

CHIMEI CORPORATION AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022**

**Address: No. 398, Sec. 1, Zhongzheng Rd., Rende Dist., Tainan City , Taiwan
(R.O.C.)**
Telephone: (06)266-3000

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Representation Letter	3
4. Independent Auditors' Report	4
5. Consolidated Balance Sheets	5
6. Consolidated Statements of Comprehensive Income	6
7. Consolidated Statements of Changes in Equity	7
8. Consolidated Statements of Cash Flows	8
9. Notes to the Consolidated Financial Statements	
(1) Company history	9
(2) Approval date and procedures of the consolidated financial statements	9
(3) New standards, amendments and interpretations adopted	9~10
(4) Summary of material accounting policies	10~28
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	28~29
(6) Explanation of significant accounts	29~69
(7) Related-party transactions	69~72
(8) Pledged assets	72
(9) Significant commitments and contingencies	72~73
(10) Losses due to major disasters	73
(11) Subsequent events	73
(12) Other	73
(13) Other disclosures	
(a) Information on significant transactions	74~78
(b) Information on investees	79
(c) Information on investment in Mainland China	79~80
(14) Segment information	80~82

Representation Letter

The entities that are required to be included in the combined financial statements of CHIMEI Corporation as of and for the year ended December 31, 2023 under the Criteria Governing the 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 International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, CHIMEI Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: CHIMEI Corporation

Chairman: Hsu Chun-hua

Date: March 27, 2024



安侯建業聯合會計師事務所
KPMG

台北市110615信義路5段7號68樓(台北101大樓)
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

電話	Tel	+ 886 2 8101 6666
傳真	Fax	+ 886 2 8101 6667
網址	Web	kpmg.com/tw

Independent Auditors' Report

To the Board of Directors of CHIMEI Corporation:

Opinion

We have audited the consolidated financial statements of CHIMEI Corporation and its subsidiaries (“the Group”), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, 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 material accounting policies.

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, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“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 Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the 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 of our opinion.

Other Matters

CHIMEI Corporation has additionally prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRC, 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 supervisors) 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

The engagement partners on the audit resulting in this independent auditors' report are Kuo, Rou-Lan and Lien, Shu-Ling.

KPMG

Taipei, Taiwan (Republic of China)

March 27, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

CHIMEI CORPORATION AND SUBSIDIARIES**Consolidated Balance Sheets****December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

ASSETS		December 31, 2023		December 31, 2022		LIABILITIES AND EQUITY		December 31, 2023		December 31, 2022			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (Notes (4) and (6)(a))	\$	17,656,357	14	38,005,094	26	2100	Short-term borrowings (Note (6)(k))	\$	1,680,269	1	4,140,213	3
1110	Current financial assets at fair value through profit or loss (Notes (4) and (6)(b))		14,446,307	11	14,216,352	10	2110	Short-term notes and bills payable (Note (6)(l))		99,863	-	-	-
1170	Notes and accounts receivable (Notes (4), (6)(c) and (7))		9,731,631	8	9,664,022	7	2170	Notes and accounts payable (Note (7))		4,079,431	3	5,723,445	4
1200	Other receivables, net (Notes (4), (6)(d) and (7))		185,364	-	187,607	-	2200	Other payables (Note (7))		4,494,568	3	6,423,045	4
130X	Inventories (Note (6)(e))		17,318,635	13	17,715,519	12	2230	Current tax liabilities (Notes (4) and (6)(q))		65,909	-	1,179,080	1
1476	Other current financial assets (Notes (4) and (8))		12,300	-	10,319	-	2280	Current lease liabilities (Notes (4) and (6)(o))		170,511	-	136,440	-
1479	Other current assets, others (Note (6)(j))		1,911,214	1	2,118,110	2	2320	Long-term liabilities, current portion (Notes (6)(m) and (n))		4,671,077	4	8,527,360	6
			61,261,808	47	81,917,023	57	2399	Other current liabilities, others (Notes (6)(b), (i) and (7))		3,463,875	3	2,246,235	2
										18,725,503	14	28,375,818	20
Non-current assets:						Non-Current liabilities:							
1517	Non-current financial assets at fair value through other comprehensive income (Notes (4) and (6)(b))		811,937	1	920,231	1	2530	Bonds payable (Notes (4) and (6)(n))		3,100,000	2	1,000,000	1
1550	Investments accounted for using equity method (Notes (4) and (6)(f))		579,991	-	523,838	-	2540	Long-term borrowings (Note (6)(m))		9,797,787	8	10,189,851	7
1600	Property, plant and equipment (Notes (4) and (6)(g))		63,753,118	49	58,185,754	40	2570	Deferred tax liabilities (Notes (4) and (6)(q))		5,527,711	4	5,990,071	4
1755	Right-of-use assets (Notes (4) and (6)(h))		2,203,334	2	1,466,604	1	2580	Non-current lease liabilities (Notes (4) and (6)(o))		800,915	1	45,987	-
1780	Intangible assets (Notes (4) and (6)(i))		489,180	-	291,566	-	2640	Net defined benefit liability, non-current (Notes (4) and (6)(p))		142,130	-	131,481	-
1840	Deferred tax assets (Notes (4) and (6)(q))		798,049	1	784,631	1	2670	Other non-current liabilities, others (Note (7))		182,795	-	168,420	-
1990	Other non-current assets, others (Notes (6)(j) and (8))		411,339	-	359,713	-				19,551,338	15	17,525,810	12
			69,046,948	53	62,532,337	43		Total liabilities		38,276,841	29	45,901,628	32
								Equity attributable to owners of parent:					
							3100	Ordinary shares (Note (6)(r))		18,187,248	14	18,197,753	13
							3200	Capital surplus (Note (6)(r))		1,820,368	1	1,808,148	1
							3300	Retained earnings (Note (6)(r))		63,348,625	49	68,702,253	47
							3400	Other equity (Note (6)(r))		(1,411,425)	(1)	(1,118,164)	(1)
							3500	Treasury shares (Note (6)(r))		(12,993)	-	(78,953)	-
								Total equity attributable to owners of parent:		81,931,823	63	87,511,037	60
							36XX	Non-controlling interests (Note (6)(r))		10,100,092	8	11,036,695	8
								Total equity		92,031,915	71	98,547,732	68
TOTAL ASSETS		\$	130,308,756	100	144,449,360	100	TOTAL LIABILITIES AND EQUITY		\$	130,308,756	100	144,449,360	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHIMEI CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		For the years ended December 31			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Notes (4), (6)(u) and (7))	\$ 124,821,623	100	153,538,492	100
5000	Operating costs (Note (6)(e))	118,324,275	95	138,078,028	90
	Gross profit from operations	6,497,348	5	15,460,464	10
	Operating expenses:(Notes (6)(v) and (7))				
6100	Selling expenses	5,045,834	4	6,942,057	5
6200	Administrative expenses	2,145,332	2	2,231,793	1
6300	Research and development expenses	1,043,840	1	1,185,725	1
6450	Impairment loss (impairment gain and reversal of impairment loss) determined in accordance with IFRS 9	(32,244)	-	400	-
	Net operating (loss) income	8,202,762	7	10,359,975	7
	Non-operating income and expenses:	(1,705,414)	(2)	5,100,489	3
7100	Interest income (Note (6)(w))	770,955	1	794,577	1
7010	Other income (Notes (6)(w) and (7))	276,442	-	235,204	-
7020	Other gains and losses (Notes (6)(w) and (7))	88,641	-	(114,604)	-
7050	Finance costs (Notes (6)(g), (w) and (7))	(611,465)	-	(495,913)	-
7060	Share of profit of associates and joint ventures accounted for using equity method (Note (6)(f))	68,820	-	38,396	-
		593,393	1	457,660	1
7900	(Loss) profit before tax	(1,112,021)	(1)	5,558,149	4
7950	Less: Income tax expenses (Note (6)(q))	(445,952)	-	2,546,182	2
	(Loss) profit	(666,069)	(1)	3,011,967	2
8200	Other comprehensive income (loss):				
8310	Components of other comprehensive income (loss) that will not be reclassified to profit or loss				
8311	(Losses) gains on remeasurements of defined benefit plans	(77,933)	-	553,900	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	(101,594)	-	(1,405,960)	(1)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	15,455	-	(109,315)	-
		(164,072)	-	(961,375)	(1)
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(721,220)	(1)	789,608	1
8370	Share of other comprehensive loss of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(5,321)	-	(27,478)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
		(726,541)	(1)	762,130	1
	Other comprehensive (loss) income, net of income tax	(890,613)	(1)	(199,245)	-
8500	Total comprehensive income	\$ (1,556,682)	(2)	2,812,722	2
	Profit (loss) attributable to:				
8610	Profit, attributable to owners of parent	\$ 93,756	-	2,809,866	2
8620	Profit(loss), attributable to non-controlling interests	(759,825)	(1)	202,101	-
		\$ (666,069)	(1)	3,011,967	2
	Comprehensive (loss) income attributable to:				
8710	Comprehensive (loss) income, attributable to owners of parent	\$ (640,927)	(1)	2,410,448	2
8720	Comprehensive (loss) income, attributable to non-controlling interests	(915,755)	(1)	402,274	-
		\$ (1,556,682)	(2)	2,812,722	2
	Earnings per share (Note (6)(t))				
9750	Basic earnings per share (NT dollars)	\$ 0.05		1.57	
9850	Diluted earnings per share (NT dollars)	\$ 0.05		1.56	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIMEI CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
						Other equity						
						Unrealized gains (losses) on						
	Share capital		Retained earnings			Exchange differences on translation of foreign financial statements	financial assets measured at fair value through other comprehensive income	Unearned compensation	Treasury shares	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings								
Balance on January 1, 2022	\$ 18,197,753	1,726,136	14,842,179	2,682,297	58,644,270	(1,091,739)	1,406,581	(1,343,531)	(150,772)	94,913,174	12,598,887	107,512,061
Profit for the period	-	-	-	-	2,809,866	-	-	-	-	2,809,866	202,101	3,011,967
Other comprehensive income (loss) for the period	-	-	-	-	443,685	563,407	(1,406,510)	-	-	(399,418)	200,173	(199,245)
Total comprehensive income for the period	-	-	-	-	3,253,551	563,407	(1,406,510)	-	-	2,410,448	402,274	2,812,722
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	2,050,808	-	(2,050,808)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(10,709,351)	-	-	-	-	(10,709,351)	-	(10,709,351)
Reversal of special reserve	-	-	-	(2,682,297)	2,682,297	-	-	-	-	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	-	-	(62,768)	(62,768)	-	(62,768)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	(11)	-	-	-	-	-	-	-	(11)	-	(11)
Changes in ownership interests in subsidiaries	-	(2,841)	-	-	(10,693)	-	-	-	-	(13,534)	-	(13,534)
Share-based payments	-	84,864	-	-	-	-	-	753,628	134,587	973,079	-	973,079
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,964,466)	(1,964,466)
Balance on December 31, 2022	18,197,753	1,808,148	16,892,987	-	51,809,266	(528,332)	71	(589,903)	(78,953)	87,511,037	11,036,695	98,547,732
Profit (loss) for the period	-	-	-	-	93,756	-	-	-	-	93,756	(759,825)	(666,069)
Other comprehensive income (loss) for the period	-	-	-	-	(62,359)	(570,534)	(101,790)	-	-	(734,683)	(155,930)	(890,613)
Total comprehensive income (loss) for the period	-	-	-	-	31,397	(570,534)	(101,790)	-	-	(640,927)	(915,755)	(1,556,682)
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	324,286	-	(324,286)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	528,261	(528,261)	-	-	-	-	-	-	-
Cash dividends on ordinary shares	-	-	-	-	(5,385,025)	-	-	-	-	(5,385,025)	-	(5,385,025)
Purchase of treasury shares	-	-	-	-	-	-	-	-	(41,280)	(41,280)	-	(41,280)
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	1	-	-	-	-	-	-	-	1	-	1
Changes in ownership interests in subsidiaries	-	217	-	-	-	-	-	-	-	217	-	217
Share-based payments	(10,505)	12,002	-	-	-	-	-	379,063	107,240	487,800	-	487,800
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(20,848)	(20,848)
Balance on December 31, 2023	\$ 18,187,248	1,820,368	17,217,273	528,261	45,603,091	(1,098,866)	(101,719)	(210,840)	(12,993)	81,931,823	10,100,092	92,031,915

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

CHIMEI CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2023 and 2022****(Expressed in Thousands of New Taiwan Dollars)**

	For the years ended December 31	
	2023	2022
Cash flows from operating activities:		
(Loss) profit before tax	\$ (1,112,021)	5,558,149
Adjustments:		
Adjustments to reconcile profit:		
Depreciation expense	5,022,749	4,541,542
Amortization expense	280,470	217,831
Expected credit (reversal gain) loss	(32,244)	400
Interest expense	611,465	495,913
Interest income	(770,955)	(794,577)
Dividend income	(226,618)	(181,318)
Share-based payments	381,133	838,895
Share of profit of associates and joint ventures accounted for using equity method	(68,820)	(38,396)
Loss (gain) on disposal of property, plant and equipment	11,466	(36,519)
Impairment loss on non-financial assets	200,911	-
Others	132,420	(4,746)
Total adjustments to reconcile profit	5,541,977	5,039,025
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets at fair value through profit or loss, mandatorily measured at fair value	(229,955)	5,227,828
Notes and accounts receivable	(161,263)	2,699,493
Inventories	279,265	4,659,944
Other current assets	(145,211)	1,946,548
Total changes in operating assets	(257,164)	14,533,813
Changes in operating liabilities:		
Notes and accounts payable	(1,587,158)	(1,390,089)
Other payables	(1,220,978)	(2,962,390)
Other current liabilities	1,217,654	(838,140)
Net defined benefit liability	(67,633)	(65,307)
Total changes in operating liabilities	(1,658,115)	(5,255,926)
Total changes in operating assets and liabilities	(1,915,279)	9,277,887
Total adjustments	3,626,698	14,316,912
Cash inflow generated from operations	2,514,677	19,875,061
Interest received	820,145	739,024
Dividends received	243,965	203,414
Interest paid	(624,419)	(428,185)
Income taxes paid	(1,112,732)	(6,206,376)
Net cash flows from operating activities	1,841,636	14,182,938
Cash flows used in investing activities:		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	6,700	13,400
Proceeds from liquidation of investments accounted for using equity method	208,500	-
Acquisition of property, plant and equipment	(12,440,983)	(9,342,532)
Proceeds from disposal of property, plant and equipment	36,935	105,471
Acquisition of intangible assets	(52,449)	(63,303)
Other non-current assets	(1,634)	(27,501)
Net cash flows used in investing activities	(12,242,931)	(9,314,465)
Cash flows used in financing activities:		
(Decrease) increase in short-term borrowings	(2,444,436)	3,710,407
Increase in short-term notes and bills payable	99,863	-
Proceeds from issuing bonds	2,100,000	1,000,000
Repayments of bonds	(5,000,000)	-
Proceeds from long-term borrowings	8,076,958	3,551,839
Repayments of long-term borrowings	(7,127,781)	-
Payment of lease liabilities	(160,638)	(129,192)
Other non-current liabilities	16,888	1,636
Cash dividends paid	(5,385,025)	(10,709,351)
Payments to acquire treasury shares	(41,280)	(62,768)
Treasury shares sold to employees	107,240	134,587
Change in non-controlling interests	(14,565)	(1,978,011)
Net cash flows used in financing activities	(9,772,776)	(4,480,853)
Effect of exchange rate changes on cash and cash equivalents	(174,666)	188,091
Net (decrease) increase in cash and cash equivalents	(20,348,737)	575,711
Cash and cash equivalents at beginning of period	38,005,094	37,429,383
Cash and cash equivalents at end of period	\$ 17,656,357	38,005,094

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, unless Otherwise Specified)

(1) Company history

CHIMEI Corporation (the “Company”) was incorporated on January 11, 1960 as a company limited by shares under the Company Act of the Republic of China (R.O.C.). The Company's registered office is at No. 398, Sec. 1, Zhongzheng Rd., Rende Dist., Tainan City 717010, Taiwan (R. O. C.). The major business activities of the Company and its subsidiaries (together referred to as the “Group”) are the production and sale of ABS resin, AS resin, PS resin, MS resin, PMMA resin, PC resin, Composite material (including post-consumer recycled resin), synthetic rubber, electronic materials, specialty chemicals, etc. The principal operating activities of the Company are described in Note 4(c).

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors on March 27, 2024.

(3) New standards, amendments and interpretations adopted:

- (a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- 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”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the Financial supervisory commission, R.O.C. (hereinafter referred to as "IFRSs endorsed by the FSC").

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 4(q).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principles of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

List of the subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Principal activity	Share holding	
			December 31, 2023	December 31, 2022
The Company	CHIMEI Industrial(H.K) Ltd.	General investment	100.00 %	100.00 %
"	Jumping Holding Co., Ltd.	General investment	100.00 %	100.00 %
"	CHILIN Technology Co., Ltd.	Manufacture, processing, trading, importing, and exporting of plastic products	84.60 %	86.04 %
"	Nexgen Mediatech Inc.	Manufacture and sale of electronic appliances and machinery	90.00 %	90.00 %
"	CHIMEI Green Energy Corp.	Power generation industry	100.00 %	100.00 %
CHILIN Technology Co., Ltd.	Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	Manufacture and sale of engineering plastics	100.00 %	100.00 %
Nexgen Mediatech Inc.	CMS Technology Inc.	Sale and repair of electrical appliances	100.00 %	100.00 %
"	Mirai Lifestyle Inc.	Distribution and sale of home appliances	100.00 %	100.00 %
Jumping Holding Co., Ltd.	Jentra Investment Co., Ltd.	General investment	100.00 %	100.00 %
"	Zhangzhou CHIMEI Chemical Co., Ltd.	Manufacture of plastic materials in primary forms and synthetic resin	69.60 %	69.60 %
Jentra Investment Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	Manufacture, sale, and processing of plastic products	69.60 %	69.60 %

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate on that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Nonmonetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate on the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income, which are recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When a foreign operation is disposed of such that control, significant influence, or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to noncontrolling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, Exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent (as defined in IAS 7) unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as noncurrent.

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

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

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) – equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

The business models of the Group are as follows:

- Held for collection and sale

The Group holds equity instruments of unlisted equity securities for liquidity management purposes.

- Held for trading

The Group holds a portfolio of corporate bonds and funds for the purposes of trading.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

5) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

On each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

6) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

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

2) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Treasury shares

When shares recognized as equity are repurchased, the amount of the consideration paid, which includes directly attributable costs, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is recognized in capital surplus or retained earnings (if the capital surplus is not sufficient to be written down).

4) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

5) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

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

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency and interest rate exposures. Embedded derivatives are separated from the host contract and accounted for separately if the host contract is not a financial asset and certain criteria are met.

Derivatives are initially measured at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognized in profit or loss.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is calculated using the weighted-average method, and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align their accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interests in an associate, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group discontinues the use of the equity method and measures the retained interest at fair value from the date when its investment ceases to be an associate. The difference between the fair value of retained interest and proceeds from disposing, and the carrying amount of the investment at the date the equity method was discontinued is recognized in profit or loss. The Group accounts for all the amounts previously recognized in other comprehensive income in relation to that investment on the same basis as would have been required if the associates had directly disposed of the related assets or liabilities. If a gain or loss previously recognized in other comprehensive income would be reclassified to profit or loss (or retained earnings) on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) (or retained earnings) when the equity method is discontinued. If the Group's ownership interest in an associate is reduced while it continues to apply the equity method, the Group reclassifies the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest to profit or loss.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments, with the corresponding amount charged or credited to capital surplus. The aforesaid adjustment should first be adjusted under capital surplus. If the capital surplus resulting from changes in ownership interest is not sufficient, the remaining difference is debited to retained earnings. If the Group's ownership interest is reduced due to the additional subscription to the shares of the associate by other investors, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate will be reclassified to profit or loss on the same basis as would be required if the associate had directly disposed of the related assets or liabilities.

(j) Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. The IFRS classifies joint arrangements into two types — joint operations and joint ventures, which have the following characteristics: (a) the parties are bound by a contractual arrangement; and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. The Group recognizes its interest in a joint venture as an investment and accounts for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the Group qualifies for exemption from that Standard. Please refer to note X for the application of the equity method.

When assessing the classification of a joint arrangement, the Group considers the structure and legal form of the arrangement, the terms in the contractual arrangement, and other facts and circumstances. When the facts and circumstances change, the Company reevaluates whether the classification of the joint arrangement has changed.

(k) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1) Buildings	1 year~ 61 years
2) Machinery	1 year~ 31 years
3) Other equipment	1 year~ 21 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(l) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the lease term resulting from a change of its assessment on whether it will exercise an option to purchase the underlying asset, or
- there is a change of its assessment on whether it will exercise a extension or termination option; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases of equipment, warehouses, and photocopiers etc. and lease of low-value assets. The Group recognized the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-lease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

(m) Intangible assets

(i) Recognition and measurement

Expenditure on research activities is recognized in profit or loss as incurred.

Development expenditure is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to, and has sufficient resources to, complete development and to use or sell the asset. Otherwise, it is recognized in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost, less accumulated amortization and any accumulated impairment losses.

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(iii) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill and carbon credits, from the date that they are available for use.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The estimated useful lives for current and comparative periods are as follows:

- | | |
|----------------------------|------------------|
| 1) Other intangible assets | 1 year~ 10 years |
|----------------------------|------------------|

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(n) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash-generating units (CGUs). Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Provisions

A provision is recognized if, as a result of a past event, the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost.

A provision for warranties is recognized when the underlying products or services are sold, based on historical warranty data and a weighting of all possible outcomes against their associated probabilities.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(p) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below.

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs at the port when the products have been loaded on board, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

The Group often offers volume discounts to its customers. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. Accumulated experience is used to estimate the discounts, using the expected value method, and revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. A refund liability is recognized for expected volume discounts payable to customers in relation to sales made until the end of the reporting period.

A receivable is recognized when the goods are delivered as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the group does not adjust any of the transaction prices for the time value of money.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(r) Share-based payment

The grant-date fair value of equity-settled share-based payment arrangements granted to employees is generally recognized as an expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and non-market performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant-date fair value of the share-based payment is measured to reflect such conditions and there is no true-up for differences between expected and actual outcomes.

Grant date of a share-based payment award is the date on the Board of Directors passed the record date of the capital increase or the date when the Group and the employees reached an agreement on the subscription price and the number of shares to be subscribed.

(s) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed on each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(t) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share is calculated as the profit attributable to ordinary shareholders of the Company divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares, such as employee compensation and restricted employee stock.

(u) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, in conformity with the IFRSs endorsed by the FSC, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

There are no critical judgments in applying accounting policies that have significant effect on the amounts recognized in the consolidated financial statements.

The Group's assumptions and estimation uncertainties do not include the information on a significant risk of resulting in a material adjustment within the next financial year.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	\$ 791	777
Checking account deposits	1,184	1,675
Demand deposits	12,985,354	23,824,020
Foreign currency deposits	2,306,227	3,086,065
Time deposits	1,905,041	6,060,852
Cash equivalents	457,760	5,031,705
Cash and cash equivalents in the consolidated statement of cash flows	<u><u>\$ 17,656,357</u></u>	<u><u>38,005,094</u></u>

Please refer to note 6(x) for the interest rate risk, and sensitivity analysis of the financial assets of the Group.

(b) Financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income

(i) Financial assets at fair value through profit or loss:

	December 31, 2023	December 31, 2022
Mandatorily measured at fair value through profit or loss:		
Non-Derivative Financial Assets		
Beneficiary certificate–open-ended fund	\$ 414,785	398,012
Bond investment	14,031,522	13,814,939
Derivative instruments not used for hedging		
Forward exchange contracts	-	3,401
Total	<u><u>\$ 14,446,307</u></u>	<u><u>14,216,352</u></u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group utilized derivative financial instruments to hedge currency risk arising from its operating, financing and investing activities. As of December 31, 2023 and 2022, the derivative instruments not qualified for hedge accounting were recognized as financial assets held for trading as follows:

1) Financial assets

December 31, 2022			
	Amount		
	(in thousands)	Currency	Maturity period
Forward exchange contracts	USD <u><u>28,000</u></u>	USD against TWD	2023.01.16~2023.03.23

(ii) Financial assets at fair value through other comprehensive income, non-current:

	December 31, 2023	December 31, 2022
Equity investments at fair value through other comprehensive income		
Stocks of unlisted companies-non-current	\$ <u><u>811,937</u></u>	<u><u>920,231</u></u>

1) Equity investments at FVOCI

The Group invested in the aforementioned equity securities for long-term strategic investments rather than trading. Therefore, these equity securities have been designated as at fair value through other comprehensive income.

For the years ended December 31, 2023 and 2022, the Group recognized \$226,618 and \$181,318 respectively as dividend income resulting from its investments in equity instruments designated at fair value through other comprehensive income.

During the year ended December 31, 2023 and 2022, no strategic investment was disposed of, and there was no transfer of any cumulative gains or losses within equity during the period then ended.

2) For credit risk and market risk, please refer to note 6(x).

(iii) None of the above financial assets has been pledged as collateral.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 2,277,404	1,969,337
Accounts receivable	7,499,597	7,772,304
Less: loss allowance	<u>(45,370)</u>	<u>(77,619)</u>
	<u><u>\$ 9,731,631</u></u>	<u><u>9,664,022</u></u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group applies the simplified approach to provide for its expected credit losses, i.e. the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as incorporated forward looking information, including macroeconomic and relevant industry information. The loss allowances were determined as follows:

December 31, 2023			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 9,771,267	0.00%~1.08%	45,026
60 days past due	4,270	0.00%~5.00%	121
61 to 90 days past due	1,206	0.00%~10.00%	120
91 to 120 days past due	155	0.00%~1.08%	-
More than 120 days past due	103	100.00%	103
	\$ 9,777,001		45,370

December 31, 2022			
	Gross carrying amount	Weighted- average loss rate	Loss allowance
Current	\$ 9,689,714	0.00%~1.89%	76,674
60 days past due	51,920	0.00%~1.89%	945
61 to 90 days past due	7	0.00%	-
	\$ 9,741,641		77,619

The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2023	2022
Balance at January 1	\$ 77,619	77,219
Impairment losses recognized (reversed)	(32,244)	400
Foreign exchange gains	(5)	-
Balance at December 31	\$ 45,370	77,619

As of December 31, 2023 and 2022, none of the Group's notes and accounts receivable were pledged as collateral for borrowings.

(d) Other receivables

	December 31, 2023	December 31, 2022
Other receivables	\$ 185,364	187,607

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Based on historical experience, the aforementioned other receivables were not expected to incur any lifetime ECLs resulting from default events; therefore, the ECL was estimated at zero.

For further credit risk information, please refers to Note 6(x).

(e) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 6,468,870	6,908,537
Consignment inventories	125,975	23,575
Supplies	297,587	322,274
Work in process	168,206	190,558
Semi-finished goods	1,893,946	2,078,286
Finished goods	7,115,482	6,632,311
Inventory in-transit	363,479	388,470
Merchandise	<u>885,090</u>	<u>1,171,508</u>
Total	<u>\$ 17,318,635</u>	<u>17,715,519</u>

For the years ended December 31, 2023 and 2022 the details of cost of goods sold were as follows:

	For the years ended December 31, 2023	2022
Cost of goods sold	\$ 115,001,160	135,361,206
Losses on inventory valuation, disposal of scrapping and obsolescence	95,894	61,440
Revenue from sale of scrap and waste	(92,265)	(123,263)
Loss on physical inventory	115	34
Loss on work stoppages and idle capacity costs	3,287,104	2,764,970
Other operating costs	<u>32,267</u>	<u>13,641</u>
	<u>\$ 118,324,275</u>	<u>138,078,028</u>

Losses on inventory valuation and obsolescence were recognized due to a reduction of inventory to net realizable value or obsolescence, and were reported as cost of goods sold.

Loss on work stoppages and idle capacity costs are the unallocated fixed production overheads resulting from lower production capacity or idleness. They are recognized as cost of goods sold in the period when they are incurred.

As of December 31, 2023 and 2022, none of the above-mentioned inventories of the Group has been pledged as collateral.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(f) Investments accounted for using equity method

The investments accounted for using the equity method on the reporting date were as follows:

	December 31, 2023	December 31, 2022
Associates	\$ 570,156	523,838
Joint ventures	9,835	-
	<u>\$ 579,991</u>	<u>523,838</u>

(i) Associates

The Group's financial information for investments in individually insignificant associates accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant associates' equity	<u>\$ 570,156</u>	<u>523,838</u>
	<u>For the years ended December 31, 2023</u>	<u>2022</u>
Attributable to the Group:		
Profit from continuing operations	\$ 68,985	38,396
Other comprehensive loss	(5,321)	(27,478)
Total comprehensive income	<u>\$ 63,664</u>	<u>10,918</u>

(ii) Joint ventures

The Group's financial information for investments in individually insignificant joint ventures accounted for using equity method at the reporting date was as follows. These financial information are included in the consolidated financial statements:

	December 31, 2023	December 31, 2022
Carrying amount of individually insignificant joint venture	<u>\$ 9,835</u>	<u>-</u>
	<u>For the years ended December 31, 2023</u>	<u>2022</u>
Attributable to the Group:		
Loss from continuing operations (total comprehensive income)	<u>\$ (165)</u>	<u>-</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Pledged investments

As of December 31, 2023 and 2022, none of the Group's investments accounted for using equity method were pledged as collateral.

(g) Property, plant, and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

	Land	Building and construction	Machinery and equipment	Other facilities	Equipment to be inspected and construction in progress	Total
Cost or deemed cost:						
Balance on January 1, 2023	\$ 11,893,634	23,038,018	71,656,583	7,216,771	14,248,369	128,053,375
Additions	274	5,159	67,991	33,865	11,869,982	11,977,271
Disposal	-	(25,809)	(955,869)	(112,558)	(5,379)	(1,099,615)
Reclassification	80,017	1,900,394	9,034,508	387,045	(11,801,348)	(399,384)
Other	-	-	-	-	(388,949)	(388,949)
Effect of movements in exchange rates	-	(211,658)	(525,347)	(48,747)	(138,817)	(924,569)
Balance on December 31, 2023	<u>\$ 11,973,925</u>	<u>24,706,104</u>	<u>79,277,866</u>	<u>7,476,376</u>	<u>13,783,858</u>	<u>137,218,129</u>
Balance on January 1, 2022	\$ 11,791,094	22,618,622	71,054,298	6,627,077	5,901,389	117,992,480
Additions	2,094	58,060	42,785	26,002	10,889,371	11,018,312
Disposal	-	(95,135)	(1,294,795)	(48,663)	(6,823)	(1,445,416)
Reclassification	100,446	288,937	1,431,549	572,395	(2,546,019)	(152,692)
Other	-	(4,431)	-	-	(134)	(4,565)
Effect of movements in exchange rates	-	171,965	422,746	39,960	10,585	645,256
Balance on December 31, 2022	<u>\$ 11,893,634</u>	<u>23,038,018</u>	<u>71,656,583</u>	<u>7,216,771</u>	<u>14,248,369</u>	<u>128,053,375</u>
Depreciation and impairment losses:						
Balance on January 1, 2023	\$ -	10,632,267	53,989,915	5,245,439	-	69,867,621
Depreciation for the year	-	963,868	3,231,349	633,872	-	4,829,089
Disposals	-	(20,598)	(920,929)	(109,687)	-	(1,051,214)
Impairment loss	-	2,763	198,148	-	-	200,911
Other	-	-	1,021	-	-	1,021
Effect of movements in exchange rates	-	(64,725)	(279,606)	(38,086)	-	(382,417)
Balance on December 31, 2023	<u>\$ -</u>	<u>11,513,575</u>	<u>56,219,898</u>	<u>5,731,538</u>	<u>-</u>	<u>73,465,011</u>
Balance on January 1, 2022	\$ -	9,737,613	52,182,010	4,677,226	-	66,596,849
Depreciation for the year	-	927,810	2,852,946	589,210	-	4,369,966
Disposals	-	(74,712)	(1,253,714)	(48,038)	-	(1,376,464)
Effect of movements in exchange rates	-	41,556	208,673	27,041	-	277,270
Balance on December 31, 2022	<u>\$ -</u>	<u>10,632,267</u>	<u>53,989,915</u>	<u>5,245,439</u>	<u>-</u>	<u>69,867,621</u>
Carrying amounts:						
Balance on December 31, 2023	<u>\$ 11,973,925</u>	<u>13,192,529</u>	<u>23,057,968</u>	<u>1,744,838</u>	<u>13,783,858</u>	<u>63,753,118</u>
Balance on January 1, 2022	<u>\$ 11,791,094</u>	<u>12,881,009</u>	<u>18,872,288</u>	<u>1,949,851</u>	<u>5,901,389</u>	<u>51,395,631</u>
Balance on December 31, 2022	<u>\$ 11,893,634</u>	<u>12,405,751</u>	<u>17,666,668</u>	<u>1,971,332</u>	<u>14,248,369</u>	<u>58,185,754</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

In 2020, the Group's Board of Directors resolved to dispose of nine land lots at Xinjing Sec., Xinshi Dist., Tainan City, for which a contract was entered into during 2021 with a contract price of \$1,656,618. The contract price has been fully collected as of December 31, 2023, and the Group recognized as other current liabilities as the transaction has not yet been completed.

For the years ended December 31, 2023 and 2022, the Group's interest expense amounted to \$634,574 and \$554,640 respectively, of which capitalized interest on fixed assets acquired (unfinished construction and prepayments for business facilities) amounted to \$23,109 and \$58,727; the interest rates were 2.90% to 3.73% for 2023 and 3.25% to 4.08% for 2022.

As a portion of the assets which are idle will not bring economic benefit in the future, the Group recognized impairment losses of \$200,911 and reclassified non-operating losses of \$360,119 for 2023. As a result of fixed assets sold, accumulated impairment losses decreased by \$35,165 and \$174,850 for 2023 and 2022, respectively. As of December 31, 2023 and 2022, the accumulated impairment losses amounted to \$3,643,149 and \$3,480,889, respectively; the remaining portion was not reversed as there was no evidence that the impairment losses recognized in respect of the asset would decrease.

As the Group does not qualified as an agricultural entity, it is unable to register ownership and tax numbers for its agricultural land and the buildings thereon, for which it has entered into a contract with a natural person for registration in his/her name. All related documents have been kept by the Group as a protective measure.

As of December 31, 2023 and 2022, none of the Group's property, plant and equipment has been pledged as collateral.

(h) Right-of-use assets

The movements in the cost and depreciation of the leased land, buildings, machinery and equipment, transportation equipment and others were as follows:

	Land	Building	Office equipment	Transportation equipment	Other	Total
Right-of-use assets cost:						
Balance on January 1, 2023	\$ 1,390,229	64,630	2,107	7,645	620,256	2,084,867
Additions	-	14,681	-	-	941,463	956,144
Reductions	-	(14,838)	-	-	-	(14,838)
Effect of movements in exchange rates	(21,976)	-	-	-	-	(21,976)
Balance on December 31, 2023	<u>\$ 1,368,253</u>	<u>64,473</u>	<u>2,107</u>	<u>7,645</u>	<u>1,561,719</u>	<u>3,004,197</u>
Balance on January 1, 2022	\$ 1,369,388	56,301	2,107	6,807	578,785	2,013,388
Additions	-	11,458	-	838	41,471	53,767
Reductions	-	(3,129)	-	-	-	(3,129)
Effect of movements in exchange rates	20,841	-	-	-	-	20,841
Balance on December 31, 2022	<u>\$ 1,390,229</u>	<u>64,630</u>	<u>2,107</u>	<u>7,645</u>	<u>620,256</u>	<u>2,084,867</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Building</u>	<u>Office equipment</u>	<u>Transportation equipment</u>	<u>Other</u>	<u>Total</u>
Accumulated right-of-use assets depreciation:						
Balance on January 1, 2023	\$ 107,287	29,629	2,107	3,283	475,957	618,263
Depreciation for the year	34,293	16,674	-	1,525	141,168	193,660
Reductions	-	(8,705)	-	-	-	(8,705)
Effect of movements in exchange rates	(2,355)	-	-	-	-	(2,355)
Balance on December 31, 2023	<u>\$ 139,225</u>	<u>37,598</u>	<u>2,107</u>	<u>4,808</u>	<u>617,125</u>	<u>800,863</u>
Balance on January 1, 2022	\$ 72,018	18,882	2,107	1,661	353,042	447,710
Depreciation for the year	34,365	12,674	-	1,622	122,915	171,576
Reductions	-	(1,927)	-	-	-	(1,927)
Effect of movements in exchange rates	904	-	-	-	-	904
Balance on December 31, 2022	<u>\$ 107,287</u>	<u>29,629</u>	<u>2,107</u>	<u>3,283</u>	<u>475,957</u>	<u>618,263</u>
Carrying amount:						
Balance on December 31, 2023	<u>\$ 1,229,028</u>	<u>26,875</u>	<u>-</u>	<u>2,837</u>	<u>944,594</u>	<u>2,203,334</u>
Balance on January 1, 2022	<u>\$ 1,297,370</u>	<u>37,419</u>	<u>-</u>	<u>5,146</u>	<u>225,743</u>	<u>1,565,678</u>
Balance on December 31, 2022	<u>\$ 1,282,942</u>	<u>35,001</u>	<u>-</u>	<u>4,362</u>	<u>144,299</u>	<u>1,466,604</u>

(i) Intangible assets

	<u>Other intangible assets</u>	<u>Carbon credits</u>	<u>Total</u>
Carrying amounts:			
Balance on December 31, 2023	<u>\$ 483,157</u>	<u>6,023</u>	<u>489,180</u>
Balance on January 1, 2022	<u>\$ 317,765</u>	<u>-</u>	<u>317,765</u>
Balance on December 31, 2022	<u>\$ 287,917</u>	<u>3,649</u>	<u>291,566</u>

For the years ended December 31, 2023 and 2022, the Group's other intangible assets were primarily computer software for which no material addition, disposal and impairment loss have been recognized or reversed; please refer to note 12 for the amounts of amortization.

The Group's carbon credits are purchased from Taiwan Carbon Solution Exchange (TCX) and the CIX platform in Singapore, to offset the carbon emissions generated by employees' commuting and business trips during 2021 to 2025, wherein the Group obtained the certificate of 1,607 tons and 1,416 tons of carbon credits issued by the platform on June 20, 2023 and June 27, 2022, respectively. As of December 31, 2023 and 2022, the related liabilities were estimated to be \$1,081 and \$857 (included in other current liabilities).

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Other current assets and other non-current assets

Other current assets and other non-current assets are summarized as follows:

	December 31, 2023	December 31, 2022
Prepayments to suppliers	\$ 1,357,017	1,478,929
Prepaid expenses	134,136	66,431
Long-term prepaid expenses	115,222	100,507
Deferred charges and unamortized expense	85,571	52,452
Guarantee deposits paid	158,077	144,634
Tax refund receivable	293,382	323,922
Other	179,148	310,948
	<u>\$ 2,322,553</u>	<u>2,477,823</u>

Please refer to note 8 for assets pledged as collateral as of December 31, 2023 and 2022.

(k) Short-term borrowings

Short-term borrowings are summarized as follows:

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 1,680,269</u>	<u>4,140,213</u>
Unused short-term credit lines	<u>\$ 40,791,341</u>	<u>35,162,407</u>
Interest rate	<u>1.85%~2.55%</u>	<u>1.80%~2.70%</u>

The Group has not provided any collateral to secure short-term borrowings.

(l) Short-term notes and bills payable

	December 31, 2023	December 31, 2022
Short-term notes payable	\$ 100,000	-
Less: Discount on short-term notes payable	(137)	-
Total	<u>\$ 99,863</u>	<u>-</u>
Unused short-term credit lines	<u>\$ 50,000</u>	<u>150,000</u>
Interest rate	<u>1.97%</u>	<u>-</u>

The Group has not provided any collateral to secure short-term notes and bills payable.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(m) Long-term borrowings

Long-term borrowings are summarized as follows:

December 31, 2023				
	Currency	Interest Rate	Years of Maturity	Amount
Unsecured bank loans	TWD	1.24%~1.91%	2026~2028	\$ 1,953,440
Unsecured bank loans	CNY	2.90%~3.63%	2024~2028	12,515,424
Less: Current portion				(4,671,077)
Total				<u>\$ 9,797,787</u>
Unused long-term credit lines				<u>\$ 16,437,810</u>

December 31, 2022				
	Currency	Interest Rate	Years of Maturity	Amount
Unsecured bank loans	CNY	3.25%~4.08%	2023~2026	\$ 13,717,211
Less: Current portion				(3,527,360)
Total				<u>\$ 10,189,851</u>
Unused long-term credit lines				<u>\$ 11,037,749</u>

In accordance with the syndicated loan agreement entered into between the Group and the banks, the Group shall abide by certain financial ratios such as liquidity ratio, debt-to-tangible assets ratio, and interest coverage ratio. Otherwise, the banks have the right to claim immediate repayment in full pursuant to the contract. As of December 31, 2023 and 2022, the Group did not violated any of the aforementioned financial covenants.

None of the Group's assets have been pledged to secure bank loans.

For information on the Group's exposure to interest rate risk, currency risk, and liquidity risk, please refer to note 6(x).

(n) Bonds payable

	December 31, 2023	December 31, 2022
Domestic unsecured bonds	\$ 3,100,000	6,000,000
Less : Current portion	-	(5,000,000)
	<u>\$ 3,100,000</u>	<u>1,000,000</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The major terms of domestic unsecured bonds are as follows:

Issuance	Issuance Period	Total amount	Coupon Rate	Repayment and Interest Payment
2022-1(Sustainability-linked bonds) (note1)	2022.09.14~2027.09.14	\$ 1,000,000	1.65%	Bullet repayment; simple interest and interest payable annually
2023-1(Sustainability-linked bonds) (note1)	2023.04.19~2028.04.19	2,100,000	1.48%	"
		<u><u>\$ 3,100,000</u></u>		

Note 1: The coupon rate of the sustainability-linked bonds is connected with the Company's sustainability performance targets (SPT). If no triggering event occurs, the fixed interest rate of the bonds which issued in 2023 and 2022 will be 1.48% and 1.65% per annum, respectively; otherwise, the fixed interest rate of the bonds will be adjusted. Related information can be found on the Market Observation Post System website.

(o) Lease liabilities

The Group's lease liabilities were as follows:

	December 31, 2023	December 31, 2022
Current	<u><u>\$ 170,511</u></u>	<u><u>136,440</u></u>
Non-current	<u><u>\$ 800,915</u></u>	<u><u>45,987</u></u>

For the maturity analysis, please refer to Note 6(x) of "Financial instruments".

The amounts recognized in profit or loss were as follows:

	For the years ended December 31,	
	2023	2022
Interest on lease liabilities	<u><u>\$ 1,241</u></u>	<u><u>2,098</u></u>
Variable lease payments not included in the measurement of lease liabilities	<u><u>\$ 39,900</u></u>	<u><u>40,290</u></u>
Expenses relating to short-term leases	<u><u>\$ 56,983</u></u>	<u><u>58,224</u></u>
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets	<u><u>\$ 402</u></u>	<u><u>343</u></u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The amounts recognized in the statements of cash flows by Group were as follows:

	For the years ended December 31,	
	2023	2022
Total cash outflow for leases	\$ 259,164	230,147

(i) Real estate leases

As of December 31, 2023, the Group leases buildings for its office space and warehouses. The leases typically run for a period of 2 to 7 years. Some leases include an option to renew the lease for an additional period of the same duration after the end of the contract term.

(ii) Lease of oil storage tanks in Port of Anping

Since April 2001, the Group has been leasing Wharves No. 19-20 in Port of Anping from Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. to develop wharves and construct storage tanks for petrochemicals on a BOT basis. Once the facilities are accepted after a phased inspection, the Group will lease them under a contract with a rent-free period. Contract will be renewed when the rent-free period ends. The rent-free period ended on October 31, 2023 with the lease period of 7 years.

(iii) Other leases

The Group also leases machinery equipment, warehouses, and copiers with contract terms of one year. These leases are short term and/or leases of low value items. The Group has elected not to recognize right of use assets and lease liabilities for these leases.

(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and fair value of plan assets is as follows:

	December 31, 2023	December 31, 2022
Present value of benefit obligations	\$ 2,565,516	2,691,443
Fair value of plan assets	(2,424,855)	(2,561,082)
Net defined benefit liabilities	\$ 140,661	130,361

The Group makes defined benefit plan contributions to the pension fund account at Bank of Taiwan that provides pensions for employees upon retirement. The plans (covered by the Labor Standards Law) entitle a retired employee to receive an annual payment based on years of service and average salary for the six months prior to retirement. As of December 31, 2023 and 2022, the defined benefit plans amounted to \$1,469 and \$1,120, respectively, which were accounted as other non-current assets.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The balance of the Group's labor pension reserve account with the Bank of Taiwan and Hua Nan Bank amounted to \$2,424,855 on the reporting date. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Fund, Ministry of Labor.

2) Movements in present value of the defined benefit obligations

The movements in the present value of the Group's defined benefit obligations were as follows:

	For the years ended December 31,	
	2023	2022
Defined benefit obligation on January 1	\$ 2,691,443	3,241,689
Current service costs and interest cost	56,453	42,256
Remeasurement on the net defined benefit liabilities		
— Actuarial losses (gains) arising from changes in financial assumptions	23,910	(195,290)
— Actuarial losses (gains) arising from experience adjustments	62,640	(167,638)
Past service credit and settlement gains	(101)	-
Benefit paid	(268,829)	(229,574)
Defined benefit obligation on December 31	<u>\$ 2,565,516</u>	<u>2,691,443</u>

3) Movements of defined benefit plan assets

The movements in the present value of the defined benefit plan assets for the Group were as follows:

	For the years ended December 31,	
	2023	2022
Fair value of plan assets on January 1	\$ 2,561,082	2,492,121
Interest income	35,730	12,759
Remeasurement on the net defined benefit liabilities		
— Return on plan assets (excluding current interest)	8,617	190,972
Contribution paid by the employer	88,255	94,804
Benefit paid	(268,829)	(229,574)
Fair value of plan assets on December 31	<u>\$ 2,424,855</u>	<u>2,561,082</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or loss for the Group were as follows:

	For the years ended December 31,	
	2023	2022
Current service costs	\$ 19,573	25,900
Net interest of net defined benefit liabilities	1,150	3,597
Past service credit and settlement gains	(101)	-
	\$ 20,622	29,497
Operating costs	\$ 15,565	22,453
Selling expenses	1,908	2,692
Administrative expenses	1,877	2,432
Research and development expenses	1,272	1,920
	\$ 20,622	29,497

5) Actuarial assumptions

The following are the Group's principal actuarial assumptions of Present Value of defined benefit obligations:

	December 31, 2023	December 31, 2022
Discount rate	1.20%~1.25%	1.25%~1.50%
Future salary increases rate	1.50%~3.00%	1.50%~3.00%

The expected allocation payment to be made by the Group to the defined benefit plans for the one-year period after the reporting date is \$85,580.

The weighted-average lifetime of the defined benefit plans is 8.8 years.

6) Sensitivity analysis

When calculating the present value of the defined benefit obligations, the Group uses judgments and estimations to determine the actuarial assumptions, including discount rate and future salary changes, as of the financial statement date. Any changes in the actuarial assumptions may significantly impact the amount of the defined benefit obligations.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

If the actuarial assumptions had changed, the impact on the present value of the defined benefit obligation shall be as follows:

	Impact on defined benefit obligations	
	Increase	Decrease
December 31, 2023		
Discount rate (0.25% movement)	\$ (47,976)	49,321
Future salary increasing rate (0.25% movement)	48,325	(47,243)
December 31, 2022		
Discount rate (0.25% movement)	\$ (52,790)	54,333
Future salary increasing rate (0.25% movement)	53,306	(52,050)

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions remain constant, would have affected the defined benefit obligation by the amounts shown above. The method used in the sensitivity analysis is consistent with the calculation of the pension liabilities in the balance sheets.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(ii) Defined contribution plans

The Group's Taiwan subsidiaries allocate 6% of each employee's monthly wages to the labor pension personal account at the Bureau of the Labor Insurance in accordance with the provisions of the Labor Pension Act. Under this defined contribution plan, the Group allocates a fixed amount to the Bureau of the Labor Insurance without additional legal or constructive obligations.

The Group's pension costs under the defined contribution method were \$84,819 and \$85,628 for the year ended December 31, 2023 and 2022, respectively. Payment was made to the Bureau of the Labor Insurance.

For the years ended December 31, 2023 and 2022, the pension expenses contributed by the foreign entities following local regulations amounted to \$209,731 and \$181,187.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Income taxes

(i) Income tax expense

The components of income tax (benefit) expense for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Current tax expense		
Current period	\$ 145,816	2,512,850
Adjustment for prior periods	(131,445)	67,632
	<u>14,371</u>	<u>2,580,482</u>
Deferred tax (benefit) expense		
Origination and reversal of temporary differences	(460,323)	(34,300)
Income tax (benefit) expense from continuing operations	<u>\$ (445,952)</u>	<u>2,546,182</u>

The components amount of income tax (expense) benefit recognized in other comprehensive income (loss) for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of defined benefit plans	<u>\$ 15,455</u>	<u>(109,315)</u>

Reconciliations of income tax (benefit) expense and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
(Loss) profit before tax	<u>\$ (1,112,021)</u>	<u>5,558,149</u>
Income tax using the Company's domestic tax rate	\$ (690,478)	1,209,666
Permanent differences	(134,832)	(54,800)
Tax incentives	(126,311)	(145,208)
Recognition of previously unrecognized tax losses	(820)	(5,861)
Current year losses for which no deferred tax asset was recognized	588,026	1,473
Change in unrecognized temporary differences	6,129	(599)
(Over) under provision in prior periods	(131,445)	67,632
Additional income tax on unappropriated earnings	2,181	534,799
Others	<u>41,598</u>	<u>939,080</u>
Income tax (benefit) expense	<u>\$ (445,952)</u>	<u>2,546,182</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

For the year ended December 31, 2023, over provision in prior periods was mainly due to Article 23-3 of the Statute for Industrial Innovation, which requires the correction of the amount of tax refund from unappropriated earnings of the prior period due to the actual investments of the earnings.

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets

Deferred tax assets that have not been recognized in respect of the following items:

	December 31, 2023	December 31, 2022
Tax effect of deductible temporary differences	\$ 68,373	62,046
The carried forward of unused tax losses	763,605	210,089
	<u>\$ 831,978</u>	<u>272,135</u>

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income for local tax reporting purposes. Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Group can utilize the benefits therefrom.

As of December 31, 2023, the Group's unused tax losses were as follows. Among the tax losses, \$21,367 were recognized as deferred tax assets.

Year of loss	Unused tax loss	Year of expiration
2014	\$ 426,112	2024
2015	66,153	2025
2022	439,304	2027~2032
2023	2,314,697	2028~2033
	<u>\$ 3,246,266</u>	

2) Recognized deferred tax assets and liabilities

The movements in deferred tax assets and liabilities for the years ended December 31, 2023 and 2022 were as follows:

	Gain (loss) on investment	Others	Total
Deferred Tax Liabilities:			
Balance on January 1, 2023	\$ 5,827,087	162,984	5,990,071
Recognized in profit or loss	(448,549)	(13,811)	(462,360)
Balance on December 31, 2023	<u>\$ 5,378,538</u>	<u>149,173</u>	<u>5,527,711</u>
Balance on January 1, 2022	\$ 5,792,814	91,446	5,884,260
Recognized in profit or loss	34,273	71,538	105,811
Balance on December 31, 2022	<u>\$ 5,827,087</u>	<u>162,984</u>	<u>5,990,071</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Defined benefit plans	Impairment losses on assets	The carried forward of unused tax losses	Others	Total
Deferred Tax Assets:					
Balance on January 1, 2023	\$ 19,863	211,346	21,367	532,055	784,631
Recognized in profit or loss	(12,836)	(20,507)	-	31,306	(2,037)
Recognized in other comprehensive income	15,455	-	-	-	15,455
Balance on December 31, 2023	<u>\$ 22,482</u>	<u>190,839</u>	<u>21,367</u>	<u>563,361</u>	<u>798,049</u>
Balance on January 1, 2022	\$ 58,232	298,579	21,367	375,657	753,835
Recognized in profit or loss	70,946	(87,233)	-	156,398	140,111
Recognized in other comprehensive income	(109,315)	-	-	-	(109,315)
Balance on December 31, 2022	<u>\$ 19,863</u>	<u>211,346</u>	<u>21,367</u>	<u>532,055</u>	<u>784,631</u>

(iii) The income tax rate for subsidiaries located in China is 25%. The Group's investee companies are not required to pay tax for overseas income under the current local tax law.

(iv) Assessment of tax

The Company's tax returns for the years through 2021 were assessed and approved by the Tax Authority.

(r) Capital and other equity

As of both December 31, 2023 and 2022, the Company's authorized share capital amounted to \$19,600,000 divided into 1,960,000 thousand shares, with a par value of NTD10 per share. Of the authorized share capital, 1,818,725 thousand and 1,819,775 thousand shares were issued, respectively, all of which were paid up upon issuance.

Reconciliation of shares outstanding for the years ended December 31, 2023 and 2022 was as follows:

	(In thousands of shares)	
	Ordinary Shares	
	For the years ended December 31,	
	2023	2022
Balance on January 1	1,819,775	1,819,775
Share capital canceled	(1,050)	-
Balance on December 31	<u>1,818,725</u>	<u>1,819,775</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(i) Issue of ordinary shares

On May 17, 2021, the Company's restricted stock awards (RSA) scheme was approved by the shareholders' meeting. On November 16, 2021, the Board of Directors resolved to issue 30,000 thousand ordinary shares at par, totaling \$300,000. The record date of the capital increase was December 29, 2021, and relevant statutory procedures were completed on January 20, 2022. On March 31, 2023, the Company canceled 1,050 shares of the restricted stock awarded as a result of staff departure and performance ratings below requirements. The statutory procedures were completed on April 13, 2023.

Please refer to note 6(s) for details.

(ii) Capital surplus

The components of the capital surplus were as follows:

	December 31, 2023	December 31, 2022
Share capital	\$ 839,725	839,725
Changes in equity of associates and joint ventures accounted for using equity method	217	-
Difference between consideration and carrying amount of subsidiaries acquired or disposed	2,163	2,162
Restricted stock awards	714,336	751,103
Treasury share transactions	263,927	215,158
	<u>\$ 1,820,368</u>	<u>1,808,148</u>

In accordance with the ROC company Act, realized capital reserves can only be reclassified as share capital or distributed as cash dividends after offsetting a deficit. The aforementioned realized capital surplus includes share premiums and donation gains. In accordance with the securities offering and Issuance Guidelines, the amount of capital reserve that can be capitalized shall not exceed 10% of the total actual share capital amount.

(iii) Retained earnings

According to the Articles of Incorporation, after tax earnings are initially used to offset cumulative losses, and 10% of the remainder is set aside as a legal reserve, except when the legal reserve of the Company reaches paid in capital of the Company. Special reserve may be appropriated if necessary, and then any remaining profit together with any undistributed retained earnings shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

In accordance with the Ruling issued by the Financial Supervisory Commission, for the contra account of other shareholders' equity incurred in the current year, a special reserve is appropriated from the current profit, plus, the amount of items other than the current profit included in the current undistributed earnings and prior period's undistributed earnings. For the amount of contra accounts in other shareholders' equity accumulated in the prior period, a special reserve which was appropriated from the prior period's undistributed earnings can no longer be allocated. When the debit balance of any of the contra account in other shareholders' equity is reversed, the related special reserve can also be reversed. The subsequent reversals of the contra accounts in other shareholders' equity shall qualify for any additional distributions. As of December 31, 2023 and 2022, the balance of the special reserve amounted to \$528,261 and \$0, respectively.

3) Earnings distribution

At the shareholder's meeting on May 16, 2023 and May 16, 2022, the shareholders approved to distribute the 2022 and 2021 earnings, respectively, as follows:

	2022		2021	
	<u>Dividend per share (\$)</u>	<u>Amount</u>	<u>Dividend per share (\$)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders				
Cash	\$ 3.00	<u>5,385,025</u>	6.00	<u>10,709,351</u>

On March 27, 2024, the Group's Board of Directors resolved to appropriate the 2023 earnings. These earnings were appropriated as follows:

	2023	
	<u>Dividend per share (\$)</u>	<u>Amount</u>
Dividends distributed to ordinary shareholders		
Cash	\$ 1.20	<u>2,167,170</u>

(iv) Treasury shares

For the years ended December 31, 2023 and 2022, treasury shares acquired by the Company for the transfer to employees pursuant to Article 167-1 of the Company Act totaled 1,217 thousand shares and 1,856 thousand shares, amounting to \$41,280 and \$62,768, respectively. As of December 31, 2023 and 2022, the number of uncanceled shares was 390 thousand shares and 2,420 thousand shares, respectively.

In accordance with the Company Act, the Company's treasury shares do not carry any shareholder rights before they are transferred.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Other equity (net of taxes) and noncontrolling interests

	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	Unearned compensation	Non- controlling interests
Balance on January 1, 2023	\$ (528,332)	71	(589,903)	11,036,695
Exchange differences on translation of foreign financial statements	(565,213)	-	-	(156,007)
Exchange differences on associates accounted for using equity method	(5,321)	-	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(101,790)	-	196
Unearned compensation	-	-	379,063	-
Loss attributable to non-controlling interests	-	-	-	(759,825)
Others	-	-	-	(20,967)
Balance on December 31, 2023	<u>\$ (1,098,866)</u>	<u>(101,719)</u>	<u>(210,840)</u>	<u>10,100,092</u>
Balance on January 1, 2022	\$ (1,091,739)	1,406,581	(1,343,531)	12,598,887
Exchange differences on translation of foreign financial statements	590,885	-	-	198,723
Exchange differences on associates accounted for using equity method	(27,478)	-	-	-
Unrealized gains (losses) from financial assets measured at fair value through other comprehensive income	-	(1,406,510)	-	550
Unearned compensation	-	-	753,628	-
Profit attributable to non-controlling interest	-	-	-	202,101
Others	-	-	-	(1,963,566)
Balance on December 31, 2022	<u>\$ (528,332)</u>	<u>71</u>	<u>(589,903)</u>	<u>11,036,695</u>

(vi) Material non-controlling interests of subsidiaries

The material non-controlling interests of subsidiaries were as follows:

Subsidiaries	Main operation place	Percentage of non- controlling interests	
		December 31, 2023	December 31, 2022
Zhenjiang CHIMEI Chemical Co., Ltd.	China	30.40 %	30.40 %
Zhangzhou CHIMEI Chemical Co., Ltd.	China	30.40 %	30.40 %

The following information on the aforementioned subsidiaries has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers. Included in these information are the fair value adjustments made during the acquisition and relevant difference in accounting principles between the Group as at the acquisition date. Intragroup transactions were not eliminated in this information.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Zhenjiang CHIMEI Chemical Co., Ltd.'s collective financial information

	December 31, 2023	December 31, 2022
Current assets	\$ 19,791,831	20,067,842
Non-current assets	9,411,841	9,842,456
Current liabilities	(12,003,918)	(11,378,587)
Non- current liabilities	(31,130)	(27,594)
Net assets	<u><u>\$ 17,168,624</u></u>	<u><u>18,504,117</u></u>
Non-controlling interests	<u><u>\$ 5,219,262</u></u>	<u><u>5,625,252</u></u>
	For the years ended December 31,	
	2023	2022
Sales revenue	<u><u>\$ 54,272,798</u></u>	<u><u>63,113,323</u></u>
Net (loss) income	\$ (909,521)	1,159,532
Other comprehensive income	-	-
Comprehensive income	<u><u>\$ (909,521)</u></u>	<u><u>1,159,532</u></u>
Profit (loss), attributable to non-controlling interests	<u><u>\$ (276,494)</u></u>	<u><u>352,498</u></u>
Comprehensive (loss) income, attributable to non-controlling interests	<u><u>\$ (276,494)</u></u>	<u><u>352,498</u></u>
Net cash flows from operating activities	\$ 4,366,745	7,368,253
Net cash flows used in investing activities	(861,013)	(1,001,303)
Net cash flows used in financing activities	(2,273,124)	(9,682,767)
Net increase (loss) in cash and cash equivalents	<u><u>\$ 1,232,608</u></u>	<u><u>(3,315,817)</u></u>
Dividends paid to non-controlling interests	<u><u>\$ 40,352</u></u>	<u><u>4,043,808</u></u>

2) Zhangzhou CHIMEI Chemical Co., Ltd.'s collective financial information

	December 31, 2023	December 31, 2022
Current assets	\$ 9,061,340	14,522,040
Non-current assets	24,494,800	20,019,993
Current liabilities	(11,283,100)	(8,018,051)
Non- current liabilities	(7,862,012)	(10,211,327)
Net assets	<u><u>\$ 14,411,028</u></u>	<u><u>16,312,655</u></u>
Non-controlling interests	<u><u>\$ 4,380,952</u></u>	<u><u>4,959,047</u></u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	For the years ended December 31,	
	2023	2022
Sales revenue	<u>\$ 21,726,221</u>	<u>19,391,321</u>
Net loss	\$ (1,675,994)	(492,171)
Other comprehensive income	-	-
Comprehensive income	<u>\$ (1,675,994)</u>	<u>(492,171)</u>
Loss, attributable to non-controlling interests	<u>\$ (509,502)</u>	<u>(149,620)</u>
Comprehensive (loss) income, attributable to non-controlling interests	<u>\$ (509,502)</u>	<u>(149,620)</u>
Net cash flows from operating activities	\$ (639,020)	1,893,348
Net cash flows used in investing activities	(6,356,218)	(4,826,320)
Net cash flows (used in) from financing activities	<u>(1,007,802)</u>	<u>10,011,604</u>
Net increase (loss) in cash and cash equivalents	<u>\$ (8,003,040)</u>	<u>7,078,632</u>
Dividends paid to non-controlling interests	<u>\$ -</u>	<u>-</u>

(s) Share-based payment

On May 17, 2021, the Company's Board of Directors resolved to award 30,000 thousand new shares of restricted stock to fulltime employees (including the employees of parents and subsidiaries of the Company) who meet certain requirements, which has been registered with and approved by the Securities and Futures Bureau of FSC. On November 16, 2021, the Board of Directors decided to issue the restricted shares, and the fair value at the grant date was 45 dollar per share.

After one year, two years, and three years of service following the grant date, 30%, 30%, and 40% of the restricted employee stock will be vested, respectively. These shares shall not be sold, pledged, transferred, gifted, or disposed of by any other means to other parties during the custody period. The voting rights of these shareholders are executed by the custodian, and the custodian will act based on law and regulations. If the shares remain unvested after the vesting period, the Company shall redeem and cancel all the unvested shares thereafter.

Details of the restricted stock of the Company were as follows:

	For the years ended December 31,	
	2023	2022
Outstanding on 1 January (thousand shares)	21,460	30,000
Vested during the year (thousand shares)	(8,172)	(8,540)
Forfeited during the year (thousand shares)	<u>(1,050)</u>	<u>-</u>
Outstanding on 31 December (thousand shares)	<u>12,238</u>	<u>21,460</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

As of December 31, 2023 and 2022, the Company has the following RSA share-based payment transactions:

<u>Type</u>	<u>Restricted stock awards (RSA)</u>
Grant date	December 29, 2021
Fair value at grant date	45
Number of shares granted	30,000,000
Contract term	-
Recipients	All employees (including the employees of parents and subsidiaries of the Company)
Vesting conditions	In compliance with the Company's appraisal standards

The grant-date fair value of the restricted employee option was appraised using the price-to-book ratio based on the market approach and discounted taking into consideration non-quantifiable factors such as liquidity.

As of December 31, 2023 and 2022, the Company has the following treasury stock transferred to employees share-based payment transactions:

<u>Transaction type</u>	<u>Equity-settled</u>	
	<u>Treasury stock transferred to employees (B)</u>	<u>Treasury stock transferred to employees (A)</u>
Grant date	October 19, 2023	November 3, 2022
Number of shares granted	3,246,741	4,204,530
Contract term	-	-
Recipients	All employees including the employees of parents and subsidiaries of the Company)	All employees including the employees of parents and subsidiaries of the Company)
Vesting conditions	Immediately vested	Immediately vested
Fair value at grant date	15.12	20.28

To boost staff morale and commitment, the Company repurchased its treasury shares and transfer them to its employees who meet certain conditions pursuant to Article 167-1 of the Company Law.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Company's transfer of treasury shares are detailed as follows:

(in thousands)

	For the years ended December 31,			
	2023		2022	
	Weighted- average exercise price (\$)	Number of shares	Weighted- average exercise price (\$)	Number of shares
Outstanding on January 1	\$ -	-	-	-
Granted during the year	-	3,247	-	4,205
Exercised during the year	-	(3,247)	-	(4,205)
Outstanding on December 31	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>

As of December 31, 2023, the subsidiary has the following treasury stock transferred to employees share-based payment transactions:

Transaction type	Equity-settled Treasury stock transferred to employees
Grant date	July 28, 2023
Number of shares granted	44,490
Contract term	-
Recipients	All employees
Vesting conditions	Immediately vested
Fair value at grant date	5.66

To boost staff morale and commitment, the subsidiary repurchased its treasury shares and transfer them to its employees who meet certain conditions pursuant to Article 167-1 of the Company Law.

The subsidiary's transfer of treasury shares are detailed as follows:

	For the years ended December 31,	
	2023	
	Weighted- average exercise price (\$)	Number of shares
Outstanding on January 1	\$ -	-
Granted during the year	-	44,490
Exercised during the year	-	(44,490)
Outstanding on December 31	<u>\$ -</u>	<u>-</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (i) Expense recognized in profit or loss

The Group incurred expenses of share-based payments in 2023 and 2022 as follows:

	For the years ended December 31,	
	2023	2022
Expenses resulting from RSA	\$ 331,790	753,628
Expenses resulting from treasury shares transferred to employees	49,343	85,267
Total	<u><u>\$ 381,133</u></u>	<u><u>838,895</u></u>

- (t) Earnings per share

For the years ended December 31, 2023 and 2022, the basic and diluted earnings per share were calculated as follows:

	For the years ended December 31,	
	2023	2022
Basic earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 93,756</u></u>	<u><u>2,809,866</u></u>
Weighted-average number of ordinary shares (in thousands)	<u><u>1,795,722</u></u>	<u><u>1,784,793</u></u>
	<u><u>\$ 0.05</u></u>	<u><u>1.57</u></u>
Diluted earnings per share		
Profit attributable to ordinary shareholders of the Company	<u><u>\$ 93,756</u></u>	<u><u>2,809,866</u></u>
Weighted-average number of ordinary shares (basic)	1,795,722	1,784,793
Effect of dilutive potential ordinary shares		
Effect of employee share bouns	239	2,295
Effect of restricted employee shares unvested	16,817	18,890
Weighted-average number of ordinary shares (in thousands)	<u><u>1,812,778</u></u>	<u><u>1,805,978</u></u>
(after adjusting the effect of dilutive potential ordinary share)	<u><u>\$ 0.05</u></u>	<u><u>1.56</u></u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(u) Revenue from contracts with customers

(i) Disaggregation of revenue

For the years ended December 31, 2023			
	Plastics and chemicals department	Others	Total
Primary geographical markets:			
Asia	\$ 114,010,945	3,281,460	117,292,405
America	2,567,453	-	2,567,453
Europe	3,737,502	-	3,737,502
Others	1,224,263	-	1,224,263
	\$ 121,540,163	3,281,460	124,821,623
Major products:			
Plastic and rubber	\$ 114,161,646	-	114,161,646
Electronic materials	1,001,831	-	1,001,831
Specialty chemicals	4,709,794	-	4,709,794
Processed Plastic	967,425	-	967,425
Others	699,467	3,281,460	3,980,927
	\$ 121,540,163	3,281,460	124,821,623
For the years ended December 31, 2022			
	Plastics and chemicals department	Others	Total
Primary geographical markets:			
Asia	\$ 136,642,603	3,254,145	139,896,748
America	5,487,586	-	5,487,586
Europe	6,073,505	-	6,073,505
Others	2,080,653	-	2,080,653
	\$ 150,284,347	3,254,145	153,538,492
Major products:			
Plastic and rubber	\$ 140,170,051	-	140,170,051
Electronic materials	1,726,411	-	1,726,411
Specialty chemicals	5,036,407	-	5,036,407
Processed Plastic	2,483,124	-	2,483,124
Others	868,354	3,254,145	4,122,499
	\$ 150,284,347	3,254,145	153,538,492

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	\$ 9,777,001	9,741,641	12,315,531
Less: loss allowance	(45,370)	(77,619)	(77,219)
Total	<u><u>\$ 9,731,631</u></u>	<u><u>9,664,022</u></u>	<u><u>12,238,312</u></u>

For details on notes and accounts receivable and loss allowance, please refer to note 6(c).

As of December 31, 2023, December 31, 2022, and January 1, 2022, the balances of contract liabilities (recognized as other current liabilities, other) amounted to \$826,726, \$918,980, and \$1,715,700 respectively. For the years ended December 31, 2023 and 2022, the opening balances recognized as revenue amounted to \$907,783 and \$1,704,376, respectively.

(v) Remuneration of employees, directors, and supervisors

The Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 1% shall be set aside to distribute employee remuneration and a maximum of 0.1% shall be set aside to distribute remuneration for directors and supervisors. However, if the Company has accumulated losses, the profit shall be reserved to offset the deficit. The aforementioned earnings refer to income before tax excluding remuneration of employees, directors, and supervisors. Employee remuneration, which shall be distributed in cash or in shares, shall be resolved by the Board of Directors and be reported to the shareholders' meeting. The recipients include the employees of parents and subsidiaries of the Company who meet certain conditions.

For the years ended December 31, 2022, the Company estimated the remuneration for employees at \$49,760, and for directors and supervisors at \$100. The aforementioned estimates, calculated based on profit before tax (excluding remuneration for employees, directors, and supervisors) during the respective years multiplied by a certain percentage of remuneration for employees, directors and supervisors specified in the Articles of Incorporation, were presented as operating costs or operating expenses. Related information is available on the Market Observation Post System website. For the year ended December 31, 2023, the Company incurred a loss before income tax and therefore did not estimate the expenses related to employees' and directors' remuneration.

For the year ended December 31, 2022, the difference between the amount of employees' remuneration estimated in the financial statements and the amount of actual distribution resolved by the Board of Directors was \$2,003, which shall be treated as changes in accounting estimates and recognized in profit or loss for the year ended December 31, 2023.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(w) Non-operating income and expenses

(i) Interest income

The details of interest income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 471,131	483,397
Interest income from financial assets measured at fair value through profit or loss	299,788	311,046
Others	36	134
Total interest income	<u><u>\$ 770,955</u></u>	<u><u>794,577</u></u>

(ii) Other income

The details of other income for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Rent income	\$ 49,824	53,886
Dividend income	226,618	181,318
	<u><u>\$ 276,442</u></u>	<u><u>235,204</u></u>

(iii) Other gains and losses

The details of other gains and losses for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Gains on foreign exchange	\$ 145,344	1,369,098
Impairment loss on property, plant and equipment	(200,911)	-
(Losses) gains on disposal of property, plant and equipment	(11,466)	36,519
Gains (losses) on financial assets at fair value through profit or loss	192,727	(1,670,453)
Others	(37,053)	150,232
	<u><u>\$ 88,641</u></u>	<u><u>(114,604)</u></u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Finance costs

The details of finance costs for the years ended December 31, 2023 and 2022 were as follows:

	For the years ended December 31,	
	2023	2022
Bank borrowings and bonds	\$ 633,306	552,526
Others	1,268	2,114
Less: capitalized interest payments	(23,109)	(58,727)
	<u>\$ 611,465</u>	<u>495,913</u>

(x) Financial instruments

(i) Credit risks

1) Exposure to credit risk

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Condition of credit risk concentration

Implicit credit risk of the Group is inherent in its cash and accounts receivable. The Group's cash is deposited in different financial institution. The Group manages the credit risk exposure with each of these financial institutions and believes that cash dose not have a significant credit risk concentration.

3) Credit risk of receivables

For credit risk exposure of notes and accounts receivable, please refer to note 6(c). Other financial assets at amortized cost includes other receivables. For the details of loss allowance, please refer to note 6(d).

Other receivables are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12-month expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following are the contractual maturities of the Group's financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 6 months</u>	<u>6 to 12 months</u>	<u>1 to 2 years</u>	<u>2 to 5 years</u>	<u>More than 5 years</u>
Balance on December 31, 2023							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 16,149,133	16,265,612	2,583,920	3,835,186	6,587,532	3,258,974	-
Short-term notes and bills payable	99,863	100,000	100,000	-	-	-	-
Notes and accounts payable	4,079,431	4,079,431	4,079,431	-	-	-	-
Other payables	4,494,568	4,494,568	4,494,568	-	-	-	-
Lease liabilities	971,426	1,023,438	95,918	88,822	166,193	436,818	235,687
Bonds payable	3,100,000	3,294,935	23,464	24,116	47,580	3,199,775	-
Guarantee deposits received	57,462	57,462	57,462	-	-	-	-
	<u>\$ 28,951,883</u>	<u>29,315,446</u>	<u>11,434,763</u>	<u>3,948,124</u>	<u>6,801,305</u>	<u>6,895,567</u>	<u>235,687</u>
Balance on December 31, 2022							
Non-derivative financial liabilities							
Unsecured bank loans	\$ 17,857,424	18,768,862	4,120,043	4,000,265	4,757,853	5,890,701	-
Notes and accounts payable	5,723,445	5,723,445	5,723,445	-	-	-	-
Other payables	6,423,045	6,423,045	6,423,045	-	-	-	-
Lease liabilities	182,427	185,968	78,692	58,910	14,632	13,880	19,854
Bonds payable	6,000,000	6,108,985	29,096	5,018,726	16,500	1,044,663	-
Guarantee deposits received	60,030	60,030	60,030	-	-	-	-
	<u>\$ 36,246,371</u>	<u>37,270,335</u>	<u>16,434,351</u>	<u>9,077,901</u>	<u>4,788,985</u>	<u>6,949,244</u>	<u>19,854</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risks

The Group's significant exposure to foreign currency risk was as follows:

		December 31, 2023			
		Foreign currency	Exchange		
		(In thousands)	rate		TWD
Financial assets					
Monetary items					
USD	\$	329,610	USD:TWD	30.7350	10,130,563
		26,114	USD:CNY	7.0826	802,614
JPY		1,194,324	JPY:TWD	0.2177	260,004
EUR		13,336	EUR:TWD	33.8999	452,089
Non-monetary items					
CNY		8,042,630	CNY:TWD	4.3103	34,666,146
USD		10,604	USD:TWD	30.7350	325,905

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

		December 31, 2023		
		Foreign currency (In thousands)	Exchange rate	TWD
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		19,106	USD:TWD 30.7350	587,223
		42,595	USD:CNY 7.0826	1,309,157
JPY		737,717	JPY:TWD 0.2177	160,601
<u>Non-monetary items</u>				
USD		8,625	USD:TWD 30.7350	265,089
		December 31, 2022		
		Foreign currency (In thousands)	Exchange rate	NTD
<u>Financial assets</u>				
<u>Monetary items</u>				
USD	\$	335,298	USD:TWD 30.7080	10,296,331
		48,988	USD:CNY 6.9645	1,504,324
JPY		1,308,424	JPY:TWD 0.2328	304,601
EUR		8,860	EUR:TWD 32.7760	290,395
<u>Non-monetary items</u>				
CNY		8,340,455	CNY:TWD 4.4160	36,831,448
USD		10,713	USD:TWD 30.7080	328,975
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD		32,580	USD:TWD 30.7080	1,000,467
		51,999	USD:CNY 6.9645	1,596,785
JPY		1,006,023	JPY:TWD 0.2328	234,202
		458,264	JPY:CNY 0.0528	106,684
<u>Non-monetary items</u>				
USD		11,114	USD:TWD 30.7080	341,289

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, financial assets at fair value through profit or loss, accounts receivable, accounts payable and other payables that are denominated in foreign currency. A 1% depreciation or appreciation of the TWD against the USD, EUR, CNY, and JPY as of December 31, 2023 and 2022, would have increased or decreased the net loss after tax for the years ended December 31, 2023 and 2022 by \$76,604 and \$76,034, respectively. The analysis is performed on the same basis for both periods.

3) Foreign exchange gain and loss on monetary items

As Group deals with diverse foreign currencies, therefore, the gains or losses on foreign exchange were summarized as a single amount. For the years ended December 31, 2023 and 2022 the foreign exchange gain, including realized and unrealized, amounted to \$145,344 and \$1,369,098, respectively.

4) Interest rate analysis

The interest rate exposure of the Group's financial assets and liabilities is described in Note on liquidity risk management.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases or decreases by 1%, the Group's net loss will decrease or increase by \$129,193 and \$142,859 for the years ended December 31, 2023 and 2022, respectively, assuming all other variable factors that remain constant. This is mainly due to the Group's borrowing in variable interest rate.

(iv) Fair value of financial instruments

1) Fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The carrying amount and fair value of the Group's financial assets and liabilities, including the information on fair value hierarchy were as follows; however, except as described in the following paragraphs, for financial instruments not measured at fair value whose carrying amount is reasonably close to the fair value, and lease liabilities, disclosure of fair value information is not required:

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2023				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Non-derivative financial assets mandatorily measured at fair value through profit or loss	\$ 14,446,307	14,446,307	-	-	14,446,307
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	811,937	-	-	811,937	811,937
Financial assets at amortized cost					
Cash and cash equivalents	17,656,357	-	-	-	-
Notes receivable and accounts receivable	9,731,631	-	-	-	-
Other financial assets	12,300	-	-	-	-
Other receivables	185,364	-	-	-	-
Guarantee deposits paid	158,077	-	-	-	-
Subtotal	27,743,729	-	-	-	-
Total	<u>\$ 43,001,973</u>	<u>14,446,307</u>	<u>-</u>	<u>811,937</u>	<u>15,258,244</u>
Financial liabilities at amortized cost					
Unsecured bank loans	\$ 16,149,133	-	-	-	-
Short-term notes and bills payable	99,863	-	-	-	-
Notes payable and accounts payable	4,079,431	-	-	-	-
Other payables	4,494,568	-	-	-	-
Bonds payable	3,100,000	-	-	-	-
Guarantee deposits received	57,462	-	-	-	-
Lease liabilities	971,426	-	-	-	-
Total	<u>\$ 28,951,883</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through profit or loss					
Mandatorily measured at fair value through profit or loss	\$ 14,212,951	14,212,951	-	-	14,212,951
Derivative financial assets	3,401	-	3,401	-	3,401
Subtotal	14,216,352	14,212,951	3,401	-	14,216,352
Financial assets at fair value through other comprehensive income					
Unquoted equity instruments	920,231	-	-	920,231	920,231
Financial assets at amortized cost					
Cash and cash equivalents	38,005,094	-	-	-	-
Notes receivable and accounts receivable	9,664,022	-	-	-	-
Other financial assets	10,319	-	-	-	-
Other receivables	187,607	-	-	-	-
Guarantee deposits paid	144,634	-	-	-	-
Subtotal	48,011,676	-	-	-	-
Total	<u>\$ 63,148,259</u>	<u>14,212,951</u>	<u>3,401</u>	<u>920,231</u>	<u>15,136,583</u>
Financial liabilities at amortized cost					
Unsecured bank loans	\$ 17,857,424	-	-	-	-
Notes payable and accounts payable	5,723,445	-	-	-	-
Other payables	6,423,045	-	-	-	-
Bonds payable	6,000,000	-	-	-	-
Guarantee deposits received	60,030	-	-	-	-
Lease liabilities	182,427	-	-	-	-
Total	<u>\$ 36,246,371</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Valuation techniques for financial instruments measured at fair value

(2.1) Non-derivative financial instruments

If the quoted prices in active markets are available, the market price is established as the fair value.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value measured using the valuation technique can be extrapolated from similar financial instruments, discounted cash flow method, or other valuation techniques which include the model used in calculating the observable market data at the consolidated balance sheet date.

The fair value of the Group's equity instruments without an active market are measured using the market approach or the asset-based approach; the former derives market multiples from listed entities comparable to the investee to estimate the value of the underlying object, adjusted for the effect of the non-marketability of the equity securities.

(2.2) Derivative financial instruments

Cross-currency interest rate swap contracts are normally assessed using the current exchange rate and interest rate. Forward exchange contracts are normally assessed using the current forward exchange rate.

3) Transfers between level 1 and level 2

There were no transfers between level 1 and level 2 during 2023 and 2022.

4) Changes in level 3 of the fair value

	At fair value through profit or loss	Fair value through other comprehensive income
Balance on January 1, 2023	\$ -	920,231
Purchased	1,327,380	-
Proceeds from capital reduction	-	(6,700)
Recognized in other comprehensive income	-	(101,594)
Disposal / Redemption	(1,327,380)	-
Balance on December 31, 2023	\$ -	811,937

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	At fair value through profit or loss	Fair value through other comprehensive income
Balance on January 1, 2022	\$ 5,875,728	2,339,591
Purchased	18,622,800	-
Proceeds from capital reduction	-	(13,400)
Recognized in profit or loss	(12,805)	-
Recognized in other comprehensive income	-	(1,405,960)
Disposal / Redemption	(24,608,700)	-
Effect of movements in exchange rates	122,977	-
Balance on December 31, 2022	\$ -	920,231

- 5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group financial instruments that use Level 3 inputs to measure fair value include financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. Quantitative information on significant unobservable inputs was as follows:

Item	Valuation Technique	Significant Non-observable Input	The Relationship between Significant Non-observable Input and Fair Value
Financial assets at fair value through other comprehensive income - equity investments without an active market	Asset-based approach	Market illiquidity discount 15% on December 31, 2023 and 2022	The higher the market liquidity discount rate, the lower the fair value

- 6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Company's fair value measurement on financial instruments is reasonable. The measurement would differ if different valuation models or valuation parameters are used. For financial instruments using level 3 inputs, if the valuation parameters are changed, the impact on net income or loss and other comprehensive income or loss will be as follows:

	Input	Variation	Impact of Fair Value Change on Profit or Loss		Impact of Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
Balance on December 31, 2023						
Financial assets at fair value through other comprehensive income						
Financial instruments without an active market	Market Multiple	0.5%	\$ -	-	4,060	(4,060)

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Input	Variation	Impact of Fair Value Change on Profit or Loss		Impact of Fair Value Change on Other Comprehensive income or loss	
			Favorable Change	Unfavorable Change	Favorable Change	Unfavorable Change
Balance on December 31, 2022						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	Market Multiple	0.5%	\$ -	-	3,945	(3,945)

The favorable change and unfavorable change represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculating using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the interrelationships with another inputs.

(y) Financial risk management

(i) Overview

The Group has exposures to the following risks from its financial instruments:

- 1) Credit risk
- 2) Liquidity risk
- 3) Market risk

The following discusses the Group's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(iii) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and credit risk arises principally from the Group's receivables from customers and investments.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Accounts receivable and other receivables

The Group established a credit policy to only transact with creditworthy obtain the necessary collateral to mitigate risks arising from financial loss due to default risk. The Group will transact with corporations having credit ratings equivalent to investment grade, and such ratings are provided by independent rating agencies. Where it is not possible to obtain such information, the Group will assess the ratings based on other publicly available financial information and records of transactions with its major customers. The Group continuously monitors the exposure to credit risk and counterparty credit ratings, and establish sales limits based on credit rating for each of its approved customer. The credit limits for each counterparty are approved and reviewed annually by the Risk Management Committee.

The Group hedged the credit risk on financial assets through holding collateral and insuring accounts receivable.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Group does not expect any counterparty above fails to meet its obligations hence there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries in which more than 50% of voting shares are directly or indirectly held by the Group and for entities that have transactions with the Group.

Please refer to note 13 for endorsement and guarantees provided by the Group for other parties as of December 31, 2023.

(iv) Liquidity risk

Liquidity risk is a risk that the Group is unable to meet the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as much as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

In general, the Group aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash flows on operating expenses. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. Additionally, the Group's unused lines of credit amounted to \$54,825,711 and \$46,350,156 as of December 31, 2023 and 2022, respectively.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices which will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The Group buys and sells derivatives, and also incurs financial liabilities, in order to manage market risk.

1) Currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily the New Taiwan Dollars (NTD), US Dollars (USD), and the China Yen (CNY). The currencies used in these transactions are the NTD, CNY, EUR, JPY, and USD.

Loan interest was denominated in the currency of the principal. In general, borrowings were denominated in currencies that match with the cash flows generated by the underlying operations of the Company, primarily NTD, CNY, and USD.

The Group adopts natural hedge in principle and uses derivative instruments to hedge currency risk.

2) Interest risk

The Group manages interest rates risk by maintaining an adequate combination of fixed and variable interest rates. The Group periodically assesses hedging activities to align its view on interest rate to certain risk appetite, so as to ascertain the hedging strategy that conforms to the cost effectiveness.

(z) Capital Management

The Group's policy is to safeguard the capacity to continue to operate, to continue to provide returns for shareholders, to maintain the interest of other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to the shareholders, reduce the capital for redistribution to shareholders, issue new shares or sell assets to settle any liabilities.

The Group uses the debt-to-equity ratio to manage capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. Total capital comprises share capital, capital surplus, retained earnings, treasury shares, and other equity plus net debt.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's debt to capital ratios at the reporting date were as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 38,276,841	45,901,628
Less: cash and cash equivalents	<u>(17,656,357)</u>	<u>(38,005,094)</u>
Net debt	20,620,484	7,896,534
Total equity	<u>92,031,915</u>	<u>98,547,732</u>
Adjusted equity	<u>\$ 112,652,399</u>	<u>106,444,266</u>
Debt to equity ratio	<u>18.30 %</u>	<u>7.42 %</u>

(aa) Investing and financing activities not affecting current cash flow

The Group's financing activities which did not affect the current cash flow for the years ended December 31, 2023 and 2022, were as follows:

- (i) For right-of-assets under leases, please refer to note 6(h).
- (ii) Reconciliation of liabilities arising from financing activities was as follows:

	January 1, 2023	Cash flows	Non-cash changes	December 31, 2023
Short-term borrowings	\$ 4,140,213	(2,444,436)	(15,508)	1,680,269
Long-term borrowings (including current portion of long-term borrowings)	13,717,211	949,177	(197,524)	14,468,864
Lease liabilities	<u>182,427</u>	<u>(160,638)</u>	<u>949,637</u>	<u>971,426</u>
Total liabilities from financing activities	<u>\$ 18,039,851</u>	<u>(1,655,897)</u>	<u>736,605</u>	<u>17,120,559</u>
	January 1, 2022	Cash flows	Non-cash changes	December 31, 2022
Short-term borrowings	\$ 450,000	3,710,407	(20,194)	4,140,213
Long-term borrowings (including current portion of long-term borrowings)	10,032,547	3,551,839	132,825	13,717,211
Lease liabilities	<u>263,557</u>	<u>(129,192)</u>	<u>48,062</u>	<u>182,427</u>
Total liabilities from financing activities	<u>\$ 10,746,104</u>	<u>7,133,054</u>	<u>160,693</u>	<u>18,039,851</u>

(7) Related-party transactions

(a) Names and relationship with the Group

The followings are related parties that had transactions with the Group during the period covered in the consolidated financial statements.

Name of related party	Relationship with the Group
Suzhou Newhuamei Plastics Co., Ltd.	Associates
Danyang New Huamei Plastic Co., Ltd.	Associates
Qingdao Zhongxinhuamei Plastic Co., Ltd.	Associates
Dongguan Sinochem Huamei Plastic Co., Ltd.	Associates

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of related party</u>	<u>Relationship with the Group</u>
CHI LIN Optoelectronics Co., Ltd.	Associates (Note)
Lushun Warehouse Co., Ltd.	Associates
Chimei Culture Foundation	More than 1/3 of the funds are donated by the Group
Chimei Museum Foundation	More than 1/3 of the funds are donated by the Group
Chi Mei Frozen Food Co., Ltd.	Substantive related party of the Group
Chi Mei Trading Co., Ltd.	Substantive related party of the Group
The Wen Long Cultural Foundation	Substantive related party of the Group
Rioselecta Investment Limited	Substantive related party of the Group
All directors, supervisors, general managers, and deputy general manager	Key management of the Group

Note: The Company is currently in liquidation process.

(b) Significant transactions with related parties

(i) Sales revenue

The amounts of significant sales by the Group to related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 963,310	1,255,956
Other related parties	66,574	59,524
	<u>\$ 1,029,884</u>	<u>1,315,480</u>

The selling pricing for related parties was not materially different from arm's length transactions. The credit terms ranged from 30 to 105 days.

(ii) Purchases

The amounts of significant purchases by the Group from related parties were as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Associates	\$ 7,622	14,478
Other related parties	190,000	237,578
	<u>\$ 197,622</u>	<u>252,056</u>

The pricing of purchase transactions with related parties was not significantly different from those offered by other vendors. The payment terms ranged from 30 to 60 days.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Receivables from related parties

The receivables from related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts receivable	Associates	\$ 280,060	219,581
Notes and accounts receivable	Other related parties	863	492
Other receivables	Associates	-	1,032
Other receivables	Other related parties	204	202
		<u>\$ 281,127</u>	<u>221,307</u>

(iv) Payables to related parties

The payables to related parties were as follows:

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes and accounts payable	Associates	\$ 19	617
Notes and accounts payable	Other related parties	18,889	24,184
Other payables	Associates	235	21
Other payables	Other related parties	1,356	1,135
Other current and non-current liabilities	Other related parties	-	1,051
Other current and non-current liabilities	Associates	3,998	1,172
		<u>\$ 24,497</u>	<u>28,180</u>

(v) Others

<u>Account</u>	<u>Relationship</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Overheads and operating expenses	Other related parties	\$ 20,808	21,519
Rent income	Lushun Warehouse Co., Ltd.	3,867	11,600
Rent income	Associates	497	497
Other income	Associates	428	85
Other income	Other related parties	241	240
Interest expenses	Associates	88	553

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

In August of 2021, the Group entered into a five-year lease agreement for office from another related party, Rioselecta Investment Limited, and signed a five-year lease agreement. The Group recognized the right-of-use asset and lease liability at \$19,944. In the year of 2023 and 2022, the company recognized interest expenses of \$139 and \$175, respectively. As of December 31, 2023 and 2022, the remaining lease liabilities were \$11,188 and \$14,844, respectively.

(c) Key management personnel compensation

Key management personnel compensation comprised:

	For the years ended December 31,	
	2023	2022
Short-term employee benefits	\$ 112,756	160,014
Post-employment benefits	2,665	3,023
Termination benefits	5,018	28,613
	\$ 120,439	191,650

(8) Pledged assets:

The carrying values of pledged assets were as follows:

Pledged assets	Pledged to secure	December 31, 2023	December 31, 2022
Restricted assets (included in other current financial assets)	Customs deposits and performance bond	\$ 10,300	10,319
Guarantee deposits paid (included in other non-current assets)	Deposits on civil litigation, lease, materials purchase, etc.	158,077	144,634
		\$ 168,377	154,953

(9) Significant commitments and contingencies:

(a) Unrecognized contractual commitments

(i) Guarantee notes submitted by the Group to its customers for purchases and loans:

	December 31, 2023	December 31, 2022
TWD	\$ 13,217,045	9,654,451
USD	3,995,550	3,992,040
CNY	1,587,067	1,477,082
	\$ 18,799,662	15,123,573

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (ii) The Group's outstanding standby letters of credit were as follows:

	December 31, 2023	December 31, 2022
TWD	\$ 610,000	454,000
USD	89,485	104,518
EUR	304,467	866,250
JPY	-	6,295
GBP	-	18,033
	<u>\$ 1,003,952</u>	<u>1,449,096</u>

- (iii) As of December 31, 2023 and 2022, the Group's guarantee notes received for sales, construction, and transportation amounted to \$6,554,043 and \$6,657,189, respectively.
- (iv) As of December 31, 2023 and 2022, the outstanding amounts of a plant construction contract entered into by the Group amounted to \$6,573,283 and \$7,032,193, respectively.
- (v) Since April 2001, the Company has been leasing Wharves No. 19-20 in Port of Anping from Port of Kaohsiung, Taiwan International Ports Corporation, Ltd. to develop wharves and construct storage tanks for petrochemicals on a BOT basis, with minimum goods loaded by cargo agreed by both parties.

(10) Losses due to major disasters:None

(11) Subsequent events:None

(12) Other:

- (i) The employee benefits, depreciation, depletion and amortization expense categorized by function were as follows:

By function By item	For the years ended December 31,					
	2023			2022		
	Operating Costs	Operation Expenses	Total	Operating Costs	Operation Expenses	Total
Employee benefits						
Salary	3,061,072	1,875,653	4,936,725	3,444,284	2,137,708	5,581,992
Labor and health insurance	308,625	149,350	457,975	288,812	149,986	438,798
Pension	218,426	96,746	315,172	202,018	94,294	296,312
Others	160,242	219,081	379,323	166,986	179,656	346,642
Depreciation	4,422,171	600,578	5,022,749	4,004,895	536,647	4,541,542
Amortization	93,140	187,330	280,470	57,308	160,523	217,831

- (b) Others

On November 30, 2022, the Ministry of Commerce of the People's Republic of China opened an anti-dumping investigation on polycarbonates originating from Taiwan and imported into the PRC. The investigation was still in progress as of the reporting date.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on the Group's significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers":

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower (note 1)	Transaction amount for business between two parties	Reasons for short-term financing	Loss allowance	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
0	CHIMEI Corporation	CHILIN Technology Co., Ltd.	Other receivables	Yes	500,000	500,000	-	1.73%	2	-	Working Capital	-	None	-	32,772,729 (Note 2)	32,772,729 (Note 2)
1	Jentra Investment Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	"	Yes	4,556,475	4,556,475	3,037,650	2.20%	2	-	"	-	"	-	6,652,932 (Note 2)	6,652,932 (Note 2)
1	"	Zhangzhou CHIMEI Chemical Co., Ltd.	"	Yes	1,518,825	1,518,825	1,518,825	2.00%	2	-	"	-	"	-	6,652,932 (Note 2)	6,652,932 (Note 2)
2	Jumping Holding Co., Ltd.	Zhangzhou CHIMEI Chemical Co., Ltd.	"	Yes	3,688,575	3,688,575	3,688,575	2.20%	2	-	"	-	"	-	13,588,684 (Note 2)	13,588,684 (Note 2)
2	"	Zhenjiang CHIMEI Chemical Co., Ltd.	"	Yes	3,471,600	3,471,600	3,471,600	2.20%	2	-	"	-	"	-	13,588,684 (Note 2)	13,588,684 (Note 2)
3	Zhenjiang CHIMEI Engineering Chemical Co., Ltd.	Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	"	Yes	433,950	303,765	-	3.30%	2	-	"	-	"	-	6,867,450 (Note 2)	6,867,450 (Note 2)

Note 1: Purpose of fund financing for the borrower:

(1) Those with business contact, please fill in 1.

(2) Those necessary for short term financing, please fill in 2.

Note 2: The aggregate amount of loans to a single party shall not exceed 40% of the current-period net worth, and the aggregate amount of loans provided by the company's shall not exceed 40% of its net worth as stated in its latest financial statements, respectively.

Note 3: The above-mentioned ending balance and actual usage amount were translated into New Taiwan Dollars using spot rates at the financial report date.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No. (Note 1)	Name of guarantor	Counterparty of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 3)	Parent company endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the company (Note 2)										
0	CHIMEI Corporation	Zhangzhou CHIMEI Chemical Co., Ltd.	2	81,931,823	19,906,675	19,906,675	12,515,425	-	24.30 %	81,931,823	Y		Y
1	Nexgen Mediatech Inc.	Mirai Lifestyle Inc.	2	1,386,784	600,000	600,000	350,000	-	43.27 %	1,386,784	Y		

Note 1: The numbering is as follows:

(i) Parent entity—0

(ii) Subsidiary—starting from 1

Note 2: Relationship with the company is as follows:

(i) The company has business relationship.

(ii) A subsidiary in which the company holds more than 50% ordinary shares, directly or indirectly.

(iii) An investee in which the parent and subsidiaries hold an aggregate of more than 50% ordinary shares.

(iv) The parent entity that holds more than 50% of the company's outstanding ordinary shares, either directly or indirectly through its subsidiaries.

Note 3: The upper limit on endorsement and guarantees is as follows:

(i) The accumulated amount of endorsement and guarantees provided by the company shall not exceed 100% of its net worth. The accumulated amount of endorsement and guarantees provided by Nexgen Mediatech Inc. shall not exceed 100% of its net worth.

(ii) The aggregate amount of endorsement and guarantees provided by the company for a single entity shall not exceed 100% of its net worth. The aggregate amount of endorsement and guarantees provided by Nexgen Mediatech Inc. for a single entity shall not exceed 100% of its net worth.

(iii) The aggregate amount of endorsement for those companies with business contact shall not exceed the amount of the trading amount between the two parties during the latest year.

(iv) The pre-determined amount delegated to the chairman for execution shall not exceed 100% of the aforementioned endorsement and guarantees provided to other parties.

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars/shares)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership during the year (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Shares in Chemcross. Com, Inc	-	Non-current financial assets at fair value through other comprehensive income	100	-	0.60 %	-	0.60 %	
"	Shares in JANTEX TECHNOLOGY CO., LTD.	-	"	3,750	-	3.37 %	-	3.37 %	
"	Shares in ASIA PACIFIC MICROSYSTEMS, INC.	-	"	88	-	0.19 %	-	0.19 %	
"	Shares in TAICHI INVESTMENT CORPORATION	Substantive related party	"	45,324	734,714	15.11 %	734,714	15.11 %	
"	Shares in TOP TAIWAN VI VENTURE CAPITAL CO., LTD.	-	"	670	-	17.39 %	-	17.39 %	
"	Apple Inc. bond	-	Current financial assets at fair value through profit or loss	-	466,019	- %	466,019	- %	
"	ABN AMRO Bank Subordinated bond I	-	"	-	149,603	- %	149,603	- %	
"	Gilead Sciences, Inc. bond	-	"	-	104,588	- %	104,588	- %	
"	Microsoft Corporation bond	-	"	-	397,682	- %	397,682	- %	
"	Comcast Corporation USD bond	-	"	-	134,897	- %	134,897	- %	
"	Nvidia Corporation bond I	-	"	-	280,780	- %	280,780	- %	
"	Amazon.com, Inc. bond	-	"	-	385,001	- %	385,001	- %	
"	BMW US Capital LLC bond I	-	"	-	161,345	- %	161,345	- %	
"	UnitedHealth Group USD bond	-	"	-	277,947	- %	277,947	- %	
"	Toyota Motor USD bond	-	"	-	242,796	- %	242,796	- %	
"	AT&T USD bond	-	"	-	166,491	- %	166,491	- %	
"	Bristol-Myers Squibb USD bond	-	"	-	75,232	- %	75,232	- %	
"	The Goldman Sachs Group USD bond	-	"	-	178,816	- %	178,816	- %	
"	HSBC Holdings USD bond	-	"	-	48,408	- %	48,408	- %	
"	The Walt Disney Company USD bond	-	"	-	123,681	- %	123,681	- %	
"	Johnson & Johnson USD bond	-	"	-	223,110	- %	223,110	- %	
"	Verizon Communications USD bond	-	"	-	278,495	- %	278,495	- %	
"	Abbott Laboratories USD bond	-	"	-	44,544	- %	44,544	- %	
"	3M Company USD bond	-	"	-	95,208	- %	95,208	- %	
"	Nike, Inc. USD bond	-	"	-	182,876	- %	182,876	- %	
"	Merck & Company USD bond	-	"	-	119,803	- %	119,803	- %	
"	P&G USD bond	-	"	-	119,857	- %	119,857	- %	
"	WalMart Inc. USD bond	-	"	-	185,230	- %	185,230	- %	
"	Visa Inc. USD bond	-	"	-	62,570	- %	62,570	- %	
"	Qualcomm Technologies USD bond	-	"	-	126,616	- %	126,616	- %	
"	Pfizer USD bond	-	"	-	122,777	- %	122,777	- %	
"	Nestle S.A. USD bond	-	"	-	122,394	- %	122,394	- %	
"	American Express bond	-	"	-	68,923	- %	68,923	- %	
"	MUFG Bank bond	-	"	-	70,114	- %	70,114	- %	
"	Wells Fargo bond	-	"	-	63,975	- %	63,975	- %	
"	JPMorgan Chase bond	-	"	-	89,515	- %	89,515	- %	
"	Bank of America subordinated bond I	-	"	-	148,450	- %	148,450	- %	
"	Honda Motor co., Ltd Green bond	-	"	-	143,686	- %	143,686	- %	
"	UBS Group USD Bond	-	"	-	147,221	- %	147,221	- %	
"	Volkswagen Group USD Bond	-	"	-	142,867	- %	142,867	- %	
"	General Motors USD Bond	-	"	-	96,030	- %	96,030	- %	
"	HP Inc. Sustainability Bond	-	"	-	194,919	- %	194,919	- %	
"	Orsted A/S Green bond	-	"	-	354,595	- %	354,595	- %	
"	TSMC TWD Bond	-	"	-	2,953,429	- %	2,953,429	- %	
"	Chungghwa Telecom TWD bond	-	"	-	999,998	- %	999,998	- %	
"	Far Eastern New Century Corporation TWD bond	-	"	-	486,766	- %	486,766	- %	

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership during the year (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
The Company	Walsin Lihwa Corporation TWD bond	-	Current financial assets at fair value through profit or loss	-	487,210	- %	487,210	- %	
"	Taiwan Power Company TWD bond	-	"	-	1,907,062	- %	1,907,062	- %	
"	Chailase Finance TWD bond	-	"	-	499,997	- %	499,997	- %	
"	BNP Paribas (Taipei Branch), TWD bond	-	"	-	299,999	- %	299,999	- %	
"	PineBridge Global ESG Quantitative Bond Fund A TWD	-	"	-	283,396	- %	283,396	- %	
"	Cathay US Premium Bond Fund A	-	"	-	131,389	- %	131,389	- %	
CHILIN Technology Co., Ltd.	Shares in PARAGON SEMICONDUCTOR LIGHTING TECHNOLOGY CO., LTD.	-	Non-current financial assets at fair value through other comprehensive income	300	2,278	2.40 %	2,278	2.40 %	
"	Chi Mei Frozen Food shares	Substantive related party	"	6,185	74,277	11.20 %	74,277	11.20 %	
"	The MediaTile Co., Inc. preference shares	-	"	1,199	-	2.18 %	-	2.18 %	
"	Shares in INOMA Corporation	-	"	80	668	5.63 %	668	5.63 %	

- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counterparty	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
Zhangzhou CHIMEI Chemical Co., Ltd.	CNY structured deposit with Bank of Communications CO., Ltd.	Current financial assets at fair value through profit or loss	-	-	-	-	-	1,327,380	-	1,327,380	1,327,380	-	-	-

- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Name of property	Transaction date	Transaction amount	Status of payment	Counterparty	Relationship with the Company	If the counterparty is a related party, disclose the previous transfer information				References for determining price	Purpose of acquisition and current condition	Others
							Owner	Relationship with the Company	Date of transfer	Amount			
Zhangzhou CHIMEI Chemical Co., Ltd.	Turnkey project for PC	2023.05.23	note	Paid according to the contract	CTCI Beijing Co., Ltd.	None	-	-	-	-	Restricted tender	Plant construction	

Note: The total transaction amount is CNY2,016,040 thousand (NTD8,786,708), which included equipments, material procurement and engineering construction.

- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock:None

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/Accounts receivable (payable)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/accounts receivable (payable)	
The Company	CHILIN Technology Co., Ltd.	Subsidiary	Sale	(415,131)	(0.84)%	O/A 90 days	-	-	118,253	3.17 %	
"	"	"	Purchase	315,291	0.86 %	Due on the 1st of the next month after transaction	-	-	(18,285)	(0.70)%	
"	Zhenjiang CHIMEI Chemical Co., Ltd.	Sub-sub-subsidiary	Sale	(1,876,778)	(3.79)%	O/A 90 days	-	-	581,321	15.58 %	
"	"	"	Purchase	253,128	0.69 %	45 days after delivery	-	-	(46,364)	(1.77)%	
"	Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	Sub-subsidiary	Sale	(447,066)	(0.90)%	O/A 90 days	-	-	130,008	3.48 %	
"	CHI MEI TRADING CO., LTD.	Substantive related party	Purchase	171,957	0.38 %	O/A 30 days	-	-	(16,612)	(0.37)%	
CHILIN Technology Co., Ltd.	The Company	Parent	Sale	(317,151)	(19.67)%	Due on the 1st of the next month after transaction	-	-	18,285	7.43 %	
"	"	"	Purchase	415,131	42.67 %	O/A 90 days	-	-	(118,329)	(68.26)%	
Zhenjiang CHIMEI Chemical Co., Ltd.	The Company	Parent	Sale	(246,827)	(0.46)%	45 days after delivery	-	-	47,168	1.04 %	
"	"	"	Purchase	1,957,779	4.12 %	O/A 90 days	-	-	(581,321)	(22.16)%	
"	Qingdao Zhongxinhuamei Plastic Co., Ltd.	Substantive related party	Sale	(571,524)	(1.05)%	Due on the 1st or the 16th, whichever date follows transaction.	-	-	207,116	4.55 %	
"	Zhangzhou CHIMEI Chemical Co., Ltd.	"	Sale	(848,926)	(1.56)%	O/A 90 days	-	-	389,382	8.55 %	
"	"	"	Purchase	2,596,518	5.47 %	O/A 90 days	-	-	(1,024,491)	(39.05)%	
"	Suzhou Newhuamei Plastics Co., Ltd.	"	Sale	(136,102)	(0.25)%	Due on the 1st or the 16th, whichever date follows transaction.	-	-	34,953	0.77 %	
"	Danyang New Huamei Plastic Co., Ltd.	"	Sale	(135,255)	(0.25)%	Due on the 1st or the 16th, whichever date follows transaction.	-	-	-	- %	
"	Lin Shine Engineering Plastics (Suzhou)Co.,Ltd.	"	Sale	(160,117)	(0.30)%	O/A 90 days	-	-	57,539	1.26 %	
"	"	"	Purchase	135,669	0.29 %	O/A 90 days	-	-	(24,600)	(0.94)%	
Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	The Company	Parent	Purchase	439,890	40.94 %	O/A 90 days	-	-	(130,728)	(52.01)%	
"	Zhenjiang CHIMEI Chemical Co., Ltd.	Substantive related party	Sale	(134,268)	(9.15)%	O/A 90 days	-	-	22,137	9.31 %	
"	"	"	Purchase	157,784	14.68 %	O/A 30 days	-	-	(51,914)	(20.65)%	
Zhangzhou CHIMEI Chemical Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	Substantive related party	Sale	(2,585,710)	(11.90)%	O/A 90 days	-	-	1,040,644	37.57 %	
"	"	"	Purchase	894,215	4.48 %	O/A 90 days	-	-	(385,673)	(62.83)%	

Note: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Counter-party	Nature of relationship	Ending balance	Turnover rate	Overdue		Amounts received in subsequent period	Loss allowance
					Amount	Action taken		
The Company	Zhenjiang CHIMEI Chemical Co., Ltd.	Sub-sub-subsidiary	581,321	2.85	-	-	336,066	-
"	Lin Shine Engineering Plastics(Suzhou)Co.,Ltd.	Sub-subsidiary	130,008	2.96	-	-	89,485	-
"	CHILIN Technology Co., Ltd.	Subsidiary	118,253	3.55	-	-	82,475	-
Jumping Holding Co., Ltd. (Note 1)	Zhenjiang CHIMEI Chemical Co., Ltd.	Sub-sub-subsidiary	3,477,116	-	-	-	-	-
"	Zhangzhou CHIMEI Chemical Co., Ltd.	Subsidiary	3,701,874	-	-	-	-	-
Jentra Investment Co., Ltd. (Note 1)	Zhenjiang CHIMEI Chemical Co., Ltd.	Subsidiary	3,044,704	-	-	-	-	-
"	Zhangzhou CHIMEI Chemical Co., Ltd.	Substantive related party	1,538,232	-	-	-	-	-
Zhenjiang CHIMEI Chemical Co., Ltd.	Zhangzhou CHIMEI Chemical Co., Ltd.	Substantive related party	389,382	3.02	-	-	-	-
"	Qingdao Zhongxinhuamei Plastic Co., Ltd.	Substantive related party	207,116	3.49	-	-	94,922	-
Zhangzhou CHIMEI Chemical Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	Substantive related party	1,040,644	4.21	-	-	223,592	-

Note 1: Loans to other parties, hence no turnover rate.

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(ix) Trading in derivative instruments: Please refer to notes 6(b) and (x).

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counterparty	Nature of relationship	Intercompany transactions				Percentage of the consolidated net revenue or total assets
				Account name	Amount	Trading terms		
0	The Company	Zhenjiang CHIMEI Chemical Co., Ltd.	1	Sales revenue	1,876,778	Note 3	1.50%	
"	"	"	1	Accounts receivable	581,321	"	0.45%	
"	"	Lin Shine Engineering Plastics (Suzhou)	1	Sales revenue	447,066	"	0.36%	
"	"	CHILIN Technology Co., Ltd.	1	Sales revenue	415,131	"	0.33%	
"	"	"	1	Cost of goods sold	315,291	"	0.25%	
1	Zhenjiang CHIMEI Chemical Co., Ltd.	The Company	2	Cost of goods sold	1,957,779	"	1.57%	
"	"	"	2	Accounts payable	581,321	"	0.45%	
"	"	Zhangzhou CHIMEI Chemical Co., Ltd.	3	Sales revenue	848,926	"	0.68%	
"	"	"	3	Cost of goods sold	2,596,518	"	2.08%	
"	"	"	3	Accounts receivable	389,382	"	0.30%	
"	"	"	3	Accounts payable	1,024,491	"	0.79%	
2	Lin Shine Engineering Plastics (Suzhou)	The Company	2	Cost of goods sold	439,890	"	0.35%	
3	Zhangzhou CHIMEI Chemical Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	3	Sales revenue	2,585,710	"	2.07%	
"	"	"	3	Cost of goods sold	894,215	"	0.72%	
"	"	"	3	Accounts receivable	1,040,644	"	0.80%	
"	"	"	3	Accounts payable	385,673	"	0.30%	
4	CHILIN Technology Co., Ltd.	The Company	2	Sales revenue	317,151	"	0.25%	
"	"	"	2	Cost of goods sold	415,131	"	0.33%	
5	Jumping Holding Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	1	Other receivable	3,477,116	"	2.67%	
"	"	Zhangzhou CHIMEI Chemical Co., Ltd.	1	Other receivable	3,701,874	"	2.84%	
6	Jentra Investment Co., Ltd.	Zhenjiang CHIMEI Chemical Co., Ltd.	1	Other receivable	3,044,704	"	2.34%	
"	"	Zhangzhou CHIMEI Chemical Co., Ltd.	3	Other receivable	1,538,232	"	1.18%	

Note 1: The numbering is as follows:

1. Parent entity—0
2. Subsidiary—starting from 1

Note 2: The numbering of the relationship between transaction parties is as follows:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

Note 3: Same as arm's length transactions.

Note 4: The transaction amount is calculated as a proportion of the consolidated revenue or assets. If categorized as an asset or liability, the calculation is compared with the consolidated asset; if categorized as income or loss, the calculation is compared with the consolidated revenue.

Note 5: Transaction amounts not exceeding 300 million are not disclosed.

Note 6: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2023 (excluding information on investees in Mainland China):

(Amounts expressed in Thousands of New Taiwan Dollars/Shares Expressed in Thousands)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2023			Highest Percentage of ownership	Net income (losses) of investee	Share of profits (losses) of investee	Note
				December 31, 2023	December 31, 2022	Shares	Percentage of ownership	Carrying value (Note)				
The Company	Lushun Warehouse Co., Ltd.	Taiwan	Investment, construction, lease, and warehousing of liquid chemical storage tank and related facilities	61,297	61,297	5,400	30.00 %	283,629	30.00 %	163,410	49,023	
"	Chem Union Renewable Energy Coporation	"	Purchase and sale of renewable energy	10,000	-	1,000	33.33 %	9,835	33.33 %	(496)	(165)	
"	CHILIN Technology Co., Ltd.	"	Manufacture, processing, trading, importing, and exporting of plastic products	2,139,423	2,170,804	67,662	84.60 %	1,970,562	86.07 %	163,141	137,528	
"	Nexgen Mediatech Inc.	"	Manufacture and sale of electronic appliances and machinery	1,044,268	1,044,268	108,000	90.00 %	1,248,401	90.00 %	5,533	5,054	
"	CHIMEI Green Energy Corp.	"	Manufacturing power generators using renewable energies	800,000	800,000	80,000	100.00 %	802,541	100.00 %	4,476	5,652	
"	CHIMEI Industrial (H.K) Ltd.	Hong Kong	General investment	105,247	105,247	80	100.00 %	325,905	100.00 %	17,825	17,825	
"	Jumping Holding Co., Ltd.	Samoa	General investment	6,170,065	6,170,065	211,560	100.00 %	33,954,211	100.00 %	(1,607,734)	(1,607,734)	
CHILIN Technology Co., Ltd.	CHI LIN Optoelectronics Co., Ltd. (Note 3)	Taiwan	Manufacture of electronic components	-	1,953,102	-	- %	7,582	33.22 %	-	-	(accumulated impairment losses) 318,880
Nexgen Mediatech Inc.	CMS Technology Inc.	Taiwan	Sale and repair of electrical appliances	50,091	50,091	5,000	100.00 %	54,714	100.00 %	591	590	
"	Mirai Lifestyle Inc.	"	Distribution and sale of home appliances	351,240	351,240	35,000	100.00 %	359,015	100.00 %	1,513	1,511	
Jumping Holding Co., Ltd.	Jentra Investment Co., Ltd.	USA	General investment	3,774,442	3,774,442	119	100.00 %	16,632,330	100.00 %	(568,432)	(568,432)	

Note 1: Carrying value refers to the balance of investment accounted for using the equity method, including share of profit/loss of investee and cumulative translation adjustments etc..

Note 2: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Note 3: The company is in the liquidation process, and the dissolution was completed on July 6, 2023, with the liquidation and distribution of the remaining property.

(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Qingdao Zhongxinhuamei Plastic Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	50,713	(1)	-	-	-	-	59,858	28.66 %	28.66 %	17,155	82,414	-
Dongguan Sinochem Huamei Plastic Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	81,140	(1)	-	-	-	-	(6,097)	29.17 %	29.17 %	(1,778)	30,623	-
Danyang New Huamei Plastic Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	49,176	(1)	-	-	-	-	11,756	24.50 %	24.50 %	2,880	45,641	-
Suzhou Newhuamei Plastics Co., Ltd.	The coloring, pelletizing, and improvement of plastic and the manufacture of plastic products.	153,675	(1)	-	-	-	-	6,445	26.46 %	26.46 %	1,705	127,849	-

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment (Note 1)	Accumulated outflow of investment from Taiwan as of January 1, 2023	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2023	Net income (losses) of the investee	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow							
Zhenjiang CHIMEI Chemical Co., Ltd.	Manufacture, sale, and processing of plastic products	11,828,365	(1)	4,535,346	-	-	4,535,346	(909,521)	69.60 %	69.60 %	(633,027)	11,949,363	179,738
Lin Shine Engineering Plastics (Suzhou) Co., Ltd.	Manufacture and sale of engineering plastics	922,050	(2)	1,044,990	-	-	1,044,990	(36,968)	100.00 %	100.00 %	(36,968)	711,935	-
Zhangzhou CHIMEI Chemical Co., Ltd.	Manufacture of plastic materials in primary forms and synthetic resin	16,316,520	(1)	-	-	-	-	(1,675,994)	69.60 %	69.60 %	(1,166,492)	10,030,076	-

(ii) Limitation on investment in Mainland China:

	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	4,535,346	21,285,616	49,159,094
CHILIN Technology Co., Ltd.	1,044,990	1,044,990	1,407,623

Note 1: (1) Indirect investment in Mainland China through a subsidiary in a third place.

(2) Direct investment in Mainland China.

Note 2: Based on financial statements prepared by the investee or audited by certified public accountant.

Note 3: The amounts denominated in foreign currency were translated into NTD using the exchange rate on the reporting date. (U.S. dollar spot exchange rate and average exchange rate were respectively 30.735 and 31.1569 on December 31, 2023)

Note 4: For the Company, the upper limit is 60% of the consolidated net worth; for CHILIN Technology Co., Ltd., the upper limit is 60% of its net worth.

Note 5: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

(iii) Significant transactions:

The significant inter-company transactions with the subsidiary in Mainland China, which were eliminated in the preparation of consolidated financial statements, are disclosed in "Information on significant transactions".

(14) Segment information:

(a) General information

The Group has two reportable segments: the electronics-related segment and the plastics and chemicals segment. The electronics-related segment manufactures and sells components related to electronics. The plastics and chemicals segment manufactures and sells products related to plastics and chemicals.

The reportable segments are the Group's strategic divisions. They offer different products and services, and are managed separately because they require different technology and marketing strategies. Most of the strategic divisions were acquired separately. The management of the acquired divisions remains employed by the Group.

(b) Information about reportable segments and their measurement and reconciliations:

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis.

The Group treated intersegment sales and transfers as third-party transactions. They are measured at market price.

(Continued)

CHIMEI CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The Group's operating segment information and reconciliation are as follows:

December 31, 2023	Plastics and chemicals segment	Other segments	Adjustment and elimination	Total
Revenue:				
Revenue from external customers	\$ 121,540,163	3,281,460	-	124,821,623
Intersegment revenues	7,103,956	14,818	(7,118,774)	-
Interest revenue	966,245	4,524	(199,814)	770,955
Total revenue	\$ 129,610,364	3,300,802	(7,318,588)	125,592,578
Interest expenses	\$ 802,617	11,844	(202,996)	611,465
Depreciation and amortization	5,227,700	114,234	(38,715)	5,303,219
Share of profit (loss) of associates and joint venture accounted for using equity method	(3,797,736)	19,962	3,846,594	68,820
Other material non-cash items				
Impairment of assets	200,911	-	-	200,911
Reportable segment profit (loss)	\$ (4,992,996)	34,647	3,846,328	(1,112,021)
Investments accounted for using equity method	\$ 77,918,788	286,527	(77,625,324)	579,991
Reportable segment assets	\$ 218,483,673	4,078,486	(92,253,403)	130,308,756
Reportable segment liabilities	\$ 51,310,182	1,565,296	(14,598,637)	38,276,841
December 31, 2022				
Revenue:				
Revenue from external customers	\$ 150,284,347	3,254,145	-	153,538,492
Intersegment revenues	6,448,706	19,035	(6,467,741)	-
Interest revenue	916,061	2,189	(123,673)	794,577
Total revenue	\$ 157,649,114	3,275,369	(6,591,414)	154,333,069
Interest expenses	\$ 611,371	11,193	(126,651)	495,913
Depreciation and amortization	4,689,239	107,407	(37,273)	4,759,373
Share of profit (loss) of associates and joint venture accounted for using equity method	149,468	20,724	(131,796)	38,396
Other material non-cash items				
Reportable segment profit (loss)	\$ 5,615,820	72,728	(130,399)	5,558,149
Assets:				
Investments accounted for using equity method	\$ 83,042,153	289,232	(82,807,547)	523,838
Reportable segment assets	\$ 231,818,053	4,297,615	(91,666,308)	144,449,360
Reportable segment liabilities	\$ 52,892,448	1,791,760	(8,782,580)	45,901,628

The material reconciling items of the above reportable segment are as below:

Total reportable segment revenue after deducting the intersegment revenue was \$7,118,774 in 2023 and \$6,467,741 in 2022.

(c) Products and services information

Please refer to note 6(u) for the Group's operating segments classified by products.

CHIMEI CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(d) Geographic Information

Please refer to note 6(u) for the Group's geographic information. In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment non-current assets are based on the geographical location of the assets.

<u>Geographic information</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current assets:		
Taiwan	\$ 32,494,435	29,935,773
Other countries	<u>34,202,990</u>	<u>30,223,230</u>
Total	<u><u>\$ 66,697,425</u></u>	<u><u>60,159,003</u></u>

Non-current assets include property, plant and equipment, right-of-use assets, intangible assets and other non-current assets, but exclude financial instruments, deferred tax assets, pension fund assets, and other financial assets.

(e) Major customers

Customers representing more than 10% of the revenues disclosed in the consolidated statement of income for the years ended December 31, 2023 and 2022: None.