0960033561 on July 3, 2007
2008.06	10	530,000,000	5,300,000,000	526,250,000	5,262,500,000	Issuance of shares for capitalization of earnings 367,500,000	None	Official Letter FSC (1) No. 0970031758 on June 26, 2008
2009.07	10	560,000,000	5,600,000,000	552,600,000	5,526,000,000	Issuance of shares for capitalization of earnings 263,500,000	None	Official Letter FSC (1) No. 0980032824 on July 2, 2009
2010.07	10	630,000,000	6,300,000,000	620,600,000	6,206,000,000	Issuance of shares for capitalization of earnings 680,000,000	None	Official Letter FSC (1) No. 0990034001 on July 1, 2010
2011.07	10	700,000,000	7,000,000,000	688,900,000	6,889,000,000	Issuance of shares for capitalization of earnings 683,000,000	None	Official Letter FSC (1) No. 1000030584 on July 1, 2011
2012.07	10	740,000,000	7,400,000,000	733,680,000	7,336,800,000	Issuance of shares for capitalization of earnings 447,800,000	None	Official Letter FSC (1) No. 1010029032 on July 2, 2012
2013.07	10	770,000,000	7,700,000,000	763,030,000	7,630,300,000	Issuance of shares for capitalization of earnings 293,500,000	None	Official Letter FSC (1) No. 1020027562 on July 23, 2013
2014.07	10	820,000,000	8,200,000,000	816,450,000		Issuance of shares for capitalization of earnings 534,420,000	None	Official Letter FSC (1) No. 1030028779 on July 29, 2014
2015.07	10	860,000,000	8,600,000,000	857,280,000	8,572,800,000	Issuance of shares for capitalization of earnings 408,300,000	None	Official Letter FSC (1) No. 1040028293 on July 27, 2015
2016.09	10	880,000,000	8,800,000,000	874,430,000	8,744,300,000	Issuance of shares for capitalization of earnings 171,500,000	None	Official Letter MOEA-Authorization-Business No. 10501227020 on September 22, 2016
2020.09	10	910,000,000	9,100,000,000	909,410,000	9,094,100,000	Issuance of shares for capitalization of earnings 349,800,000	None	Official Letter MOEA-Authorization-Business No. 10901177170 on September 22, 2020

April 2, 2023

Type of	Au	thorized capital				
	No. of shares	No. of shares No. of shares		Remarks		
shares	outstanding (Note)	unissued	Total			
Common	000 410 000 shares	190,590,000	1,100,000,000	Note: The shares are listed without		
share	909,410,000 shares	shares	shares	restrictions on trading.		

(II) Shareholder structure

April 2, 2023

Shareholder structure Number	Government agencies	Financial institutions	Other legal persons	Foreign institutions and foreigners	Individual	Total
Number of shareholders	3	8	122	185	31,219	31,537
Number of shares held	291	54,649,201	76,782,165	60,277,961	717,700,382	909,410,000
Shareholding	0.00	6.01	8.44	6.63	78.92	100

(III) Dispersion of ownership

April 2, 2023

Shareholder bracket	Number of shareholders	Number of shares held	Shares Ratio
1 ~ 999	12,939	2,803,566	0.31%
1,000 ~ 5,000	12,832	27,022,866	2.97%
5,001 ~ 10,000	2,599	18,909,171	2.08%
10,001 ~ 15,000	1,044	12,724,691	1.40%
15,001 ~ 20,000	503	9,074,389	1.00%
20,001 ~ 30,000	551	13,713,210	1.51%
30,001 ~ 40,000	264	9,223,531	1.01%
40,001 ~ 50,000	160	7,305,383	0.80%
50,001 ~ 100,000	293	20,942,498	2.30%
100,001~ 200,000	151	20,211,911	2.22%
200,001 ~ 400,000	89	25,819,971	2.84%
400,001 ~ 600,000	20	9,834,048	1.08%
600,001~ 800,000	11	7,690,209	0.85%
800,001~ 1,000,000	11	9,967,761	1.10%
1,000,001 or above	70	714,166,795	78.53%
Total	31,537	909,410,000	100.00%

(IV) Major shareholders: with 5% or more stakes or top ten shareholders

Shareholdings Name of major shareholder	Number of shares held	Shareholding
	shares held	
Yang, Chi-Jen	91,476,924	10.06
Yang, Ying-Ming	63,718,822	7.01
Yang, Jin-Yi	41,667,360	4.58
Fubon Life Insurance Co., Ltd. representative: Tsai Ming-Hsing	34,613,761	3.81
Yang, Chia-Ling	28,650,065	3.15
Yang, Hsiu-Ya	26,416,551	2.90
Yang, Shu-Yuan	25,149,924	2.77
Yang, Ying-Yuan	25,149,924	2.77
Yang, Su-Ting	23,685,986	2.60
Yang, Ya-Ting	23,421,646	2.58

(V) Market price, net value, earnings and dividends per share and relevant data during the most recent two years

Market Price, Book value, Earnings and Dividends per share

		Year	2021	2022	As of February 28,
Item			2021	2022	2023
Maulant mina		Highest	51.50	38.85	31.85
Market price		Lowest	29.40	29.35	30.05
per share		Average	35.76	32.08	30.99
Net value per	В	efore distribution	20.60	21.31	-
share	I	After distribution	19.60	19.35	-
	W7. 1. 1. 4. 1	1	909,410,000	909,410,000	909,410,000
Earnings per	Weighted average number of shares		shares	shares	shares
share (EPS)	Earnings per	Before adjustment	1.01	0.37	-
	share (EPS)	After adjustment	1.01	0.35	-
		Cash dividends	1.0	0.5	-
Dividends	D 1	Stock dividends via capitalization of earnings	0.0	0.5	-
per share	Bonus shares	Stock dividends via capitalization of capital surplus	-	-	-
	Cumul	ative unpaid dividends	-	-	-
T	Pr	ice earnings ratios	35.41	86.70	-
Return on	P	rice earnings ratio	35.76	64.16	-
investment	Casl	h dividend yield (%)	2.80	1.56	-

(VI) Dividend policy and implementation status

1. Dividend policy:

If there is any retained earnings at the year-end, the Company shall first pay tax and make up for the accumulated deficits, and then set aside 10% of such earnings as a legal reserve, unless the legal reserve has reached the Company's total capital. If necessary, the special reserve shall be set aside or reversed as required by law or by the competent authority.

The Company takes into consideration its business environment and growth stage in its capital requirements and long-term financial planning as well as cash inflows required by shareholders. The Board of Directors will propose, together with the accumulated undistributed earnings from the previous year, to set aside 10% to 80% of the available earnings for distribution. When new shares are issued for dividends, a resolution by the shareholders' meeting shall be required. However, the ratio of new shares to be issued for the earnings distribution may be adjusted by a resolution of the shareholders' meeting, depending on the actual profitability and capital position of the year; of which the cash dividends shall not be less than 10% of the total dividends. The Company authorizes the Board of Directors, with the presence of at least two-thirds of the directors and a resolution by a majority of the directors present, to distribute all or part of the dividends from earnings, legal reserve and capital surplus in the form of cash and report the same to the shareholders' meeting.

2. Percentage of profits to be distributed as remuneration to employees and directors:

The Company shall distribute remuneration to its employees at a rate not exceeding 0.5% of the profit for the year.

The Company shall distribute the directors' remuneration not exceeding 3% of the profit for the year.

Where the Company has accumulated losses as provided in the preceding two paragraphs, an amount to cover the losses shall first be set aside.

Employees' remuneration may be paid in shares or in cash to employees of the Company and to employees of controlled or associated companies who meet certain requirements as determined by the Board of Directors.

The earnings for the year referred to in paragraphs 1 and 2 are the earnings before taxation for the year excluding the remuneration to employees and directors.

The distribution of remuneration to employees and directors shall be resolved by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

3. Proposal to the 2022 general shareholders' meeting the distribution of dividends:

Kenda Rubber Ind. Co., Ltd.

Earnings Distribution Table for the Year 2022

Unit: NT\$

Unappropriated retained earnings at the beginning of the period		\$ 5,335,443,047
Net profit after tax for the period	338,151,295	
The remeasurement of defined benefit plans recognized in retained		
earnings	76,364,250	
Net profit after tax and items excluded from net profit after tax for the		
period to be added into unappropriated earnings of the year		414,515,545
Less: Legal reserve (10%)		414,515,545 (41,451,555)
Less: Reversal of the special reserve (Note)		 1,139,505,034
Distributable net profit for the period		6,848,012,071
Distributable items:		
Cash Dividend for shareholders' bonus (at 0.5 per share)		454,705,000
Stock Dividend for shareholders' bonus (at 0.50010446 per share)		 454,800,000
Unappropriated retained earnings		\$ 5,938,507,071

Note: Reversal of the special reserve is recognized in accordance with article of Financial-Supervisory-Securities-Corporate No.1010012865.

(VII) Impact of the issuance of bonus shares proposed to this shareholders' meeting on the Company's operating performance and earnings per share:

There is no issuance of bonus shares proposed to this shareholders' meeting.

(VIII) Remuneration to employees and directors

- 1. Percentage or scope of remunerations to employees and directors stated in the Articles of Incorporation: Please refer to (VI) for the dividend policy.
- 2. Basis of estimates for remunerations to employees and director for the period, calculation for the number of shares to be distributed as employees' remunerations, and accounting treatment of any discrepancy between the actual distributed amount and the estimated amount: To be recognized as adjustment to profit or losses for the following year.
- 3. Remuneration distribution approved by the Board of Directors
 - (1) Amount of remunerations to employees and directors issued in cash or shares Difference in amounts, reasons and treatment of any discrepancy between estimated amount and recognized expenses for the year:

The special resolution by the Board of Directors in 2022 decided to issue the following:

The percentage of profits to be distributed to employees is 1.23% or NT\$5,937,301 in total; the percentage of profits to be distributed to directors is 1.85% or NT\$8,911,330 in total. All distributions are in cash.

There is no difference between the recognized amount and the amount intended to be distributed.

(2) The amount of employees' remunerations issued with stocks and such amount as a percentage of net incomes in the parent company's or the individual financial report during the period and as a percentage of the total amount of employees' remunerations:

There is no issuance of stock dividends to employees.

4. Actual distribution of remunerations to employees, directors and supervisors during the previous year (including the number of shares issued, the amount, and share prices) and its difference in amounts, reasons, and treatment of any discrepancy from the recognized expenses for remunerations to employees, directors and supervisors.

Item	Amount of resolution of the Board of Directors	Actual distribution	Difference	Reason for the difference	Treatment	
Remuneration to employees	10,192,014	10,192,014	0			
Remuneration to directors and supervisors	15,297,253	15,297,253	0	Not applicable.	Not applicable.	

(IX) Share repurchases: None.

II. Corporate Bonds: None.

III. Preferred Shares: None.

IV. Overseas Depositary Receipts: None.

V. Employee Stock Options Plan (ESOP): None.

VI. New Restricted Shares to Employees: None.

VII. Mergers & Acquisitions: None.

VIII. Implementation of Capital Utilization Plan: None.

Five. Operations

- I. Content of Businesses
 - (I) Scope of businesses
 - 1. Content of businesses
 - (1) C804010 Tyres Manufacturing
 - (2) CD01050 Bicycles and Parts Manufacturing
 - (3) C805070 Reinforced Plastic Products Manufacturing
 - (4) CB01010 Mechanical Equipment Manufacturing
 - (5) F401010 International Trade
 - (6) F114030 Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories
 - (7) F114040 Wholesale of Bicycle and Component Parts Thereof
 - (8) F114050 Wholesale of Tires
 - (9) F214030 Retail Sale of Motor Vehicle Parts and Motorcycle Parts, Accessories
 - (10) F214040 Retail Sale of Bicycle and Component Parts Thereof
 - (11) F214050 Retail Sale of Tires
 - (12) ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Revenue proportion

Content of businesses	Revenue proportion
(1) Manufacturing, processing, wholesale and retail of a variety of rubber and plastic products	81.01 %
(2) Manufacturing, wholesale and retail of a variety of bicycles, motorcycles and components	0 %
(3) Manufacturing, wholesale and retail of a variety of carbon fibers and composite materials	0 %
(4) Manufacturing, wholesale and retail of a variety of carbon fiber products	0 %
(5) Manufacturing, wholesale and retail of a variety of tires and machines	0 %
(6) Imports, exports and trading of the abovementioned products	18.99 %

- 3. The Company's current product portfolios: Inner tubes and cover tires of bicycles, motorbikes, industrial vehicles and light trucks; radial tires.
- 4. New products under development: airless tires; all steel STR trailer tires; tires for electric vehicles.

(II) Industry

1. Current status and development

(1) The bicycle industry in Taiwan posted a 1.61% decrease in shipments in 2022, decrease to 1.954 million units from 1.986 million in 2021. The export value rose by 23.06% in 2022, up to US\$1.617 billion from US\$1.314 billion in 2021. The average selling price increased 25.13% from US\$661.50 in 2021 to US\$827.73 in 2022.

Taiwan's export of electrically assisted bicycles increased 4.96% in 2022 to 1,037,000 units from 988,000 units in 2021. The export value went up by 33.21% in 2022 to US\$1.553 billion from US\$1.315 billion in 2021.

The average selling price rose by 12.49% in 2022 to US\$1,497.48 from US\$1,331.17 in 2021.

- (2) Taiwan produced a total of 1.066 million motorcycles (including all-terrain vehicle and motorbikes) in 2022; decreased by 9.2% from 1.164 million units in 2021. Domestic sales totaled 0.734 million units in 2022; decreased by 9.27% from 0.809 million units in 2021. In 2022 is mainly due to the shortage of chips and the number of vehicles assembled. The effects of inflation lead to the decrease in sales volume in 2021 amd 2022.
- (3) Taiwan produced 261,000 cars in 2022; decreased by 1.6% from 265,000 cars in 2021. Domestic sales reached 226,000 cars in 2022; decreased by 3.5% from 234,000 cars in 2021. The number of new cars sold in 2022 exceeded 400,000 again and reached 429,731 units; decreased by 1.6% from 436,050 in 2021. This was mainly affected by the shortage of chips and the decline in container volume.

2. Upstream, midstream, and downstream of the industry:

The production and sales of automobiles in China in 2022 were 27.021 million vehicles and 26.864 million vehicles respectively, representing growth of 3.4% and 2.1% over the same period last year, of which passenger car production and sales total 23.836 million and 23.563 million, representing growth of 11.2% and 9.5% over the same period last year.

3. Product development trends and competition:

- (1) With the change of the epidemic control policy, the vehicle market will show a steady upward trend in 2023, and is expected to grow about 3%.
- (2) In 2022, the production and sales of new energy vehicles will reach 7.058 million vehicles and 6.887 million vehicles respectively, representing growth of 96.9% and 93.4%, with a market share of 25.6%. New energy vehicle tires have become a place of military and strategic importance for all brands.

- (III) Technology and R&D status
 - 1. From 2022 to February 28, 2023, the Company spent a total of NT\$1,721,655,000 in R&D expenses.
 - 2. Technologies or products successfully developed from 2022 to February 28, 2023:
 - (1) High grip and control compounds development for racing motorcycle tires.
 - (2) Develop a new generation of rubber for slick tire repair business for SCOOTER.
 - (3) Introduce sustainable materials.
 - (4) Develop EV electric vehicle tire tread compound.
 - (5) Develop off-road tire tread compound for hard terrain.
 - (6) The new generation of Belt compound is developed to improve heat resistance, reduce tire flaking, and extend the service life of the tire.
 - (7) Develop LOW VOC adhesive to meet the VOC level requirement in the eco-friendly tires.
 - (8) Develop the new generation of North American all-season tires snow performance tread compound.
 - (9) Develop the new generation of North American UHP AS tread compound.
 - (10) Establish the observation of damage to the inner tire bead of tire products installed/removed tires test method.
 - (11) Establish the impact test method for bicycle tire.
 - (12) Establish the carbon fiber fatigue test method for bicycle tire bead.
 - (13) Establish 50% strain-stress relaxation test method for vulcanized rubber.
 - (14) Establish the calibration procedure for tire bead unseating.
 - (15) Develop UTV multifunctional tires with assembly plants.
 - (16) Develop electric tricycle tire.
 - (17) Develop ral steel wire anti-stab structure for SCOOTER tire.
 - (18) Develop Scooter electric motorcycle tire.
 - (19) Develop all-season SUV tires in European business.
 - (20) Develop drift racing tire.
 - (21) Develop all-terrain and cut-resistance tire in China business.
 - (22) Develop Hookless high pressure road tire.
 - (23) Develop Airolution high air retention inner tube.
 - 3. R&D plan for the following year:
 - (1) Continued breakthrough in the development of high grip and control compounds for racing motorcycle tires.

- (2) Continued to introduce sustainable materials.
- (3) Develop high weathering resistance and ozone resistance of rubber for Skin Wall colored bicycle tire Develop special rubber for electric vehicle tires.
- (4) Develop special rubber for electric vehicle tires.
- (5) Develop Electric UTSs and ATV low rolling resistance rubber.
- (6) Continued development of VTDS (virtual tire development system).
- (7) Development of all steel STR trailer tires.
- (8) Develop ultra-high performance tires for SUV in European business.
- (9) Develop all-terrain and all-season tires for European market. Develop four-wheel off-road racing tires for the North American business.
- (10) Develop 4x4 off-road terrain tire in European business.
- (11) Develop the new generation of summer UHP tire in European business.
- (12) Develop all-season CUV tire in North American business.
- (13) Develop all-terrain and all-season tires with snow label for North American market.
- (14) Develop electric vehicle tire.
- (15) Develop advanced road vehicle tires with silica material.
- (16) Development of analytics technology for smart tires.
- (17) Develop inflatable tire material.
- (18) Develop air suspension localization of Taiwan High Speed Rail.
- (19) Develop light weight, high strength MTB anti-stab and cut-resistance materials.
- (20) Develop Supercargo high-load bicycle.

(IV) Short-term and long-term business development plan

1. Short-term plan:

- (1) Market development for high valued added B/C tires, such as tires for E-bikes, E-Cargo bikes and TLR tires.
- (2) Continued business development for M/C tires in the global OEMs and aftermarkets; business development of tires for large capacity vehicles and MCR (motorcycle radial) tires.
- (3) Development of the SUV tire business.
- (4) Development of the UHP (ultra high performance) tire business.
- (5) Increase of sales of radial tires in the global market.
- (6) Development of the snow tire business.
- (7) Development of the AT (all terrain) tire business.

- (8) Development of the MT (mud terrain) tire business.
- (9) Development of the RT (rugged terrain) tire business.
- (10) Development of the road tire business.
- (11) Development of contracted manufacturing business for PCR (passenger car radial) and LTR (land transport rules) tires.
- (12) Development of the all season tire business.
- (13) Development of the radial tire business in the golf cart market.
- (14) Promotion of of non-pneumatic (NPT) tires tires for golf carts.

2. Long-term plan:

- (1) Development of the MCR (motorcycle radial) tire business.
- (2) Development of the slick tire business (Performance tires for motorcycles and PCR drift tires).
- (3) Development of the TBR (truck and bus radial) tire business.
- (4) Increase in the snow tire product range.
- (5) Higher percentage of sales of radial tires in all market segments.
- (6) Development of the tire business for large agricultural and industrial vehicles.
- (7) Development of the business for high-performance/speed motorcycle tires and cross-road motorcycle tires.
- (8) Continued development of high-performance and high value added B/C tire business in the mid-priced premier segment.
- (9) Development of the ATV (all-terrain vehicle) radial tire business.
- (10) Development of the dual-compound tire business.

II. Market, Production, and Sales Overview

(I) Market analysis

1. Overseas markets:

(1) Markets for the Company's main products:

North America, Europe, Central and South America, Middle East and Africa, Asia, New Zealand and Australia.

(2) Market shares:

According to the 2022 Global Tire Company Rankings, we were the top 26th tire company based on 2021 sales.

- (3) Supply, demand and market growth in the future:
 - (3.1) We will continue to enhance the brand image, **KENDA**, develop high value added products for the market, and strive to increase customers' satisfaction. The

- performance of multiple PCR products launched in recent years received great ratings in the market and are expected to generate strong sales.
- (3.2) We will continue to expand our production capacity in each plant, including car tires, bicycle tires, motorcycle tires, and industrial tires, in order to meet the market demand. In order to compete for the North American market, the second plant in Vietnam has been launched.
- (4) The U.S. imposed anti-dumping and countervailing duty on car and light truck tires exported from Taiwan, Korea, and Thailand. The anti-dumping duty for our Vietnam factory is 0, and the countervailing duty rate is 6.77%. This is lower than the duties on manufacturers in other regions and protective of our competitiveness of products exported to the U.S.

(5) Competitive niches:

(5.1) We proactively participate in and sponsor tradeshows in relation to our products and famous racing teams, racers and competitions around the world such as the following:

Columbus Blue Jacket for NHL (National Hockey League); Cleveland Guardians for MLB (Major League Baseball); New Orleans Pelicans, San Antonio Spurs, Boston Celtics, and Miami Heat for NBA (National Basketball Association); Ohio State University for NCAA (National Collegiate Athletic Association) basketball; NCAA (National Collegiate Athletic Association); Ohio State University for NCCA soccer; female golfers Hsin-Ning Yeh; KENDA TIRES TLPGA Open; BMX - GT Factory BMX Team; CROSS COUNTRY - Kenda - Cannondale Women's Elite Team; KS - Kenda Women's Team; Norco Factory Team World Cup Team (XC); DOWNHILL - INTENSE FACTORY RACING, InCycle DH, KHS Factory Racing, & Hyper Bicycle; UR Polygon Team (UCI-DH Team); ROAD - Rally Pro Cycling & Sho Air/Twenty/20; Chinese Taipei Cycling Team; riders such as Marco Fontana (E-MTB ambassador), Tom Oehler (Red Bull athlete, Trial/MTB), and Clemens Caudela (MTB Freeride); ELITE Fly Team in Taiwan; Unilions for Chinese Professional Baseball League in Taiwan; Formula Drift Japan; TSR & KCC Challenge for motorcyclers in Taiwan. The KENDA brand is well-exposed around the world.

Tradeshows:

Bicycle tradeshows around the world, such as EUROBIKE and TAIPEI CYCLE; auto tradeshows such as SEMA Show in the U.S., MIMS Automechanika Moscow, TIRE COLOGNE and Bologna Motor Show; motorcycle tradeshows such as AIMExpo in the U.S., EICMA in Europe. KENDA booths and services are present at all these tradeshows.

(5.2) Wheel fitment in Europe and the U.S. is an additional distribution channel and

- source of profits.
- (5.3) The gradual reduction of tariffs and the increase of motorcycle sales in the Southeast Asian market have greatly benefited the Company's business expansion in Southeast Asia for factories in Vietnam and Indonesia.
- (5.4) In addition to stepping up sports marketing around the world, we are also significantly increasing advertising spending on billboards, in-store promotion, product presentations, digital marketing and social media so that the KENDA brand continues to increase exposure.
- (5.5) The Company continues with the advertisements on trolleys at Kunming Changshui International Airport and signboards along Shanghai-Nanjing Highway in China.
- (5.6) Expansion of online marketing to quickly boost the brand exposure and shorten the distance with customers.
- (6) Positive and negative factors for development, and responding strategies:
 - (6.1) Positive factors:
 - (a) The automobile market still has a promising future, the supply and demand is still huge, new energy vehicles are emerging, the sales volume continues to rise, and has become a new opportunity for automobile sales. The Company has developed an electric vehicle tire project in the second half of 2021 to undertake the product development.
 - (b) The production and sales of SUV are increasing rapidly, and our off-road and urban SUV product lines are becoming more mature (e.g. KR601, KR605), and the market acceptance is increasing, and the new generation of AT pattern KR608 will be launched in the second quarter of this year.
 - (c) Taiwan's domestic sales volume increased to 1,036,000 units in 2020 due to the replacement of old vehicles, ABS, seventh-period motorcycle subsidies and electric motorcycle subsidies, and declined to 734,000 units in 2022 due to early consumption in 2020, and is estimated to decrease by 50,000 units in 2023 compared to 2022. The impact caused by the inflation is expected to be significant. We estimate that the sales volume of assembly vehicles will continue to decline in 2023, but the repair tire market is expected to grow.
 - (d) The U.S. imposed anti-dumping and countervailing duty on car and light truck tires exported from Taiwan, Korea, and Thailand. The anti-dumping duty for our Vietnam factory is 0, and the countervailing duty rate is 6.77%. This is lower than the duties on manufacturers in other regions and protective of our competitiveness of products exported to the U.S.
 - (e) After years of efforts, Kenda North American Technical Center (KATC), the Company's R&D center in the U.S., has developed multiple competitive PCR

(passenger car radial) tires and LTR (land transport rules) tires and gradually gained traction among U.S. consumers and market shares in North America. Through KATC's continued R&D, marketing and advertising efforts, better sales and services, Kenda expects to soon achieve its 5% market share target in North America for PCR (passenger car radial) tires and LTR (land transport rules) tires.

(6.2) Negative factors and responding strategies:

- (a) Chinese tire manufacturers are rapidly expanding capacities for passenger car tires but the US has taken Section 301 actions against China. This will lead to intensified competition in the low-and-mid-end segments. Therefore, Kenda will develop high value added products, particularly in the SUV, 4x4, UHP (ultra high performance), to be differentiated in tire markets.
- (b) In the last three years, due to COVID-19, the demand of bikes surged. However, after the pandemic, the issues shortage of materials, shipping and others are eased, so the current inventory level of bicycles has reached a new high in the past years. Market demand for bicycle tires and bicycle-related products has shown a precipitous decline in 2022, and it is expected to return to normal operation after the inventory of the customer side is gradually cleared.

2. Domestic market:

(1) Establishment of distribution channels:

With different distributors for motorcycle tires, bicycle tires and passenger car tires, the Company has established a strong distribution network all over Taiwan. Our sales continue growing because we are close to customers and our quality is well recognized.

(2) New product R&D, innovation and launch of high-performance products:

The Company has developed innovative and high-performance bicycle tires, motorcycle tires, ATV (all-terrain vehicle) and passenger car tires. The introduction of slick tires for racing cars and low rolling resistant tires for electric vehicles continues to enhance **KENDA** as a professional brand. We meet customers' needs in both OEMs and aftermarkets.

(3) Establishment of own brand:

We have been engaged in sports marketing and investing in multimedia advertisements around the world, so that **KENDA** is a widely-known global brand.

(4) Development of sports marketing:

By participating in public interest campaigns, fulfilling social responsibility and sponsoring national teams, professional baseball teams, cycling teams, and golfing competitions, we seek to enhance our brand exposure.

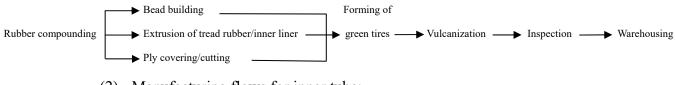
(II) Main utilization and production/manufacturing process of key products

1. Main utilization of key products:

By end market	Bicycle tires	Motorcycle tires	Tires for agricultural and industrial vehicles	Tires for passenger cars and trucks	
	Mountain bike tires	Tires for racing vehicles	Tires for agriculture use	Tires for large trucks	
	Cyclocross bikes	Mountain bikes, cyclocross bikes	Forklift tires	Light trucks	
By vehicle	Racing cars, recreational vehicles	Street bikes	Tires for golf carts	High-speed caravans	
Venicle	Street bikes	Scooters	Tires for beach buggies	Passenger cars	
			Tires for mobility scooters		
			Tires for lawn Mowers		

2. Production/manufacturing process of key products:

(1) Manufacturing flows for cover tires:



(2) Manufacturing flows for inner tube:



(III) Supply of major materials

Product name	Supply status
Natural rubber	Mainly imported from Southeast Asia. Stable supply.
Synthetic rubber	Mainly imported from manufacturers in Asia and Europe and some domestic suppliers Stable supply.
Reclaimed rubber	Mainly imported from China and India. Stable supply.
Butyl rubber	Mainly imported from China and Europe. Stable supply.
Carbon black	Mainly from manufacturers in Taiwan, China and other Asian countries. Stable supply.
Plies	Mainly from manufacturers in Taiwan, China and other Asian countries. Stable supply.
Steel wires	Mainly from manufacturers in China and other Asian countries. Stable supply.

- (IV) List of suppliers/customers accounting for at least 10% of purchases/sales during the past two years, amounts and percentages of total purchases/sales:
 - 1. Supplies accounting for at least 10% of purchases

Unit: NT\$ thousand

	2022				2021				
Item	Name	Amount	As % of total purchases for the year	Relation with the issuer	Name	Amount	As % of total purchases for the year	Relation with the issuer	
1	None	-	1	1	None	-	-	-	
	Net purchases	14,208,264	100		Net purchases	15,194,221	100		

2. Customers accounting for at least 10% of sales

Unit: NT\$ thousand

	2022					2021			
Item	Name Amount As % of Relation with the for the year issuer		Name	Amount As % of total sales for the year Relati		Relation with the issuer			
1	None	1	-	•	None	ı	ı	-	
	Net sales	38,617,881	100		Net sale	34,896,128	100		

Note 1: Please list the suppliers/customers accounting for at least 10% of purchases/sales during the past two years, amounts and percentages of total purchases/sales. However, indications may be made in codes if customers' names cannot be disclosed due to contractual agreements or counterparties are non-related individuals.

Note 2: TWSE/TPEx listed companies should disclose financial data audited or reviewed by independent auditors for the most recent period as of the print date of the annual report.

The Company's Relation with Suppliers, implementation of risk management policies, and risk measurement criteria

As our demand for raw materials grows over time, the assurance of reliable quality and timely supply of procured products is an important element of our supply chain management policy. For all the raw materials, we seek to maintain multiple suppliers with good and reliable quality and healthy operations, in order to avoid stock-outs. We conduct onsite audits on suppliers each year and on an ad-hoc basis, to ensure supply quality, delivery dates and quantities and fulfil corporate social responsibility. The global commodity market has been witnessing grater volatility during recent years. Therefore, the procurement strategy is centered on stability, with purchase in required quantities and control over inventory and cost risks.

The Company always views suppliers as long-standing and reliable partners. Good suppliers are a key support to sales growth. Based on the principles of safety, prices, delivery dates, quality, service, environmental protection and sustainability, the Company carefully selects qualified suppliers and periodically reviews their product quality, delivery and service, as well as continued improvement and emphasis on the environment issues.

The Company is concerned with the economic, environmental and social developments of the whole

supply chain. We strive to enhance the supply chain to meet the international standards and become a force driving the sustainability for the society. We aim to establish a supply chain that cares about the environment, labor rights, safety, health and social responsibility and achieves sustainable development. Supply chain risk management is integral to competitiveness. Therefore, we keep a close eye on risks faced by suppliers. This includes fires and floods due to climate change, earthquakes and certifiable diseases. We maintain at least two and three suppliers in different geographic locations for each material, in order to have the flexibility to respond to operational risks due to international situation changes, extreme climates and significant natural disasters. We proactively increase inventory and look for second suppliers for the materials we rely on single suppliers. We ask suppliers to review operational status and manage the risks associated with geographic distribution of production lines. This is to mitigate the risk of raw materials shortage in the future due to extreme climate or international situation change.

(V) Production volumes and values during the most recent two years

Unit: 1,000 units; NT\$ thousand

					. 1,000	1110 thousand	
Year		2022		2021			
Production volume/value Main products	Daily capacity	Production volume	Production value	Daily capacity	Production volume	Production value	
Bicycle tires	138	39,327	3,259,210	164	52,869	3,593,656	
Motorcycle tires and other bias tires (MIA1)	97	27,757	8,255,656	101	30,194	7,598,599	
Radial tires	26	7,482	7,348,007	27	8,435	6,808,255	
Inner tube	243	69,396	1,805,967	310	99,904	2,099,682	
Others			3,310,888	-		3,642,822	
Total	504	143,962	23,979,728	602	191,402	23,743,014	

(VI) Sale volumes and values during the most recent two years

Unit: 1,000 units; NT\$ thousand

								- +	
Year		20	022		2021				
Sale volume/	Domestic sales		Exports		Domestic sales		Exports		
value Main products	Volume	Value	Volume	Value	Volume	Value	Volume	Value	
Bicycle tires	1,541	279,543	37,295	3,698,640	1,961	301,942	34,575	3,808,724	
Motorcycle tires and other bias tires (MIA1)	1,893	672,707	30,321	14,901,958	1,874	636,028	28,031	14,127,380	
Radial tires	345	322,391	5,652	8,908,752	287	262,256	4,274	6,995,992	
Inner tube	6,552	311,582	56,658	2,187,791	7,630	322,218	64,207	2,518,036	
Others		47,023		7,287,494		51,811		5,871,741	
Total	10,331	1,633,246	129,926	36,984,635	11,752	1,574,255	131,087	33,321,873	

III. Employees

Employees data during the most recent two years and as of the print date of the annual report

Year		2021	2022	As of February 28, 2023
No. of	Office workers	3,433	3,544	4,381
	Operators	8,132	7,365	6,500
employees	Total	11,565	10,909	10,881
Average age		35.6	39.6	37.9
	Average tenure	6.7	7.43	7.58
	Doctoral Degree	3	1	1
Distribution	Master's Degree	89	89	87
of education	Colleges and Universities	2,411	2,251	2,229
backgrounds	Senior High School	3,490	3,496	3,449
	Below Senior High School	5,572	5,072	5,115

IV. Environmental Protection Expenses

- (I) Losses and penalties due to environmental pollution during the most recent two years: None.
- (II) Response to the Restriction of Hazardous Substances (RoHS) Directives in the European Union: N/A.
- (III) Environmental expenses planned for the next three years

Unit: NT\$

Year	Equipment	Volume	Amount
	Collect and handle the waste gas in the sulphurization area of the Yunlin factory	One	NT\$20,000,000
	Environmental protection consumable of cartridge filter dust collector and chemical costs in the Yuanlin factory	One	NT\$800,000
	Pipelines of separate sewerage systems for rainwater and wastewater at the Yunlin factory	One	NT\$300,000
	Improve environmental cooling and ventilation in the sulfide collection area of the Yuanlin factory	One	NT\$3,500,000
2023	Improve collection and treatment equipment to prevent and control VOCs emissions in the Yuanlin factory	One	NT\$5,500,000
	Replacement of dry dust collectors at the Yuanlin factory	One	NT\$1,800,000
	Solid food waste and grease separator for the canteen at the Yuanlin factory	One	NT\$200,000
	Improve storage facilities for wastes and garbage sorting	One	NT\$900,000
	Recycled water piping project	One	NT\$100,000
	Upgrade recycling tank at waste water treatment site	One	NT\$130,000
	Repair and mainten wastwater treament site and upgrade the equipment	One	NT\$300,000

Year	Equipment	Volume	Amount
	Inspect the exhaust emissions of the discharge pipe	One	NT\$200,000
	Inspect the drinking water and wastewater	One	NT\$80,000
	Purchase of chemicals for waste water treatment plant	One	NT\$50,000
	Upgrade recycling tank at waste water treatment site of the	One	NT\$130,000
	Yunlin factory	One	1110,000
	Newly add wet scrubber for banbury mixer dust collector in the Yunlin factory	One	NT\$15,000,000
	Environmental protection consumable of cartridge filter dust collector and chemical costs in the Yuanlin factory	One	NT\$800,000
2024	Upgrade bag type dust collection and pollution control equipment	One	NT\$1,000,000
	Improve storage facilities for wastes and garbage sorting	One	NT\$800,000
	Inspect the exhaust emissions of the discharge pipe	One	NT\$21,000
	Inspect the drinking water and wastewater	One	NT\$32,000
	Recycled water piping project	One	NT\$50,000
	Repair and mainten wastwater treament site and upgrade the equipment	One	NT\$300,000
	Purchase of chemicals for waste water treatment plant	One	NT\$50,000
	Improve activated carbon adsorption tower equipment for tread compound in the Yunlin factory	One	NT\$400,000
	Add bag type dust collection and pollution control equipment	Three	NT\$4,000,000
	Ventilation improvement for the operating environment at factory sites	One	NT\$500,000
2025	Pipelines of separate sewerage systems for rainwater and wastewater at factory sites	Two	NT\$800,000
	Collect and handle the waste gas in the sulphurization area of Yunlin factory	One	NT\$20,000,000
	Set up a new waste storage	One	NT\$4,000,000
	Inspect the exhaust emissions of the discharge pipe	One	NT\$500,000
	Inspect the drinking water and wastewater	One	NT\$30,000
	Purchase of chemicals for waste water treatment plant	One	NT\$50,000

(IV) Environmental safety & health policy:

Green production, safety & health and sustainable operation.

(V) Responding strategies:

The Company has been emphasizing both industrial development and environmental protection since inception. We implement environmental friendly measures in water conservation, energy efficiency, carbon reduction, and resource sustainability, in order to fulfill corporate social responsibility.

Going forward, we will continue to improve the environmental qualify by adhering to the following strategies:

- 1. Careful operation and maintenance of air pollution and water pollution control equipment, and enhancement of emergency response capability for exhaust emissions and wastewater treatment, in order to avoid unusual pollution events.
- 2. Construction of greenhouse gas inventory inspection; maintenance of ISO 50001 energy management system; continued promotion of carbon reduction, product carbon footprint disclosure, and waste reduction to reduce greenhouse gas emissions; better water recycling efficiency to conserve water resources; reduction in wastes from the manufacturing sources, and enhancement of waste recycling and reuse.
- 3. Implementation of the ISO 14001 environmental management system; pollution control and prevention; continued improvement of green production performance so that the manufacturing process is cleaner, more environmental friendly with less environmental impact to achieve corporate sustainability.
- (VI) Systems, measures and implementation of environmental protection, safety and health:

The Company's management of environmental and occupational safety & health was established according to the ISO 14001 and ISO 45001/TOSHMS standards. We became the first tire manufacturer that obtained the ISO 14001 certification in 1998 and the ISO 45001/TOSHM certification in 2009.

The environmental safety and health management system is implemented through a combination of daily management and total production management (TPM) activities. The Company integrates the environmental safety and health management plan with the actual operation in the factories and uses the PDCA (Plan, Do, Check, and Action) cycle in implementations. The environmental and health risks associated with the company's operations are systematically evaluated in order to determine the potential impacts on the environment and employees from the use of the raw materials to the waste output processes. The Company will evaluate, replace and reduce the raw materials, control and mitigate the process pollution and effectively deal with end-of-pipe contamination for items that may cause a significant environmental impact. When it comes to safety and health, risk management is focusing on intrinsic safety of the equipment, safety of chemicals and operations at the starting point, in order to protect the safety and physical and mental health for all employees.

In order to achieve the goal of sustainability, we have established the "Environmental Safety and Health Policy" to continuously improve our environmental safety and health performance, with "Zero Disaster, Zero Pollution" as the ultimate goal for environmental protection and safety and health efforts.

We set annual targets for the environmental health and safety management system and are committed to continuously improving environmental protection and health and safety management to reduce environmental impacts. We strive to prevent pollution and continuously improve the performance in environmental protection and management in health and safety.

V. Labor Relations

- (I) Current and important labor agreements and implementation status
 - 1. Employees' benefits: To boost employees' morale and work efficiency, enhance employee engagement, and establish a stable work environment, the Company established Kenda Employee Benefit Committee in March 1966 to drive many benefit measures and harmonize labor relations. Below is a description of employee benefits:
 - (1) To nurture talents in line with corporate development strategies, we organize multiple training and education curricula and provide a variety of professional competence training each year.
 - (2) Annual health checks for employees each year.
 - (3) Establishment of employee leisure clubs such as in bowling, tennis, table tennis, wellbeing, mountain climbing, and cycling.
 - (4) Bonuses for Labor Day, Dragon Boat Festival, Middle Autumn Festival, and year-end banquet each year.
 - (5) Organized employee travels each year.
 - (6) Scholarships for employees and their children, and subsidies for childcare, weddings, funerals, and hospital stays.
 - (7) Canteens to provide free meals to employees.
 - (8) To reduce employees' commuting troubles and take care of their family, the Company started the flexible working system in January 2019. This is to respect the employees' need to balance between work and family, cultivate a pleasant work environment, boost moral and administrative efficiency.
 - (9) The leave system started in January 2019 to be based on hours, to give employees greater flexibility in attendance and time allocation.

(10) Unpaid parental leaves: The Company offers unpaid parental leaves according to laws. The numbers of applicants for unpaid parental leaves in 2022 and 2021 are as follows:

No. of applicants for unpaid parental leaves	Male	Female	Total
No. of applicants for unpaid parental leaves in 2022	13	22	35
No. of employees expected to return from unpaid parental leaves in 2022 (A)	5	12	17
No. of employees expected and having returned from unpaid leaves in 2022 (B)	4	9	13
Return rate (B/A)	80%	75%	76.47%
No. of applicants for unpaid parental leaves in 2021 and with a tenure of at least one year (C)	0	11	11
No. of applicants for unpaid parental leaves in 2021 and having returned subsequently (D)	0	11	11
Retention ratio (C/D)	-	100.00%	100.00%

- (11) Comprehensive employee insurance coverage: In addition to labor insurance and national health insurance, we started in 2020 to provide group insurance for all employees with comprehensive medical covers such as hospital stays, cancers, critical illnesses, and occupational accidents.
- 2. Continued education: To encourage employees' continued training and enhance employee competencies for the benefit of corporate operation capability, and to ensure the Company's investment in training and education, full-time employees who have been in continuous service for one year may apply for participation in training programs.
- 3. Training: To promote internal training and education activities, enhance the training quality, and effectively boost the competence of employees, the Company has established Training & Education Committee consists of Chairperson and a number of members. All members hold managerial roles of assistant vice presidents or above or supervisors in factory affairs. To ensure effective discrimination of each job function that may affect product quality and clarify the purposes and directions of training activities, committee members should convene meetings at the end of each year to formulate training policies and review annual training plans submitted by different departments. Quarterly meetings should be organized to examine the implementation effectiveness of the previous quarter, so that there is basis for the Company's overall training and education.

The Company's training and education system can be divided into (I) by nature: pre-employment and on-the-job training and education; (II) by venue: onsite and offsite. On-the-job training and education includes orientation for new hires, training & education for different levels and specializations. This comprehensive training and education system aims to enhance the professional knowledge and skills of employees and boost the quality of human resources for the organization by the completion of different training programs. Pre-employment training and education contains: the company introduction; organization; business philosophy; quality policy; environment, safety and health policy; human resource management charter; employee benefits; social groups; industrial safety and health; introduction to the factory environment. Orientation for new hires focuses on: the introduction of business units; daily management rules; document management rules; periodical work lists; management styles; and basic skills for the job descriptions.

Training and education for different levels are the curricula required for different positions. These include: quality control methods (fundamentals and practicals); knowledge about tires and product safety; IT system operation; word processing; briefing techniques; cost management; human resource management; BSC management; 3T basics and practical foundation; management information utilization; marketing overview; planning and implementation of the internal control system; understanding of financial reporting; strategic planning and goal setting; and training course for development of supervisory management skills, etc.

Training and education for different specializations are the training of specialized functions or about government regulations for sales personnel. The curricula include incoming materials inspections; manufacturing process inspections; product appearance inspections; product function inspections; instruments and equipment calibration; measurement system & analysis; audits on internal quality, environment, safety and health; product design and product testing. Special programs are organized for meeting annual targets. For instance, the classes designed for sales department include: psychology of sales promotion and marketing; 360 degree effective communication and coordination; customer development management; business negotiations and psychology of bargaining; product pricing methods and management skills; AEO Certification Course conducted by General Affairs Division. The training programs for production managers and team leaders cover safety, production efficiency, environmental protection, quality, human resources, and leadership.

Our training and education expenses totaled NT\$10,047,214 in 2022. Given a total of 52,875 hours, this translates to 27.7 hour/person. In sum, the enhancement of human capital is one of the important tasks for the Company.

4. Retirement system:

The Company makes pension contributions according to the Labor Standards Act and the Labor Pension Act. The contributions under the new and old systems are 6% and 15%, respectively. Pensions are paid monthly to personal accounts and in lump sums from the dedicated account with Bank of Taiwan.

- (1) Pension contributions according to laws range between 2% to 15% under the old pension system. To protect employees' lives after retirement, the Company contributes at the highest ratio of 15% each month to the account with Bank of Taiwan. The contribution up to December 31, 2022 totaled NT\$465,941,346.
- (2) Contributions under the new pension system is at 6% monthly to personal wage accounts of employees.

Retirement by employees is divided into voluntary retirement and mandatory retirement:

- A. Employees may retire voluntarily in any of the following circumstances:
 - a. In service for 15 years or longer and aged 55 years old.
 - b. In service for 25 years or longer.
 - c. In service for 10 years or longer and aged 60 years old.
- B. The Company may for mandatory retirement in any of the following circumstances:
 - a. Aged 65 years old.
 - b. Incapable of the job due to insanity or physical disability.
 - c. The definitions of insanity or physical disability are based on the disabilities from the first grade to the six grade for labor insurance.
- C. Retirement may be approved by the Company after a continued service and at the age of 70 or higher.

Criteria for pension distributions (for those opt for the old system):

- A. One full year in service is entitled to a two-month pension credit. However, the service over 15 years is granted one pension credit for each year beyond 15 years. The number of pension credits is caped at 45. A service period of less than six months is counted as half a year, a service period of more than six months as one year. The service before the promulgation of the Labor Standards Act is calculated according to Article 9 of the Regulations Governing the Retirement of Factory Workers of Taiwan Province.
- B. If a worker is forced into mandatory retirement according to the second paragraph of Article 54-1 of the Labor Standards Act due to insanity or physical disability caused by performing job duties, an extra 20% is granted on top of the aforesaid pension credit scheme. The basis for the pension credit in the first paragraph is

based on the average monthly wage at the time of approved retirement.

Criteria for pension distributions (for those opt for the new system):

Those who joined before July 1, 2005 may opt for the new system or the old system or choose not to select either initially. Those who opt for the old system or choose not to select initially may decide to change once before June 30, 2010. Failure to submit a request for change is deemed to have opted for the old system (for the calculation of service and pensions). Those who opt for the new system may not change. However, those who joined on or after July 1, 2005 are placed under the new system. As required, the Company contributes each month to the personal accounts of employees under the new system. Employees may also contribute 1%~6% of wages to their personal accounts.

5. Human right protection policy:

The Company has established the human right policy as follows to protect employees and require suppliers to sign a sustainable development statement and to jointly comply with it to protect human rights.

- (1) Diversity inclusion and ensuring equal job opportunity
 - A. Embed respect for economic, social, cultural, civil, and political rights, as well as the right to development, in the way company's operate.
 - B. Shall not discriminate on the basis of race, nationality, religion, gender, age, social class, physical disability, family and marital status, union member, political affiliation, employment, compensation, promotion, training, retirement, termination of employment, etc. There is differential treatment.
 - C. Non-interference in employee beliefs, political inclinations, marriages and rights to follow various customs.
 - D. Protect labor rights of vulnerable groups or marginalized groups such as indigenous peoples, women, migrant workers, contracted labor and persons with disabilities.
 - E. Eliminate unlawful discrimination and ensure equality in the workplace.
 - F. Full wages, with pay stubs indicating legitimate deductions.
- (2) Forbid forced labor and prohib of using child labour
 - A. Implement freedom of employment. No force, coercion, detention, or other illegal means, compel a worker to perform work.
 - B. Employee wages are not withheld as liquidated damages or compensation costs, and employees retain the right to terminate the contract in accordance with the Labor Standards Act.
 - C. Applicants are required to provide age proof documents, and those who are over the age of 15 but under the age of 16 will not be hired.

- (3) Set up a complaint channel to promote harmony between labor and management
 - A. In order to protect the rights of employees, we provide diverse open dialogue channels available, including ways to report anonymously, to help employees resolve issues related to their personal rights or unfair treatment at work, and to ensure that employees' opinions are immediately dealt with, so that making communication without barriers in the entire workplace.
 - B. Create an environment that is willing to communicate and establish an open management model.
- (4) Safe and Healthy Workplace
 - A. Provide a safe and healthy working environment and establish preventive measures to prevent employees from accidents or affecting their health at work.
 - B. Support and assist employees to maintain physical and mental health and work-life balance, and provide a zero-harassment working environment.
- (5) Regularly review and evaluate human rights-related systems and practices
- 6. Protective measures for employees' safety and work environment and implementation status

To protect work safety of all employees, the Company provides a work environment with comprehensive facilities for occupational safety and health. In event of any occupational hazards or accidents, employees will be sent to the hospital and relevant assistance shall be provided according to the procedures in disaster responses. In terms of human rights management, there is no unfair treatment. To avoid physical or mental diseases caused by illegal infringement on the physical or mental status of employees, any improper management by executives is strictly prohibited.

- 7. Labor agreement: There is no labor agreement given the Company's long-standing harmonious relation with workers and a lack of labor disputes.
- (II) Losses incurred due to labor disputes during the most recent year and as of the print date of the annual report; disclosure of the estimated amount up date or possibly in the future and responding measures: None.

VI. Information Security Management

- (I) Describe the information security risk management framework, information security policies, concrete management programs, and investments in resources for information security management.
 - Establish information security risk management framework:
 The Company established the "Network Management Section" in 2019 to coordinate

information security and protection-related policy formulation, implementation, risk management and compliance verification. The Company has a dedicated supervisor and team members to oversee the implementation of company-wide information security operations and the effectiveness of the information security risk management mechanism, and to report regularly to the Board of Directors on the information security management operations related to the overall information security management organization.

2. Information Security Policies:

The Company has an "Information Security Policy" to ensure the confidentiality, availability and integrity of information assets. Through the implementation of the information security policy, we will reduce the company's operational disruption caused by information security risk and minimize the leakage of important company information.

3. Concrete management programs:

The Company's information security mission is to build a strong and effective information security network. We sign maintenance contracts for our important hardware and equipment on a yearly basis in order to reduce the risk of business interruptions and liability for claims, and to become a company with outstanding performance in information security management.

In order to strengthen the information security protection capability, we regularly ask information security providers to perform information security vulnerability scanning every year, and we will improve the high-risk items in the detection results, such as: ask the service provider to update the anti-virus software that is discontinued. Continuously improve the quality of information security protection by implementing improved measures.

We conduct "Information Security Education Training" for all employees every year to raise their awareness and reduce the risk of information security incidents.

The Company has signed maintenance contracts for all important hardware and equipment to reduce the risk and claims caused by business interruption.

4. Resources for information security management

- (1) Regularly perform information security vulnerability scanning with service providers.
- (2) Renew antivirus software and keep it updated.
- (3) Replace the old computers with new ones.
- (4) Enhance security with login password/firewall communication/USB files.
- (5) Conduct "Information Security Education Training" for all employees every year.
- (II) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant information security incidents, the possible

impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

1. Losses suffered from significant information security incidents: No significant information security incidents in 2022.

2. Possible impacts and measures being or to be taken for significant information security incident:

We regularly scan for information security weaknesses and make improvements on high-risk issues with contracted providers; regularly perform computer scanning to prevent malware from entering the company; strengthen network firewalls and network control mechanisms to prevent the occurrence and spread of computer viruses; conduct important file management to reduce the leakage of confidential files; and conduct regular information security education and training to raise employee awareness and reduce information security risks.

(VII) Important Contracts: None.

Six. Financials

- I. Summary Financial Statements During the Most Recent Five Years
 - (I) Names of the Certified Public Accountants and their audit opinions during the most recent five years

<u>Year</u>	Names of independent auditors	Audit opinions
2018	Milton Lin, Chen-Yu Yang	Unqualified opinion
2019	Wang, Yi-Wen, Tseng, Done-Yuin	Unqualified opinion
2020	Wang, Yi-Wen, Tseng, Done-Yuin	Unqualified opinion
2021	Wang, Yi-Wen, Tseng, Done-Yuin	Unqualified opinion
2022	Wang, Yi-Wen, Tseng, Done-Yuin	Unqualified opinion

(II) Summary balance sheet

Summary consolidated balance sheet— International Financial ReportingStandards (IFRS)

Unit: NT\$ thousand

	Year Financial data during the past five years						Financial data as
Item		2018	2019	2020	2021	2022	of March 31, 2023 for the current year
Current asset		23,622,678	23,140,356	22,572,473	25,419,703	24,773,667	·
Property, Plant and	Equipment	14,065,181	14,246,939	14,543,978	14,732,010	16,334,327	
Intangible asset		64,825	74,095	60,826	47,951	53,607	
Other assets		2,396,794	4,558,395	5,212,762	6,136,410	5,438,548	
Total assets	_	40,149,478	42,019,785	42,390,039	46,336,074	46,600,149	
Current liability	Before distribution	10,092,227	8,473,776	10,038,519	11,942,039	11,234,252	
Current natinity	After distribution	10,076,478	8,446,166	10,010,538	11,916,550	ı	
Non-current liabilit	<u>ies</u>	11,041,151	14,763,241	13,241,793	15,656,247	15,983,501	
Total liabilities	Before distribution	21,133,378	23,237,017	23,280,312	27,598,286	27,217,753	
Total habilities	After distribution	21,117,629	23,209,407	23,252,331	27,572,797	-	
Equity attributable the parent	to shareholders of	1	1	-	-	-	No relevant information.
Share capital		8,744,300	8,744,300	9,094,100	9,094,100	9,094,100	
Additional paid-	in capital	41	41	41	41	41	
Retained	Before distribution	11,240,693	11,368,463	11,616,570	11,614,624	11,119,729	
earnings	After distribution	11,224,944	11,340,853	11,588,589	11,589,135	-	
Other equities		(968,955)	(1,330,054)	(1,601,002)	(1,970,995)	(831,490)	
Treasury shares		-	-	-	-	-	
non-controlling interest		21	18	18	18	16	
Total equity	Before distribution	19,016,100	18,782,768	19,109,727	18,737,788	19,382,396	
	After distribution	19,000,351	18,755,158	19,081,746	18,712,299	-	

Note1: Data of 2022 is based on 2022 audited financial statements.

Note2: As of the publication date of the annual report, there was no audited financial statements for the first quarter of 2023.

Summary individual balance sheet— International Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

	Year	Financial data during the past five years				s
Item		2018	2019	2020	2021	2022
Current asset		3,208,256	3,764,394	3,779,578	3,751,188	4,204,119
Property, Plant and	l Equipment	4,252,214	4,191,659	4,031,537	3,907,199	3,906,865
Intangible asset		10,767	10,469	4,969	4,802	7,629
Other assets		25,914,305	25,484,608	25,853,715	26,424,409	26,215,206
Total assets		33,385,542	33,451,130	33,669,799	34,087,598	34,333,819
G	Before distribution	5,260,536	2,428,051	2,982,470	2,870,448	2,825,323
Current liability	After distribution	5,244,787	2,400,441	2,954,489	2,844,959	-
non-current liabilit	ies	9,108,927	12,240,329	11,577,620	12,479,380	12,126,116
T . 11' 1''''	Before distribution	14,369,463	14,668,380	14,560,090	15,349,828	14,951,439
Total liabilities	After distribution	14,353,714	14,640,770	14,532,109	15,324,339	
Equity attributable	to shareholders of the	19,016,079	18,782,750	19,109,709	18,737,770	19,382,380
Share capital		8,744,300	8,744,300	9,094,100	9,094,100	9,094,100
Additional paid-	in capital	41	41	41	41	41
Retained	Before distribution	11,240,693	11,368,463	11,616,570	11,614,624	11,119,729
earnings	After distribution	11,224,944	11,340,853	11,588,589	11,589,135	_
Other equities		(968,955)	(1,330,054)	(1,601,002)	(1,970,995)	(831,490)
Treasury shares		-	-	_	-	_
non-controlling interest		-	-	-	-	_
Total aguity	Before distribution	19,016,079	18,782,750	19,109,709	18,737,770	19,382,380
Total equity	After distribution	19,000,330	18,755,140	19,081,728	18,712,281	_

Note: Data of 2022 is based on 2022 audited financial statements.

(III) Summary income statement

Summary consolidated income statement— International Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

Year						Financial data as of
]	Financial data during the past five years				
Item	2018	2019	2020	2021	2022	March 31, 2023 for the current year
Operating income	31,526,206	32,127,436	30,260,185	34,896,128	38,617,881	
Gross profit	5,654,629	6,556,753	7,349,973	7,149,782	5,670,447	
Operating profit (loss)	570,145	1,254,531	1,535,939	1,741,027	230,553	
Non-operating income and expense	591,149	112,447	(244,476)	(57,927)	480,703	
Profit before tax	1,161,294	1,366,978	1,291,463	1,683,100	711,256	
Income from continuing operation	711,798	1,013,559	972,225	917,933	338,151	
Loss from discontinued operations	(22,636)	0	0	0	0	
Net profit	689,162	1,013,559	972,225	917,933	338,151	
Other comprehensive income recognized for the period Profit after tax	228	(372,461)	(295,494)	(380,462)	1,215,867	No relevant
Total comprehensive income in the current period	689,390	641,098	676,731	537,471	1,554,018	information.
Net profit attributable to shareholders of the parent	689,167	1,013,562	972,225	917,933	338,151	
Net profit attributable to non-controlling interest	(5)	(3)	0	0	0	
Total comprehensive income attributable to shareholders of the parent	689,395	641,101	676,731	537,471	1,554,020	
Total comprehensive income attributable to non-controlling interest	(5)	(3)	0	0	(2)	
Earnings per share (EPS)	0.79	1.16	1.07	1.01	0.37	

Note 1: Data of 2022 is based on 2022 audited financial statements.

Note 2: As of the publication date of the annual report, there was no audited financial statements for the first quarter of 2023.

Summary individual income statement sheet— International Financial Reporting Standards (IFRS)

Unit: NT\$ thousand

				Ullit. IN I	\$ thousand		
Year	Financial data during the past five years						
Item	2018	2019	2020	2021	2022		
Operating income	5,800,894	5,947,113	5,946,286	5,998,964	6,167,875		
Gross profit	1,460,115	1,559,328	1,929,863	1,502,523	1,508,522		
Operating profit (loss)	252,404	386,582	744,618	351,808	264,967		
Non-operating income and expense	547,873	694,546	430,759	1,030,468	202,967		
Profit before tax	800,277	1,081,128	1,175,377	1,382,276	467,934		
Income from continuing operation	689,167	1,013,562	972,225	917,933	338,151		
Loss from discontinued operations	-	-	-	-			
Net profit	689,167	1,013,562	972,225	917,933	338,151		
Other comprehensive income recognized							
for the period	228	(372,461)	(295,494)	(380,462)	1,215,869		
Profit after tax							
Total comprehensive income in the current	689,395	641,101	676,731	537,471	1,554,020		
period	089,393	041,101	0/0,/31	337,471	1,334,020		
Net profit attributable to shareholders of	689,167	1,013,562	972,225	917,933	338,151		
the parent	009,107	1,015,302	912,223	917,933	330,131		
Net profit attributable to non-controlling							
interest	-	-		-	,-		
Total comprehensive income attributable to	689,395	641,101	676,731	537,471	1,554,020		
shareholders of the parent	009,393	041,101	070,731	337,471	1,334,020		
Total comprehensive income attributable to							
non-controlling interest	_	-		-	-		
Earnings per share (EPS)	0.79	1.16	1.07	1.01	0.37		

Note: Data of 2022 is based on 2022 audited financial statements.

II. Financial Analysis for the Most Recent Five Years

Analysis of consolidated financials— International Financial Reporting Standards (IFRS)

Item	Financial analysis for the most recent five years				As of March 31,		
		2018	2019	2020	2021	2022	2023
Financial	Ratio of Liabilities to Assets	52.64	55.30	54.92	59.56	58.41	
structure (%)	Ratio of long-term capital to property, plant and equipment	204.01	223.52	212.83	220.97	204.48	
G 1	Current ratio	234.07	273.08	224.86	212.86	220.52	
Solvency (%)	Quick ratio	154.83	173.44	144.18	102.79	108.27	
(70)	Interest coverage ratio	6.02	5.85	7.31	10.64	2.95	
	Accounts receivable turnover (times)	7.73	8.38	7.74	8.47	9.08	
	Days sales outstanding	47.22	43.56	47.16	43.09	40.19	
	Inventory turnover (times)	3.48	3.30	2.93	2.74	2.65	
Operating efficiency	Accounts payable turnover (times)	5.56	5.83	5.23	5.31	6.51	
	Days inventory outstanding	104.89	110.61	124.57	133.21	137.73	No relevant
	Property, Plant and Equipment Turnover (times)	2.24	2.26	2.08	2.37	2.36	information.
	Total asset turnover (times)	0.79	0.76	0.71	0.75	0.83	
	Return on assets (%)	2.16	3.02	2.69	2.38	1.35	
	Return on equity (%)	3.61	5.36	5.13	4.85	1.77	
Profitability	Profit before tax to paid-in capital ratio (%)	13.28	15.63	14.20	18.51	7.82	
	Net margin (%)	2.19	3.15	3.21	2.63	0.88	
	Earnings per share (NT\$)	0.79	1.16	1.07	1.01	0.37	
	Operating cash flow ratio (%)	20.56	16.28	27.78	-9.56	13.02	
Cash flow	Cash flow adequacy ratio (%)	97.87	80.86	73.71	26.00	44.18	
	Cash re-investment ratio (%)	2.48	1.13	5.53	-4.37	1.11	
T	Operating leverage	8.01	4.52	4.43	3.7	22.22	
Leverage	Financial leverage	1.63	1.29	1.15	1.11	-1.73	

Note 1: Data of 2022 is based on 2022 audited financial statements.

Note 2: As of the publication date of the annual report, there was no audited financial statements for the first quarter of 2023.

Analysis on +/- change by at least 20%:

- 1. Increased interest coverage ratio due to decreased profit before income tax and increased interest expense.
- 2. Increased accounts payable turnover ratio due to increased operating costs.
- 3. Decreased return on assets due to decreased net income for the current year.
- 4. Decreased return on equity due to decreased net income for the current year.
- 5. Decreased profit before income tax to paid-in capital ratio due to decreased profit before income tax.
- 6. Decreased net profit margin due to decreased profit after income tax.
- 7. Decreased earnings per share due to decreased profit after income tax.
- 8. Increased operating cash flow ratio due to increased operating cash flow and decreased current liability.
- 9. Increased cash flow adequacy ratio due to increased operating cash flow in past five years and decreased

inventory in past five years.

- 10. Increased cash re-investment ratio due to increased operating cash flow.
- 11. Increased operating leverage due to decreased operating income.
- 12. Decreased financial Leverage due to decreased operating income and increased interest expense.

Analysis of individual financials-

International Financial Reporting Standards (IFRS)

Item	Financial analysis for the most recent five years					
nem		2018	2019	2020	2021	2022
Financial	Ratio of Liabilities to Assets	43.04	43.85	43.24	45.03	43.55
structure (%)	Ratio of long-term capital to <u>property,</u> plant and equipment	642.21	723.29	749.18	778.09	793.73
	Current ratio	60.99	155.04	126.73	130.68	148.80
Solvency (%)	Quick ratio	46.12	121.63	97.71	91.53	118.10
	Interest coverage ratio	6.46	8.61	10.70	13.42	4.02
	Accounts receivable turnover (times)	4.06	3.35	3.12	3.69	3.32
	Days sales outstanding	90	109	117	99	110
	Inventory turnover (times)	5.51	5.43	4.86	4.59	4.75
Operating	Accounts payable turnover (times)	5.47	5.70	4.94	5.04	5.52
efficiency	Days inventory outstanding	66	67	75	80	77
	Property, Plant and Equipment Turnover (times)	1.48	1.41	1.45	1.51	1.58
	Total asset turnover (times)	0.17	0.18	0.18	0.18	0.18
	Return on assets (%)	2.31	3.37	3.19	2.97	1.35
	Return on equity (%)	3.61	5.36	5.13	4.85	1.77
Profitability	Profit before tax to paid-in capital ratio (%)	9.15	12.36	12.92	15.20	5.15
	Net margin (%)	11.88	17.04	16.35	15.30	5.48
	Earnings per share (NT\$)	0.79	1.16	1.07	1.01	0.37
	Operating cash flow ratio (%)	14.47	39.50	100.34	7.20	53.52
Cash flow	Cash flow adequacy ratio (%)	46.45	52.67	90.67	97.34	125.27
	Cash re-investment ratio (%)	-0.95	0.26	8.41	-2.18	1.81
I arrama ca	Operating leverage	4.4	3.64	2.39	4.04	5.42
Leverage	Financial leverage	2.22	1.58	1.19	1.46	2.41

Note: Data of 2022 is based on 2022 audited financial statements.

Analysis on +/- change by at least 20%:

- 1. Increased quick ratio due to decreased inventory.
- 2. Increased interest coverage ratio due to decreased profit before income tax and increased interest expense.
- 3. Decreased return on assets due to decreased net income for the current year.
- 4. Decreased return on equity due to decreased net income for the current year.
- 5. Decreased profit before income tax to paid-in capital ratio due to decreased profit before income tax.
- 6. Decreased net profit margin due to decreased profit after income tax.
- 7. Decreased earnings per share due to decreased profit after income tax.
- 8. Increased cash flow ratio due to increased operating cash flow.
- 9. Increased cash flow adequacy ratio due to decreased capital expenditure in past five years and decreased cash dividend distribution in past five years.
- 10. Increased cash re-investment ratio due to increased operating cash flow.
- 11. Increased operating leverage due to decreased operating income.

12.Decreased financial Leverage due to decreased operating income and increased interest expense.

Calculation equations based on IFRS items:

- 1. Financial structure
- (1) Liabilities to assets ratio = total liabilities / total assets
- (2) Ratio of long-term capital to property, plant and equipment = (Equity+non-current <u>liabilities</u> / Net property, plant and equipment
- 2. Solvency
 - (1) Current ratio = current assets / current liabilities
- (2) Quick ratio = (current assets inventory prepaid expenses)/ current liabilities
- (3) Interest coverage ratio = earnings before interest and taxes / interest expenses
- 3. Operating efficiency
 - (1) Accounts receivable turnover (including accounts receivable and notes receivable due to operating activities)

 = net sales / average accounts receivable (including accounts receivable and notes receivable due to operating activities)
 - (2) Days sales outstanding=365 / Accounts receivable turnover
 - (3) Inventory turnover = cost of goods sold / average inventory
- (4) Accounts payable turnover (including accounts payable and notes payable due to operating activities) = cost of goods sold / average accounts payable (including accounts payable and notes payable due to operating activities)
- (5) Days inventory outstanding 365 / inventory turnover
- (6) <u>Property, plant and equipment turnover</u> = net sales / net average <u>property, plant and equipment</u>
- (7) Total asset turnover = net sales / average total assets
- 4. Profitability
 - (1) Return on assets = (net income + interest expense \times (1 tax rate)) / average total assets
 - (2) Return on equity = net income / average total equity
 - (3) Net margin = net income / net sales
 - (4) Earnings per share = (net profit attributable to shareholders of the parent preferred share dividends) / weighted average number of issued shares (Note 1)
- 5. Cash flows
- (1) Operating cash flow ratio = Net cash flow from operating activities / current liabilities
- (2) Cash flow adequacy ratio = Net cash flows from operating activities during the past five years /(capital expenditure + increase in inventory + cash dividends) during the past five years
- (3) Cash re-investment ratio = (Net cash flows from operating activities—cash dividends)/(Gross <u>property</u>, <u>plant and equipment</u> + long-term investment + other <u>non-current</u> assets + working capital) (Note 2)
- 6. Leverage
- (1) Operating leverage = (net sales variable costs and expenses) / operating profits (Note 3)
- (2) Financial leverage = operating profits / (operating profits interest expenses)

Note 1: The above calculation of earnings per share is based on the following:

- 1. It is based on the number of weighted average ordinary shares, not the number of issued shares at year end.
- 2. Rights issues or treasury share transactions should be taken into account according to the outstanding period in the calculation of the number of weighted average shares.
- 3. Capitalization of earnings or capital surplus via share issuance should be retrospectively adjusted pro rata for earnings per share of prior years and half years, without taking into consideration the issuance periods.

- 4. If preferred shares are cumulative and not convertible, dividends for the current year (whether issued or not) should be deducted from net incomes or added to net losses. If preferred shares are non-cumulative, dividends to preferred shares should be deducted from net incomes but no adjustment is required for net losses.
- Note 2: The cash flow analysis should take into account the following issues:
 - 1. Net cash flows from operating activities refer to the net cash inflows from operating activities in the statement of cash flows.
 - 2. Capital expenditures refer to the cash outflows each year on capex.
 - 3. The increase in inventory is only calculated when the ending balance is greater than the opening balance. If the inventory is reduced at year end, it is counted as zero.
 - 4. Cash dividends include cash dividends to ordinary shares and to preferred shares.
 - 5. Gross <u>property</u>, <u>plant and equipment refers</u> to the total value of <u>property</u>, <u>plant and equipment</u> before accumulated depreciation.
- Note 3: The issuer should divide all operating costs and expenses by nature into fixed and variable. Any estimates or subjective judgement should be reasonable and consistent.
- Note 4: The ratios in relation to paid-in capital for foreign companies shall be calculated with net value.

III. Review Reports by Audit Committee on Financial Statements for the Most Recent Years

Audit Committee's Audit Report

The Board of Directors has prepared and submitted the Company's 2022 annual business report,

financial statements and profit distribution proposal. The financial statements have been audited and

attested by CPA Wang, Yi-Wen and CPA Tseng, Tung-Yun from Deloitte Taiwan. An Independent's audit

report has been issued. The above-mentioned business report, financial statements and proposal for earnings

distribution have been audited by the Audit Committee and found to be in order; therefore, we hereby report

the above in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the

Company Act for your review.

To

The 2023 Regular Shareholders Meeting

Kenda Rubber Ind. Co., Ltd.

Convener of the Audit Committee: Hsieh, Chun-Mou

March 10, 2023

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

YANG CHI JEN

March 13, 2023

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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.

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

	2022		2021	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS	e (007 721	12	e 5.052.792	12
Cash and cash equivalents (Note 6) Financial assets at fair value through profit or loss - current	\$ 6,007,721 1,319	13	\$ 5,952,782 1,832	13
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) Other current assets	1,626,218 616,148	4 1	1,952,874 405,940	4 1
Other current assets	010,148		403,940	
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 4	749,812	2 4
Other financial assets - non-current (Note 10) Other non-current assets (Notes 10 and 12)	1,931,157 652,806	2	2,019,698 1,265,125	3
Other hon-current assets (Notes to and 12)	032,800		1,203,123	
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 1,612,531	3	96,400 1,812,902	4
Other payables (Note 23) 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	<u>_100</u>	<u>\$ 46,336,074</u>	<u>_100</u>

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

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	<u>15</u>	7,149,782	
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	<u> </u>	10,645	
Total operating expenses	5,439,594	14	5,406,907	<u>15</u>
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	<u> </u>	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)	<u>(2</u>)
NET PROFIT FOR THE YEAR	338,151	1	917,933 (Con	$\frac{3}{\text{ntinued}}$

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	%	1	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 16 and 20) Items that will not be reclassified subsequently to profit or loss:						
Remeasurement of defined benefit plans Unrealized gain (loss) on investments in equity instruments at fair value through other	\$	95,656	-	\$	(13,023)	-
comprehensive income Income tax related to items that will not be		33,036	-		(92,452)	-
reclassified subsequently to profit or loss Items that may be reclassified subsequently to profit or loss:		(19,292)	-		2,554	-
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	<u>\$</u>	1,554,018	4	<u>\$</u>	537,471	2
NET INCOME (LOSS) ATTRIBUTABLE TO: Shareholders of the Company Non-controlling interests	\$	338,151	1 	\$	917,933	3
	\$	338,151	1	<u>\$</u>	917,933	3
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:						
Shareholders of the Company Non-controlling interests	\$	1,554,020 (<u>2</u>)	4 	\$	537,471	2
	\$	1,554,018	4	<u>\$</u>	537,471	2
EARNINGS PER SHARE (Note 21) Basic Diluted		\$ 0.37 \$ 0.37			\$ 1.01 \$ 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)

				A supplied to the supplied to			Other Equity	Equity			
				Retai	Retained Earnings (Note 17)	te 17)	Exchange Differences on Translation of the Financial Statements of	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other			
	Share Capital (Note 17)	Capital Surplus (Note 17)	l	Legal Reserve	Special Reserve	Unappropriated Earnings	Foreign Operations	Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 9,094,100	S	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 Special reserve Cash dividends to shareholders - NT\$1.00 per share	1 1 1		1 1 1	94,768	270,948	(94,768) (270,948) (909,410)			- - (909,410)	1 1 1	- - (909,410)
Net profit for the year ended December 31, 2021	•		ı	1	•	917,933		1	917,933	•	917,933
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax			1		1	(10,469)	(277,541)	(92,452)	(380,462)	1	(380,462)
Total comprehensive income (loss) for the year ended December 31, 2021	1		1		1	907,464	(277,541)	(92,452)	537,471	1	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 Special reserve Cash dividends to shareholders - NT\$1.00 per share			1 1 1	90,746	369,993	(90,746) (369,993) (909,410)			- - (909,410)	1 1 1	- (909,410)
Net profit for the year ended December 31, 2022	•		ı	1	1	338,151		ı	338,151	,	338,151
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax			η		•	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			П		1	414,515	1,106,469	33,036	1,554,020	(2)	1,554,018
BALANCE AT DECEMBER 31, 2022	\$ 9,094,100	S	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.

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	 (625.747)
Cash generated from (used in) operations Interest received		2,001,482 139,309	(625,747) 108,063
Dividends received		49,620	73,736
Interest paid		(332,347)	(184,864)
Income tax paid		(395,908)	(512,462)
niconic tax paid	_	(393,908)	 (312,402)
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
			(Continued)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Payments for intangible assets	\$ (15,027)	\$ (10,682)
Decrease (increase) in other financial assets	349,969	(952,162)
Increase in prepayments for equipment	(604,587)	(1,457,148)
merene in propul meme for equipment	(001,007)	(1,107,1110)
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 s	tatements.	(Concluded)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(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" Amendments to IAS 12 "Deferred Tax related to Assets and	January 1, 2023 (Note 2) January 1, 2023 (Note 3)
Liabilities arising from a Single Transaction"	

- 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 -	January 1, 2023
Comparative Information"	•
Amendments to IAS 1 "Classification of Liabilities as Current or	January 1, 2024
Non-current"	
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.

1. 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 Checking accounts and demand deposits Cash equivalents (time deposits with original maturities of 3 months	\$	6,904 5,690,473	\$	5,922 4,746,742
or less)		310,344		1,200,118
	\$	6,007,721	\$	<u>5,952,782</u>

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 Foreign unlisted shares	\$ 400,744 	\$ 391,896 <u>87,738</u>	
	<u>\$ 521,443</u>	<u>\$ 479,634</u>	

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	<u>\$ 198,265</u>	<u>\$ 281,596</u>	
Trade receivable			
At amortized cost Gross carrying amount Less: Allowance for impairment loss	\$ 3,793,908 (80,296)	\$ 3,774,424 (94,106)	
	<u>\$ 3,713,612</u>	\$ 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.

<u>December 31, 2022</u>

	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 Loss allowance (Lifetime	\$ 3,447,681	\$ 353,354	\$ 66,368	\$ 22,182	\$ 5,340	\$ 36,932	\$ 60,316	\$ 3,992,173
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	<u>\$ 19,862</u>	\$ 3,845	\$ 24,044	\$ 2,090	\$ 3,911,877
December 31, 20	021							
	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 Loss allowance (Lifetime	\$ 3,656,084	\$ 211,416	\$ 51,393	\$ 5,672	\$ 29,654	\$ 46,506	\$ 55,295	\$ 4,056,020
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	<u>\$ 80,296</u>	<u>\$ 94,106</u>	

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		
	<u>\$ 12,330</u>	<u>\$ 12,564,442</u>		

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

			Proportion o	-	
			Decem	ber 31	
Investor	Investee	Nature of Activities	2022	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. (KT)	Manufacturing and selling of various types of tires	86.36	86.36	-
	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 Additions Disposals Reclassification Effects of foreign currency exchange differences	\$ 2,553,547 - - - 17,053	\$ 7,290,758 76,190 (322,895) 51,366	\$ 17,895,065 357,048 (186,486) 1,414,358 888,223	\$ 2,174,697 59,560 (20,951) 69,992 83,282	\$ 167,013 785,144 (288,716)	\$ 30,081,080 1,277,942 (530,332) 1,247,000 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	<u>\$ 2,370,000</u>	<u>\$ 7,421,510</u>	<u>\$_20,308,208</u>	<u>\$ 2,300,380</u>	<u>5 0/4,233</u>	\$ 33,400,933
Balance at January 1, 2022 Depreciation expense Disposals Effects of foreign currency exchange differences	\$ - - -	\$ 2,961,706 218,345 (322,805) 99,311	\$ 10,834,118 1,245,258 (139,444) 422,670	\$ 1,553,246 159,755 (16,900) 51,436	\$ - - -	\$ 15,349,070 1,623,358 (479,239) 573,417
Balance at December 31, 2022	\$ -	\$ 2,956,55 <u>7</u>	\$ 12,362,602	\$ 1,747,447	\$ -	\$ 17,066,60 <u>6</u>
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	<u>\$ 2,570,600</u>	<u>\$ 4,464,753</u>	<u>\$ 8,005,606</u>	<u>\$ 619,133</u>	<u>\$ 674,235</u>	<u>\$ 16,334,327</u>
Cost						
Balance at January 1, 2021 Additions Disposals Reclassification Effects of foreign currency exchange differences	\$ 2,497,949 66,245 - - (10,647)	\$ 6,972,437 18,666 413,981 (114,326)	\$ 17,083,005 362,014 (576,296) 1,261,536 (235,194)	\$ 2,098,379 47,181 (44,160) 100,698	\$ 451,391 197,427 (474,567) (7,238)	\$ 29,103,161 691,533 (620,456) 1,301,648 (394,806)
Balance at December 31, 2021	\$ 2,553,547	\$ 7,290,758	\$ 17,895,065	\$ 2,174,697	<u>\$ 167,013</u>	\$ 30,081,080
Accumulated depreciation and impairment						
Balance at January 1, 2021 Depreciation expense Disposals Effects of foreign currency	\$ - - -	\$ 2,765,649 225,852	\$ 10,346,567 1,028,633 (441,216)	\$ 1,446,967 162,825 (36,281)	\$ - - -	\$ 14,559,183 1,417,310 (477,497)
exchange differences	<u>-</u>	(29,795)	(99,866)	(20,265)	<u> </u>	(149,926)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 2,961,706</u>	<u>\$ 10,834,118</u>	\$ 1,553,246	<u>\$</u>	<u>\$ 15,349,070</u>
Carrying amount at January 1, 2021	<u>\$ 2,497,949</u>	<u>\$ 4,206,788</u>	<u>\$ 6,736,438</u>	<u>\$ 651,412</u>	<u>\$ 451,391</u>	<u>\$ 14,543,978</u>
Carrying amount at December 31, 2021	<u>\$ 2,553,547</u>	<u>\$ 4,329,052</u>	\$ 7,060,947	<u>\$ 621,451</u>	<u>\$ 167,013</u>	<u>\$ 14,732,010</u>

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

	Decem	ber 31
	2022	2021
Carrying amount		
Land Buildings Machinery and equipment Other equipment	\$ 1,421,851 316,859 19,867 	\$ 1,327,454 169,935 24,571 15,174 \$ 1,537,134
		ded December 31 2021
Additions to right-of-use assets	<u>\$ 296,282</u>	<u>\$ 173,210</u>
Depreciation charge for right-of-use assets Land Buildings Machinery and equipment Other equipment	\$ 69,260 85,330 43,616 6,683 \$ 204,889	\$ 28,085 71,147 11,101 9,178 \$ 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 Non-current	\$ 164,466 \$ 515,201	\$ 96,400 \$ 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 Expenses relating to low-value asset leases Total cash outflow for leases	\$ 84,737 \$ 102 \$ 199,051	\$ 68,135 \$ 114 \$ 179,728

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

	December 31	
	2022	2021
Lease commitments	<u>\$ 847,431</u>	<u>\$ 655,801</u>

14. INVESTMENT PROPERTIES

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

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 NT\$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 Secured borrowings (Note 25) (1)	\$ 4,337,200 253,073	\$ 3,658,472 88,483
	<u>\$ 4,590,273</u>	<u>\$ 3,746,955</u>
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	<u>\$ 14,018,511</u>	<u>\$ 13,816,068</u>
Range of interest rates Maturity date	0.00%-5.75% 2023-2027 Years	0.00%-2.00% 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 Fair value of plan assets	\$ 551,838 (469,188)	\$ 639,195 (433,975)
Net defined benefit liabilities	<u>\$ 82,650</u>	\$ 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 Service cost	\$ 648,243	<u>\$ (403,452)</u>	<u>\$ 244,791</u>
Current service cost	5,988	_	5,988
Net interest expense (income)	1,901	(1,218)	683
Recognized in profit or loss	7,889	$\frac{(1,218)}{(1,218)}$	6,671
Remeasurement		(1,210)	
Return on plan assets (excluding amounts			
included in net interest)	_	(6,155)	(6,155)
Actuarial loss - changes in demographic		(0,100)	(0,100)
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	2		2
assumptions	9	-	9
Actuarial loss - changes in financial	(50.005)		(50.005)
assumptions	(50,005)	-	(50,005)
Actuarial loss - experience adjustments	<u>(12,896)</u>	(22.5(0)	(12,896)
Recognized in other comprehensive income	(62,892)	(33,568)	<u>(96,460)</u>
Contributions from the employer	(22.225)	(32,244)	(32,244)
Benefits paid	(32,225)	32,225	-
Liabilities extinguished on settlement	(1,434)	1,434	
Balance at December 31, 2022	<u>\$ 551,838</u>	<u>\$ (469,188</u>)	<u>\$ 82,650</u>

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	<u>\$ (10,980)</u>	<u>\$ (14,316)</u>
0.25% decrease	<u>\$ 11,339</u>	\$ 14,819
Expected rates of salary increase		
0.25% increase	<u>\$ 11,227</u>	<u>\$ 14,518</u>
0.25% decrease	<u>\$ (10,926)</u>	<u>\$ (14,103</u>)

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	<u>\$ 30,551</u>	<u>\$ 31,596</u>
Average duration of the defined benefit obligation	8 years	9 years

17. EQUITY

a. Ordinary shares

	December 31	
	2022	2021
Shares authorized (in thousands of shares)	<u>1,100,000</u>	910,000
Shares authorized, par value \$10 (in thousands of dollars) Shares issued and fully paid (in thousands of shares)	\$\frac{11,000,000}{909,410}	\$ 9,100,000 909,410
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 Pe	r 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, Dividends	
	2022	Share (NT\$)
Legal reserve	\$ 41,452	
Reversal of special reserve	(1,139,505)	
Cash dividends	454,705	\$0.5
Share dividends	454,800	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	
	<u>\$ 38,617,881</u>	\$ 34,896,128	
Contract balances			
	Decen	aber 31	
	2022	2021	
Refund liabilities - current	<u>\$ 74,958</u>	<u>\$ 80,941</u>	

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

b.

a. Other income

	For the Year Ended December 31		
	2022	2021	
Dividends income Others	\$ 66,517 	\$ 73,736 173,418	
	\$ 222,189	\$ 247,154	

b. Other gains and losses

		For the Year End 2022	ded December 31 2021
	Net foreign exchange gains (losses) Net gain on disposal of property, plant and equipment Net (loss) gain on financial assets and financial liabilities	\$ 481,082 644	\$ (239,887) 15,069
	classified as at FVTPL Others	(513) (25,420)	859 (15,487)
		<u>\$ (455,793)</u>	<u>\$ (239,446)</u>
c.	Financial costs		
		For the Year End 2022	ded December 31 2021
	Interest on bank loans Interest on lease liabilities Less: Amounts included in the cost of qualifying assets	\$ 364,119 9,522 (969)	\$ 174,670 12,810 (359)
		<u>\$ 372,672</u>	<u>\$ 187,121</u>
d.	Depreciation and amortization		
		For the Year End	ded December 31
		2022	2021
	Property, plant and equipment Right-of-use assets Investment properties Intangible assets	\$ 1,623,358 204,889 1,153 13,744	\$ 1,417,310 119,511 1,694 23,617
		<u>\$ 1,843,144</u>	\$ 1,562,132
	An analysis of depreciation by function Operating costs Operating expenses	\$ 1,435,057 <u>394,343</u>	\$ 1,170,902 <u>367,613</u>
		<u>\$ 1,829,400</u>	<u>\$ 1,538,515</u>
	An analysis of amortization by function Operating costs Operating expenses	\$ 4,103 9,641	\$ 5,348 18,269
		<u>\$ 13,744</u>	\$ 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	
1	333,669	300,701	
Termination benefits	300	1,848	
Other employee benefits	221,684	223,275	
Total employee benefits expense	<u>\$ 6,502,496</u>	<u>\$ 6,235,692</u>	
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	
	<u>\$ 6,502,496</u>	\$ 6,235,692	

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	<u>\$ 5,937</u>	1.23%	<u>\$ 10,192</u>	0.72%	
Remuneration of directors	<u>\$ 8,911</u>	1.85%	<u>\$ 15,297</u>	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	<u>-</u>	394,724	
	(127,713)	360,318	
Income tax expense recognized in profit	<u>\$ 373,105</u>	<u>\$ 765,167</u>	

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	<u>\$ 711,256</u>	\$ 1,683,100		
Income tax expense calculated at the statutory rate Nondeductible expenses in determining taxable income Tax-exempt income Investment tax credits Adjustments for prior years' tax Temporary difference Tax incentives associated with repatriation Others	\$ 183,555 25,961 (9,922) (16,045) 116,188 68,129	\$ 587,187 (208,277) (4,854) (15,698) 371,654 - 45,361 (10,206)		
Income tax expense recognized in profit or loss	<u>\$ 373,105</u>	<u>\$ 765,167</u>		

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31		
	2022	2021	
<u>Deferred tax</u>			
Remeasurement of defined benefit plans Translation of the financial statements of foreign operations	\$ 19,292 276,617	\$ 2,554 69,385	
Total income tax recognized in other comprehensive income	<u>\$ 295,909</u>	\$ 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 Loss carryforwards Property, plant and equipment Unrealized loss on inventory Unrealized gains on intercompany sales Defined benefit obligations Others	\$ 398,539 89,087 50,706 47,468 10,157 33,310 120,545	\$ - (74,867) 6,484 (14,089) 4,557 50,163	\$ (276,617) - - - (19,292) 	\$ - 7,436 757 3,183 - 12,153	\$ 121,922 21,656 57,947 36,562 14,714 14,018 182,861 \$ 449,680
D. C 14 11 1 114	<u>\$ 749,812</u>	<u>\$ (27,752)</u>	<u>\$ (295,909)</u>	<u>\$ 23,529</u>	<u>\$ 449,080</u>
Deferred tax liabilities					
Reserve for land value increment tax Deferred depreciation expense Share of profit of associates Others	\$ 208,226 117,363 372,061 44,907 \$ 742,557	\$ - 35,986 (200,620) 9,169 \$(155,465)	\$ - - - - \$ -	\$ - 13,957 - 1,725 \$ 15,682	\$ 208,226 167,306 171,441
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 Loss carryforwards Property, plant and equipment Unrealized loss on inventory	\$ 329,154 98,306 42,357 31,871	\$ - (6,512) 8,586 16,324	\$ 69,385 - -	\$ - (2,770) (237) (727)	\$ 398,539 89,087 50,706 47,468 (Continued)

Unucolized coins on	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	- (1.50.4)	33,310
Others	49,393	<u>72,656</u>		<u>(1,504</u>)	120,545
	<u>\$ 613,084</u>	<u>\$ 69,964</u>	<u>\$ 71,939</u>	<u>\$ (5,175)</u>	<u>\$ 749,812</u>
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
	<u>\$ 316,927</u>	\$ 430,282	<u>\$</u>	<u>\$ (4,652)</u>	\$ 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 Decembe		
	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	<u>\$ 338,151</u>	<u>\$ 917,933</u>	

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	<u> 265</u>	<u>393</u>	
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

	L	evel 1	Leve	el 2	Leve	13	1	Total
Financial assets at FVTPL								
Domestic listed shares	<u>\$</u>	1,319	\$		\$	<u> </u>	\$	1,319
Financial assets at FVTOCI								
Investments in equity instruments Domestic and foreign unlisted								
shares	\$	<u> </u>	\$		\$ 521	<u>,443</u>	\$ 5	<u>521,443</u>

December 31, 2021

E' '1 (EVED)	L	evel 1	Lev	el 2	Lev	el 3	7	Total
Financial assets at FVTPL								
Domestic listed shares	\$	1,832	\$		\$		<u>\$</u>	1,832
Financial assets at FVTOCI								
Investments in equity instruments Domestic and foreign unlisted								
shares	\$		\$	<u> </u>	\$ 475	9,634	\$ 4	179,634

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

	For the Year Ended December		
	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	ψ .,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,	ψ 0,0,119	
FVTOCI)	33,036	(92,452)	
Return of capital	-	(3,410)	
Effects of exchange rate difference	<u>8,773</u>	(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				
Financial assets	2022	2021			
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			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
	<u>\$ 11,207,321</u>	\$ 14,531,969	\$ 286,899

December 31, 2021

	On Demand o Less than 1 Year	r 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
	<u>\$ 11,652,658</u>	<u>\$ 14,085,998</u>	<u>\$ 258,686</u>

b) Financing facilities

	December 31		
	2022	2021	
Unsecured bank overdraft facilities, reviewed annually Amount used Amount unused	\$ - -	\$ 99,624 	
	<u>\$</u>	\$ 99,624	
Secured bank overdraft facilities: Amount used Amount unused	\$ 6,546 	\$ 7,452 4,648 \$ 12,100	
	<u>\$ 0,340</u>	<u>\$ 12,100</u>	
Unsecured bank borrowing facilities Amount used Amount unused	\$ 18,640,567 14,119,467	\$ 17,664,455 9,163,354	
	<u>\$ 32,760,034</u>	\$ 26,827,809	
Secured bank loan facilities which may be extended by mutual agreement:			
Amount used Amount unused	\$ 1,697,343 2,294,661	\$ 1,426,573 392,797	
	\$ 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 End	ded December 31
	Line Item	Related Party Category	2022	2021
	Sales of goods	Other related parties	<u>\$ 17,331</u>	<u>\$ 16,262</u>
c.	Purchases			
			For the Year End	ded December 31
	Related Party Category		2022	2021
	Other related parties		\$ 176,967	\$ 249,399
	Associates		<u>126,975</u>	215,456

\$ 303,942

\$ 464,855

d. Receivables from related parties

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

e. Payables to related parties

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

f. Others

		For the Year En	ded December 31	
Line Item	Related Party Category	2022	2021	
Manufacturing expense Operating expense Operating expense	Other related parties Other related parties Associates	\$ 17,116 1,961	\$ 19,281 1,850 689	
		\$ 19,077	<u>\$ 21,820</u>	

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.

			For the Year Ended December 31		
	Related Party Category/Name		2022		2021
Lease expens	<u>se</u>				
Other related	parties				
ADH		\$	15,838	\$	10,386
Y&C			9,586		9,015
Others			3,050		1,412
		<u>\$</u>	28,474	<u>\$</u>	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.

		For the Year Ended December 31		
	Related Party Category/Name	2022	2021	
	Lease income			
	Other related parties HBC	<u>\$ 2,118</u>	<u>\$ 1,992</u>	
i.	Remuneration of key management personnel			
		For the Year End	ded December 31	
		2022	2021	
	Short-term employee benefits Post-employment benefits	\$ 29,538 106	\$ 29,770 <u>95</u>	
		<u>\$ 29,644</u>	\$ 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	<u>57,127</u>	38,022	
	<u>\$ 246,248</u>	<u>\$ 248,947</u>	

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	<u>\$ 302,612</u>	<u>\$ 536,810</u>	

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, 2022 to August 6, 2023. 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 thousand) and the related overdue interest of US\$789,000 (NT\$23,461 thousand) 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
			<u>\$ 6,067,905</u>
			(Continued)

	Foreign Currency	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items USD USD VND (in million) IDR (in million) GBP	\$ 4,583 3,630 163,448 20,119 1,238	30.71 (USD:NTD) 6.96 (USD:RMB) 0.04 (VND:USD) 0.06 (IDR:USD) 1.13 (GBP:EUR)	\$ 140,724 111,458 212,809 39,696 45,911 \$ 550,598 (Concluded)
<u>December 31, 2021</u>			
	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items USD USD EUR EUR JPY RMB IDR (in million)	\$ 131,837 67,848 5,696 2,873 445,394 9,900 19,669	27.68 (USD:NTD) 6.45 (USD:RMB) 7.64 (EUR:RMB) 1.13 (EUR:USD) 0.06 (JPY:RMB) 4.34 (RMB:NTD) 0.07 (IDR:USD)	\$ 3,648,712 1,877,772 178,549 90,063 107,162 42,973 38,138 \$ 5,983,369
Financial liabilities			
Monetary items USD USD VND (in million) IDR (in million) GBP	8,022 5,601 272,047 27,456 1,330	27.68 (USD:NTD) 6.45 (USD:RMB) 0.04 (VND:USD) 0.07 (IDR:USD) 1.19 (GBP:EUR)	\$ 222,028 155,012 329,993 53,237 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 Segment revenue	\$ 18,014,256 9,455,566	\$ 20,603,625 100,627	\$ - -	\$ - (9,556,193)	\$ 38,617,881
	\$ 27,469,822	\$ 20,704,252	<u>\$</u>	<u>\$ (9,556,193)</u>	\$ 38,617,881
Interest income	\$ 139,822	<u>\$ 13,999</u>	\$ 10,209	<u>\$ (9,551)</u>	<u>\$ 154,479</u>
Finance costs	<u>\$ 251,774</u>	<u>\$ 137,115</u>	<u>\$</u>	<u>\$ (16,217)</u>	<u>\$ 372,672</u>
Depreciation and amortization	<u>\$ 1,538,720</u>	\$ 324,946	<u>\$ 16</u>	<u>\$ (20,538)</u>	\$ 1,843,144
Segment income (excluding share of profit of associates and other operating income and expenses) Other operating income and expenses Share of profit of associates accounted for using the equity	\$ 371,655	<u>\$ 233,592</u>	<u>\$ 20,176</u>	<u>\$ 65,219</u>	\$ 690,642 (300)
method					20,914
Profit before tax					<u>\$ 711,256</u>
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 Segment revenue	\$ 17,890,430 9,130,584	\$ 17,005,698	\$ - -	\$ - (9,253,823)	\$ 34,896,128
	<u>\$ 27,021,014</u>	<u>\$ 17,128,937</u>	<u>\$</u>	\$ (9,253,823)	\$ 34,896,128
Interest income	<u>\$ 109,517</u>	<u>\$ 2,659</u>	\$ 9,099	<u>\$</u>	<u>\$ 121,275</u>
Finance costs	<u>\$ 138,884</u>	<u>\$ 53,556</u>	<u>\$</u>	<u>\$ (5,319)</u>	<u>\$ 187,121</u>
Depreciation and amortization	<u>\$ 1,316,376</u>	<u>\$ 266,278</u>	<u>\$ 18</u>	<u>\$ (20,540)</u>	<u>\$ 1,562,132</u> (Continued)

	Asia	Regions Excluding Asia	Others	Adjustment and Elimination	Total
Segment income (excluding share of profit of associates and other operating income and expenses) Other operating income and	\$ 718,098	<u>\$ 745,607</u>	<u>\$ 53,297</u>	<u>\$ 167,735</u>	\$ 1,684,737
expenses Share of profit of associates accounted for using the equity method					(1,848)
Profit before tax					\$ 1,683,100
Total assets					\$ 46,336,074(Concluded)

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.

		om External omers		
	For the Y	ear Ended	Non-curr	ent Assets
	Decem	ber 31	Decem	iber 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
	<u>\$ 38,617,881</u>	\$ 34,896,128	\$ 20,667,279	<u>\$ 19,533,345</u>

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)

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

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)

		Guaranteed Party	۸						Ratio of					
No.	Endorsement/ Guarantee Provider	Name	Relationship (Note 1)	Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Gua ranteed During the Year	Outstanding Endorsements/ Guarantees at the End of the Year (Note 4)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	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
0	The Company	STARCO Europe A/S	в	\$ 8,115,445	\$ 2,695,948	\$ 2,695,948	\$ 1,263,279	· ·	13.29	\$ 16,230,890	Yes	No	No	
		STARCO GmbH	æ	8,115,445	644,200	614,100	147,906	1	3.03	16,230,890	Yes	No	No	1
		STARCO DML	a	8,115,445	644,200	614,100		1	3.03	(16,230,890	Yes	No	No	
		STARCO Polska Sp.z.o.o.	æ	8,115,445	644,200	614,100	202,131	•	3.03	16,230,890	Yes	No	No	
		STARCO SAS	в	8,115,445	644,200	614,100		•	3.03	(Note 3) 16,230,890	Yes	No	No	
		STARCO GS AG	æ	8,115,445	644,200	614,100	42,741	1	3.03	(Note 3) 16,230,890	Yes	No	No	
		STARCO NV	æ	8,115,445	644,200	614,100	•	•	3.03	16,230,890	Yes	No	No	1
		STARCO GB Ltd.	в	8,115,445	644,200	614,100	•	•	3.03	(Note 3) 16,230,890	Yes	No	No	
		STARCO Baltic OÜ	в	8,115,445	644,200	614,100	1	1	3.03	(Note 3) 16,230,890	Yes	No	°N O	1
		ADI	ø	8,115,445	193,260	184,230	122,820	•	0.91	(Note 3) 16,230,890	Yes	No	No	
		KA	в	8,115,445	483,150	460,575	276,345	1	2.27	(Note 3) 16,230,890	Yes	No	°N O	1
		KV	в	8,115,445	5,524,015	5,004,915	1,729,367	•	24.67	(Note 3) 16,230,890	Yes	No	No	
		KT	в	8,115,445	354,310	337,755	1	1	1.66	(Note 3) 16,230,890	Yes	No	Yes	
		KI	es	8,115,445	2,100,316	2,087,940	1,013,265	1	10.29	(Note 3) 16,230,890 (Note 3)	Yes	No	°Z	
-	КНК	KS	æ	1,159,164	901,672	881,744		1	60.85	1,304,060 (Note 3)	No	No	Yes	
2	KGCI	KS	в	4,079,928	3,606,688	1,763,488	1	1	17.29	8,159,856 (Note 3)	No	No	Yes	
3	STARCO Europe A/S	STARCO GB Ltd.	а	408,631	75,192	74,300		•	18.18	817,262	No	No	No	
		STARCO NV	æ	408,631	190,025	147,900	24,617	ı	36.19	(Note 3) 817,262 (Note 3)	N _o	No	No	1
													3)	(Concluded)

	Note		,		1	
	Endorsement/ Guarantee Given on Behalf of Companies in Mainland	No	No	No	No	
	Andorsements/ Endorsements/ Guarantees Guarantees Given by Given by Parent on Subsidiaries Behalf of Parent	No	No	No	No	
	=	No	No	No	No	
	Aggregate Endorsements/ Guarantee Limit (Note 3)	\$ 817,262	(1NOTE 5) 817,262 (NOTE 2)	(1NOUE 5) 817,262	(Note 3) (Note 3)	
Ratio of	Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	3.25	0.00	18.66	0.00	
_	Amount Endorsed/ Guaranteed by Collateral	- \$	1	1	•	_
	Actual Amount Borrowed	\$ 6,110	1	1	•	
	Outstanding Endorsements/ Guarantees at the End of the Year (Note 4)	13,284	1	76,251	•	
	Maximum Amount E Endorsed/Gua G ranteed tt During the Year	13,284 \$	31,671	76,251	15,835	
	Limits on Maximum Outstanding Endorsements/ Amount Endorsements/ Given Transfer Guarantees at Guarantees at Griven Order Griven Party (Note 2) Column	\$ 408,631 \$	408,631	408,631	408,631	
Ŷ	Relationship (Note 1)	в	æ	ĸ	æ	
Guaranteed Party	Name	STARCO GS AG	Starco Beli Manastir d.o.o	STARCO GmbH	STARCO Polska Sp.z o.o.	
_	Endorsement/ Guarantee Provider	STARCO Europe A/S				
	Š.	3				

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.

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 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 KGCl's net worth.

Limit on endorsements to a single company is 100% of STARCO Europe A/S's net worth. Note 2:

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.

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

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 GB Ltd, STARCO GB Ltd, STARCO DML and STARCO Baltic OÜ. The total amount of the shared endorsement/guarantee is USD 20,000 thousand. Note 5:

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

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

	Note		1	1	1	•	•	ı	1		
	Fair Value (Note 1)		\$ 1,319	336,766	375	1	•	48,217	15,386		120,699
December 31, 2022	Percentage of Ownership %		0.00	10.86	0.08	5.15	2.50	08.9	9.73		13.00
Decembe	Carrying Amount		\$ 1,319	336,766	375	•	•	48,217	15,386		120,699
	Shares/Units		105	7,382	30	41	10	81	2,000		1,703
	Financial Statement Account		Financial assets at FVTPL - current	Equity instruments at FVTOCI - non-current	Equity instruments at FVTOCI - non-current	Equity instruments at FVTOCI - non-current	Equity instruments at FVTOCI - non-current	Equity instruments at FVTOCI - non-current	Equity instruments at FVTOCI - non-current		The chairman of Kenjou Investment Co., Equity instruments at FVTOCI - non-current Ltd. and the chairman of the Company are second-degree relatives
- 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1	Kelationsnip with the Holding Company			The chairman of Kenjou Ind. Co., Ltd. and the chairman of the Company are second-degree relatives	,		,	The chairman of Total Lubricants	Taiwan Ltd. and the chairman of the Company are second-degree relatives		The chairman of Kenjou Investment Co., Ltd. and the chairman of the Company are second-degree relatives
	1 ype and Name of Marketable Securities	Shares and equity	China Development Financial Holding Comparation	Kenjou Ind. Co., Ltd.	Chang Hwa Golf Co., Ltd.	Ou Hua Venture Capital Co., Ltd.	Yu Hua Venture Capital Co., Ltd.	Total Lubricants Taiwan Ltd.	BOMY (BVI) CO., LTD.	Shares and equity	Kenjou Investment Co., Ltd.
	Holding Company Name	The Company								KGI	

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

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)

	n	7 To 10 To 1		[Transaction Details	etails	Abnormal Transaction		Notes/Trade Receivable (Payable)	le yable)	,
Company Name	Kelated Farty	Keiationship	Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Amount	% to Total	Note
The Company		Subsidiary Subsidiary	Sales	\$ 354,359	6.27	In accordance with mutual agreements	Agreed by both parties		\$ 231,960	12.76	
	KV ADI	Subsidiary Indirectly owned subsidiary	Sales Sales	198,706 1,477,434		In accordance with mutual agreements In accordance with mutual agreements	Agreed by both parties Agreed by both parties		173,681 173,681 921,006	9.55	
КС	KA ADI KS	Subsidiary of ultimate parent company Subsidiary of ultimate parent company Subsidiary of ultimate parent company	Sales Sales Sales	169,088 216,880 156,091	2.57 3.29 1 2.37	In accordance with mutual agreements In accordance with mutual agreements In accordance with mutual agreements	Agreed by both parties Agreed by both parties Agreed by both parties		77,072 62,930 32,737	8.75 7.14 3.72	
KV	KA ADI	Subsidiary of ultimate parent company Subsidiary of ultimate parent company	Sales Sales	2,963,872 697,624	40.34 I	In accordance with mutual agreements In accordance with mutual agreements	Agreed by both parties Agreed by both parties		1,254,453	60.31	
KT	KS ADI	Subsidiary of ultimate parent company Subsidiary of ultimate parent company	Sales Sales	954,071 236,596	26.69	In accordance with mutual agreements In accordance with mutual agreements	Agreed by both parties Agreed by both parties		160,450 48,808	29.51 8.98	
O Beli Manastir	STARCO GmbH	Subsidiary of ultimate parent company	Sales	243,152	6.21	In accordance with mutual agreements	Agreed by both parties		47,830	86.6	
.0.0.	STARCO Polska Sp. z o.o	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	1	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	ı	(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 Ending Balance Intrinoced Rate Actions Taken in Subsequent Perriad (Notez 2 and Note 2 an					Tumoscon	Over	Overdue	Amounts Received	A Househoo for
Company KA Subsidiary Subsidiary S 231,960 187,182 177,182 177,182 177 1.46 43,105 3.58 1.77 \$ 30,416 43,105 3.58 1.77 . . . \$ KF Subsidiary of ultimate parent company ADI 622,450 507,653 Note2 1.82 KS Subsidiary of ultimate parent company KS L254,453 507,653 2.60 1.82 671,932 1.82 KS Subsidiary of ultimate parent company KS L60,450 5.48 KSO Burope A/S STARCO Polska Sp.z.o.o. Subsidiary of ultimate parent company 109,861 Note2 	Company Name	Related Party	Relationship	Ending Balance	Rate	Amount	Actions Taken	in Subsequent Period (Note 2)	Impairment Loss
ADI Indirectly owned subsidiary 187,182 3.58 - - - KV Subsidiary 113,681 1.77 84,116 - - KT Subsidiary of ultimate parent company 1,254,453 2.60 671,932 - - ADI Subsidiary of ultimate parent company 160,453 2.60 671,932 - - KS Subsidiary of ultimate parent company 160,450 5.48 - - - RCO Europe A/S STARCO Polska Sp.z.o.o. Subsidiary of ultimate parent company 109,861 Note2 - - -	The Company	KA	Subsidiary	\$ 231,960	1.46	\$ 30,416		\$ 41,234	1
KF Subsidiary Subsidiary 187,182 173,681 1.77 3.58 1.77	•	ADI	Indirectly owned subsidiary	921,006	1.79	43,105	•	161,987	•
KV Subsidiary 173,681 1.77 84,116 - KT Subsidiary of ultimate parent company 622,450 Note2 - - KA Subsidiary of ultimate parent company 1,254,453 2.60 671,932 - 1, KS Subsidiary of ultimate parent company 160,450 5.48 - - - RCO Europe A/S STARCO Polska Sp.z.o.o. Subsidiary of ultimate parent company 109,861 Note2 - - -		KF	Subsidiary	187,182	3.58	1	•	58,909	•
KT Subsidiary of ultimate parent company 622,450 Note2 - - KA Subsidiary of ultimate parent company 1,254,453 2.60 671,932 - ADI Subsidiary of ultimate parent company 160,450 5.48 - - RS Subsidiary of ultimate parent company 160,450 5.48 - - RCO Europe A/S STARCO Polska Sp.z.o.o. Subsidiary of ultimate parent company 109,861 Note2 - -		KV	Subsidiary	173,681	1.77	84,116		90,490	•
KA Subsidiary of ultimate parent company 1,254,453 2.60 671,932 - ADI Subsidiary of ultimate parent company 160,450 5.48 - - KS Subsidiary of ultimate parent company 160,450 5.48 - - ARCO Europe A/S STARCO Polska Sp.z.o.o. Subsidiary of ultimate parent company 109,861 Note2 - -	КС	KT	Subsidiary of ultimate parent company	622,450	Note2	1	,	1	,
KS Subsidiary of ultimate parent company 160,450 5.48 Subsidiary of ultimate parent company 109,861 Note2	KV	KA ADI	Subsidiary of ultimate parent company Subsidiary of ultimate parent company	1,254,453	2.60	671,932		1,189,502	
STARCO Polska Sp.z.o.o. Subsidiary of ultimate parent company 109,861	KT	KS	Subsidiary of ultimate parent company	160,450	5.48	1	,	156,479	1
	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.

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)

				Infe	Intercompany Details (Note 3)	(Note 3)	
No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Financial Statement Account	Amount	Payment Terms	% of Total Sales
							GAGGET TO
0	The Company	ADI	B	Sales revenue	\$ 1,477,434	(Note 4)	3.83
		KA	а	Sales income	354,359	(Note 4)	0.92
		KC	а	Sales revenue	18,025	(Note 4)	0.05
		KC	В	Service revenue	120,616	(Note 4)	0.31
		KF	a	Sales revenue	642,188	(Note 4)	1.66
		KF	В	Service revenue	19,483	(Note 4)	0.05
		KI	a	Sales revenue	89,353	(Note 4)	0.23
		KI	а	Service revenue	53,340	(Note 4)	0.14
		KS	В	Sales revenue	4,158	(Note 4)	0.01
		KS	а	Service revenue	15,579	(Note 4)	0.04
		KT	а	Sales revenue	21,863	(Note 4)	90:0
		KT	а	Service revenue	60,551	(Note 4)	0.16
		KV	а	Sales income	198,706	(Note 4)	0.51
		KV	В	Service revenue	242,190	(Note 4)	0.63
		STARCO Europe A/S	в	Other revenue	4,691	(Note 4)	0.01
		STARCO GB Ltd.	а	Sales revenue	7,878	(Note 4)	0.02
		STARCO Polska Sp. Z.o.o.	а	Sales revenue	10,230	(Note 4)	0.03
		STARCO GmbH	а	Sales revenue	25,154	(Note 4)	0.07
-	KC	The Company	q	Sales revenue	10,298	(Note 4)	0.03
		ADI : ADI	၁	Sales revenue	216,880	(Note 4)	0.56
		KA	၁	Sales revenue	169,088	(Note 4)	0.44
		KI	၁	Sales revenue	11,396	(Note 4)	0.03
		KS	၁	Sales revenue	156,090	(Note 4)	0.40
		KT	၁	Sales revenue	13,802	(Note 4)	0.04
		KV	၁	Sales revenue	619,6	(Note 4)	0.02
		KF	၁	Sales revenue	13,279	(Note 4)	0.03
		STARCO GB Ltd.	၁	Sales revenue	46,425	(Note 4)	0.12
		STARCO GS AG	၁	Sales revenue	12,121	(Note 4)	0.03
		STARCO NV	၁	Sales revenue	73,428	(Note 4)	0.19
		STARCO Polska Sp. Z.o.o.	၁	Sales revenue	83,715	(Note 4)	0.22
		STARCO Baltic OÜ	၁	Sales revenue	7,348	(Note 4)	0.02
		STARCO GmbH	၁	Sales revenue	12,879	(Note 4)	0.03
							(Continued)

Automatic Company Countreparty	(Note 1) 2 KT 3 KI 4 KA 5 KV 7 KS 0 The Company		(2 max) summar fundamentalis	(c mon 2)	
2 KIT ADI 6 Side revenue 5 236.586 KIS KKS C Side revenue 31.549 94.4071 KIS KKS C Side revenue 31.549 94.4071 A KKA SIARO NW C Side revenue 31.549 A KKA KK Side revenue 45.543 KK KK Side revenue 15.349 SAL Side revenue 15.349 SAL Side revenue 15.349 KK KK Side revenue 15.349 <th>2 KT 3 KI 4 KA 5 KV 6 KE 7 KS</th> <th></th> <th>Amount</th> <th>Payment Terms</th> <th>% of Total Sales or Assets</th>	2 KT 3 KI 4 KA 5 KV 6 KE 7 KS		Amount	Payment Terms	% of Total Sales or Assets
A	3 KI 5 KV 6 KE 6 O The Company	Ž		(Note 4)	0.61
National Company National Co	3 KI 6 KE 6 O The Company	ADI		(Note 4)	0.01
A	3 KI 4 KA 5 KV 6 KE 6 The Company		17.04,071	(Note 4)	7.77
No. Company Company	3 KI 4 KA 5 KV 6 KE 6 O The Company	N.	13,332	(Note 4)	0.03
State recenture 15.45	3 KI 5 KV 7 KS 0 The Company	KC	34,719	(Note 4)	0.09
State revenue S4376	3 KI 6 KE 7 KS 0 The Company	KA	13,543	(Note 4)	0.04
State of the company State of the company State of the convenient 15.22 State of the company State of the contant State of the company State of the contant State o	3 KI 4 KA 5 KV 6 KE 0 The Company	STARCO NV	34,876	(Note 4)	0.09
No. State revenue 10,369	3 KI 4 KA 5 KV 6 KE 6 O The Company	STARCO Polska Sp. Z.o.o.	28,272	(Note 4)	0.07
A	3 KI 4 KA 5 KV 6 KE 6 O The Company	STARCO GS AG	10,369	(Note 4)	0.03
March The Company Commission income Sides reconne Sides	3 KI 4 KA 5 KV 7 KS 0 The Company				
KV KV KV Company C Sales revenue 8.1543 KK KC Company C Sales revenue 8.116 KC Company C Sales revenue 15.238 KC C Sales revenue 15.238 KC C Sales revenue 15.248 KC C Sales revenue 16.548 KC C Sales revenue 16.	4 KA 5 KV 7 KS 0 The Company	The Company	8,412	(Note 4)	0.02
A	4 KA 6 KE 7 KS 7 T KS	KV .	35,843	(Note 4)	0.09
4 KA The Company b Commission income 15,328 5 KV ADI The Company c Sales revenue 17,338 5 KV ADI Commission income 15,199 17,338 6 KA ADI Commission income 17,338 17,338 6 KE ADI Commission income 17,338 17,408 6 KE SIA Commission income 17,338 17,408 6 KE SIA Commission income 17,408 14,108 6 KE SIA Commission income 17,408 17,408 5 SIA Commission income 17,408 17,408 17,408 6 KE SIA Commission income 17,408 17,408 17,408 6 KE SIA Commission income 17,408 17,408 17,408 17,408 7 KS KC KC Sales revenue 17,408 17,408 </td <td>4 KA 5 KV 7 KS 7 T KS</td> <td>KS</td> <td>8,116</td> <td>(Note 4)</td> <td>0.02</td>	4 KA 5 KV 7 KS 7 T KS	KS	8,116	(Note 4)	0.02
4 KA Ine Company b Commission income 5,538 5 KV ADI The Company b 5 sales revenue 17,338 6 KE ADI Commission income 17,338 7 KA Chi Annastir do.o. c Sales revenue 14,156 8 STARCO Bell Manastir do.o. c Sales revenue 14,156 9 STARCO Gab.Ld c Sales revenue 14,156 1 KS KC Sales revenue 16,563 2 SAL SAL SAL 3 KA SAL SAL 4 KA SAL SAL	6 KE 7 KS 7 T KS				
5 KV Incompany k State revenue 5,199 5 KV ADI ADI C Sales revenue 17,338 KA KA KA Sales revenue 2,66,372 STARCO Beli Manastird doo. c Sales revenue 14,156 STARCO Gall Ltd. Sales revenue 19,252 STARCO Combil C Sales revenue 19,252 STARCO Combil C Sales revenue 19,252 STARCO Combil C Sales revenue 10,933 KC KC Sales revenue 10,933 KT C Sales revenue 10,933 KT KA Sales revenue 10,933 KT KA	5 KV 7 KS 0 The Company	The Company	15,328	(Note 4)	0.04
5 KV The Company b Sales revenue 17,338 ADI ADI c Sales revenue 2,96,58,37 KA STARCO Bei Manastir d.o.o. c Sales revenue 2,96,58,37 STARCO Bei Manastir d.o.o. c Sales revenue 19,223 STARCO GmbH c Sales revenue 8,561 F STARCO GmbH c Sales revenue 19,223 R KC Sales revenue 19,223 R KC Sales revenue 8,561 R KC Sales revenue 19,833 R KC Sales revenue 19,833 R KT Sales revenue 10,565 R KT Sales revenue 10,938 R KT	5 KV 6 KE 7 KS 7 Description of the Company	KC	5,199	(Note 4)	0.01
ADJ ADJ Company C Sales revenue 677,624	6 KE 7 KS 0 The Company	The Company	17 338	(Note 4)	0.04
Ki	6 KE 7 KS 0 The Company	ADI	697 624	(Note 4)	1.81
KANCO Beli Manasir doo. Constant of the Company Constant of the Constant o	6 KE 7 KS 0 The Company		77.085	(Note 4)	0.10
6 KE Sales revenue 2,343.6 6 KE Sales revenue 14,155 7 KS KC Sales revenue 10,222 7 KS KC Sales revenue 10,833 7 KS KC Sales revenue 10,833 KI C Sales revenue 10,833 KV ADI C Sales revenue 10,833 KA KC Sales revenue 10,833 KA KA ADI ADI 30,944 KA KA A ADI ADI KA KA A ADI ADI	6 KE 7 KS 0 The Company	N.	7 063 673	(100C 4)	7.67
6 KE KE Sales revenue 19,252 7 KS The Company b Service revenue 19,252 7 KS KC Sales revenue 99,617 8 KT KC Service revenue 10,983 10 The Company K Service revenue 10,983 10 The Company KT Service revenue 99,617 10 The Company KT Service revenue 99,617 10 The Company ADI Service revenue 9,617 10 Trade receivable Socrice revenue 4,733 KV ADI Service revenue 5,943 KC Service revenue 2,943 KT ADI Service revenue 2,943 KT ADI ADI Service revenue 2,943 KT KT ADI Service revenue 2,943 KT KT ADI ADI 3,738 KA KA ADI ADI 3,738 KA KA ADI	6 KE 7 KS 0 The Company	SHADOO B-1: Mc	2,903,012	(Ivote 4)	7.07
STARCO GB Ltd. C Sales revenue 19,522	6 KE 7 KS 0 The Company	STAKCO Beli Manastir d.o.o.	14,156	(Note 4)	0.04
6 KE The Company c Sales revenue 8,561 7 KS KC 10,983 10,983 7 KS KI 5,938 10,983 KI KI C Service revenue 10,983 KI KV Service revenue 4,733 KV ADI a Trade receivable 5,446 KC KC Service revenue 5,446 5,446 KC Service revenue 920,945 5,446 5,446 KC ADI a Trade receivable 5,543 KT ADI a Trade receivable 4,594 KA KA a Other receivable 4,594 KA KA a Trade receivable 57,735 KV A A A 115,926 KV A A A A KA A A A A KA A A	6 KE 7 KS 0 The Company	STARCO GB Ltd.	19,252	(Note 4)	0.05
6 KE The Company b Service revenue 99,617 7 KS KC C Service revenue 16,563 KT C Service revenue 10,983 KT C Service revenue 4,733 KV ADI a Trade receivable 5,943 KC ADI a Other receivable 5,943 KT KC a Other receivable 5,943 KT KT a Other receivable 5,943 KT KT a Other receivable 5,043 KA KT a Other receivable 20,097 KA KA a Other receivable 57,755 KV KV a Other receivable 57,755 KV A A Other receivable 4,925 KV A A Other receivable 4,925 STARCO GmbH A A Trade receivable 4,925	6 KE 7 KS 0 The Company	STARCO GmbH	8,561	(Note 4)	0.02
6 KE KE The Company b Service revenue 99,617 7 KS KC Sales revenue 16,563 KI C Service revenue 3,938 KV KV ADI 4,733 KC Service revenue 5,943 KC Service revenue 4,733 KC Service revenue 5,943 KT ADI 1,733 KT ADI 1,733 KT ADI 1,734 KA ADI 1,734 KA ADI 1,734 KA ADI 1,734 KA ADI 1,735 KA ADI 1,734 KA <td>6 KE 7 KS 0 The Company</td> <td></td> <td></td> <td>:</td> <td></td>	6 KE 7 KS 0 The Company			:	
KS KC Sales revenue 16,563 RT c Service revenue 10,983 KV c Service revenue 3,338 KV ADI a Trade receivable 5,446 KC a Trade receivable 5,446 5,446 KT KT a Other receivable 7,900 KT KT a Other receivable 3,6,784 KA KA Other receivable 3,6,784 KA A Trade receivable 3,6,784 KA A A A A,594 KA A A A A A A A A A A A A A B A B A B	The Company	The Company	99,617	(Note 4)	0.26
Marcon M	The Company	J.A.	16 563	(Note A)	7000
The Company XI	The Company	NC	10,303	(Note 4)	0.04
Trace company ADI	The Company	N.	10,963	(Note 4)	0.03
The Company ADI Company	The Company		0,730	(Note 4)	0.01
The Company ADI a Trade receivable 5,446 5,446 5,446 5,446 5,943 7,900 7,900 7,900 7,300 7,300 7,300 7,300 7,300 7,346 7,300 7,346 7,325 7,346 7,325 7,325 7,325 7,325 7,325 7,325 7,325 7,325 7,325 7,325 7,325 7,325 7,325 7,325	The Company		4,733	(1voic 4)	0.01
KC a Trade receivable 5,446 KT a Other receivable 7,900 KT a Other receivable 27,350 KI a Other receivable 4,594 KA a Other receivable 200,978 KA a Other receivable 115,926 KV a Other receivable 57,755 KF a Other receivable 187,182 KF a Other receivable 4,925 STARCO GmbH a Other receivable 4,925		ADI	920 945	(Note 4)	1 98
Trade receivable 7,900	KT KT KT KI KA KA KA KA KA KA KA KA KA KA KA KA KA	- KC	5.446	(Note 4)	0.01
Trade receivable 7,900	KT KT KT KT KA KA KA KA KA KA KA KA KA KA KA KA KA	KC.	5,943	(Note 4)	0.01
A	KT KI KI KY	KT	7,900	(Note 4)	0.02
Trade receivable 36,784	KI KI KA KA KA KV KV KV KV KV	KT	27,350	(Note 4)	0.06
ACO Europe A/S RCO Europe A/S RCO GmbH A Other receivable 200,978 30,982 Trade receivable 30,982 Trade receivable 57,755 a Trade receivable 57,755 a Other receivable 4,925 Rade receivable 8,036	KI KA KA KY KV KV KV KV KF		36,784	(Note 4)	0.08
Trade receivable 200,978 30,982 30,982 30,982 30,982 30,982 30,982 30,982 30,982 30,982 30,982 30,982 30,982 30,045	KA KA KV KV KV KF STARCO I		4,594	(Note 4)	0.01
A	KA KV KV KF STARCO F	KA	200,978	(Note 4)	0.43
Trade receivable 15,926 27,755 a Trade receivable 57,755 a Trade receivable 187,182 a Other receivable 4,925 RCO GmbH a Trade receivable 8,036 B	KV KV KF STARCO F	KA	30.982	(Note 4)	0.07
RCO Europe A/S a Other receivable a Trade receivable a Other receivable a Trade receivable a Trade receivable a Trade receivable a Trade receivable 8,036	KV KF STARCO F		115,926	(Note 4)	0.25
RCO Europe A/S a Trade receivable 187,182 a Other receivable 4,925 a Trade receivable 8,036	KF STARCO I	MX.	57.75	(Note 4)	0.12
RCO Europe A/S a Other receivable 4,925 RCO GmbH a Trade receivable 8,036	STARCO F	TX.	187 182	(Note 4)	0.40
a Trade receivable 8,036		STARCO Filmone A/S	4 925	(Note 4)	0.40
a Trace receivable	COURTS	STANCO Caropo Ale	8 036	(Note 4)	0.00
	CONVIC	STANCO GIRGII	0,000	(+ 210vr)	0.02

;			;		Intercompany Details (Note 3)	(Note 3)	
No. (Note 1)	Investee Company	Counterparty	(Note 2)	Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
-	J _A	Ī.		Trade received a	020 63	(Note A)	0 14
		KA	. ·	Trade receivable	77.072	(Note 4)	0.17
		KT	၁	Other receivable	9,500	(Note 4)	0.02
		KT	၁	Other receivable	612,813	(Note 4)	1.32
		KS	၁	Trade receivable	32,737	(Note 4)	0.07
		KF	p	Trade receivable	5,378	(Note 4)	0.01
		STARCO GB Ltd.	၁	Trade receivable	30,694	(Note 4)	0.07
		STARCO GmbH	၁	Trade receivable	6,039	(Note 4)	0.01
		STARCO NV	၁	Trade receivable	14,509	(Note 4)	0.03
		STARCO Polska Sp. Z.o.o.	၁	Other receivable	10,628	(Note 4)	0.02
C	<u> </u>	ADI	c	Trade receivable	48 808	(Note 4)	0.10
	N.I.	ADI	، د	Tade sectivable	48,808	(Note 4)	0.10
		NA 725	၁	Trade receivable	0/0,/	(Note 4)	0.02
		KS SHADOONII	၁	I rade receivable	160,450	(Note 4)	0.34
		STARCO NV STARCO Polska Sn. 7 o o	0	Trade receivable Trade receivable	9,248	(Note 4)	0.07
		of Arcol 1 disha op. 2.0.0.		11au 1001/4010	00,0	(T 210 L)	10:0
3	KI	KA	3	Trade receivable	3,942	(Note 4)	0.01
		KV	၁	Trade receivable	4,271	(Note 4)	0.01
		7 E	•			4	
4	KA	The Company	q	Trade receivable	21,283	(Note 4)	0.05
٧	KV	The Company	ج	Trade receivable	10.397	(Note 4)	0.02
	44	ADI) J	Trade receivable	507.653	(Note 4)	1.09
		KA	0	Trade receivable	1.254,453	(Note 4)	2.69
		Ĭ ₩	ာ	Trade receivable	52,726	(Note 4)	0.11
		STARCO Beli Manastir d.o.o.	၁	Trade receivable	7,037	(Note 4)	0.02
		STARCO GmbH	၁	Trade receivable	4,044	(Note 4)	0.01
∞	STARCO Europe A/S	KC	В	Commission income	8,799	(Note 4)	0.02
		STARCO GB Ltd.	cs	Sales revenue	833	(Note 4)	0.00
		SIARCONV	es	Sales revenue	1,210	(Note 4)	0.00
		STARCO GmbH	B	Sales revenue	1,146	(Note 4)	0.00
		STARCO Polska Sp.z.o.o.	es .	Sales revenue	606	(Note 4)	0.00
6	STARCO Beli Manastir d.o.o.	STARCO GB Ltd.	၁	Sales revenue	2,680	(Note 4)	0.01
		STARCO GmbH	es	Sales revenue	7,763	(Note 4)	0.02
		STARCO Polska Sp. Z.o.o.	а	Sales revenue	3,509	(Note 4)	0.01
		STARCO GS AG	В	Sales revenue	1,210	(Note 4)	0.00
		STARCO NV	а	Sales revenue	526	(Note 4)	0.00
10	STARCO GmbH	STARCO SAS	၁	Sales revenue	1.409	(Note 4)	0.00
		STARCO NV	၁	Sales revenue	1,537	(Note 4)	0.00
		STARCO Polska Sp. Z.o.o.	၁	Sales revenue	179	(Note 4)	0.00
		STARCO Baltic OÜ	၁	Sales revenue	157	(Note 4)	0.00
							(Continued)

2				Inte	Intercompany Details (Note 3)	(Note 3)	
No. (Note 1)	Investee Company	Counterparty	(Note 2)	Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
11	STARCO NV	STARCO SAS	၁	Sales revenue	\$ 2,333	(Note 4)	0.01
		STARCO Polska Sp. Z.o.o.	ပ	Sales revenue	2,092	(Note 4)	0.01
		STARCO Baltic OÜ	၁	Sales revenue	1,260	(Note 4)	0.00
12	STARCO Polska Sp.z.o.o.	STARCO GmbH	p	Sales revenue	133	(Note 4)	0.00
		STARCO Baltic OÜ	၁	Sales revenue	3,344	(Note 4)	0.01
13	STARCO DML	STARCO GmbH	၁	Sales revenue	357	(Note 4)	0.00
14	STARCO GB Ltd.	STARCO NV	၁	Sales revenue	204	(Note 4)	0.00
∞	STARCO Europe A/S	STARCO Baltic OÜ	၁	Other receivable	6,573	(Note 4)	0.01
	-	STARCO DML Ltd.	ပ	Other receivable	28,890	(Note 4)	90.0
		STARCO GS AG	၁	Other receivable	52,669	(Note 4)	90.0
		STARCO GmbH	၁	Other receivable	55,873	(Note 4)	0.12
		STARCO Bell Manastir d.o.o.	ပ	Trade receivable	10.720	(Note 4)	0.05
		STARCO FOISKA SP. Z.O.O. STARCO GRI 14	ပ	Trade receivable	19,720	(Note 4)	0.04
		STARCO OB EUG.	، د	Trade receivable	77.530	(Note 4)	0.13
			,	וומני וככו מחוכ	066,11	(F 2001)	0.1.
6	STARCO Beli Manastir d.o.o.	STARCO GmbH	၁	Trade receivable	47,830	(Note 4)	0.10
		STARCO GS AG	၁	Trade receivable	2,967	(Note 4)	0.01
		STARCO Polska Sp. Z.o.o.	၁	Trade receivable	17,902	(Note 4)	0.04
		STARCO Europe A/S	၁	Trade receivable	21,665	(Note 4)	0.05
10	STARCO GmbH	STARCO NV	၁	Trade receivable	24,324	(Note 4)	0.05
		STARCO France	၁	Trade receivable	4,822	(Note 4)	0.01
		STARCO Europe A/S	ပ	Trade receivable	44,847 12,621	(Note 4)	0.10
		STANCO DIVIE DIVI.	,	Hade receivable	12,021	(+ a)(N)	6.00
11	STARCO NV	STARCO Polska Sp. Z.o.o.	၁	Trade receivable	28,097	(Note 4)	90.0
		STARCO France STARCO Europe A/S	ပပ	Trade receivable Trade receivable	10,935	(Note 4) (Note 4)	0.02
		Ţ					
12	STARCO Polska Sp. Z.o.o.	STARCO Baltic OÜ	၁	Trade receivable	4,904	(Note 4)	0.01
13	Starco DML	STARCO Europe A/S	၁	Trade receivable	19,743	(Note 4)	0.04
14	STARCO GB Ltd.	STARCO NV	၁	Trade receivable	5,166	(Note 4)	0.01
15	STARCO Baltic OÜ	STARCO Europe A/S	၁	Trade receivable	4,139	(Note 4)	0.01
16	STARCO France	STARCO Europe A/S	o	Trade receivable	24,578	(Note 4)	0.05
							(Continued)

- 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 companyc. 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.

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)

I constitut	Mein During A skiriting		Original Investment Amount	Il Investment Amount	nt Amount	5			As of December 31, 2022	022		Net Income		Share of Profits	
Investee Location Main Business Activities December 34, 2022 December 31, 2021 December 31, 2022 Decem	Main Business Activities		December 31, 2022 Decembe (Note 1) (No	l, 2022 Decembe) (No	Cembe (No	nber 31, . (Note 1)	2021 Shares (In Thousands)		Percentage of Ownership	Carrying Value (Note 1)		(Losses) of the Investee (Note 1		(Losses) of Investee (Note 1)	Note
KA United States Trade and investment USS 9,000 USS	Trade and investment 9,000	000'6 \$SO	000'6	_	SS	9,6	00006	,	100.00	NT\$ 2,16	2,166,657 N	NT\$ 152,723	23 NT\$	\$ 152,723	Note 3
100	Trade and investment HK\$ 100	HK\$ 100	100		K\$	_	100	'	100.00	NT\$ 1,44		NT\$ (85,820)	(20) NT\$		Note 3
0090°C 830°C	US\$ 30,600	US\$ 30,600	30,600		SS	30,600	200								
Vietnam Manufacturing various types of tires US\$ 67,680	Manufacturing various types of tires 67,680	s types of tires 67,680	089'.		SS	67,680	089	•	100.00	NT\$ 8,29	_	NT\$ 129,700	\$LN 00		_
Cayman Islands Investment US\$ 81,753	slands Investment US\$ 81,753	US\$ 81,753	81,753		SS	81,753	753	•	100.00	=	_	a	_	0	Note 3
y Marketing planning EUR 405	Marketing planning EUR 405	EUR 405	405		UR			•	100.00						_
Taiwan Selling various types of tires NT\$ 199,000	Selling various types of tires NT\$ 199,000	of tires NT\$ 199,000	199,000	_	\$L	199,000		006'61	100.00			NT\$ 53,854	_		
Indonesia	Manufacturing various types of tires 52,999	of tires 52,999	52,999		SS	52,999	666	•	66.66	%LN	952,313 N	NT\$ (147,148)	48) NT\$	\$ (147,148	Note 3
ADI United States Manufacturing, distribution and selling of wheels and rims US\$ 20,000 US\$	Manufacturing, distribution and selling of wheels and rims US\$ 20,000	US\$ 20,000	20,000		SS	20,000	000	-	100:00	9 \$SO	64,869 U	US\$ 4,647	74	Note 1	Note 3
KGH Cayman Islands Investment USS 112,050 USS 112,050 USS 12,050 USS 12,050 USS 12,050 USS UCJ	Investment USS 112,050	US\$ 112,050	112,050		SS	=	2,050		100.00	US\$ 34	349,475 U	US\$ (9,227)	(722.0	Note 1	Note 3
CO Eucona A/C Danwork Invocations Invocati	Investment Trib 6.026	2001 dili	6 036				6.036		00 001				(645)	at old	Note 2
Delilian livesquelle EOR	IIIVESIIIEIII	NOG		0,730	4	EUN 0,5	964		100.00				(ct	Lalon	Calou
1. United Kingdom Distribution and selling of various types of tires and rims EUR	ngdom Distribution and selling of various types of tires and rims EUR	EUR		552	\square		552	•	100.00	EUR	_		538	Note 1	Note 3
Germany Distribution and selling of various types of tires and rims EUR 511	Distribution and selling of various types of tires and rims EUR 511	EUR 511	511	_	EL)		511	•	100.00	EUR	_		0/2	Note 1	Note 3
ka Sp.z.o.o. Poland Distribution and selling of various types of tires and rims EUR	Distribution and selling of various types of tires and rims EUR	EUR		30	$\mathbf{\Xi}$		30	•	100.00	EUR			(98)	Note 1	Note 3
Belgium Distribution and selling of various types of tires and rims EUR 2	Distribution and selling of various types of tires and rims EUR	EUR		2,810	Щ	EUR 2,8	2,810	•	100.00	EUR	_		56	Note 1	Note 3
Distribution and selling of various types of tires and rims	Distribution and selling of various types of tires and rims	EUR		355	\square		355	•	100.00	EUR	_	EUR 2	278	Note 1	Note 3
Estonia Distribution and selling of various types of tires and rims EUR 3	Distribution and selling of various types of tires and rims EUR 3	EUR 3	e				3	,	100.00	EUR	_		19	Note 1	Note 3
s of tires and rims EUR 183	Distribution and selling of various types of tires and rims EUR 183	EUR 183	183	_		EUR	183	•	100.00	EUR	_		22	Note 1	Note 3
Croatia Manufacturing of various types of rims EUR 9,614	Manufacturing of various types of rims EUR 9,614	EUR 9,614	9,614	_			9,614	•	100.00	EUR	_		33	Note 1	Note 3
of wheels and rims EUR 1,031	Manufacturing, distribution and selling of wheels and rims EUR 1,031	EUR 1,031	1,031			EUR 1,0	1,031	1	100.00	EUR	_	EUR	77	Note 1	Note 3
STARCO Imovina d.o.o. Croatia Investment EUR 3	Investment		EUR 3	3	Ш	UR	3	•	100.00	EUR	1,666 E		2	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.

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)

							Remittance of Funds	Accumulated	lated						
Investee Company	Main Businesses and Products	Paid-in Capital	apital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2022	r M Outward 2	Inward	Outward Remittance for Investment from Taiwan as of December 31,		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
KS	Manufacturing and selling of various types of tires	\$ 767 (US\$ 25	\$ 767,625 Note 1 (US\$ 25,000)	ote 1	\$ 767,625 (US\$ 25,000)	- (0		\$ 76 (US\$ 2	767,625 25,000)	\$ (115,410)	100.0	\$ (92,974)	\$ 1,559,538	8 8,027,699	Note 10
KC	Manufacturing and selling of various types of tires	2,149,350 (US\$ 70,000)	9,350 N. 0,000,0	2,149,350 Notes 1 and 7 70,000)	2,149,350 (US\$ 70,000)	· ·	,	2,14 (US\$ 7	2,149,350 70,000)	(58,463)	100.0	Note 4	Note 4	•	ı
KT	Manufacturing and selling of various types of tires	6,755,100 (US\$ 220,000)	5,100 N. 0,000)	6,755,100 Notes 1, 2 and 7	478,998 (US\$ 15,600)		1	47 (US\$ 1	478,998 15,600)	(214,280)	100.0	(215,121)	3,539,901	1	Note 10
KGCI	Investment	4,943,505 (US\$ 161,000)	3,505 N. 1,000)	4,943,505 Notes 1 and 2 161,000)	•	,	•		,	(233,648)	100.0	(233,648)	10,099,679		1
Shanghai Bomy Foodstuff Co., Ltd.	Shanghai Bomy Foodstuff Co., Manufacturing and selling of various Ltd. types of foods and drinks	614 (US\$ 20	614,100 Note 1 20,000)	ote 1	61,410 (US\$ 2,000)	· ·	•	\$sn)	61,410 2,000)	1	10.0	•	15,386	ī	1
Ningbo Jingshang Huaxiang Auto Parts Co., Ltd.	Internal and external parts for automobiles	802 (US\$ 26	802,414 Note 1 26,133)	ote 1	52,291 (US\$ 1,703)		•	s (US\$	52,291	1	2.6	•	120,699	121,991	1
STARCO Huanmei	Manufacturing of rims	164 (EUR 5	164,333 Note 1 5,000)	ote 1	Note 9			-	Note 9	62,993	33.0	20,914	117,372	•	Note 9

ccumulated Outward Kemittance 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.

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

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 3:

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 4:

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 eash injection. Note 5:

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.

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

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2022

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

Kenda Rubber Ind. Co., Ltd.

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

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants 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 Financial Statements section of our report. We are independent of the Company 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 financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the 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 Company's financial statements for the year ended December 31, 2022 is stated as follows:

Appropriateness of the Revenue Cutoff

The Company 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 Company'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 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 Company 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

- 1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2022, and are therefore the key audit matters. We describe the matters 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 financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. 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 financial statements shall prevail.

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)	\$ 1,322,375	4	\$ 872,097	3
Financial assets at fair value through profit or loss - current (Note 7)	1,319	-	1,832	-
Notes receivable (Note 9)	16,300	-	23,910	-
Trade receivables from unrelated parties (Note 9)	324,332	1	381,604	1
Trade receivables from related parties (Notes 9 and 24)	1,493,409	4	1,240,009	4
Other receivables (Note 24)	148,846	-	89,331	-
Inventories (Note 10)	856,544	3	1,104,522	3
Other current assets	40,994		37,883	
Total current assets	4,204,119	12	3,751,188	<u>11</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	400,744	1	411,980	1
Investments accounted for using the equity method (Note 11)	24,375,085	71	24,128,820	71
Property, plant and equipment (Notes 12 and 24)	3,906,865	11	3,907,199	11
Right-of-use assets (Notes 13 and 24)	11,822	-	16,889	-
Deferred tax assets (Note 20)	174,808	1	465,259	1
Other financial assets - non-current (Note 14)	1,049,412	3	1,194,935	4
Other non-current assets	210,964	1	211,328	1
Total non-current assets	30,129,700	88	30,336,410	89
TOTAL	<u>\$ 34,333,819</u>	100	<u>\$ 34,087,598</u>	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	\$ 300,000	1	\$ 200,000	1
Contract liabilities - current (Note 18)	38,180	-	137,263	-
Notes payable	284	-	215	-
	350,172	1	477,566	1
Trade payables (Note 24)	,	1		1
Other payables (Note 24)	403,327	1	456,893	
Current tax liabilities (Note 20)	163,467	-	- - 1.41	-
Lease liabilities - current (Notes 13 and 24)	5,141	-	5,141	-
Current portion of long-term borrowings (Note 15)	1,547,700	5	1,575,466	5
Other current liabilities (Note 18)	17,052		17,904	
Total current liabilities	2,825,323	8	2,870,448	8
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 15)	11,627,499	34	11,663,715	34
Deferred tax liabilities (Note 20)	405,549	1	598,608	2
Lease liabilities - non-current (Notes 13 and 24)	6,791	-	11,837	-
Net defined benefit liabilities - non-current (Note 16)	82,650	1	205,220	1
Other non-current liabilities	3,627			
Total non-current liabilities	12,126,116	<u>36</u>	12,479,380	_37
Total liabilities	14,951,439	44	15,349,828	<u>45</u>
EQUITY				
Share capital	9,094,100	26	9,094,100	27
	41	20	41	-
Capital surplus Retained earnings	41	-	41	-
Legal reserve	3,398,776	10	3,308,030	10
				5
Special reserve	1,970,995	5 17	1,601,002	5 19
Unappropriated earnings	5,749,958		6,705,592	
Other equity	(831,490)	<u>(2</u>)	(1,970,995)	<u>(6</u>)
Total equity	19,382,380	56	18,737,770	55
TOTAL	\$ 34,333,819	<u>100</u>	\$ 34,087,598	100

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

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)	\$ 6,167,875	100	\$ 5,998,964	100
COST OF REVENUE (Notes 10, 19 and 24)	4,659,353	<u>76</u>	4,496,441	<u>75</u>
GROSS PROFIT	1,508,522	24	1,502,523	25
REALIZED (UNREALIZED) PROFIT ON INTERCOMPANY REVENUE	(22,784)	_	105,451	2
REALIZED GROSS PROFIT	1,485,738	<u>24</u>	1,607,974	<u>27</u>
OPERATING EXPENSES (Notes 19 and 24) Selling and marketing expenses General and administrative expenses Research and development expenses Expected credit loss (gain) (Note 9)	658,217 180,524 381,175 855	11 3 6	657,135 192,407 406,751 (127)	11 3 7
Total operating expenses	1,220,771		1,256,166	21
INCOME FROM OPERATIONS	264,967	4	351,808	6
NON-OPERATING INCOME AND EXPENSES (Notes 19 and 24)				
Interest income Other income Other gains and losses Finance costs Share of profit of subsidiaries (Note 11)	25,693 121,773 343,417 (154,091) (133,825)	2 6 (3) (2)	10,106 96,008 (63,200) (111,071) 	2 (1) (2) <u>18</u>
Total non-operating income and expenses	202,967	3	1,030,468	<u>17</u>
PROFIT BEFORE INCOME TAX	467,934	7	1,382,276	23
INCOME TAX EXPENSE (Note 20)	129,783	2	464,343	8
NET PROFIT FOR THE YEAR	338,151	5	<u>917,933</u> (Co	15 ntinued)

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	%
OTHER COMPREHENSIVE INCOME (LOSS) Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 16) Unrealized loss on investments in equity instruments at fair value through other	\$ 96,460	1	\$ (12,769)	-
comprehensive income Share of other comprehensive income (loss) of	(11,236)	-	(36,133)	(1)
subsidiaries Income tax related to items that will not be reclassified subsequently to profit or loss	43,468	1	(56,573)	(1)
(Note 20) Items that may be reclassified subsequently to profit	(19,292) 109,400		2,554 (102,921)	<u>-</u> (2)
or loss: Exchange differences on translation of the financial statements of foreign operations Income tax related to items that may be reclassified subsequently to profit or loss	1,383,086	22	(346,926)	(5)
(Note 20)	(276,617) 1,106,469	<u>(4)</u> <u>18</u>	69,385 (277,541)	<u>1</u> (4)
Other comprehensive income (loss) for the year, net of income tax	1,215,869	20	(380,462)	<u>(6</u>)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 1,554,020</u>	<u>25</u>	<u>\$ 537,471</u>	9
EARNINGS PER SHARE (Note 21) Basic Diluted	\$ 0.37 \$ 0.37		\$ 1.01 \$ 1.01	

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

(Concluded)

KENDA RUBBER IND. CO., LTD.

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

	Capital Stock (Note 17)	Share Surplus (Note 17)	Reta Legal Reserve	Retained Earnings (Note 17) Una	e 17) Unappropriated Earnings	Other Equity Un Exchange Valus Differences on on H Translation of Asset the Financial Valua Statements of Foreign Comp	Equity Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2021	\$ 9,094,100	\$	\$ 3,213,262	\$ 1,330,054	\$ 7,073,254	\$ (2,042,247)	\$ 441,245	\$ 19,109,709
Appropriation of 2020 earnings Legal reserve Special reserve Cash dividends to shareholders - NT\$1 per share		1 1 1	94,768	270,948	(94,768) (270,948) (909,410)	1 1 1	1 1 1	- - (909,410)
Net profit for the year ended December 31, 2021	1	ı	•	1	917,933	1	1	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)
Total comprehensive income (loss) for the year ended December 31, 2021			1		907,464	(277,541)	(92,452)	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
Appropriation of 2021 earnings Legal reserve Special reserve Cash dividends to shareholders - NT\$1 per share	1 1 1		90,746	369,993	(90,746) (369,993) (909,410)			- (909,410)
Net profit for the year ended December 31, 2022	1	ı	1	•	338,151	1	1	338,151
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax			1		76,364	1,106,469	33,036	1,215,869
Total comprehensive income (loss) for the year ended December 31, 2022					414,515	1,106,469	33,036	1,554,020
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

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

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	\$	467,934	\$	1,382,276
Adjustments for	Ψ	.07,55	Ψ	1,502,270
Depreciation expense		291,915		299,335
Amortization expense		10,425		14,434
Expected credit loss recognized (reversed) on trade receivables		855		(127)
Net loss (gain) on fair value changes of financial assets at fair value				,
through profit or loss		513		(858)
Finance costs		154,091		111,071
Interest income		(25,693)		(10,106)
Dividend income		(49,609)		(24,270)
Share of profit of subsidiaries		133,825		(1,098,625)
Net gain on disposal of property, plant and equipment		(5,029)		(5,257)
Write-down (reversal of write-down) of inventories		11,383		(7,132)
Unrealized (realized) profit on intercompany revenue		22,784		(105,451)
Net loss (gain) on foreign currency exchange		(11,657)		4,601
Transfer of prepayments for equipment to expenses		8,046		7,664
Changes in operating assets and liabilities				
Notes receivable		7,610		(1,108)
Trade receivables		(183,718)		(405,843)
Other receivables		(63,708)		181,810
Inventories		236,595		(244,490)
Prepayments		8,297		(6,758)
Other current assets		(11,408)		(18,370)
Contract liabilities		(99,083)		112,947
Notes payable		69		(470)
Trade payables		(126,712)		101,174
Other payables		(48,793)		(11,189)
Other current liabilities		(852)		3,482
Net defined benefit liabilities		(26,110)		(52,340)
Cash generated from operations		701,970		226,400
Interest received		29,830		9,688
Dividends received		1,093,857		227,265
Interest paid		(148,844)		(109,632)
Income tax paid	_	(164,833)	_	(147,012)
Net cash generated from operating activities		1,511,980		206,709
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		(124,228)		(54,002)
Proceeds from disposal of property, plant and equipment		32,462		64,042
Decrease (increase) in refundable deposits		-		360
Payments for intangible assets		(13,252)		(9,657)
				(Continued)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

(In Thousands of New Taiwan Dollars)

	2022	2021
Decrease in other financial assets	\$ 145,523	\$ 73,246
Increase in prepayments for equipment	(205,344)	(233,656)
Net cash used in investing activities	(164,839)	(156,257)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	100,000	-
Proceeds from long-term borrowings	11,620,000	8,421,036
Repayments of long-term borrowings	(11,685,466)	(8,072,570)
Proceeds from (repayments of) guarantee deposits received	3,627	(6,007)
Repayment of the principal portion of lease liabilities	(5,046)	(5,006)
Cash dividends	(909,410)	(909,410)
Acquisition of additional interests in subsidiaries	(20,568)	
Net cash used in financing activities	(896,863)	(571,957)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	450,278	(521,505)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	872,097	1,393,602
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,322,375</u>	<u>\$ 872,097</u>
The accompanying notes are an integral part of the financial statements.		(Concluded)

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (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 accompanying financial statements of the Company are presented in the Company's functional currency, the New Taiwan dollar.

2. AUTHORIZATION OF FINANCIAL STATEMENTS

The accompanying financial statements were approved and authorized for issue by the 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 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 FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies" Amendments to IAS 8 "Definition of Accounting Estimates" Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 1) January 1, 2023 (Note 2) 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 will be 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 were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

N. HEDG	Effective Date		
New IFRSs	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 -	January 1, 2023		
Comparative Information"			
Amendments to IAS 1 "Classification of Liabilities as Current or	January 1, 2024		
Non-current"			
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024		

Note 1: Unless stated otherwise, the above New 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 financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of the aforementioned standards and interpretations will have on the Company'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 financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

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 Company 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. 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.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches 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 reporting period; 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

e. 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. 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.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, 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.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each balance sheet date, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

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

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each balance sheet date, the Company 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company 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 Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company 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 Company 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 Company determines the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- 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 Company 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 Company 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 Company 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 Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

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.

k. Revenue recognition

The Company 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 Company 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.

1. Leases

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

1) The Company 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 Company as lessee

The Company 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 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 Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company 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 Company 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 Company 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 Company 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 balance sheets.

m. 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.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company 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 Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company 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.

o. 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 Company's defined benefit plans.

p. Taxation

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

1) Current tax

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 Company 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 Company 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 Company'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 Company 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 flow projections, growth rate, discount rate, profitability, 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			1
	2	2022		2021
Cash on hand Checking accounts and demand deposits	\$ 1,	370 ,322,005	\$	291 816,454
Cash equivalents (time deposits with original maturities of 3 months or less)		-		55,352
	<u>\$ 1,</u>	322,375	\$	872,097

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31		
	2022	2021	
Financial assets at FVTPL - current			
Financial assets mandatorily classified as at FVTPL Non-derivative financial assets Domestic listed shares	<u>\$ 1,319</u>	<u>\$ 1,832</u>	

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31		
	2022	2021	
Non-current			
Investments in equity instruments at FVTOCI Domestic unlisted shares Foreign unlisted shares	\$ 385,358 15,386	\$ 391,896 20,084	
	<u>\$ 400,744</u>	<u>\$ 411,980</u>	

These investments in equity instruments are held for medium- to 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 Company's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	December 31		
	2022	2021	
Notes receivable			
Carrying amount at amortized cost	<u>\$ 16,300</u>	\$ 23,910	
<u>Trade receivables</u>			
At amortized cost Gross carrying amount Less: Allowance for impairment loss	\$ 1,821,748 (4,007)	\$ 1,624,980 (3,367)	
	<u>\$ 1,817,741</u>	\$ 1,621,613	

The credit period of sales of goods is 30 days to 90 days from the date of the invoice. No interest is charged on trade receivable.

The Company 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 Company uses different provision matrixes based on customer segments by geographical region, and determines the expected credit loss rate.

The Company writes off trade receivable when there is information 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 Company 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 Company'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 Loss allowance (Lifetime ECLs)	\$ 1,249,036	\$ 229,546 (29)	\$ 166,538 (8)	\$ 114,773 (6)	\$ 273 (7)	\$ 74,432 (507)	\$ 3,450 (3,450)	\$ 1,838,048 (4,007)
Amortized cost	<u>\$ 1,249,036</u>	<u>\$ 229,517</u>	<u>\$ 166,530</u>	<u>\$ 114,767</u>	<u>\$ 266</u>	<u>\$ 73,925</u>	<u>s -</u>	<u>\$ 1,834,041</u>
<u>December 31, 2021</u>								
	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 Loss allowance (Lifetime ECLs)	\$ 1,212,047 	\$ 199,325 (10)	\$ 128,670 	\$ 76,113	\$ 29,359	\$ 40 (21)	\$ 3,336 (3,336)	\$ 1,648,890 (3,367)
Amortized cost	<u>\$ 1,212,047</u>	\$ 199,315	\$ 128,670	\$ 76,113	\$ 29,359	<u>\$ 19</u>	<u>s</u> -	\$ 1,645,523

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 Add: Net remeasurement of loss allowance Less: Amounts written off	\$ 3,367 876 (236)	\$ 3,534 (147) (20)	
Balance at December 31	<u>\$ 4,007</u>	<u>\$ 3,367</u>	

10. INVENTORIES

		December 31			
		2022		2021	
Finished goods	\$	378,552	\$	456,388	
Raw materials		263,170		346,965	
Work in progress		113,944		119,771	
Supplies		52,145		52,101	
Merchandise		8,060		9,445	
Inventory in transit		40,673		119,852	
	<u>\$</u>	856,544	\$	1,104,522	

The cost of revenue associated with inventories was \$4,400,354 thousand and \$4,230,661 thousand for the years ended December 31, 2022 and 2021, respectively. The cost of revenue consisted of inventory write-downs of \$11,383 thousand and reversal of inventory write-downs of \$7,132 thousand for the years ended December 31, 2022 and 2021, respectively.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Subsidiaries

	December 31					
	2022				202	1
			Ownership		_	Ownership
		Amount	(%)		Amount	(%)
Kenda International Corporation Co.,						
Ltd. (KIC)	\$	11,198,802	100.00	\$	11,634,683	100.00
Kenda Rubber (Vietnam) Co., Ltd.						
(KV)		8,298,949	100.00		7,310,774	100.00
Kenda Rubber Ind. Co., (Hong Kong)						
Ltd. (KHK)		1,444,263	100.00		2,076,967	100.00
American Kenda Rubber Ind. Co.,						
Ltd. (KA)		2,166,657	100.00		1,830,002	100.00
Pt. Kenda Rubber Indonesia (KI)		952,313	99.99		998,057	99.99
Kenfong Industrial Co., Ltd. (KF)		277,815	100.00		265,423	100.00
Kenda Rubber Industrial Co. (Europe						
GmbH) (KE)		36,286	100.00		12,914	100.00
	\$	24,375,085		\$	24,128,820	

The investments accounted for using the equity method and the share of profit or loss of subsidiaries were based on the financial statements audited by respective auditors for the same accounting periods.

Refer to Table 6 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

12. PROPERTY, PLANT AND EQUIPMENT

	Balance at January 1, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2022
Cost					
Land Buildings Machinery Other equipment Equipment under installation and construction in progress Accumulated depreciation	\$ 2,166,617 929,635 3,146,123 787,190 	\$ - 671 4,773 3,925 104,089 \$ 113,458	\$ - (73,181) (8,427) - (81,608)	\$ - 25,964 182,947 36,982 (45,404) \$ 200,489	\$ 2,166,617 956,270 3,260,662 819,670
Buildings Machinery Other equipment	366,297 2,224,568 547,403 3,138,268 \$ 3,907,199	\$ 27,371 208,071 51,406 \$ 286,848	\$ - (47,814)	\$ - - - <u>\$</u> -	393,668 2,384,825 592,448 3,370,941 \$
	Balance at January 1, 2021	Additions	Disposals	Reclassification	Balance at December 31, 2021
<u>Cost</u>		Additions	Disposals	Reclassification	December 31,
Cost Land Buildings Machinery Other equipment Equipment under installation and construction in progress	\$ 2,166,617 885,765 3,130,765 736,940 31,928	\$ - 479 22,777 5,673	\$ - (123,470) (11,793)	\$ - 43,391 116,051 56,370 (40,242)	\$ 2,166,617 929,635 3,146,123 787,190 15,902
Land Buildings Machinery Other equipment Equipment under installation and	\$ 2,166,617 885,765 3,130,765 736,940	\$ - 479 22,777 5,673	\$ - (123,470)	\$ - 43,391 116,051 56,370	\$ 2,166,617 929,635 3,146,123 787,190

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

Building	10-55 years
Machinery	3-30 years
Other equipment	2-18 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	Decem	iber 31
	2022	2021
Carrying amount		
Buildings	<u>\$ 11,822</u>	\$ 16,889
	For the Year End 2022	ded December 31 2021
Depreciation charge for right-of-use assets Buildings	<u>\$ 5,067</u>	<u>\$ 5,067</u>
b. Lease liabilities		
	Decem	ıber 31
	2022	2021
Carrying amount		
Current Non-current	\$ 5,141 \$ 6,791	\$ 5,141 \$ 11,837
Discount rate for lease liabilities was as follows:		
	Decem	ıber 31
	2022	2021
Buildings	0.8%	0.8%

c. Material leasing activities and terms

The Company leases buildings for the use of product manufacturing with lease terms of 5 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31		
	2022	2021	
Expenses relating to short-term leases	\$ 2,299	\$ 2,065	
Expenses relating to low-value asset leases	<u>\$ 37</u>	<u>\$ 78</u>	
Total cash outflow for leases	<u>\$ (7,496)</u>	<u>\$ (7,303)</u>	

The Company's leases of certain buildings and other equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. OTHER FINANCIAL ASSETS

	December 31	
	2022	2021
Non-current		
Repatriated funds	<u>\$ 1,049,412</u>	\$ 1,194,935

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.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings	\$ 300,000	\$ 200,000
Range of rates	1.69%-1.76%	0.67%-0.68%

b. Long-term borrowings

	December 31	
	2022	2021
Unsecured borrowings Project borrowings Less: Current portion	\$ 12,898,269 276,930 (1,547,700)	\$ 12,850,641 388,540 (1,575,466)
Long-term borrowings	<u>\$ 11,627,499</u>	<u>\$ 11,663,715</u>
Range of rates Maturity date	0.85%-2.01% 2023-2027 years	0.35%-1.00% 2023-2026 years

As stipulated in the loan agreements, the Company 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.

The Company participated in a project of the Ministry of Economic Affairs that encouraged Taiwanese enterprises to invest locally. The Company constructed or expanded factories, and acquired 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 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.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law 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 amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

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

The amounts included in the balance sheets in respect of the Company's defined benefit plans are 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	<u>\$ (403,452)</u>	\$ 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	7.0 40		7.2.1 0
assumptions	5,240	-	5,240
Actuarial loss - experience adjustments	12,285	<u> </u>	12,285
Recognized in other comprehensive income	<u>18,924</u>	<u>(6,155)</u>	12,769
Contributions from the employer	(25.961)	(59,011)	(59,011)
Benefits paid Balance at December 31, 2021	(35,861) 639,195	35,861 (433,975)	205,220
Service cost	039,193	<u>(433,973</u>)	
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 gain - changes in financial			
assumptions	(50,005)	-	(50,005)
Actuarial gain - experience adjustments	<u>(12,896</u>)	_	<u>(12,896</u>)
Recognized in other comprehensive income	<u>(62,892</u>)	(33,568)	<u>(96,460</u>)
Contributions from the employer	-	(32,244)	(32,244)
Benefits paid	(32,225)	32,225	-
Liabilities extinguished on settlement	(1,434)	1,434	<u>-</u>
Balance at December 31, 2022	<u>\$ 551,838</u>	<u>\$ (469,188</u>)	<u>\$ 82,650</u>

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 both government and corporate bond interest rates 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 rates	1.25%	0.7%
Expected rates of salary increase	2.00%	2.5%

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	\$ 11,22 <u>7</u>	\$ 14,518
0.25% decrease	<u>\$ (10,926)</u>	<u>\$ (14,103</u>)

The above sensitivity analysis 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	<u>\$ 31,596</u>
Average duration of the defined benefit obligation	8 years	9 years

17. EQUITY

a. Ordinary shares

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

The change in the Company's share capital is mainly resulted from the process of converting its retained earnings into share capital via issuing new shares.

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(e).

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 by the resolution of the board of directors. The rest of the distribution items were also resolved at the general meeting of 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:

	Appropriations of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 41,452	
Reversal of special reserve	(1,139,505)	
Cash dividends	454,705	\$ 0.5
Share dividends	454,800	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
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 5,656,116	\$ 5,502,276
Revenue from the rendering of services	511,759	496,688
	<u>\$ 6,167,875</u>	\$ 5,998,964

Refer to Statement 6 for information on the disaggregation of revenue.

b. Contract balances

	December 31		
	2022	2021	
Contract liabilities - current	<u>\$ 38,180</u>	<u>\$ 137,263</u>	
Refund liabilities - current (Note)	<u>\$ 1,365</u>	<u>\$ 1,399</u>	

Note: The Company 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 Company provides agreed-upon percentages of refund or discount to dealers in accordance with the contracts. Based on historical experience, the Company 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 Rental income Others	\$ 49,609 9,368 62,796	\$ 24,270 9,424 62,314	
	<u>\$ 121,773</u>	\$ 96,008	

b. Other gains and losses

	For the Year Ended December 31			
		2022	2	2021
Net gain (loss) on financial assets classified as at FVTPL Net gain on disposal of property, plant and equipment (Note 24) Net foreign exchange gains (losses) Others	\$	(513) 5,029 338,901	\$	858 5,257 (69,410) 95
	\$	343,417	\$	(63,200)

c. Financial costs

				For	the Year En	ded December 31
					2022	2021
	Interest on bank loans			\$	154,946	\$ 111,276
	Interest on lease liabilities				114	154
	Less: Amounts included in the cost of qualify	ying asse	ts	_	<u>(969</u>)	(359)
				<u>\$</u>	154,091	<u>\$ 111,071</u>
d.	Employee benefits, depreciation and amortiz	ation exp	enses			
		O	perating Costs		perating Expenses	Total
	For the year ended December 31, 2022					
	Short-term benefits					
	Salary expense	\$	745,153	\$	531,639	\$ 1,276,792
	Labor/health insurance expense		72,831		58,948	131,779
	Post-employment benefits					
	Defined contribution plans		33,526		24,038	57,564
	Defined benefit plans		1,566		4,568	6,134
	Remuneration of directors		873		10,252	11,125
	Other employee benefit		12,446		11,537	23,983
	Depreciation expense		227,718		64,197	291,915
	Amortization expense		1,619		8,806	10,425
	For the year ended December 31, 2021					
	Short-term benefits					
	Salary expense		781,192		533,893	1,315,085
	Labor/health insurance expense		73,275		57,730	131,005
	Post-employment benefits					
	Defined contribution plans		31,861		23,049	54,910
	Defined benefit plans		1,995		4,676	6,671
	Remuneration of directors		1,471		16,035	17,506
	Other employee benefit		13,933		11,051	24,984
	Depreciation expense		227,850		71,485	299,335
	Amortization expense		1,920		12,514	14,434

- 1) For the years ended December 31, 2022 and 2021, the Company employed 1,945 and 1,996 employees on average, respectively, which included 7 non-employee directors, respectively.
- 2) The employment benefit expenses, on average, were \$772 thousand and \$771 thousand for the years ended December 31, 2022 and 2021, respectively. The average salary expense were \$659 thousand and \$661 thousand for the years ended December 31, 2022 and 2021, respectively. The average salary expense changed by (0.3%).
- 3) The Company did not have supervisors for the years ended December 31, 2022 and 2021. Therefore, no compensation to supervisors was remunerated.

4) In addition to the pursuit of operating results, the Company values employee salary and benefits, embraces sustainability, promotes a win-win situation between capital and labor, implements corporate governance, maximizes social responsibility, and contributes to economic prosperity. Compensation packages for directors and managers are periodically assessed and evaluated by remuneration committee. Compensation policies for employees are re-evaluated annually with consideration of industry standards to offer competitive employee salary and benefits.

e. 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			
	20	022	20	021
	Amount	Accrual Rate	Amount	Accrual Rate
Compensation of employees	<u>\$ 5,937</u>	1.23%	<u>\$ 10,192</u>	0.72%
Remuneration of directors	<u>\$ 8,911</u>	1.85%	<u>\$ 15,297</u>	1.09%

If there is a change in the amounts after the annual financial statements were 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 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

a. Major components of income tax recognized in profit or loss

	For the Year Ended December 31		
	2022	2021	
Current tax			
In respect of the current year	\$ 298,684	\$ 74,028	
Adjustments for prior year	<u>29,616</u>	(18,526)	
	328,300	55,502	
Deferred tax			
In respect of the current year	(198,517)	14,117	
Adjustments for prior year		394,724	
	(198,517)	408,841	
Income tax expense recognized in profit or loss	<u>\$ 129,783</u>	<u>\$ 464,343</u>	

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	<u>\$ 467,934</u>	<u>\$ 1,382,276</u>	
Income tax expense calculated at the statutory rate	\$ 93,587	\$ 276,455	
Nondeductible expenses in determining taxable income Tax-exempt income	27,030 (9,922)	(208,532) (4,854)	
Investment tax credits	(10,528)	(10,079)	
Adjustments for prior years' tax Tax incentives associated with repatriation	29,616	376,198 45,361	
Others	-	(10,206)	
Income tax expense recognized in profit or loss	<u>\$ 129,783</u>	\$ 464,343	

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31		
<u>Deferred tax</u>	2022	2021	
In respect of the current year Translation of the financial statements of foreign operations Remeasurement of defined benefit plans	\$ (276,617) (19,292)	\$ 69,385 2,554	
Total income tax recognized in other comprehensive income	<u>\$ (295,909)</u>	<u>\$ 71,939</u>	

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	Closing Balance
Deferred tax assets				
Temporary differences				
Unrealized loss on inventory Unrealized gains on	\$ 6,901	\$ 2,276	\$ -	\$ 9,177
intercompany sales	10,157	4,556	-	14,713
Defined benefit obligations Exchange differences on translation of the financial statements of foreign	33,310	-	(19,292)	14,018
operations	398,539	-	(276,617)	121,922
Others	16,352	(1,374)	-	14,978
	<u>\$ 465,259</u>	<u>\$ 5,458</u>	<u>\$ (295,909)</u>	\$ 174,808 (Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
Deferred tax liabilities				
Temporary differences Share of profit of subsidiaries Reserve for land value	\$ 372,061	\$ (200,620)	\$ -	\$ 171,441
increment tax Others	208,226 18,321	7,561	- 	208,226 25,882
	<u>\$ 598,608</u>	<u>\$ (193,059)</u>	<u>\$</u>	\$ 405,549 (Concluded)
For the year ended December 31, 2	2021			
	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences Unrealized loss on inventory Unrealized gains on intercompany sales Defined benefit obligations Exchange differences on translation of the financial	\$ 8,327 31,247 30,756	\$ (1,426) (21,090)	\$ - 2,554	\$ 6,901 10,157 33,310
statements of foreign operations Others	329,154 20,259	(3,907)	69,385	398,539 16,352
	<u>\$ 419,743</u>	<u>\$ (26,423)</u>	<u>\$ 71,939</u>	<u>\$ 465,259</u>
Deferred tax liabilities				
Temporary differences Share of profit of subsidiaries Reserve for land value	\$ -	\$ 372,061	\$ -	\$ 372,061
increment tax Others	208,226 7,964	10,357	- -	208,226 18,321
	<u>\$ 216,190</u>	<u>\$ 382,418</u>	<u>\$</u>	<u>\$ 598,608</u>

d. Income tax assessments

The Company'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	<u>\$ 0.37</u>	<u>\$ 1.01</u>	

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

Net Profit for the Year

	For the Year Ended December 3	
	2022	2021
Earnings used in the computation of basic and diluted earnings per		
share	<u>\$ 338,151</u>	<u>\$ 917,933</u>
	Unit: In Th	nousands of Shares
	For the Year Er	ided 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	<u> 265</u>	393
Weighted average number of ordinary shares used in the computation of diluted earnings per share	909,675	909,803

The Company may settle the compensation of employees in cash or shares; therefore, the Company 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 Company requires to maintain an adequate level of capital to expand and optimize facilities and equipment. The Company'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 balance sheet. The management of the Company considered the carrying amounts of financial assets and liabilities not measured at fair value on the 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
5 1,319	<u>\$</u>	<u>\$</u>	<u>\$ 1,319</u>
<u> -</u>	<u>\$</u>	<u>\$ 400,744</u>	<u>\$ 400,744</u>
Level 1	Level 2	Level 3	Total
3 1,832	<u>\$ -</u>	<u>\$</u>	<u>\$ 1,832</u>
<u> </u>	1,319 		

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

	For the Year Ended December 31		
	2022	2021	
Financial assets at FVTOCI			
Balance at January 1 Recognized in other comprehensive income (included in	\$ 411,980	\$ 451,523	
unrealized valuation gain (loss) on financial assets at FVTOCI)	(11,236)	(36,133)	
Return of capital		(3,410)	
Balance at December 31	\$ 400,744	\$ 411,980	

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)	4,363,255	3,810,467	
Financial assets at FVTOCI			
Equity instruments	400,744	411,980	
Financial liabilities			
Amortized cost (2)	14,228,982	14,373,855	

- Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, other financial assets and refundable deposits.
- Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and long-term borrowings (including the current portion).

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Company'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 Company 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 Company'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 Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 26.

Sensitivity analysis

The Company is mainly exposed to USD.

The sensitivity analysis measures the effect of a 1% increase and decrease in the New Taiwan dollar (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 increased/decreased by \$25,964 and \$16,557 thousand had the New Taiwan dollar strengthened/weakened by 1% against USD.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrows at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. The Company's interest rate risk is resulted from cash and cash equivalents and borrowings. Specifically, the Company 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 Company to fair value interest risk. The Company considers the overall interest rate trends and adjusts the portfolio of fixed and floating rate instruments accordingly.

The carrying amounts of the Company'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	\$	679,611	\$	668,749
Financial liabilities		2,175,000		1,775,000
Lease liabilities		11,932		16,978
Cash flow interest rate risk				
Financial assets		1,700,102		1,405,915
Financial liabilities		11,300,199		11,664,181

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$9,600 thousand and \$10,258 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity instrument. Equity investments are held for strategic rather than for trading purposes; the Company does not actively trade these investments. The Company 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 \$20,037 thousand and \$20,599 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 Company. At the end of the year, the Company'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 Company 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 Company 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 Company reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced. The Company 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 Company 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 Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company 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 Company 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 Company'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 Company 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
Non-interest bearing Lease liabilities Variable interest rate liabilities Fixed interest rate liabilities	\$ 753,783 5,160 1,682,757 356,691 \$ 2,798,391	\$ 6,880 9,953,340 1,889,372 \$ 11,849,592
December 31, 2021	On Demand or Less than 1 Year	1-5 Years
Non-interest bearing Lease liabilities Variable interest rate liabilities Fixed interest rate liabilities	\$ 934,674 5,160 1,768,321 114,284 \$ 2,822,439	\$ 12,040 10,086,738 1,693,285 \$ 11,792,063

b) Financing facilities

	Decem	December 31			
	2022	2021			
Unsecured bank overdraft facilities Amount used Amount unused	\$ 13,476,432 6,935,529	\$ 13,441,898 3,958,466			
	<u>\$ 20,411,961</u>	<u>\$ 17,400,364</u>			

24. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

Related Party Name	Related Party Category		
KIC	Subsidiary		
KA	Subsidiary		
KV	Subsidiary		
KHK	Subsidiary		
KE	Subsidiary		
KF	Subsidiary		
KI	Subsidiary		
American Development, Inc. (ADI)	Subsidiary		
Kenda Rubber (Shenzhen) Ltd. (KS)	Subsidiary		
Kenda Rubber (Tianjin) Co., Ltd. (KT)	Subsidiary		
Kenda Rubber (China) Ltd. (KC)	Subsidiary		
Kenda Global (China) Investment Corporation (KGCI)	Subsidiary		
STARCO Europe A/S	Subsidiary		
STARCO France	Subsidiary		
STARCO GB Ltd.	Subsidiary		
STARCO GmbH	Subsidiary		
STARCO Polska Sp.z.o.o.	Subsidiary		
STARCO NV	Subsidiary		
STARCO SAS	Subsidiary		
Kenlight Trading Corp.	Other related party		
Jienshang Co., Ltd.	Other related party		
Total Lubricants Taiwan Ltd.	Other related party		
GronBla Co., Ltd.	Other related party		

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			
Item	Related Party Category/Name	2022	2021		
Sales of goods	Subsidiaries				
_	ADI	\$ 1,477,434	\$ 1,296,198		
	KF	642,188	552,652		
	KA	354,359	484,513		
	Others	383,373	450,557		
	Other related parties	10,418	16,192		
		<u>\$ 2,867,772</u>	\$ 2,800,112		

The credit term for related parties were similar to those for non-related parties. The credit terms is between 60 and 90 days.

		For	the Year End	ded De	ecember 31
Item Rendering of services	Related Party Category/Name Subsidiaries	2022		2021	
	KV	\$	242,190	\$	199,764
	KC		120,616		146,648
	KT		60,551		67,500
	KI		53,340		47,151
	KS		15,579		18,717
	Others		19,483		16,908
		\$	511,759	\$	496,688

Revenue from the rendering of services refers to consulting service and trademark licensing revenue.

c. Purchases

	For the Year Ended December 31				
Related Party Category	20	2022		2021	
Subsidiaries Other related parties	\$	38,398 19,038	\$	43,771 73,147	
	<u>\$</u>	57,436	\$	116,918	

The payment terms for related parties were similar to those for non-related parties. The payment terms are between 45 and 90 days.

d. Receivables from related parties

	Related Party Category/Name	December 31			
Item		2022	2021		
Trade receivables	Subsidiaries				
	ADI	\$ 920,945	\$ 725,591		
	KA	200,978	248,274		
	KF	187,182	171,172		
	Others	184,071	89,651		
	Other related parties	233	5,321		
		<u>\$ 1,493,409</u>	\$ 1,240,009		
Other receivables	Subsidiaries				
	KV	\$ 57,755	\$ 23,085		
	KA	30,982	4,339		
	KT	27,350	4,253		
	Others	16,976	13,503		
		<u>\$ 133,063</u>	\$ 45,180		

The outstanding trade receivable from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment losses were recognized for trade receivable from related parties.

e. Payables to related parties

	Related Party Category/Name Subsidiaries Other related parties	December 31			
Item Trade payables		2022		2021	
		\$	11,117 2,485	\$	9,498 5,946
Other payables	Subsidiaries	<u>\$</u>	13,602	<u>\$</u>	15,444
	KA Others Other related parties	\$	21,283 40 249	\$	21,741 189 257
		<u>\$</u>	21,572	\$	22,187

The outstanding trade payable to related parties are unsecured.

f. Acquisitions of property, plant and equipment

	Purchas	Purchase Price					
	For the Year Ended December						
Related Party Category	2022	2021					
Subsidiaries	<u>\$ 264</u>	\$ 3,237					

g. Disposals of property, plant and equipment

	Proc	eeds	Gain (Loss) on Disposal					
		ear Ended aber 31	For the Year Ended December 31					
Related Party Category/Name	2022	2021	2022	2021				
Subsidiaries								
KV	\$ 7,406	\$ 58,304	\$ 1,078	\$ 5,588				
KT	24,106	2,375	3,821	264				
KC	882	534	62	249				
KI	-	1,728		(495)				
	<u>\$ 32,394</u>	<u>\$ 62,941</u>	<u>\$ 4,961</u>	<u>\$ 5,606</u>				

h. Lease arrangements

	For the Year End	ar Ended December 31		
Related Party Category/Name	2022	2021		
Acquisition of right-of-use assets				
Subsidiary KF	<u>\$ 16,889</u>	<u>\$ 21,955</u>		

		December 31					
	Line Item	Related Party Category/Name	2022	2021			
	Lease liabilities	Subsidiary KF	<u>\$ 11,932</u>	<u>\$ 16,978</u>			
	D.1.4. J	Double Colored November	For the Year End				
	Related	Party Category/Name	2022	2021			
	Financial costs						
	Subsidiary KF		<u>\$ 114</u>	<u>\$ 154</u>			
i.	Endorsements and guarar	ntees					
	Endorsements and guarar	ntees provided by the Company					
			Decem	ber 31			
	Related Party Category		2022	2021			
	Subsidiaries		\$ 10,771,363	\$ 8,016,791			
j.	Others						
			For the Year End	led December 31			
	Item	Related Party Categories/Name	2022	2021			
	Service cost	Subsidiary KE	<u>\$ 94,651</u>	<u>\$ 102,756</u>			
	Operating expense	Subsidiaries Other related parties	\$ 23,577 1,419	\$ 21,894 1,423			
			<u>\$ 24,996</u>	\$ 23,317			
	Other income	Subsidiaries	<u>\$ 27,413</u>	\$ 23,040			
k.	Remuneration of key man	nagement personnel					
			For the Year End	led December 31			
			2022	2021			

The remuneration of directors and key executives, as determined by the remuneration committee, was based on individual performance and market trend.

29,538

29,644

106

29,770

29,865

95

Short-term employee benefits Post-employment benefits

25. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

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

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

	Decem	ber 31
Item	2022	2021
Machinery and equipment	<u>\$ 145,495</u>	\$ 180,174

b. Contingencies

1) Products liability insurance

The Company has entered into a product liability insurance for the products manufactured by the Company and sold globally. The period of insurance agreement is from August 6, 2022 to August 6, 2023. 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.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign urrency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	\$ 88,873	30.71 (USD:NTD)	\$ 2,728,844
RMB	827	4.41 (RMB:NTD)	3,645
EUR	697	32.87 (EUR:NTD)	22,901
			\$ 2,755,390 (Continued)

	Foreign Currency		Exchange Rate	Carrying Amount
Non-monetary items Investments accounted for using the equity method USD	\$ 780	6,075	30.71 (USD:NTD)	<u>\$ 24,136,427</u>
Financial liabilities				
Monetary items USD		4,314	30.71 (USD:NTD)	\$ 132,458 (Concluded)
<u>December 31, 2021</u>				
	Foreig Curre		Exchange Rate	Carrying Amount
Financial assets				
Monetary items USD RMB EUR	9	7,848 9,900 1,526	27.68 (USD:NTD) 4.34 (RMB:NTD) 31.35 (EUR:NTD)	\$ 1,877,772 42,973 47,826 \$ 1,968,571
Non-monetary items Investments accounted for using the equity method USD	86.	5,203	27.68 (USD:NTD)	<u>\$ 23,945,343</u>
<u>Financial liabilities</u>				
Monetary items USD	:	8,022	27.68 (USD:NTD)	<u>\$ 222,028</u>

For the years ended December 31, 2022 and 2021, net foreign exchange gains (losses) were \$338,901 thousand and \$(69,410) 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 Company.

27. 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 (excluding investments in subsidiaries and associates) (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) Information on investees (Table 6)
- 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 7)
 - 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 (consolidated financial statements Table 6)
 - b) The amount and percentage of sales and the balance and percentage of the related payables at the end of the year (consolidated financial statements 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 8)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

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

Financing	Company's 10tal Financing Amount Limits	Sixty percent 60% of the financing company's net worth, \$12,173,168	Sixty percent 60% of the financing company's net	Sixty percent 60% of the financing company's net	Sixty percent 60% of the financing company's net	Sixty percent 60% of the financing company's net	Sixty percent 60% of the financing company's net	worth, 3249,179 Sixty percent 60% of the financing company's net worth, \$245,179	Sixty percent 60% of the financing company's net worth, \$199,014	Sixty percent 60% of the financing company's net worth, \$131,118	Sixty percent 60% of the financing company's net worth, \$77,953	Sixty percent 60% of the financing company's net worth, \$3,980,627
Financing Limits	ror Each Borrowing Company	Forty percent 40% of the financing company's net worth, \$8,115,445	Forty percent 40% of the financing company's net	Forty percent 40% of the financing company's net	Forty percent 40% of the financing company's net	Forty percent 40% of the financing company's net	Forty percent 40% of the financing company's net	worth, \$103,452 Forty percent 40% of the financing company's net worth, \$163,452	Forty percent 40% of the financing company's net worth, \$132,676	Forty percent 40% of the financing company's net worth, \$87,412	Forty percent 40% of the financing company's net worth, \$51,969	Forty percent 40% of the financing company's net worth, \$2,653,751
Collateral	Value	∞	1	1	1	1	1	1	1	1	1	
Col	Item					1	1					
A House non-four	Anowance for Bad Debt	· •	1	1	1	1	T	1	1	1	1	1
Donesa for	Keason 10r Financing	Operating capital	Operating capital	Operating capital	Operating capital	Operating capital	Operating capital	Operating capital	Operating capital	Operating capital	Operating capital	Operating capital
Tuongoodjon	Amounts	· •		1	1			1	1	1	1	
Notes of the	Nature for Financing	The need for short-term financing	The need for short-term financing	The need for short-term financing	The need for short-term financing	The need for short-term financing	The need for short-term financing	The need for short-term financing				
Infonost	Rate	2.00%- 5.00%	3.00%	3.00%	2.68%	3.00%	3.00%	3.00%	2.68%	3.00%	3.00%	3.5565%-
Amount	Actually Drawn	· ·	28,890	25,669	22,054	19,720	55,873	6,573	2,794	12,621	3,287	612,812
Fuding	Ending Balance	\$ 307,050	31,125	55,282	24,650	19,720	55,873	6,573	13,935	20,443	3,287	612,812
Maximum	Balance for the Period	\$ 322,100	31,125	57,988	24,650	19,720	55,873	6,573	13,935	20,443	3,287	612,812
Dolotod	Related Party	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Financial	Statement Account	Finance receivables	Finance receivables	Finance receivables	. Finance receivables	Finance receivables	Finance receivables	Finance receivables	Finance receivables	Finance receivables	Finance receivables	Finance receivables
	Counterparty	KV	STARCO DML Ltd.	STARCO GS	STARCO Beli Manastir d.o.o.	Starco Polska Sp.zoo	STARCO GmbH	STARCO Baltic OU	Jelshoj Imovina	STARCO DML Ltd.	STARCO GS	KT
	Financing Company	The Company	STARCO Europe A/S						STARCO Beli Manastir d.o.o. Jelshoj Imovina	STARCO GB Ltd.	STARCO GmbH	KC
	No.	0	-						2	m	4	S I

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)

		Guaranteed Party	ý						Ratio of					
No.	Endorsement/ Guarantee Provider	Name	Relationship (Note 1)	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	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
0	The Company	STARCO Europe A/S	В	\$ 8,115,445	\$ 2,695,948	\$ 2,695,948	\$ 1,263,279	- \$	13.29	\$ 16,230,890	Yes	No	No	
		STARCO GmbH	а	8,115,445	644,200	614,100	147,906	1	3.03	(Note 3) 16,230,890	Yes	No	No	
		STARCO DML	æ	8,115,445	644,200	614,100	1	1	3.03	(Note 3) 16,230,890	Yes	No	No	
		STARCO Polska Sp.z.o.o.	в	8,115,445	644,200	614,100	202,131	•	3.03	(Note 3) 16,230,890	Yes	oN	No	
		STARCO SAS	æ	8,115,445	644,200	614,100	1	1	3.03	(Note 3) 16,230,890	Yes	No	No	1
		STARCO GS AG	в	8,115,44	644,200	614,100	42,741	,	3.03	(Note 3) 16,230,890	Yes	No	No	,
		STARCO NV	в	8,115,445	644,200	614,100	1	1	3.03	(Note 3) 16,230,890	Yes	oN	°N	
		STARCO GB Ltd.	в	8,115,445	644,200	614,100	1	•	3.03	(Note 3) 16,230,890	Yes	oN	No	
		STARCO Baltic OÜ	в	8,115,445	644,200	614,100	1	1	3.03	(Note 3) 16,230,890	Yes	No	No	,
		ADI	в	8,115,445	193,260	184,230	122,820	•	0.91	(Note 3) 16,230,890	Yes	No	No	,
		KA	в	8,115,445	483,150	460,575	276,345	1	2.27	(Note 3) 16,230,890	Yes	oN	Š	,
		KV	в	8,115,445	5,524,015	5,004,915	1,729,367	•	24.67	(Note 3) 16,230,890	Yes	No	No	,
		KT	в	8,115,445	354,310	337,755	1	•	1.66	(Note 3) 16,230,890	Yes	No	Yes	
		KI	લ	8,115,445	2,100,316	2,087,940	1,013,265	,	10.29	(Note 3) 16,230,890 (Note 3)	Yes	No	No	
-	KHK	KS	æ	1,159,164	901,672	881,744	•	1	60.85	1,304,060 (Note 3)	No	No	Yes	
2	KGCI	KS	æ	4,079,928	3,606,688	1,763,488	1	1	17.29	8,159,856 (Note 3)	No	No	Yes	
													3)	(Continued)

		tts/ Endorsement/ Gararantee Given on Behalf of Mainland China	Endorsement Guarantee Given on Behalf of Companies in Mainland China	Endorsement Guarantee Given on Behalf of Companies in Mainland China	Endorsement Guarantee Guarantee Given on Behalf of Companies in Mainland China No No	Endorsement Guarantee Given on Behalf of Companies in Mainland China No No No No	Endorsement Guarantee Guarantee Given on Behalf of Companies in Mainland China No No No No No	Endorsement Guarantee Given on Behalf of Companies in Mainland China No No No No No No No No
	Endorsements/ Endorsements/ Guarantees							
	Aggregate Guarantees Endorsements Guarantee Parent on	Limit (Note 3) Behalf of Subsidiaries						
Ratio of	Accumulated Endorsements/ Guarantes to Endors Net Equity in Guar Latest Limit 1	Statements (%)	↔	\$	€	€	₩	€9
	Anount End Endorsed/ Gu Guaranteed by Collateral F		-	· ·	· · · ·	· · · · · ·	· · · · · · · · · · · · · · · · · · ·	
	Actual Amount Borrowed		· ·	24,617	€	€9	8	€9
	Outstanding Endorsements/ Guarantees at the End of the Year (Note 4)		\$ 74,300	€-	€	€	€9	≪
	Maximum Amount Endorsed/ Guaranteed h During the Year		\$ 75,192	*	*	&	↔ —	~
	Limits on Endorsements/ Guarantees Given on Behalf of Each		\$ 408,631					
rty	Relationship (Note 1)		в	в в	ત ત ત		a a a a a	a a a a a
Guaranteed Party	Name		STARCO GB Ltd.	STARCO GB Ltd. STARCO NV	STARCO GB Ltd. STARCO NV STARCO GS AG	STARCO GB Ltd. STARCO NV STARCO GS AG Starco Beli Manastir d.o.o	STARCO GB Ltd. STARCO NV STARCO GS AG Starco Beli Manastir d.o.o	STARCO GB Ltd. STARCO NV STARCO GS AG Starco Beli Manastir d.o.o STARCO GmbH STARCO Polska Sp.z.o.o.
	Endorsement/ Guarantee Provider		STARCO Europe A/S	STARCO Europe A/S	STARCO Europe A/S	STARCO Europe A/S	STARCO Europe A/S	STARCO Europe A/S
	No.		3					

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.

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 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.

KGCI and KHK jointly provided endorsement/guarantee for KS of RMB400 million, but the limit for KHK is RMB200 million. Note 4:

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

Note

Fair Value (Note 1)

1,319

336,766

48,217

375

120,699

15,386

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

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

Percentage of Ownership % December 31, 2022 13.00 10.86 0.08 5.15 2.50 6.80 0.00 9.73 1,319 48,217 120,699 375 15,386 Carrying 336,766 Amount Shares/Units 1,703 7,382 2,000 105 $\begin{array}{c} 30 \\ 41 \\ 10 \\ 81 \end{array}$ Equity instruments at FVTOCI - non-current The chairman of Kenjou Investment Co., Equity instruments at FVTOCI - non-current Financial Statement Account Financial assets at FVTPL - current Ltd. and the chairman of the Company and the chairman of the Company are Company are second-degree relatives Taiwan Ltd. and the chairman of the The chairman of Kenjou Ind. Co., Ltd. Relationship with the Holding The chairman of Total Lubricants Company second-degree relatives Type and Name of Marketable Ou Hua Venture Capital Co., Ltd. Yu Hua Venture Capital Co., Ltd. Total Lubricants Taiwan Ltd. China Development Financial Kenjou Investment Co., Ltd. Chang Hwa Golf Co., Ltd. BOMY (BVI) CO., LTD. Holding Corporation Kenjou Ind. Co., Ltd. Securities Shares and equity Shares and equity Holding Company Name The Company KGI ~ 249 ~

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

are second-degree relatives

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)

Note	Note	,	,	,		,	,		,				,		,	
eceivable e)	% to Total	12.76	10.30	9.55	20.67	8.75	7.14	3.72	60.31	24.41	29.51	8.98	86.6	3.73	1.02	(6.13)
Notes/Trade Receivable (Payable)	Amount	\$ 231,960	187,182	173,681	921,006	77,072	62,930	32,737	1,254,453	507,653	160,450	48,808	47,830	17,920	4,904	(29,145)
	Payment Terms	,	ı	,	1	,	,				1					
Abnormal Transaction	Unit Price	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties	Agreed by both parties				
etails	Payment Terms	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements	In accordance with mutual agreements				
Transaction Details	% to Total	6.27	11.35	3.51	26.12	2.57	3.29	2.37	40.34	9.49	26.69	6.62	6.21	2.80	2.67	(4.06)
L	Amount	\$ 354,359	642,188	198,706	1,477,434	169,088	216,880	156,091	2,963,872	697,624	954,071	236,596	243,152	109,890	104,722	(126,975)
	Purchases/ Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Sales	Purchases
Delectionalis	Keiationsnip	Subsidiary	Subsidiary	Subsidiary	Indirectly owned subsidiary	Subsidiary of ultimate parent company	STARCO Polska Sp. z o.o Subsidiary of ultimate parent company	Subsidiary of ultimate parent company	Associate							
Delete Break	Kelated Farty	KA	KF	KV	ADI	KA	ADI	KS	KA	ADI	KS	ADI	STARCO GmbH	STARCO Polska Sp. z o.o		STARCO Huammei
N	Company Name	The Company	•			KC			KV		KT		STARCO Beli Manastir	d.o.o.	STARCO Polska Sp.z.o.o. STARCO Baltic OÜ	STARCO Europe A/S.

Note: Except for STARCO Huannei, 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)

RAD Related Party Relationship Ending Balance Rate Amount Actions Taken KA Subsidiary \$ 231,960 1.46 \$ 30,416 - ADI Indirectly owned subsidiary 187,182 3.58 - - KF Subsidiary 173,681 1.77 84,116 - KV Subsidiary of ultimate parent company 622,450 Note 2 - - KA Subsidiary of ultimate parent company 1,254,453 2.60 671,932 - KS Subsidiary of ultimate parent company 160,450 5.48 - - KS Subsidiary of ultimate parent company 160,450 5.48 - -	Company Name Related Party Company KA ADI KF KV KY KT KA ADI		Rate 1.46 1.79 3.58 1.77 Note 2	Am	Actions Taken	in Subsequent Period (Note 2)	Impairment Loss
KA Subsidiary \$ 231,960 1.46 \$ 30,416 - ADI Indirectly owned subsidiary 187,182 3.58 - - KF Subsidiary 173,681 1.77 84,116 - KT Subsidiary of ultimate parent company 622,450 Note 2 - KA Subsidiary of ultimate parent company 1,254,453 2.60 671,932 ADI Subsidiary of ultimate parent company 160,450 5.48 - KS Subsidiary of ultimate parent company 160,450 5.48 -	Company KA ADI KF KV KT KA ADI	8	1.46 1.79 3.58 1.77 Note 2				
ADI Indirectly owned subsidiary 921,006 1.79 KF Subsidiary 187,182 3.58 KV Subsidiary 1.77 KT Subsidiary of ultimate parent company 622,450 Note 2 KA Subsidiary of ultimate parent company 1,254,453 2.60 ADI Subsidiary of ultimate parent company 507,653 1.82 KS Subsidiary of ultimate parent company 160,450 5.48	ADI KF KV KT KA ADI		1.79 3.58 1.77 Note 2	43,105 - 84,116	,	\$ 41,234	,
KF Subsidiary 187,182 3.58 KV Subsidiary 173,681 1.77 KT Subsidiary of ultimate parent company 622,450 Note 2 KA Subsidiary of ultimate parent company 1,254,453 2.60 ADI Subsidiary of ultimate parent company 507,653 1.82 KS Subsidiary of ultimate parent company 160,450 5.48	KF KA ADI		3.58 1.77 Note 2	- 84,116		161,987	1
KT Subsidiary of ultimate parent company 622,450 Note 2 KA Subsidiary of ultimate parent company 1,254,453 2.60 KA Subsidiary of ultimate parent company 507,653 1.82 KS Subsidiary of ultimate parent company 160,450 5.48	KV KA ADI		1.77 Note 2	84,116	1	58,909	•
KA Subsidiary of ultimate parent company 622,450 Note 2 KA Subsidiary of ultimate parent company 507,653 1.82 KS Subsidiary of ultimate parent company 507,653 1.82 KS Subsidiary of ultimate parent company 160,450 5.48	KT KA ADI		Note 2 2.60		1	90,490	1
ADI Subsidiary of ultimate parent company 1,254,453 2.60 ADI Subsidiary of ultimate parent company 507,653 1.82 KS Subsidiary of ultimate parent company 160,450 5.48	KA ADI	1	2.60	•		,	1
ADI Subsidiary of ultimate parent company 507,653 1.82	Abl			671,932	•	1,189,502	i
KS Subsidiary of ultimate parent company 160,450 cran parent company 100,650 cran parent company	521		1.82	15,759	1	257,460	1
CTAD CO Dalela Cara a Caladidam of ultimote moment comments	KS		5.48		1	156,479	ı
STANCO POISNA SP.2.0.0. Substitutal of ultilitate parent company 103,001	STARCO Europe A/S STARCO Polska Sp.z.o.o. Subsidiary of ultimate parent company	y 109,861	Note 2	•			1

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

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

				Original Investment Amount	vestment A	mount	Asof	As of December 31, 2022	2022		Net Income	Share of Profits	ofits	
Investor	Investee	Location	Main Business Activities	December 31, 2022 December 31, 2021 (Note 1))22 Decemi	nber 31, 2021 (Note 1)	Shares (In Thousands)	Percentage of Ownership	Carrying Value (Note 1)		(Losses) of the Investee (Note 1)	(Losses) of Investee (Note 1)	of te 1)	Note
The Company	КА КНК	United States Hong Kong	Trade and investment Trade and investment			9,000	1 1	100.00	NT\$ 2,166,657 NT\$ 1,444,263		NT\$ 152,723 NT\$ (85,820)	NT\$ 152 NT\$ (85	152,723 Note 3 (85,820) Note 3	333
	KV KE KF KI	Vietnam Cayman Islands Germany Taiwan Indonesia	Manufacturing various types of tires Investment Marketing planning Selling various types of tires Manufacturing various types of tires	US\$ 53,000 US\$ 67,680 US\$ 81,753 EUR 405 NT\$ 199,000 US\$ 52,999	0 USS 0 USS 3 USS 5 EUR 0 NTS 9 USS	30,600 67,680 81,753 25 199,000 52,999	- 19,900	100.00 100.00 100.00 100.00 99.99	NT\$ 8,298,945 NT\$ 11,198,802 NT\$ 36,286 NT\$ 277,815 NT\$ 952,313		NT\$ 129,700 NT\$ (281,746) NT\$ 1,945 NT\$ 53,854 NT\$ (147,148)	NTS 172 NTS (281 NTS 1 NTS 53 NTS 53	172,367 Notes 2 (281,746) Note 3 1,945 Note 3 53,854 Note 3 (147,148) Note 3	Notes 2 and 3 Note 3 Note 3 Note 3
KA	ADI	United States	Manufacturing, distribution and selling of wheels and rims	US\$ 20,000	\$SO 0	20,000	1	100.00	US\$ 64	64,869 US	US\$ 4,647	Ž	Note 1 Note 3	3
KIC	KGH KGI	Cayman Islands Mauritius	Investment Investment	US\$ 112,050 US\$ 1,703	0 US\$	112,050 1,703	1 1	100.00	US\$ 349 US\$ 14	349,475 US\$ 14,899 US\$	\$ (9,227)		Note 1 Note 3 Note 1 Note 3	88
KGI	STARCO Europe A/S	Denmark	Investment	EUR 6,936	6 EUR	6,936	•	100.00	NS\$ 8	8,821 US\$	\$ (645)		Note 1 Note 3	33
STARCO Europe A/S	STARCO GB Ltd. STARCO GmbH STARCO GmbH STARCO MON STARCO NV STARCO SAG STARCO SAG STARCO SAG STARCO SHIE OÜ STARCO SHIE OÜ STARCO SHIE Manastir do.o. STARCO DML	United Kingdom Germany Poland Belgium Switzerland Estonia France Croatia United Kingdom Croatia	Distribution and selling of various types of tires and rims Distribution and selling of various types of tires and rims Distribution and selling of various types of tires and rims Distribution and selling of various types of tires and rims Distribution and selling of various types of tires and rims Distribution and selling of various types of tires and rims Distribution and selling of various types of tires and rims Manufacturing of various types of tires and rims Manufacturing of various types of tires Manufacturing of seribution and selling of wheels and rims Investment	EUR 552 EUR 210 EUR 2810 EUR 355 EUR 183 EUR 183 EUR 183 EUR 1941 EUR 1941	552 EUR 30 EUR 810 EUR 810 EUR 355 EUR 3 EUR 8183 EUR 514 EUR 531 EUR	552 511 30 2,810 355 183 9,614 1,031		100.00 100.00 100.00 100.00 100.00 100.00 100.00	EUR 4 EUR 2 EUR 2 EUR 1 EUR 1 EUR 1 EUR 9	6,830 E1 2,407 E1 2,407 E1 4,081 E1 1,287 E1 1,016 E1 1,101 E1 1,1	EUR 670 EUR (36) EUR 126 EUR 278 EUR 167 EUR 167 EUR 533		Note 1 No	୍ୟ ମ ମ ମ ମ ମ ମ ମ ମ ମ ମ ମ

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.

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 and Foreign Currencies)

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

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.

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 3:

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.

INFORMATION OF MAJOR SHAREHOLDERS DECEMBER 31, 2022

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

Item	Statement Index
Major Accounting Items in Assets, Liabilities and Equity	
Statement of cash and cash equivalents	1
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Statement of short-term borrowings	4
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Major Accounting Items in Profit or Loss	
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Statement of manufacturing expenses	8
Statement of operating expenses	9

STATEMENT OF CASH AND CASH EQUIVALENTS DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars and Foreign Currencies)

Item	Amount
Cash and Cash on hand Cash in banks	<u>\$ 370</u>
Checking accounts deposits Demand deposits	63 222,851
Foreign deposits (Note)	$ \begin{array}{r} 1,099,091 \\ \hline 1,322,005 \end{array} $
	<u>\$ 1,322,375</u>

Note: Including US\$35,071 thousand (US\$1=NT\$30.71), JPY3,483 thousand (JPY1=NT\$0.23), GBP92 thousand (GBP1=NT\$37.09), EUR437 thousand (EUR1=NT\$32.87) and RMB823 thousand (RMB1=NT\$4.41).

STATEMENT OF INVENTORIES - MANUFACTURING DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

		Am	ount	
Item		Cost		rket Value (Note)
Finished goods	\$	401,083	\$	497,625
Raw materials		265,762		267,745
Work in progress		133,613		208,710
Supplies		52,394		52,227
Merchandise		8,606		8,776
Inventory in transit		40,972		44,509
·		902,430	\$	1,079,592
Less: Allowance for impairment loss		(45,886)		
	<u>\$</u>	856,544		

Note: Inventories are individually measured at the lower of cost or net realizable value.

KENDA RUBBER IND. CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

Marker Value or Net Assets	Value		\$ 11,200,971	8,318,935	1,444,749	2,213,972	957,022	278,230	36,286	\$ 24,450,165
Ending Balance	Amount		\$ 11,198,802	8,298,949	1,444,263	2,166,657	952,313	277,815	36,286	\$ 24,375,085
Ending	%		100.00	100.00	100.00	100.00	66.66	100.00	100.00	
Others	(Note 2)		\$ 43,467	3,992	829	(23,661)	(3,479)	(313)	,	\$ 20,684
Exchange Differences on Translation of the Financial Statements of Foreign	Operations		\$ 203,638	811,816	54,297	207,593	104,883	•	859	\$ 1,383,086
Share of Profit	or Loss		\$ (281,746)	172,367	(85,820)	152,723	(147,148)	53,854	1,945	\$ (133,825)
Decrease	(Note 1)		\$ (401,240)		(601,859)	•	•	(41,149)	` - 	\$ (1,044,248)
	Increase			•	•	•	•	•	20,568	\$ 20,568
Beginning Balance	Amount		\$ 11,634,683	7,310,774	2,076,967	1,830,002	998,057	265,423	12,914	\$ 24,128,820
Beginni	%		100.00	100.00	100.00	100.00	66.66	100.00	100.00	
	Name	ss ubsidiaries								
		Investee companies Investment in subsidiaries	KIC	KV	KHK	KA	KI	KF	型 25	58 ~

Note 1: Decrease in investments refer to issuance of cash dividends and remittance of dividends.

Note 2: Others refer to unrealized gains (losses) on investments in equity instruments at FVTOCI, remeasurement of defined benefit plans and adjustments for realized gains (losses) on downstream transactions with subsidiaries and associates.

STATEMENT OF SHORT-TERM BANK BORROWINGS DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Creditor Type and Bank	Loan Period	Annual Interest Rates (%)	Amount	Collateral or Pledge
Unsecured loans				
HSBC Bank Taiwan Limited	2023.06.27	1.76	\$ 100,000	None
DBS Bank Limited	2023.02.14	1.71	100,000	None
Mizuho Bank Co., Ltd.	2023.02.22	1.69	100,000	None
			\$ 300,000	

STATEMENT OF LONG-TERM BANK BORROWINGS DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Creditor Bank	Maturity Date (Note 1)	Amount	Collateral or Pledge
Unsecured loans			
The Shanghai Commercial & Saving Bank, Ltd.	2027.10.14	\$ 500,000	None
CTBC Bank Co., Ltd.	2025.09.16	383,663	None
Mizuho Bank Co., Ltd.	2023.02.22	670,000	None
	(Note 2)		
O-Bank Co., Ltd.	2026.08.01	632,516	None
Taipei Fubon Bank	2024.09.15	163,773	None
Taishin International Bank Co., Ltd.	2023.01.23	1,000,000	None
	(Note 2)		
Bank Sinopac Company Limited	2025.02.23	500,000	None
MEGA International commercial bank Co., Ltd.	2027.03.30	500,000	None
Agriculture Bank of Taiwan	2025.03.31	600,000	None
	(Note 2)		
Bank of Taiwan	2025.09.19	1,800,000	None
Hua Nan Commercial Bank, Ltd.	2026.09.24	1,744,494	None
Chang Hwa commercial Bank Ltd.	2025.09.28	420,833	None
Cathay United Bank	2024.09.17	970,000	None
KGI Commercial Bank Co., Ltd.	2023.03.22	100,000	None
	(Note 2)		
HSBC Bank Taiwan Limited	2023.06.27	1,200,000	None
	(Note 2)		
E.SUN Bank	2025.03.28	500,000	None
Yuanta Commercial Bank Co., Ltd.	2026.09.24	900,000	None
The Export-Import Bank of the Republic of China	2026.05.22	589,920	None
		13,175,199	
Less: Current portion of long-term borrowings		(1,547,700)
		<u>\$ 11,627,499</u>	

Note 1: The maturity date listed above is the last maturity date of multiple borrowings.

Note 2: Borrowings may be used on a recurring basis, with a period of more than 1 year, and the maximum loan period for each use varies from 3 months to 6 months.

STATEMENT OF OPERATING REVENUE FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	Quantity (In Thousands of Units)	Amount
Bicycle tires	3,305	\$ 707,781
Motorcycle and bias tires	4,377	2,636,629
Tubes	12,128	641,409
Radial tires	1,381	1,302,547
Others	61,577	381,889
		5,670,255
Less: Sales return		(23)
Sales allowance		(14,116)
Sales revenue		5,656,116
Service revenue		511,759
Operating revenue		\$ 6,167,875

Others

Service cost

Cost of revenue

Total other cost of revenue

STATEMENT OF OPERATING COSTS FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

Item	Amount			
Cost of merchandise				
Merchandise at the beginning of the year	\$ 9,445			
Purchase	115,450			
Merchandise at the end of the year	(8,060)			
Others	(10)			
Total merchandise sold	\$ 116,825			
Cost of goods manufactured				
Raw materials at the beginning of the year	346,965			
Material purchased	2,744,957			
Less: Raw material at the end of the year	(263,170)			
Raw material sold	(195,641)			
Others	(290)			
Raw material consumed	2,632,821			
Direct labor	574,719			
Manufacturing overhead	800,967			
Manufacturing cost	4,008,507			
Add: Work in progress at the beginning of the year	119,771			
Inventory overage	3,283			
Less: Work in process at the end of the year	(113,944)			
Inventory shortage	(207)			
Transfer to manufacturing cost	(16,612)			
Transfer to operating expense	(2,331)			
Others	(23,121)			
	(33,161)			
Cost of goods manufactured	3,975,346			
Add: Finished goods at the beginning of the year	456,388			
Inventory overage	334			
Less: Finished goods at the end of the year	(378,552)			
Inventory scraps	(4)			
Inventory shortage	(177)			
Transfer to operating expense	(1,337)			
Others	(2,179)			
Total cost of revenue	<u>74,573</u> 4,166,744			
Other cost of revenue	.,100,711			
Cost of raw material sold	195,641			
Cost of supplies sold	16,222			
···rr	- ~, -			
Unallocated fixed manufacturing overhead	25,143			
Inventory shortage (overage)	(3,365)			
Inventory scraps	4			
Out	(25)			

(35)

233,610

258,999

\$ 4,659,353

STATEMENT OF MANUFACTURING EXPENSE FOR THE YEAR ENDED DECEMBER 31, 2022 (In Thousands of New Taiwan Dollars)

Item	Amount
Depreciation	\$ 225,486
Indirect labor	134,186
Fuel expense	94,497
Utilities	118,297
Repairs and maintenance	62,840
Auxiliary materials	45,120
Others (Note)	145,684
	<u>\$ 826,110</u>

Note: The balance for each items did not exceed 5% of the account balance.

STATEMENT OF OPERATING EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2022

(In Thousands of New Taiwan Dollars)

Item	M	larketing	 neral and ninistrative	 search and velopment	Ĉr	ected edit ersed	Total
Salary	\$	178,008	\$ 205,011	\$ 277,543	\$	-	\$ 660,562
Advertisement		134,187	66	10		-	134,263
Taxes		102,184	1,957	2,200		-	106,341
Packing expense		58,102	-	-		-	58,102
Depreciation		30,995	7,366	28,068		-	66,429
Import/export							
expense		34,145	-	-		-	34,145
Shipping expense		55,864	-	-		-	55,864
Insurance		29,777	19,483	24,989		-	74,249
Others (Note)		48,068	50,759	61,637		855	161,319
Service costs		(13,113)	 (104,118)	 (13,272)			 (130,503)
	\$	658,217	\$ 180,524	\$ 381,175	\$	855	\$ 1,220,771

Note: The balance for each items did not exceed 5% of the account balance.

VI. Financial Difficulty Experienced by the Company or Its Affiliates During the Most Recent Year and as of the Print Date of This Annual Report: None.

Seven. Review and Analysis of Financials and Financial Performance and Risks

I. Financial Status: Main reasons and material effects of significant change in assets, liabilities and shareholder equity during the most recent year and the responding plans going forward.

Comparison and Analysis of Financial Status

Unit: NT\$ thousand

Year			Difference		
Item	2022	2021	Amount	%	
Current asset	24,773,667	25,419,703	-646,036	-2.54%	
Financial assets at FVTPL	521,443	479,634	41,809	8.71%	
Property, Plant and Equipment	16,334,327	14,732,010	1,602,317	10.88%	
Intangible asset	53,607	47,951	5,656	11.80%	
Other assets	5,438,548	5,656,776	-218,228	-3.86%	
Total assets	46,600,149	46,336,074	264,075	0.57%	
Current liability	11,234,252	11,942,039	-707,787	-5.93%	
non-current liabilities	15,983,501	15,656,247	327,254	2.09%	
Total liabilities	27,217,753	27,598,286	-380,533	-1.38%	
Equity attributable to shareholders of the parent	19,382,380	18,737,770	644,610	3.44%	
Share capital	9,094,100	9,094,100	0	0.00%	
Additional paid-in capital	41	41	0	0.00%	
Retained earnings	11,119,729	11,614,624	-494,895	-4.26%	
Other equities	(831,490)	(1,970,995)	1,139,505	-57.81%	
Total Equity	19,382,396	18,737,788	644,608	3.44%	

Analysis on +/- change by at least 20%:

Other equity: Due to an increase in translation difference of overseas operations.

- II. Financial Performance: Main reasons for significant change in revenues, operating profits and profits before tax during the most recent two years, expected sales and basis for the expectation, possible influence on the Company's finance and business going forward, and responding plans.
 - (I) Comparison and Analysis of Operating Performance

Comparison and Analysis of Operating Performance

Unit: NT\$ thousand

Year	2022	2021	Change		
Item	2022	2021	Amount	%	
Operating income	38,617,881	34,896,128	3,721,753	10.67%	
Operating cost	32,947,434	27,746,346	5,201,088	18.75%	
Gross profit	5,670,447	7,149,782	-1,479,335	-20.69%	
Operating expenses	5,439,594	5,406,907	32,687	0.60%	
Other operating income and expenses	(300)	(1,848)	1,548	-83.77%	
Profit from operations	230,553	1,741,027	-1,510,474	-86.76%	
Non-operating income and expense	480,703	(57,927)	538,630	-929.84%	
Profit before tax from continuing operations	711,256	1,683,100	-971,844	-57.74%	
income tax expense	373,105	765,167	-392,062	-51.24%	
Income from continuing operation	338,151	917,933	-579,782	-63.16%	
Profit (loss) from discontinued operations	0	0	0	0.00%	
Current period net profit	338,151	917,933	-579,782	-63.16%	
Other comprehensive income (net of tax)	1,215,867	(380,462)	1,596,329	-419.58%	
Total comprehensive income in the current period	1,554,018	537,471	1,016,547	189.14%	
Net profit attributable to shareholders of the parent	338,151	917,933	-579,782	-63.16%	

Analysis on +/- change

- 1. The decrease in gross profit was mainly due to the increase in operating costs was greater than the increase in operating revenue.
- 2. The decrease in other income and expense, net was mainly due to the decrease in termination benefits.
- 3. The decrease in operating income was mainly due to the decrease in gross profit.
- 4. The increase in non-operating income and expenses was mainly due to the increase in net foreign currency exchange gain.
- 5. The decrease in profit before tax from continuing operations was mainly due to the decrease in gross profit.
- 6. The decrease in income tax expense was mainly due to the decrease in profit before income tax.
- 7. The decrease in net income for the period from continuing operations was mainly due to the decrease in gross profit.
- 8. The decrease in net income for the period was mainly due to the decrease in gross profit.

- 9. The increase in other comprehensive income (net of tax) for the current year was mainly due to the increase in exchange differences on translation of foreign financial statements.
- 10. The increase in total comprehensive income for the period was mainly due to the increase in other comprehensive income (net of tax) for the current year.
- 11. The decrease in net income attributed to shareholders of the parent company was mainly due to the the decrease in gross profit.
 - (II) Change in gross profits: The increase in operating costs was greater than the increase in operating revenues, resulting in a decrease in gross profit for the current year compared to the previous year.
- III. Cash Flows: Analysis and explanation of cash flow changes during the most recent year; improvement plan for inadequate liquidity; and cash flow liquidity for the next year.
 - (I) Liquidity analysis for the most recent two years

Unit: NT\$ thousand

Year Item	2022	2021	Change (%)
Operating cash flow ratio	13.02%	-9.56%	236.19%
Cash flow adequacy ratio	44.18%	26.00%	69.96%
Cash re-investment ratio	1.11%	-4.37%	125.48%

Analysis on +/- change:

- 1. The increase in cash flow ratio was due to a significant increase in net cash flow from operating activities and a decrease in current liabilities.
- 2. The increase in cash flow adequacy ratio is due to the increase in net cash flow from operating activities and the decrease in inventory for the last five years.
- 3. The increase in cash flow reinvestment ratio was due to the increase in net cash flow from operating activities.
 - (II) Cash flow liquidity for the next year

Unit: NT\$ thousand

	Expected net cash flows	•	Expected cash	Measures to cash	•
beginning of the period	from operating activities for the year	year	surplus (gap)	Investment plan	Financing plan
6,007,721	3,245,466	3,447,897	5,805,290	-	-

- IV. Impact of Major Capital Expenditures on Finance and Business During the Most Recent Year:
 - (I) Utilization and funding sources of major capital expenditures

Unit: NT\$ thousand

Project	Actual or expected funding sources	Actual or expected completion dates	Total amount required		r expected utilization 2023
				(actual)	(expected)
Equipment addition and replacement	Internal capital and bank loans	2022	1,902,959	1,902,959	-
Equipment addition and replacement	Internal capital and bank loans	2023	2,441,895	-	2,441,895

(II) Expected possible benefits:

Increase of production capacity for passenger car tires, motorcycle tires, and bicycle tires in order to boost the Company's market shares in these markets.

V. Investment Policies, Main Causes for Profit or Loss and Improvement Plans in the Most Recent Year and Investment Plans for the Coming Year:

Investment policies in the most recent years:

The Company continues to invest in facility expansion for its core business in order to boost capacity, sales and profits.

Investment plans for the coming year:

The Company continues to carefully evaluate investment projects and develop the global market in line with incremental capacity, in order to grow revenues and profits.

VI. Risks:

(I) Impact of interest rate changes, exchange rate changes, and inflation on the Company's profit and loss and responding measures going forward:

Exports account for 91% of the Company's revenues and imports of raw materials and other materials account for 98% of the total purchases. A relative high proportion of imports and exports is in US dollars and Euro. Most of our customers are overseas. Therefore, exchange rate changes affect the Company's profits.

As a principle, the Company seeks to hedge currency risks and does not speculate. Finance personnel keeps a close eye on movements of the currency market and change of financial information, in order to stay on top of exchange rate directions. Meanwhile, the

relation with banks is strengthened and advice from foreign exchange banks is taken into account to ensure reasonable currency hedging activities.

The Company regularly reviews borrowing rates and stays in close conversations with banks to obtain favorable interest rates in the market.

(II) Policies regarding highly-risky, highly-leveraged investments, lending, endorsements and guarantees, and derivatives trading; main reasons for related profits or losses, and responding measures:

Endorsements and guarantees are provided by the Company to indirect investees according to the terms and conditions agreed with financial institutions. This may be dealt by a local branch of the financial institution within the approved credit limit or with L/C loans guaranteed by the Company from another institution designated by the lending bank.

The Company's lending, endorsements and guarantees are in adherence to regulations set by competent authorities and relevant management rules established internally. We are not involved in trading of derivatives.

(III) R&D plans and expected R&D expenses:

- 1. Establishment of a high-speed consistency and low rolling resistance system for tires (NT\$40 million).
- 2. Application and accreditation of green and sustainable materials (NT\$30 million).
- 3. R&D of smart tires (NT\$20 million).
- 4. Development of all steel STR trailer tires (NT\$30 million).
- 5. Tire structure 3D computed tomography (CT) Measurements system (NT\$30 million).
- 6. Lab-grade high and low temperature environmental test chamber for tires (NT\$2 million).
- 7. Tire bead compression measurements system (NT\$4 million).
- 8. Tire product life-cycle management (PLM) system (NT\$25 million).
- 9. Lab-grade tire performance testing machine system (NT\$20 million).
- (IV) Impact of major policy and law changes, domestic and overseas, on the Company's finance and business and responding measures: none
- (V) Impact of technology (includes information security risk) and industry changes on the Company's finance and business and responding measures:

- 1. If the computer system that is important for corporate functions such as manufacturing, operation and finance is attacked and paralyzed, the important data of the company may be lost and the production line may be shut down.
- 2. Response measures include regularly backing up important data and files, signing maintenance contracts for the company's important hardware, and regularly implementing data recovery exercises every year.
- (VI) Impact of corporate image changes on the Company's crisis management and responding measures: None.
- (VII) Expected benefits and potential risks of M&As ongoing, and responding measures: None.
- (VIII) Expected benefits and potential risks of facility expansions, and responding measures: Increase of sales and operating profits.
- (IX) Risks associated with purchase or sales concentration and responding measures: None.
- (X) Impact and risk of significant transfers or change of stakes by directors, supervisors or major shareholders with at least 10% holdings, and responding measures: None.
- (XI) Impact and risk of change of control, and responding measures: None.
- (XII) Litigation or non-litigation events: It is necessary to describe major litigations, non-litigations or administrative litigations with confirmed judgments or still ongoing involved by the Company or any of its directors, supervisors, General Manager, de facto responsible persons, major shareholders with at least 10% stakes or any of the subordinated companies. If the outcome may have material influence on shareholders' equity or securities prices, it is necessary to disclose the matters in contention, underlying amounts, start dates of the litigations, main parties involved and progress as of the print date of the annual report: None.

The Company previously had an exclusive distribution agreement with Gabjohn in Nigeria. Due to the sales condition, the trading companies commissioned by the Company switched to other distributors in Nigeria to sell our products. Gabjohn filed a lawsuit against the Company regarding the breach of the exclusive distribution contract and demands a compensation of about NT\$90 million (or NGN 500 million). For the local liaison with regard to this litigation, the Company entered a litigation contract with

Chu Mao Intellectual Property Limited for Nigeria so that Chu Mao Intellectual Property Limited can handle the litigation via AdenijiKazeem & Co., a local intellectual property law firm in Nigeria. According to the regular updates from Chu Mao Intellectual Property Limited on the litigation, the case is still with the high court. As of the publication date for 2022 financial report, it has not been possible to reasonably estimate the possible outcome of the dispute regarding distribution rights.

(XIII) Other important risks and responding measures:

Risk management policy and management guidelines:

The highest authority, in addition to the meetings and committees mentioned below, is the Sustainable Development Committee, which sets and manages the ESG guidelines.

Major issues	Risk assessment items	Highest Authority	Risk management policy and management guidelines
	Safety, health and environmental risks	Occupational Safety & Health (OSH) and Environment Committee	 An environmental safety and health management was established according to the ISO 14001 and ISO 45001/TOSHMS (CNS 45001) standards. The environmental safety and health management system (including environmental safety and health policies and targets) must be combined with factory operations and implemented in the PDCA (Plan, Do, Check and Action) cycle. A COVID-19 taskforce has been established to implement and manage measures put in place by the Taiwan Centers for Disease Control.
Environment	In response to climate change risks	Procurement Meeting Sales Meeting Occupational Safety & Health (OSH) and Environment Committee	 To ensure the supply chain security, we maintain at least two and three suppliers in different geographic locations for each material. As for materials from a single supplier, we proactively increase inventory and look for other suppliers, so that we can have the flexibility to respond to stock-out risks due to international situation changes, extreme climates, and significant natural disaster. Promote greenhouse gas emission reduction. To mitigate product transportation risks, there are safety inventories at production sites and business premises around the world. Where we do not have presences, we coordinate with customers to ensure a safety level of inventory. These efforts aim to reduce the risk of supply shortage by flexibly responding extreme climate and major natural disasters.

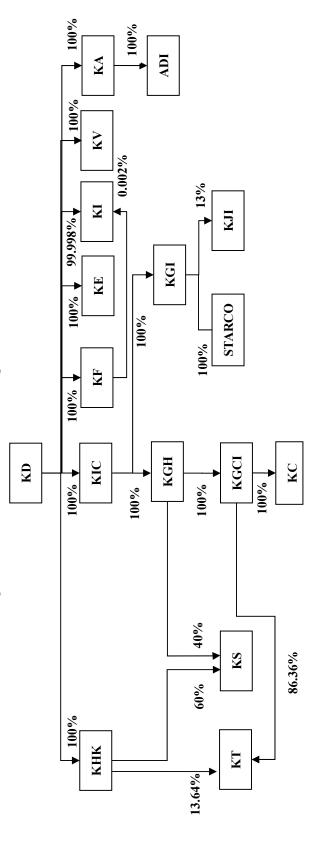
Major issues	Risk assessment items	Highest Authority	Risk management policy and management guidelines
	Product risks	Standard Committee Quality Committee Design Review Meeting	 Quality meetings are convened each month for management, control, and review of yield enhancements. A robust channel has been established for customer complaints, so that any quality concern from existing customers and end consumers can be dealt with properly and appropriately. Product liability insurance is purchased for production and selling activities, to ensure our customers in the distribution and use of our products. Pursuant to relevant laws on tires, we formulate specifications for raw materials and products, in order to produce non-polluting and environmental friendly tires of lightweight, with low rolling resistance and high wet grip performance. This reduces the unit consumption of materials for tires and lowers energy consumption of vehicles and emission of greenhouse gases.
	Market risk	Production and Sales Meeting Sales Meeting	 We stay on top of market prices, product quality, and industry trends by keeping an eye on competition, in order to stay in the game. We constantly assess the financial health and default risk of customers, in order to avoid losses.
Raw Illaterial	Procurement Meeting	 Assessments are conducted on the demand and supply in the raw materials market, in order to avoid adverse effects on price-performance ratio due to price increases reflective of costly raw materials. We screen and select suppliers based on assessment on their financial health and default risks. We carefully review whether the quality of raw materials meets regulatory standards, so as to avoid losses due to default or defect of raw materials. 	
	Employee risks	Human Resource Evaluation Committee Pension Management Committee Related Meetings of Corporate Union	1. Planning and implementation of a robust employee benefit policy and a retirement system. 2. Asking employees to adhere to non-compete clauses and sign confidentiality agreements, to avoid risks. 3. Oversight and compliance with laws and regulations, and establishment of a channel for employees to communicate and complain.

Major issues	Risk assessment items	Highest Authority	Risk management policy and management guidelines
	Legal compliance risks	Board of Directors	 Business units encode the laws and regulations they should comply with into internal rules and regularly conduct self-evaluations on legal compliance. Decision-making is proceeded according to the hierarchical structure of authorization. Cross-functional meetings are convened when necessary. The Legal Department is established to handle risk control, and attorneys are hired to provide advice on legal issues.
Corporate governance	Financial risks	Financial Meeting	 Planning and management of sufficient working capital. Control of exchange rate risks and adjustment of selling prices and transaction currencies given a certain degree of exchange rate volatility. Focus on the core business, with investments only in low-risk instruments for hedging purposes. No involvement in trading of derivatives. Stringent rules in place and compliant with laws regarding risks in endorsement, guarantee and lending.
	Information security risks	Management Meeting	Regulation of information access authorization; implementation of IT system control, factory access control, premise access control in order to manage the risks associated with trade secrets.

VII. Other Important Matters: None.

Eight. Special Notes & Supplementary Information

- I. Data on Affiliated Companies
- (I) Organization of affiliated companies
- 1. Kenda Rubber Ind. Co., Ltd.'s Organization Chart for Affiliated Companies



Note A: Companies controlled and subordinated as inferred according to inferred by Article 369-3 of the Company Act Note B: Codes explained:

Code	Company name	Location	Code	Company name	Location
KD	KENDA RUBBER IND CO., LTD.	Taiwan	KJI	KENJOU INVESTMENT CO.LTD.	Mauritius
KA	AMERICAN KENDA RUBBER IND CO., LTD	Ohio, USA	KGH	KENDA GLOBAL HOLDING CO., LTD.	Cayman Is.
ADI	AMERICANA DEVELOPMENT, INC.	Ohio, USA	KGCI	KENDA GLOBAL (CHINA) INVESTMENT CO., LTD	Kunshan, Jiangsu
KV	KENDA RUBBER (VIETNAM) CO., LTD.	Dong Nai, Vietnam	KC	KENDA RUBBER (CHINA) CO., LTD.	Kunshan, Jiangsu
KI	PT. KENDA RUBBER INDONESIA	Indonesia	KS	KENDA RUBBER (SHENZHEN) CO., LTD.	Shenzhen, Guangdong
KE	KENDA RUBBER INDUSTRIAL CO, EUROPE GmbH	Oldenburg German	КНК	KENDA RUBBER (HONG KONG) CO., LTD.	Hong Kong
KF	KENFONG INDUSTRIAL CO., LTD.	Taiwan	KT	KENDA RUBBER (TIANJIN) LIMITED	Jinhai, Tianjin
KIC	KENDA INTERNATIONAL CORPORATION	Cayman Is.	STARCO	STARCO EUROPE A/S	Aarhus, Denmark
KGI	KENDA GLOBAL INVESTMENT CORPORATION	Mauritius			

2. Basic data of affiliated companies

Unit: thousand

Company name	Establishment date	Address	Paid-in Capital		Main businesses or production activities	
AMERICAN KENDA RUBBER IND. CO., LTD.	1991.02.11	7095 Americana Parkway Reynoldsburg, OHIO 43068 USA	USD	9,000	Investment and trading	
AMERICANA DEVELOPMENT,INC.	1998.11.09	7095 Americana Parkway Reynoldsburg, OHIO 43068 USA	USD	20,000	Production of wheel rims and tires Assembly and distribution of wheel rims	
KENDA RUBBER (VIETNAM) CO., LTD.	1997.04.03	Cho Chieu Street, Ho Nai 3 Industrial Zone, Trang Bom District, Dong Nai Province, Vietnam Industrial Zone	USD	67,680	Production and sale of a variety of tires	
PT. KENDA RUBBER INDONESIA	2014.12.10	J1. Raya Cikande Rangkasbitung KM.5,Desa kareo, Kec. Jawilan Serang 42177 Benten	USD	53,000	Production and sale of a variety of tires	
KENDA RUBBER INDUSTRIAL CO, EUROPE GmbH	2013.04.19	Greimelstraße 28 83236 Übersee Germany	EUR	405	Marketing and planning	
KENFONG INDUSTRIAL CO., LTD.	2013.11.22	No. 2, Section 1, Chungshan Road, Yuanlin City, Changhua County	NTD	199,000	Selling of a variety of tires	
KENDA INTERNATIONAL CORPORATION	1999.03.30	P.O.Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	USD	81,753	Investment consultancy and trading	
KENDA GLOBAL INVESTMENT CORPORATION	2003.12.11	Level 3, Alexander House,35 Cybercity,Ebene, Mauritius	USD	14,026.4 Note 1	Investment consultancy and trading	
KENDA GLOBAL HOLDING CO.,LTD.	1997.01.03	P.O.Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands	USD	112,050	Investment consultancy and trading	
KENDA GLOBAL (CHINA) INVESTMENT CO., LTD	2014.04.16	No. 2, Kun Jia Road, Development Zone, Kunsan City, Jiangsu Province	USD	161,000	Investment and trading	
KENDA RUBBER (CHINA) CO., LTD.	1994.03.25	No. 2, Kun Jia Road, Development Zone, Kunsan City, Jiangsu Province	USD	70,000	Production and sale of a variety of tires	
KENDA RUBBER (SHENZHEN) CO., LTD.	1990.09.07	Gongye West Road, Dalang Sub-District, Baoan District, Shenzhen City	USD	25,000	Production and sale of a variety of tires	
KENDA RUBBER (HONG KONG) CO., LTD.	1991.05.07	No. 51-63, Container Port Road, Kwai Chung, New Territories, Hong Kong Room 613, 6/F, Kwai Shun Industrial Centre	HKD USD	100 30,600	Investment and trading	
KENDA RUBBER (TIANJIN) LIMITED	2007.12.06	South District, Jinghai Economic Development Zone, Jinghai District, Tianjin No. 6/8, Taian Dao	USD	220,000	Production and sale of a variety of tires	
STARCO EUROPE A/S	2017.10.02	Sintrupvej 71B, st.tv., 8220 Brabrand		10,320	Production of wheel rims and tires Assembly and distribution of wheel rims	

Note 1: On December 20, 2022, KENDA GLOBAL INVESTMENT CORPORATION through capital increase from earnings to US\$12,323 thousand.

- 3. Data inferring the same shareholders for controlling and subordinated companies: None.
- 4. Businesses involved by the group and its affiliated companies: Tire industry, general investment, and international trade.

5. Names and shareholders of directors, supervisors, and General Managers of affiliated companies.

Compani							
			Shareholding				
Company name	Title	Name or representative	No. of shares (capital contribution)	Shares Ratio (contribution as % of capital)			
AMERICAN KENDA RUBBER IND. CO., LTD.	Director	Yang, Chi-Jen Yang Shih,Ching-Huey	Kenda holds 500 shares	100%			
AMERICANA DEVELOPMENT, INC.	Director	Yang, Chi-Jen Yang Shih,Ching-Huey	American Kenda Rubber holds 1,500 shares	100%			
KENDA RUBBER (VIETNAM) CO., LTD.	Director President	Yang, Ying-Ming; Yang, Chi- Jen; Chang, Hong-Der; Chen, ChaoJung; Huang Feng-Chou Huang Feng-Chou	(Kenda contributed US\$67,680,000 in capitalization)	(100%)			
PT. KENDA RUBBER	Director	Yang, Chi- Jen; Yang, Ying-Ming; Chen, Chao-Jung; Tseng, Shen -Tung; Chang, Hong-Der	(Kenda contributed US\$52,999,000 in capitalization)	(99.998%)			
INDONESIA	President	Tseng, Sheng-Tun	(Kenfong contributed US\$1,000 in capitalization)	(0.002%)			
KENDA RUBBER INDUSTRIAL CO, EUROPE GmbH	Director	Yang, Chi-Jen	(Kenda contributed €405,000 in capitalization)	(100%)			
KENFONG INDUSTRIAL CO., LTD.	Director Supervisor	Yang, Ying-Ming; Yang, Chi- Jen; Chen, Chao-Jung Chang, Hong-Der	Kenda holds 19,900,000 shares	100%			
KENDA INTERNATIONAL CORPORATION	Director	Yang, Ying Ming Yang, Chi Jen	(Kenda contributed US\$ 81,753,000 in capitalization)	(100%)			
KENDA GLOBAL INVESTMENT CORPORATION	Director	Yang, Ying-Ming Chen, Chao-Jung	(KENDA INTERNATIONAL CORPORATION contributed US\$1,703,000 in capitalization)	(100%)			
KENDA GLOBAL HOLDING CO., LTD.	Director	Yang, Ying-Ming Yang, Chi-Jen	(KENDA INTERNATIONAL CORPORATION contributed US\$112,050,000 in capitalization)	(100%)			
KENDA GLOBAL (CHINA) INVESTMENT CO., LTD	Director Supervisor President	Yang, Ying-Ming; Yang, Chi- Jen; Chen, Chao-Jung Chang, Hong-Der Lin, Chien-Liang	(KENDA GLOBAL HOLDING CO., LTD. contributed US\$161,000,000 in capitalization)	(100%)			
KENDA RUBBER (CHINA) CO., LTD.	Director Supervisor President	Yang, Ying-Ming; Yang, Chi- Jen; Chang, Hong-Der Chen, Chao-Jung Lin, Chien-Liang	(KENDA GLOBAL HOLDING (CHINA) CO., LTD. contributed US\$ 70,000,000 in capitalization)	(100%)			
KENDA RUBBER	Director	Yang, Ying-Ming Yang, Chi-Jen Chen, Chao-Jung	(KENDA GLOBAL HOLDING CO., LTD. contributed US\$1,000,000 in capitalization)	(40%)			
(SHENZHEN) CO., LTD.	President	Yang, Jui-Wen	(KENDA RUBBER (HK) CO., LTD. contributed US\$1,500,000 in capitalization)	(60%)			
KENDA RUBBER (HONG KONG) CO., LTD.	Director	Yang, Ying-Ming	(Kenda contributed US\$ 30,600,000 in capitalization; Kenda contributed HK\$100,000 in capitalization)	(100%)			
KENDA RUBBER	Director	Yang, Ying-Ming Yang, Chi-Jen Chen, Chao-Jung	(KENDA GLOBAL HOLDING (CHINA) CO., LTD. contributed US\$190,000,000 in capitalization)	(86.36 %)			
(TIANJIN) LIMITED	Supervisor President	Chang, Hong-Der Lai, Hsi-Jung	(KENDA RUBBER (HK) CO., LTD. contributed US\$30,000,000 in capitalization)	(13.64 %)			
STARCO EUROPE A/S	Director	Yang, Ying-Ming Yang, Chi-Jen Jeffrey Pizzola	(KENDA GLOBAL INVESTMENT CORPORATION contributed € 6,935,916 in capitalization)	(100%)			

6. Operational status of affiliated companies: financial standing and operational results of affiliated companies.

Unit: NT\$ thousand

Company name	Capitalization	Total assets	Total liabilities	Net	Operating income	Operating profit	Profit or loss (net of tax)	Earnings per share (NT\$) (net of tax)
KENDA RUBBER (SHENZHEN) CO., LTD.	714,415	2,567,310	1,005,335	1,561,975	1,446,935	(210,296)	(115,410)	(4.62)
AMERICAN KENDA RUBBER IND. CO., LTD.	268,598	8,766,287	6,552,315	2,213,972	16,671,512	226,667	152,724	16,97
KENDA RUBBER (HONG KONG) CO., LTD.	907,219	1,444,749	0	1,444,749	0	(118)	(85,820)	(2.80)
KENDA RUBBER (CHINA) CO., LTD.	2,252,262	7,559,520	979,455	6,580,065	6,583,614	(338,474)	(58,463)	(0.84)
KENDA GLOBAL HOLDING CO., LTD.	3,578,118	10,732,008	1,374	10,730,634	0	(2,303)	(274,820)	(2.45)
KENDA RUBBER (VIETNAM) CO., LTD.	2,121,380	11,209,691	2,890,756	8,318,935	7,348,034	291,688	129,700	1.91
KENDA INTERNATIONAL CORPORATION	2,454,785	11,200,971	0	11,200,971	0	(234)	(281,746)	(3.45)
KENDA GLOBAL INVESTMENT CORPORATION	389,079	457,473	0	457,473	0	(209)	(6,838)	(0.49)
KENDA RUBBER (TIANJIN) LIMITED	6,870,512	4,738,229	1,195,923	3,542,306	3,574,519	(250,939)	(214,280)	(0.97)
KENDA RUBBER INDUSTRIAL CO, EUROPE GmbH	13,383	55,256	18,970	36,286	114,131	180	1,945	4.80
KENFONG INDUSTRIAL CO., LTD.	199,000	538,941	260,711	278,230	805,781	62,571	53,854	0.27
KENDA GLOBAL (CHINA) INVESTMENT CO., LTD	5,057,582	10,100,621	942	10,099,679	0	(430)	(233,648)	(1.45)
PT. KENDA RUBBER INDONESIA	1,660,346	2,166,964	1,209,927	957,037	1,543,064	(31,651)	(147,151)	(2.78)
STARCO EUROPE A/S	49,563	3,153,154	2,782,561	370,593	3,918,609	72,459	(19,212)	(11.79)

Note: All the above numbers are converted at exchange rates on the year-end reporting date.

(II) Consolidated financial statements of affiliated companies:

For the Company in 2022 (from January 1, 2022 to December 31, 2022), the entities to be included in the consolidated financial statements of affiliated companies according to the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical with the entities to be included in the parent's consolidated financial statements under the International Financial Reporting Standards (IFRS) 10. As the consolidated financial statements of affiliated companies are disclosed in the parent's consolidated financial statements, the consolidated financial statements of affiliated companies are not separately prepared. (As above the statement for consolidated financials of affiliated companies)

- (III) Relation reports: None.
- II. Private Placement of Marketable Securities During the Most Recent Year and as of the Print Date of This Annual Report: None.
- III. Possession or Disposal of the Company's Shares by Subsidiaries During the Most Recent Year and as of the Print Date of This Annual Report: None.
- IV. Other Required Supplementary Information:

The Company does not invest in financial instruments other than shares and depositary receipts. Therefore, hedge accounting is not required.



CHAIRMAN

Chi Ja Gant Ett

YANG, CHI-JEN



Designed for Your Journey





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