

Prime Oil Chemical Service Corporation  
Standalone Financial Statements and Independent  
Auditors' Report  
for the Years Ended December 31, 2022 and 2021  
(Ticker symbol: 2904)

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Prime Oil Chemical Service Corporation  
Standalone Financial Statements and Independent Auditors' Report for the Years Ended  
December 31, 2022 and 2021  
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## Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi #22005040

To the Board of Directors and Shareholders of Prime Oil Chemical Service Corporation.:

### **Opinion**

We have audited the accompanying Standalone Balance sheets of Prime Oil Chemical Service Corporation as of December 31, 2022 and 2021 and the related Standalone Statements of Comprehensive Income, Standalone Statements of Changes in Equity and Standalone Statements of Cash Flows for the periods then ended and the Notes to the Standalone Financial Statements (including a summary of significant accounting policies).

Based on our review, nothing has come to our attention that causes us to believe that the financial statements of Prime Oil Chemical Service Corporation are not prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and present fairly the standalone financial position of Prime Oil Chemical Service Corporation as of December 31, 2022 and 2021 as well as its standalone financial performance and standalone cash flow then ended.

### **Basis for Audit Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Republic of China Generally Accepted Auditing Standards (ROC GAAS). Our responsibilities under such standards will be elaborated in the paragraph of Independent Accountants' responsibilities for audits of standalone financial statements. Our personnel subject to the independence requirements have complied with the Codes of Professional Ethics for Certified Public Accountants in the Republic of China (hereinafter referred to as the "Codes"), have been independent of Prime Oil Chemical Service Corporation, and have fulfilled other ethical responsibilities under such Codes. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our opinion.

### **Key inspection items**

Key inspection items refer to those matters that, in our professional judgment, are of most significance in relation to our audit of Prime Oil Chemical Service Corporation's Standalone Financial Statements as of 2022. These matters have been addressed in the process of our audit of the Standalone Financial Statements as a whole and forming our opinion

thereon and we do not express an opinion on these matters individually.

Key inspection items of Prime Oil Chemical Service Corporation's Standalone Financial Statements as of 2022 are as follows:

### **Evaluation of other equipment impairment**

#### Description

For property, plant and equipment, please refer the Note 6(7) of the Standalone Financial Statements. For accounting policies of impairment assessment and significant accounting judgments, assumptions and uncertainty of Estimations, please refer to Note 4(17) and 5 of the Standalone Financial Statements, respectively.

Prime Oil Chemical Service Corporation's other equipment (under property, plant and equipment) is the major asset related to the solar power generation division with a book value of NT\$700,853 thousand, accounting for 32% of the total standalone assets. Due to the scarcity of available solar power land and difficulty of developing large sites, Prime Oil Chemical Service Corporation estimates the amount recoverable of other equipment based on the value in use and applies it as the basis of the impairment assessment. Since the value-in-use evaluation process involves judgment of changes due to variations of economic environment or climate conditions and uncertainties to the future due to changes in estimation results brought by the conditions, which could have a significant impact on the recoverable amount measurement and in turn affects the assessment of impairment amount, we consider the impairment assessment of other equipment, a key inspection item.

#### Audit procedure in response

The audit procedures we performed are set out below:

1. Review management's estimates of recoverable amounts of other equipment at the balance sheet date and reassess the correctness of the related calculations.
2. Understand and evaluate that the Company's asset impairment assessment procedures and accounting policies are complied with the accounting principles and are consistently applied, including a review of the methods adopted by the management when determining recoverable amounts.
3. Obtain assessment information used by management for determining recoverable amounts based on asset use patterns and industry characteristics and assess the reasonableness of

the independent cash flows, the durable years of the assets and the potential future revenues and expenses.

4. Compare the recoverable amount with the carrying amount to examine the correctness of the impairment calculation.

### **Emphasis Matter**

Due to operational considerations, POCS POWER Co., Ltd., a subsidiary of the Company, has transferred a portion of its solar energy business to the Company. This business transfer constitutes a reorganization of an entity under joint control. According to the IFRS FAQs published by the Foundation of Accounting Research and Development, when preparing comparative individual financial statements, the transfer should be treated as having occurred at the beginning and the individual financial statements for the year 2021 should be restated accordingly. For further details, please refer to Note 6(6) of the individual financial statements.

### **The management's and governance units' responsibilities to the Standalone Financial Statements**

The management's responsibility is to prepare the Standalone Financial Statements that present fairly the Company's financial position in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and maintain the necessary internal controls relevant to the preparation of the Standalone Financial Statements to ensure that the Standalone Financial Statements are free from material misstatements, whether due to fraud or error.

In preparing the Standalone Financial Statements, the responsibility of the management also includes evaluating the ability of the Company's going concern, disclosure of related matters and adoption of the going concern basis of accounting, unless the management intends to liquidate Prime Oil Chemical Service Corporation or to cease its operations or has no practical alternative to liquidation or cessation of operations.

Prime Oil Chemical Service Corporation's governance unit (including the audit committee) is responsible for overseeing the financial reporting process.

### **Independent Auditors' responsibilities to auditing the Standalone Financial Statements.**

The purpose of our audit is to obtain reasonable assurance about whether or not the

Standalone Financial Statements as a whole are free from material misstatements resulting from fraud or error and to issue an audit report thereon. Reasonable assurance represents a high assurance, however the audit work conducted in accordance with the Republic of China Generally Accepted Auditing Standards does not provide assurance that material misstatements in the Standalone Financial Statements can be detected. Misstatements might result from fraud or error If the individual amounts or aggregates of misstatements could reasonably be expected to affect economic decisions made by the users of the Financial Statements, such amounts are deemed material.

We applied our professional judgment and maintained our professional skepticism in our audit in accordance with the Republic of China's Generally Accepted Auditing Standards. We also conducted the following work:

1. Identify and assess the risk of material misstatements resulting from fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis of our audit opinion. Since fraud may involve conspiracy, forgery, intentional omission, misrepresentation or a breach of internal control, the risk of not detecting a material misstatement due to fraud is higher than what is due to error.
2. Obtain the necessary understanding of internal controls relevant to the audit to design audit procedures that are appropriate in the circumstances, provided that the objective is not to express an opinion on the effectiveness of Prime Oil Chemical Service Corporation's internal control.
3. Evaluate the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures they made.
4. Based on the evidence obtained, draw conclusions regarding the appropriateness of management's adoption of accounting basis for a going concern and whether or not there is any material uncertainty regarding events or circumstances that may cast a significant doubt on Prime Oil Chemical Service Corporation's ability in continuing operations. If we believe that a material uncertainty exists with respect to any such events or circumstances, we shall draw the attention of users of the Standalone Financial Statements to the relevant disclosures in the Standalone Financial Statements or amend our audit opinion when such disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause Prime Oil

Chemical Service Corporation to cease to have the ability of continuing operations.

5. Evaluate whether or not the overall presentation, structure and content of the Standalone Financial Statements (including the related notes) and the Standalone Financial Statements fairly present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information that constitutes Prime Oil Chemical Service Corporation's financial position to provide our opinion on the Standalone Financial Statements. We are responsible for the direction, supervision and execution of the standalone audit project and for developing standalone audit opinions.

Our communication with the governance units includes the planned scope and timing of our audits and significant audit findings (including any significant deficiencies in internal control identified during our audits)

We also provide the governing unit with a statement that the independence-regulated personnel of our firm have complied with the ROC Code of Professional Ethics with respect to independence and communicate with the governing unit concerning all relationships and other matters (including related safeguards) that may be perceived to affect the independence of the accountant.

From the matters communicated with the governance unit, we determine the key inspection items for Prime Oil Chemical Service Corporation's 2022 Standalone Financial Statements. We describe these matters in our audit report unless law or regulation precludes public disclosure about such matters or when, in extremely rare circumstances, we determine that a matter would not be communicated in our report since the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

PwC, Taiwan

Huang, Pei-Chuan

Pan, Hui-Ling

March 23, 2023

Prime Oil Chemical Service Corporation  
Standalone Balance Sheets  
December 31, 2022 and December 31, 2021

Unit: Thousand NTD

				(Adjusted)	
		December 31, 2022		December 31, 2021	
Assets	Note	Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 81,794	4	\$ 109,317	7
1136	Financial assets measured at amortized cost - current	17,783	1	26,026	2
1150	Notes receivable, net	351	-	717	-
1170	Accounts receivable, net	40,191	2	38,559	2
1210	Other receivables – related parties:	-	-	1,713	-
1410	Prepayments	21,939	1	8,154	1
1460	Net assets held for sale	48,814	2	-	-
11XX	<b>Total current assets</b>	<u>210,872</u>	<u>10</u>	<u>184,486</u>	<u>12</u>
<b>Non-current assets</b>					
1510	Financial assets at fair value through profit or loss - non-current	104,538	5	83,109	5
1517	Financial assets at fair value through other comprehensive income - noncurrent	5,108	-	36,214	2
1535	Financial assets measured at amortized cost - non-current	2,305	-	2,301	-
1550	Investments accounted for using equity method	349,135	16	246,899	16
1600	Property, Plant and Equipment	1,068,527	50	879,414	57
1755	Right-of-use assets	293,591	14	47,957	3
1780	Intangible asset	4,230	-	4,241	-
1840	Deferred tax assets	1,876	1	5,660	1
1900	Other non-current assets	116,720	5	63,358	4
15XX	<b>Total non-current assets</b>	<u>1,946,030</u>	<u>90</u>	<u>1,369,153</u>	<u>88</u>
1XXX	<b>Total Assets</b>	<u>\$ 2,156,902</u>	<u>100</u>	<u>\$ 1,553,639</u>	<u>100</u>

(Continued)

Prime Oil Chemical Service Corporation  
Standalone Balance Sheets  
December 31, 2022 and December 31, 2021

Unit: Thousand NTD

Liabilities and Stockholders' Equity	Note	December 31, 2022		(Adjusted) December 31, 2021		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6 (12)	\$ 207,000	10	\$ 42,000	3
2110	Short-term bills payable	6 (12)	34,800	2	20,000	1
2150	Notes payable		6,881	-	6,881	-
2200	Other payables	6 (14)	58,315	3	59,005	4
2230	Current income tax liabilities		20,648	1	15,478	1
2280	Current lease liabilities		47,436	2	23,363	2
2320	Current portion of long-term debt	6(13)	52,452	2	66,584	4
2399	Other current liabilities-Other		74	-	75	-
21XX	<b>Total current liabilities</b>		<u>427,606</u>	<u>20</u>	<u>233,386</u>	<u>15</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6 (13)	257,799	12	286,766	18
2550	Provisions for liabilities - non-current	6 (17)	27,174	1	23,382	2
2570	Deferred tax liabilities	6(28)	12,871	1	4,052	-
2580	Non-current lease liabilities		232,131	11	15,962	1
2640	Net defined benefit liabilities - noncurrent	6 (15)	5,368	-	8,552	1
2645	Guarantee deposits received		6,450	-	6,450	-
2670	Other non-current assets	6 (6)	-	-	13,082	1
25XX	<b>Total non-current liabilities</b>		<u>541,793</u>	<u>25</u>	<u>358,246</u>	<u>23</u>
2XXX	<b>Total liabilities</b>		<u>969,399</u>	<u>45</u>	<u>591,632</u>	<u>38</u>
<b>Equity</b>						
Share capital						
3110	Share capital - common stock	6 (18)	778,344	36	690,344	44
Additional paid-in capital						
3200	Additional paid-in capital	6(19)	67,888	3	4,233	-
Retained earnings						
3310	Legal reserve	6(20)	194,177	9	187,193	12
3320	Special reserve		18,778	1	13,064	1
3350	Unappropriated retained earnings		125,349	6	85,951	6
Other equity interests						
3400	Other equity interests	6(21)	2,967	-	(18,778)	(1)
3XXX	<b>Total equity</b>		<u>1,187,503</u>	<u>55</u>	<u>962,007</u>	<u>62</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 2,156,902</u>	<u>100</u>	<u>\$ 1,553,639</u>	<u>100</u>

The accompanying notes are an integral part of the Standalone Financial Statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation  
Standalone Statements of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD  
(Except for earnings per share)

Item	Note	2022		(Adjusted) 2021	
		Amount	%	Amount	%
4000 Operating income	6 (22)	\$ 454,885	100	\$ 443,922	100
5000 Operating cost	6 (26)				
	(27)	( 286,555)	( 63)	( 293,854)	( 66)
5900 Operating gross profits		<u>168,330</u>	<u>37</u>	<u>150,068</u>	<u>34</u>
Operating expenses	6 (26)				
	(27)				
6100 Selling and marketing expenses		( 6,121)	( 1)	( 6,163)	( 1)
6200 General and administrative expenses		( 61,542)	( 14)	( 59,816)	( 14)
6000 Total operating expenses		( 67,663)	( 15)	( 65,979)	( 15)
6900 Operating profit		<u>100,667</u>	<u>22</u>	<u>84,089</u>	<u>19</u>
Non-operating income and expenses					
7100 Interest income		427	-	252	-
7010 Other income	6(23) and 7(3)	13,655	3	8,615	2
7020 Other gains or losses	6(24)	28,356	6	( 1,696)	( 1)
7050 Financial costs	6 (25)	( 3,162)	-	( 937)	-
7070 Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method		( 4,018)	( 1)	( 1,214)	-
7000 Total non-operating income and expenses		<u>35,258</u>	<u>8</u>	<u>5,020</u>	<u>1</u>
7900 Profit before income tax		<u>135,925</u>	<u>30</u>	<u>89,109</u>	<u>20</u>
7950 Income tax expense	6(28)	( 28,881)	( 7)	( 17,681)	( 4)
8200 Current period net profit		<u>\$ 107,044</u>	<u>23</u>	<u>\$ 71,428</u>	<u>16</u>
<b>Other comprehensive income for the year (net)</b>					
<b>Items that will be reclassified to profit or loss</b>					
8311 Re-measurements of the defined benefit liability	6 (15)	\$ 1,961	-	(\$ 1,980)	-
8316 Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	6(3)	( 2,396)	-	( 3,346)	( 1)
8349 Income tax related to components of other comprehensive income that is not reclassified to profit or loss	6(28)	( 392)	-	396	-
8310 Total amount of items that will not be reclassified to profit or loss		( 827)	--	( 4,930)	( 1)

The accompanying notes are an integral part of the Standalone Financial Statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation  
Standalone Statements of Comprehensive Income  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD  
(Except for earnings per share)

<b>Items that may be reclassified subsequently to profit or loss:</b>					
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations	6 (6)	28,565	6 (	5,464) ( 1)
8399	Income taxes related to items that may be reclassified	6(28)	( 5,714)	( 1)	1,093 -
8360	Total of Items that may be reclassified to profit or loss		22,851	5 (	4,371) ( 1)
8300	<b>Other comprehensive income for the year (net)</b>		<u>\$ 22,024</u>	<u>5</u> ( <u>\$</u>	<u>9,301</u> ) ( <u>2</u> )
8500	<b>Total comprehensive income in the current period</b>		<u>\$ 129,068</u>	<u>28</u> \$	<u>62,127</u> <u>14</u>
Earnings per share		6(29)			
9750	Basic		<u>\$ 1.50</u>	<u>\$</u>	<u>1.03</u>
9850	Diluted		<u>\$ 1.50</u>	<u>\$</u>	<u>1.03</u>

The accompanying notes are an integral part of the Standalone Financial Statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation  
Standalone Statements of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD

Note	Retained earnings						Other equity interests			Total equity	
	Share capital - common stock	Issue premium	treasury stock transactions	Employee stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized gain or loss on financial assets at fair value through other comprehensive income		
<u>2021</u>											
	Balance at January 1, 2021	\$ 690,344	\$ -	\$ 4,233	\$ -	\$ 171,221	\$ -	\$ 185,215	(\$ 10,992)	(\$ 2,072)	\$ 1,037,949
	Current period net profit	-	-	-	-	-	-	71,428	-	-	71,428
	Other comprehensive income recognized for the period	-	-	-	-	-	(1,584)	(4,371)	(4,371)	(3,346)	(9,301)
	Total comprehensive income in the current period	-	-	-	-	-	-	69,844	(4,371)	(3,346)	62,127
6(20)	Appropriation and distribution of retained earnings for FY2020										
	Legal reserve allocated	-	-	-	-	15,972	-	(15,972)	-	-	-
	Special reserve allocated	-	-	-	-	-	13,064	(13,064)	-	-	-
	Cash dividends	-	-	-	-	-	-	(138,069)	-	-	(138,069)
6(3)	Disposal of equity instruments measured at fair value through other comprehensive profit or loss							(2,003)		2,003	
	Balance as of December 31, 2021	\$ 690,344	\$ -	\$ 4,233	\$ -	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007
<u>2022</u>											
	Balance at January 1, 2022	\$ 690,344	\$ -	\$ 4,233	\$ -	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007
	Current period net profit	-	-	-	-	-	-	107,044	-	-	107,044
	Other comprehensive income recognized for the period	-	-	-	-	-	-	1,569	22,851	(2,396)	22,024
	Total comprehensive income in the current period	-	-	-	-	-	-	108,613	22,851	(2,396)	129,068
6(20)	Appropriation and distribution of retained earnings for FY2021										
	Legal reserve allocated	-	-	-	-	6,984	-	(6,984)	-	-	-
	Special reserve allocated	-	-	-	-	-	5,714	(5,714)	-	-	-
	Cash dividends	-	-	-	-	-	-	(55,227)	-	-	(55,227)

The accompanying notes are an integral part of the Standalone Financial Statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang, Yi-Yin

Prime Oil Chemical Service Corporation  
Standalone Statements of Changes in Equity  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD

	Note	Share capital - common stock	Issue premium	Retained earnings				Other equity interests		Total equity
				treasury stock transactions	Employee stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	
Follow-On Offering		88,000	61,000	-	-	-	-	-	-	149,000
Share-based payments	6(16)	-	1,280	-	1,375	-	-	-	-	2,655
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	-	-	-	-	-	(1,290)	-	1,290	-
<u>Balance at December 31, 2022</u>		<u>\$ 778,344</u>	<u>\$ 62,280</u>	<u>\$ 4,233</u>	<u>\$ 1,375</u>	<u>\$ 194,177</u>	<u>\$ 18,125,349</u>	<u>\$ 7,488</u>	<u>(\$ 4,521)</u>	<u>\$ 1,187,503</u>

The accompanying notes are an integral part of the Standalone Financial Statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang, Yi-Yin

Prime Oil Chemical Service Corporation  
Standalone Statements of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD

	Note	January 1 to December 31, 2022	(Adjusted) January 1 to December 31, 2021
<u>Cash flow from operating activities</u>			
Profit before income tax for the year		\$ 135,925	\$ 89,109
Adjustment for:			
Income and expenses having no effect on cash flows			
depreciation expense	6(7) (8)		
	(26)	172,915	165,289
Amortization expense	6 (26)	1,576	1,328
Gain on valuation of financial assets at fair value through profit or loss	6(2)(24)		
Financial costs	6 (25)	( 28,830 )	( 2,533 )
Interest income		3,162	937
Dividends income	6 (23)	( 427 )	( 252 )
Share-based payment expense		4,699	445
Exchange differences in Financial assets measured at amortized cost	6 (4)	2,655	-
Shares of affiliated enterprises and joint venture interests recognized using the equity method	6 (6)	( 1,757 )	463
Loss on disposal of property, plant and equipment	6(24)	4,018	1,214
Gain on lease modification	6(8)(24)	2,500	2,405
Effect of organizational restructuring		-	( 31 )
Change in assets/liabilities related to operating activities		( 5,382 )	( 8,924 )
Changes in operating assets			
Notes receivable, net		366	( 473 )
Accounts receivable, net		( 1,632 )	3,290
Other receivables		-	1,960
Other receivables – related parties:		1,713	9
Prepayments		( 13,785 )	5,969
Changes in operating liabilities			
Other payables		5,661	( 9,387 )
Other current liabilities-others		( 1 )	3
Net defined benefit liabilities		( 1,223 )	( 1,284 )
Cash flow from operating activities		272,755	248,647
Interest received		427	252
Dividend received		4,699	445
Interest paid		( 3,162 )	( 937 )
Income tax paid		( 17,214 )	( 26,671 )
Net cash generated by operating activities		257,505	221,736
<u>Cash Flow from Investing Activities</u>			
Disposal of financial assets measured at fair value through other comprehensive income	12 (3)	28,710	
Refund of share price due to capital reduction of financial assets at fair value through profit or loss	12 (3)	-	3,420
Acquisition of financial assets measured at amortized cost	6 (4)		
		( 4 )	( 12,301 )
Disposal of financial assets measured at amortized cost		10,000	-
Acquisition of financial assets at fair value through profit or loss	12 (3)		
		-	( 28,141 )
Disposal of financial assets at fair value through profit or loss	12 (3)	7,401	14,639
Acquisition of investments using the equity method	6 (6)	( 100,698 )	-
Capital reduction and return of shares of invested companies using the equity method	6 (6)	22,914	-
Purchase of property, plant and equipment	6(30)	( 365,371 )	( 157,629 )
Disposal of property, plant and equipment		-	95
Acquisition of intangible assets		( 1,565 )	( 161 )
Increase in refundable deposits	6(10)	( 53,362 )	( 5,130 )

The accompanying notes are an integral part of the Standalone Financial Statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation  
Standalone Statements of Cash Flows  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD

	<u>Note</u>	<u>January 1 to December 31, 2022</u>	<u>(Adjusted) January 1 to December 31, 2021</u>
Net cash used in investing activities		( 451,975 )	( 185,208 )
<u>Cash Flow from Financing Activities</u>			
Increase (decrease) in short-term bills payable	6(31)	14,800	( 7,000 )
Increase in short-term borrowings	6(31)	1,103,500	300,000
Decrease in short-term borrowings	6(31)	( 938,500 )	( 288,000 )
Increase in long-term borrowings (including current portion)	6(31)	207,420	200,400
Decrease in long-term borrowings (including current portion)	6(31)	( 250,519 )	( 60,125 )
Amount of principal payments on lease liabilities	6(8) (31)	( 63,527 )	( 59,830 )
Cash dividends paid	6(20)	( 55,227 )	( 138,069 )
Follow-on offering		149,000	-
Net cash (outflow) inflow from financing activities		<u>166,947</u>	<u>( 52,624 )</u>
Decrease in cash and cash equivalents		( 27,523 )	( 16,096 )
Beginning of year cash and cash equivalents		<u>109,317</u>	<u>125,413</u>
Cash and cash equivalents at the end of the year		<u>\$ 81,794</u>	<u>\$ 109,317</u>

The accompanying notes are an integral part of the Standalone Financial Statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation  
Notes to the Standalone Financial Statements  
for the Years Ended December 31, 2022 and 2021

Unit: Thousand NTD  
(Unless otherwise specified)

I. Company History and Business Scope

Prime Oil Chemical Service Corporation (hereinafter referred to as the "Company") was established on October 1, 1978 and was listed on the Taiwan Stock Exchange on January 5, 1983. The Company and its subsidiaries are mainly engaged in chemical, oil tank storage and delivery services and solar power generation business.

II. Date and Procedures for Approval of Financial Statements

The Standalone Financial Statements were approved and authorized for issuance by the Board of Directors on March 23, 2023.

III. Newly-released and amended standards and interpretations

(I) The impact from adopting the newly released and revised International Financial Reporting Standards recognized by the Financial Supervisory Commission.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2022:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 3 "Business Combinations - Amendments to the Conceptual Framework".	January 1, 2022
Amendment to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use".	January 1, 2022
Amendment to IFRS 37 "Insurance Contracts - Costs of Fulfilling a Contract (Annual improvements for the 2018-2020 cycles)".	January 1, 2022
Annual improvements to IFRSs 2018-2020 cycle	January 1, 2022

The Company believes that adopting the aforementioned IFRSs will not constitute a significant effect on the Company's financial position and performance.

(II) Impact of the newly released and amended IFRS recognized by the FSC not yet adopted by the Company.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards for 2023 issued by the IASB and recognized by the Financial Supervisory Commission:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 1 "Disclosure of Accounting Policies".	January 1, 2023
Amendment to IAS 8 "Definition of Accounting Estimates".	January 1, 2023
Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction with a Single Taxpayer".	January 1, 2023

The Company believes that adopting the aforementioned IFRSs will not constitute a significant effect on the Company's financial position and performance.

(III) IFRSs issued by the IASB but not yet recognized by the FSC.

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards issued by the IASB but not yet recognized by the FSC:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture".	To be decided by the IASB
Amendment to IFRS 16 "Leases - Lease Liability in a Sale and Leaseback".	January 1, 2024
IFRS 17 "Insurance Contracts".	January 1, 2023
Amendment to IFRS 17 "Insurance Contracts".	January 1, 2023
Amendments to IFRS 17 "First-time adoption of IFRS 17 and IFRS 9 - Comparative information"	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-current".	January 1, 2024
Amendment to IAS 1 "Classification of Liabilities - Obligations with Contractual Clauses".	January 1, 2024

The Company believes that adopting the aforementioned IFRSs will not constitute a significant effect on the Company's financial position and performance.

IV. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Standalone Financial Statements

are described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

The Standalone Financial Statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

1. The Standalone Financial Statements have been prepared on a historical cost basis, except for the following significant items:
  - (1) Financial assets 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 liability is recognized as the net of the present value of the pension fund assets less the defined benefit obligation.
2. The preparation of the financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, explanations and announcements of explanations (hereinafter referred to as “IFRSs”) that are recognized by FSC requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher level of judgment or complexity or related to significant assumptions and estimates to the Standalone Financial Statements are disclosed in Note 5.

(III) Foreign currency translation

The Company’s financial statements are presented in NTD, which is the major currency (i.e. the functional currency) of the Company’s underlying economic environment. The currency of this Standalone Financial Statements is presented in the Company’s functional currency “NTD.”

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the prevailing exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the prevailing exchange rates at the balance sheet date. Exchange differences arising upon adjustments are recognized in profit or loss in the period in which they arise.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are adjusted at the prevailing exchange rates at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are adjusted at the prevailing exchange rates at the balance sheet date; differences resulting from such translations are recognized in other comprehensive income; for those that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All foreign exchange gains and losses are presented in the Statements of

Comprehensive Income under "other gains and losses."

2. Translation of foreign operations

The operating results and financial positions of all the group entities and associates that have different functional currencies and from the presentation currency is translated into the presentation currency in the following manner:

- (1) Assets and liabilities of each balance sheet presented are translated at the closing exchange rate on the date of that balance sheet;
- (2) Income and expenses of each Statements of Comprehensive Income are translated at the average exchange rates of the period; and
- (3) All differences resulting from exchanges are recognized in other comprehensive income.

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

1. Assets that meet one of the following criteria are classified as current assets:

- (1) Assets arising from operating activities that are expected to be realized or are intended to be sold or consumed within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities on at least 12 months after the balance sheet date.

The Company classifies all other assets that meet none of the above criteria as non-current assets.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) Assets held mainly for trading purposes.
- (3) Liabilities that are to be settled within 12 months after the balance sheet date;
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issuance of equity instruments do not affect its classification.

The Company classifies all other liabilities that meet none of the above criteria as noncurrent liabilities.

(V) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the above criteria and are held for the purposes of meeting short-term operating cash commitment are classified as cash equivalents.

(VI) Financial assets at fair value through profit and loss

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. The Company adopts trade date accounting for the financial assets at fair value through profit or loss that belong to regular transactions.
3. At initial recognition, the Company measures the financial assets at fair value and

recognizes their transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value and recognizes such asset's gain or loss in profit or loss.

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

1. Financial assets at fair value through other comprehensive income comprise equity instruments which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income or loss.
2. The Company adopts trade date accounting for the financial assets at fair value through other comprehensive income that belong to regular transactions.
3. At initial recognition, the Company measures the financial assets at fair value and recognizes their transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value and recognizes such asset's gain or loss in other comprehensive income. Cumulative gain or loss previously recognized in comprehensive income shall not be reclassified to profit or loss following the de-recognition of the instrument and shall be reclassified to retained earnings. The Company recognizes the dividends income in the profit or loss when the right to receive payment is established, future economic benefits associated with the dividends flow to the Company and the amount of the dividends can be measured reliably.

(VIII) Financial assets measured at amortized cost

1. Are those that meet all the following criteria:
  - (1) The objective of the Company's business model is achieved by collecting contractual cash flows.
  - (2) The assets' contractual cash flows solely represent payments of principal and interest on the principal amount outstanding
2. The Company adopts trade date accounting for the financial assets measured at amortized cost that belong to regular transactions.
3. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at the initial investment amount as the effect of discounting is immaterial.

(IX) Accounts and notes receivables

1. are those with an unconditional legal right to receive considerations in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial

(X) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortized cost, and accounts receivable containing a significant financing component, the Company measures, at each balance sheet date, the impairment provision at 12 months expected credit losses if there has no significant increase in credit risk since initial recognition or measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable

or contract assets that do not contain a significant financing component, the Company recognizes the impairment provision for ECLs over the lifetime

(XI) De-recognition of financial assets

The Company de-recognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XII) Lessor Leasing Transaction - Operating lease

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in the profit or loss on a straight-line basis over the lease term.

(XIII) Non-current assets held for sale

Non-current assets (or disposal groups) that are primarily held for sale through a sale transaction rather than continuing to use, and are highly likely to be sold, are classified as held for sale and measured at the lower of their carrying amount and fair value less costs to sell.

(XIV) Investments/subsidiaries and associated companies accounted for under the equity method

1. Subsidiaries are entities controlled by the Company (including structured entities). The Company controls the entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity
2. All unrealized profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in full. Accounting policies of subsidiaries have been adjusted when necessary to be consistent with those of the Company.
3. The Company's share of profit or loss in subsidiaries after acquisition is recognized in the profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognized in other comprehensive income. If the Company's recognized losses in a subsidiary equal to or exceed its equity in such subsidiary, the Company continues to recognize losses against its shareholding percentage.
4. Affiliated companies refer to entities over which the Company exerts significant influence but does not have control, typically by directly or indirectly holding more than 20% of voting rights. The Company uses the equity method to account for its investments in affiliated companies, recognizing them at cost upon acquisition.
5. After the acquisition of an equity interest in an associated company, this company recognizes its share of the associated company's profit or loss as a current period expense, while its share of the associated company's other comprehensive income is recognized in other comprehensive income. If this company's share of losses in an associated company equals or exceeds its interest in the associated company's equity (including any other unsecured receivables), no further losses are recognized unless this company has a legal or constructive obligation or has made payments on behalf of the associated company.
6. When an equity change occurs in an associated enterprise that is not related to profit or other comprehensive income and does not affect the percentage of ownership in the associated enterprise, the Company recognizes all equity changes in "Capital Surplus" based on its ownership percentage.

7. The unrealized gains and losses resulting from transactions between the Company and its affiliated companies have been eliminated based on their respective ownership interests, unless evidence indicates that the transferred assets have been impaired, in which case unrealized losses are also eliminated. The accounting policies of the affiliated companies have been adjusted as necessary to be consistent with those adopted by the Company.
8. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in the Standalone Financial Statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a standalone basis and the owners' equity presented in the Standalone Financial Statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a standalone basis.

(XV) Property, Plant and Equipment

1. They are initially recorded at cost and relevant interests incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the part of replacement should be derecognized. All other maintenance expenses are recognized as current profit or loss as incurred.
3. Subsequent evaluation of the equipment applies the cost model and such equipment is depreciated under the straight-line method. If the components of the equipment are significant, depreciation is provided separately.
4. The assets residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at the end of each fiscal year. If expectations for the assets residual values and useful lives differ from previous estimates or patterns of consumption of the future economic benefits embodied in such assets have changed significantly, such change is handled according to IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of such change. Useful life of each asset.

Warehouse facilities	2~35 years	Lease improvement	3~10 years
Transport Equipment	5~10 years	Lease assets	3~15 years
Office Equipment	3~5 years	Other Equipment	15~20 years

(XVI) Lessee Leasing Transaction – Right-of-use Assets/Leasing liabilities

1. Leased assets are recognized as right-of-use assets and leasing liabilities as of the date they become available to the Company. When a lease contract is a short-term lease or a lease of a low-value asset, the lease payment is recognized as an expense over the leasing period using the straight-line method.

2. Leasing liabilities are recognized at the commencement date of such lease at the present value of unpaid lease payments discounted by the interest rate on the Company's incremental borrowings. Such leasing payments are fixed payments, less any lease incentives that are entitled to be received.

Subsequent evaluation applies interest method to measure at amortized cost and recognized interest expenses over the lease life. When changes in lease tenor or lease payment do not result from amendments of lease agreements, the lease liabilities are re-measured and the right-of-use asset will be adjusted against any amount of re-measurement of such leasing liabilities.

3. Right-of-use assets are recognized at cost at the commencement date of the lease. The cost is the initial measurement amount of such leasing liabilities.
4. For lease modifications that result in a reduction of the lease scope, the lessee shall reduce the carrying amount of the leased asset to reflect the partial or full termination of the lease, and recognize the difference between the carrying amount of the leased asset and the re-measured lease liability in profit or loss.

(XVII) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior periods no longer exist or diminish, the impairment loss is reversed, provided that the increased carrying amount resulting from such reversal should not exceed the face value prior to the impairment and net of depreciation or amortization.

(XVIII) Loans

1. comprises of long-term and short-term bank borrowings. Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the loans using the effective interest method.
2. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, such fees are capitalized as a pre-payment and amortized over the respective period of the facilities.

(XIX) De-recognition of financial liabilities

A financial liability is de-recognized when the obligation specified in the contract is discharged, cancelled or expired.

(XX) Provision

Provisions (de-commissioning liabilities) arise when the Company has a present legal or constructive obligation because of past events and it is probable that an outflow of

economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the amount of the expenditures required to settle underlying obligation on the balance sheet date. Provisions shall not be recognized for future operating losses.

(XXI) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid with respect to the service rendered by employees in a period and should be recognized as expense in that period when the employees render service.

2. Pensions

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Pre-paid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability; when there is no deep market in high-quality corporate bonds, the Company uses the yield rates of government bonds (at the balance sheet date) instead.

B. Re-measurements arising from defined benefit plans are recognized in other comprehensive income of the period and presented in the retained earnings.

C. The related expenses for prior service costs are recognized immediately in the profit or loss.

3. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under a legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price on the immediate day before the board meeting resolution.

(XXII) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the payment date and are recognized as compensation cost over the vesting period. The Company's equity is then adjusted accordingly. The fair value of the equity instruments granted

shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that are eventually vested.

(XXIII) Income tax

1. Income tax comprises of current and deferred income tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity
2. The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the balance sheet date. The management periodically evaluates implementations taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to distribute the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not be reversed in the foreseeable future. Deferred income tax is determined according to tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(XXIV) Share capital

1. Ordinary shares are classified as equity.
2. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(XXV) Dividends

Dividends are recorded in the Company's financial statements in the period in which

they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXVI) Revenue recognition

1. Rental income

The Company provides chemical and oil tanks for lease in accordance with operating lease standards and the rental income from such operating lease is recognized in the profit or loss on a straight-line basis according to rent determined by the leasing agreement.

2. Tank operations revenue

The Company provides chemical and oil tanks for lease and offers chemicals and oil loading services. Revenue is recognized in the reporting period in which the services are provided to customers based on actual loading and unloading capacity and contracted rates.

3. Electricity sales revenue

The Company recognizes revenue when the electricity generated from solar power generation equipment is transferred to customers. Once the electricity is generated, it is transmitted to the buyer through the distribution system. The buyer has discretion over the access and price of the electricity sold, and the revenue is calculated based on the contracted rate and the number of kilowatt-hours generated per month.

(XXVII) Reorganization under Joint Control

POCS POWER CO., LTD transferred part of its solar energy business to the Company. This transfer of business is a reorganization under common control, and in accordance with the IFRS Q&A published by the Accounting Research and Development Foundation of the R.O.C., the book value method was used in preparing the comparative financial statements and was considered to be a transfer from the beginning and the restatement of the individual financial statements for the year ended December 31, 2011.

V. Significant Accounting Estimations and Judgments, and Main Sources of Assumption Uncertainties

In preparation of the Standalone Financial Statements, the management has made judgements in applying the Company's accounting policies and make critical accounting assumptions and estimates concerning future events based on the circumstances on the balance sheet date. Assumptions and estimates may differ from the actual results and are continuously evaluated and adjusted based on historical experience and other factors. Such estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Company does not apply critical judgment in applying the Company's accounting policies. Material accounting estimates and assumptions are addressed below:

Impairment assessment of other equipment (property, plant and equipment)

In the asset impairment evaluation process, the Company relies on subjective judgment and based on asset usage patterns and industry characteristics to determine the independent cash flows, the useful life and potential future revenues and expenses of a specific asset.

## VI. Statements of main accounting items

### (I) Cash and cash equivalents

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Cash on hand and working capital	\$ 231	\$ 210
Checking accounts and demand deposits	38,663	76,207
Time deposits	<u>42,900</u>	<u>32,900</u>
	<u>\$ 81,794</u>	<u>\$ 109,317</u>

1. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has reclassified certain cash and cash equivalents pledged as collateral as amortized cost financial assets and other non-current assets. Please refer to Notes 6(4), 6(10) and 8 for details.

### (II) Financial assets at fair value through profit and loss

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Investment in private equity	\$ 62,795	\$ 70,196
Valuation adjustment	<u>41,743</u>	<u>12,913</u>
Total	<u>\$ 104,538</u>	<u>\$ 83,109</u>

1. The financial assets held by the Company that are measured at fair value through profit or loss were recognized in the income statement for NT\$28,830 and NT\$2,533 in the years 2022 and 2021, respectively.
2. The Company has not pledged any financial assets at fair value through profit or loss.
3. Credit risk information related to financial assets measured at fair value through profit or loss is provided in Note 12(2).

### (III) Financial assets at fair value through other comprehensive income

<u>Item</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Non-current items:		
Equity instruments		
Stock not listed on TWSE, TPEX or the emerging market	\$ 7,526	\$ 33,440
Valuation adjustment	<u>(2,418)</u>	<u>2,774</u>
Total	<u>\$ 5,108</u>	<u>\$ 36,214</u>

1. The Company has elected to classify its strategic investments in equity stock as financial assets at fair value through other comprehensive income. The fair values of these investments were \$5,108 and \$36,214 as of December 31, 2022 and December 31, 2021, respectively.
2. In 2022, the Company disposed of a subsidiary's stock, except for the stock with a carrying amount of \$28,710. The accumulated disposal loss of \$1,290 was transferred to the unappropriated retained earnings.
3. In 2021, the Company recognized a disposal loss of \$2,003 and reclassified it to retained earnings due to the return of capital by the investee, except for stocks with a book value of \$5,423.
4. The details of the financial assets measured at fair value through other comprehensive income that were recognized in comprehensive income are as follows:

	<u>2022</u>	<u>2021</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Change in fair value recognized in other comprehensive Income	(\$ <u>2,396</u> )	(\$ <u>3,346</u> )
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ <u>1,290</u>	\$ <u>2,003-</u>
Dividend income recognized in profit or loss		
Held at end of period	\$ 4,107	\$ 223
De-recognized during the period	<u>592</u>	<u>222</u>
	<u>\$ 4,699</u>	<u>\$ 445</u>

5. Without considering the collaterals held or other credit enhancements, the amount of financial assets at fair value through other comprehensive income that best represented the Company's maximum exposure to credit risk was \$5,108 and \$36,214 as of December 31, 2022 and December 31, 2021, respectively.
  6. The Company has not pledged any financial assets at fair value through other comprehensive income.
  7. Please refer to Note 12 (2) for credit risk information related to financial assets measured at fair value through other comprehensive income.
- (IV) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current items:		

The term deposit with original maturity over three months	\$	-	\$	10,000	-
Trust account		<u>17,783</u>		<u>16,026</u>	
Total	\$	<u>17,783</u>	\$	<u>26,026</u>	

Non-current items:

Restricted asset (The demand deposits)	\$	<u>2,305</u>	\$	<u>2,301</u>
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1. The details of the financial assets measured at amortized cost that were recognized in the profit and loss are as follows:

		<u>2022</u>		<u>2021</u>
Interest income	\$	53	\$	6
loss on valuation		<u>1,757</u>	(	<u>463</u> )
	\$	<u>1,810</u>	(\$	<u>457</u> )

2. Without considering the collaterals held or other credit enhancements, the amount of financial assets measured at amortized cost that best represented the Company's maximum exposure to credit risk was \$20,088 and \$28,327 as of December 31, 2022 and December 31, 2021, respectively.
3. Information about the financial assets measured at amortized cost that were pledged to others as collaterals is provided in Note 8.
4. Risk information about the relative financial assets measured at amortized cost is provided in Note 12(2).
5. On December 22, 2016, the Company entered into a contract for the construction of a solar power generation system (hereinafter referred to as the "construction contract") and a contract for the purchase of solar power generation system equipment (hereinafter referred to as the "purchase contract") with Chunghwa Telecom Vietnam Co. Ltd. to construct a solar power generation system in Cambodia. The total construction price was US\$7,750 thousand. On December 28, 2016, the Company trusted US\$6,010 thousand by wire transfer to a third-party financial institution; as of December 31, 2021, and December 31, 2020, the balance of the trust account was US\$580 thousand, which is shown as "financial assets measured at amortized cost - current" due to the restricted use.
6. According to the construction contract, the construction of the solar power generation system in the preceding paragraph should be completed within one year and the amount in trust account has been paid to Chunghwa Telecom Vietnam Co. Ltd. However, Chunghwa Telecom Vietnam Co., Ltd. refused to fulfill its obligations under the above "construction contract" in the third quarter of 2017. In view of the aforementioned situation, the Company sent a formal letter to Chunghwa Telecom Vietnam to urge Chunghwa Telecom Vietnam to perform its obligations under the construction contract within the deadline, however after the expiration of the reminder period, Chunghwa Telecom Vietnam's contract obligations remained unfulfilled. Hence the Company legally terminated the construction contract. The Company has filed a lawsuit for civil damages with the Taiwan

Taipei District Court (TDC) in April, 2018.

7. In December 2020, the Company received a notification of judgement from the Taipei District Court rejecting the Company's claim. After consultation with legal counsel, the Company appealed to the Taiwan High Court in January 2021. The Taiwan High Court ruled on August 23, 2022, that the Company should pay Chunghwa Telecom Vietnam USD 2,284 thousand and interest calculated at an annual rate of 5% from September 24, 2019 until the date of payment. After further consultation with legal counsel, the Company appealed to the Supreme Court in September 2022 and deposited \$69,120 as collateral to prevent false execution. The collateral amount was recorded as other non-current assets. On March 1, 2023, the Company received a notice from the Supreme Court that the original judgement was overturned, and the case was remanded to the Taiwan High Court.
8. Please refer to Note 11 for information regarding the application for the return of the pledged deposit after the reporting period.

(V) Notes and accounts receivable

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Note receivable	<u>\$ 351</u>	<u>\$ 717</u>
Trade receivable	<u>\$ 40,191</u>	<u>\$ 38,559</u>

1. The aging analysis of notes and accounts receivable is as follows

	<u>December 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Trade receivable</u>	<u>Note receivable</u>	<u>Trade receivable</u>	<u>Note receivable</u>
Not Past Due	<u>\$ 40,191</u>	<u>\$ 351</u>	<u>\$ 38,559</u>	<u>\$ 717</u>

The above is an aging report based on the number of days past due.

2. As of December 31, 2022 and December 31, 2021, the balance of receivables (including notes receivables) are generated from the contracts between the Company and its customers. And as of January 1, 2021, the balance of receivables generated from such contracts was \$42,093.
3. The Company did not hold any collaterals.
4. Without considering the collaterals held or other credit enhancements, the number of notes receivables that best represented the Company's maximum exposure to credit risk was \$351 and \$717 as of December 31, 2022 and December 31, 2021, respectively; the amount of accounts receivables that best represented the Company's maximum exposure to credit risk was \$40,191 and \$38,559 as of December 31, 2022 and December 31, 2021, respectively.
5. Please refer to Note 12, (2) for the related credit risk information of accounts receivable.

(VI) Investments accounted for using equity method

	<u>2022</u>	<u>2021</u> <u>(Adjusted)</u>
January 1	\$233,817	\$234,071
Increase in investments accounted for using equity method	100,698	-
Reduction of capital returned by the investee company accounted for under the equity method	( 22,914)	-
Unrealized (realized) loss on disposal of fixed assets between parent and subsidiaries.		
Unrealized (realized) loss on disposal of fixed assets between the parent company and subsidiaries.	(2,500)	(2,500)
Profit and loss attributable to the parent company for investments using equity method	(4,018)	(1,214)
Effects of organizational restructuring	64,301	8,924
Other changes in equity	28,565	(5,464)
	<u>397,949</u>	<u>233,817</u>
Recognition of other non-current liabilities	-	13,082
Less: Reclassification of non-current assets held for sale	( 48,814)	-
December 31	<u>\$ 349,135</u>	<u>\$ 246,899</u>

1. The details of investments accounted for using the equity method are as follows:

<u>Investee companies</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries		
He Zhen Feng Co., Ltd.	\$ 1,051	\$ 1,077
POCS POWER CO., LTD.	48,814	( 13,082)
Prime Holdings Corporation	260,132	245,822
The affiliated companies		
ABZbridge Corporation	<u>\$ 87,952</u>	<u>\$ -</u>
	397,949	233,817
Recognition of other non-current liabilities	-	13,082
Less: Reclassification of non-current assets held for sale	( 48,814)	-
	<u>\$ 349,135</u>	<u>\$ 246,899</u>

2. Information regarding the Company's subsidiaries, please refer to the Company's Consolidated Financial Statements Note. 4(3) as of 2022 and 2021

3. On November 7, 2019, the Board of Directors resolved to increase the capital of Prime Holdings Corporation by US\$4,799 thousand (equivalent to NT\$146,171) with assets. The difference between the carrying amount of such assets and the carrying amount of property, plant and equipment has been eliminated by eliminating the net unrealized loss on disposal of property, plant and equipment arising from downstream transactions of NT\$60,413,

which was recorded as an addition to the "investments accounted for using the equity method" account. The unrealized loss on disposal of property, plant and equipment as of December 31, 2022 was \$52,913.

4. The Company acquired a 20% equity interest in ABZbridge Corporation at the end of March 2022. As the Company is not the largest shareholder of ABZbridge Corporation, it is determined that the Company does not have control over the company, but rather has significant influence.
5. The Company's subsidiary, POCS POWER Co., Ltd., passed a resolution at its board meeting on November 10, 2022 to transfer some of its solar power generation assets, liabilities, and operations to the Company for consideration of \$58,919. This transaction constitutes a business combination, and in accordance with the relevant interpretive letters issued by the Accounting Research and Development Foundation for Taiwan, the Company shall recognize the acquired assets and liabilities at their book values. As of January 1, 2021, the Company shall also increase its property, plant, and equipment by \$64,343 and decrease its investment under the equity method by \$62,751, after considering the retirement liabilities of \$1,592. When preparing comparative financial statements, the transfer shall be treated as having occurred at the beginning of the prior year and restated accordingly.
6. Please refer to Note 6(11) for details regarding the transfer of non-current assets held for sale.

(VII) Property, Plant and Equipment

	<u>Warehousing equipment</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Lease improvement</u>	<u>Lease assets</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
January 1, 2022 (Adjusted) Cost	\$ 650,880	\$ 10,001	\$ 521	\$ 884	\$ 86,132	\$ 641,778	\$ 26,240	\$1,416,436
Accumulated depreciation and impairment	( 383,163)	( 4,259)	( 182)	( 736)	( 66,530)	( 82,152)	-	( 537,022)
	<u>\$ 267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$ 559,626</u>	<u>\$ 26,240</u>	<u>\$ 879,414</u>
<u>2022</u>								
January 1	\$ 267,717	\$ 5,742	\$ 339	\$ 148	\$ 19,602	\$ 559,626	\$ 26,240	\$ 879,414
Addition	61,678	-	196	-	-	157,266	84,753	303,893
Number of Transfers	3,140	-	-	-	-	21,627	( 24,767)	-
depreciation expense	( 68,118)	( 1,159)	( 140)	( 74)	( 7,623)	( 37,666)	-	( 114,780)
December 31	<u>\$ 264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 700,853</u>	<u>\$ 86,226</u>	<u>\$ 1,068,527</u>
December 31, 2022								
Cost	\$ 704,188	\$ 10,001	\$ 718	\$ 212	\$ 78,588	\$ 820,670	\$ 86,226	\$1,700,603
Accumulated depreciation and impairment	( 439,771)	( 5,418)	( 323)	( 138)	( 66,609)	( 119,817)	-	( 632,076)
	<u>\$ 264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 700,853</u>	<u>\$ 86,226</u>	<u>\$ 1,068,527</u>

	<u>Warehousing equipment</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Lease improvement</u>	<u>Lease assets</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
January 1, 2021 (Adjusted) Cost	\$ 629,277	\$ 8,161	\$ 1,648	\$ 1,037	\$ 909,441	\$ 543,057	\$ 41,258	\$2,133,879
Accumulated depreciation and impairment	( 363,858)	( 3,945)	( 1,278)	( 750)	( 878,773)	( 51,721)	-	( 1,300,325)
	<u>\$ 265,419</u>	<u>\$ 4,216</u>	<u>\$ 370</u>	<u>\$ 287</u>	<u>\$ 30,668</u>	<u>\$ 491,336</u>	<u>\$ 41,258</u>	<u>\$ 833,554</u>
<u>2021</u>								
January 1	\$ 265,419	\$ 4,216	\$ 370	\$ 287	\$ 30,668	\$ 491,336	\$ 41,258	\$ 833,554
Addition	52,724	2,611	54-	-	-	78,393	19,429	153,211
Amount transferred due to disposal	14,019-	100-	-	-	-	20,328-	( 34,447)	-
depreciation expense	( 64,445)	( 1,185)	( 85)	( 139)	( 11,066)	( 30,431)	-	( 107,351)
December 31	<u>\$ 267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$ 559,626</u>	<u>\$ 26,240</u>	<u>\$ 879,414</u>
December 31, 2021								
Cost	\$ 650,880	\$ 10,001	\$ 521	\$ 884	\$ 86,132	\$ 641,778	\$ 26,240	\$1,416,436
Accumulated depreciation and impairment	( 383,163)	( 4,259)	( 182)	( 736)	( 66,530)	( 82,152)	-	( 537,022)
	<u>\$ 267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$ 559,626</u>	<u>\$ 26,240</u>	<u>\$ 879,414</u>

1. The capitalized amount of borrowing costs of property, plant and equipment and the interest rate range.

	<u>20f22</u>	<u>2021</u>
Capitalized amount	\$ <u>11,270</u>	\$ <u>6,678</u>
Capitalized interest rate range	1.64%~2.50%	1.00%~1.54%

2. Significant components of the Company's warehousing equipment, including tanks and pipelines are depreciated over 2 to 35 years
3. The Company's property, plant and equipment showed no signs of impairment from January 1 to December 31, 2022 and 2021.
4. Please refer to Note 8 for information on the guarantees provided by the Company's on property, plant and equipment.

(VIII) Leasing arrangements - lessee

1. The subject assets of the Company's leases include land use rights, buildings and other equipment. Except for the land use rights, which have a period of 20 years, the remaining lease agreements normally have a period of 3 to 6 years. Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be sub-leased, under-leased or used as loan collateral.
2. The low-value assets leased by the Company include electricity meters and photocopiers.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights	\$ 8,736	\$ 9,245
Buildings	13,405	20,399
Other Equipment	<u>271,450</u>	<u>18,313</u>
	<u>\$ 293,591</u>	<u>\$ 47,957</u>

  

	<u>2022</u>	<u>2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 509	\$ 509
Buildings	6,994	6,975
Other Equipment	<u>50,632</u>	<u>50,454</u>
	<u>\$ 58,135</u>	<u>\$ 57,938</u>

4. The Company signed "Taichung Port West No. 5 Pier and Back Line Land Lease and Operation Contract " and "Taichung Port West No. 2 Pier and Back Line Land Lease and Operation Contract" with Taiwan International Ports Corporation, Taichung Port Branch on May 1, 2022, and July 1, 2022, respectively. The lease periods for these contracts are from May 1, 2022, to April 30, 2028, and from July 1, 2022, to June 30, 2028, respectively. The

additions to the right-of-use assets for the years 2022 and 2021 were \$303,769 and \$21,338, respectively.

5. The information on profit and loss items related to lease contracts is as follows:

	<u>2022</u>	<u>2021</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 3,162	\$ 937
Expenses for leases of low-value assets	347	293
Expenses for variable lease payments	8,029	6,257
Gain on lease modification	-	31

6. The Company's total lease cash outflows were \$75,065 and \$67,317 as of 2022 and 2021, respectively (of which \$63,527 and \$59,830 were for the principal of lease liabilities).

7. Effect of variable lease payments on lease liabilities

The targets of the Company's lease agreements with variable lease payment terms are linked to the amount of electricity sales generated from the solar power generation sites. Solar power generation sites are built on rooftops. This type of lease is based on variable-rate payment terms and is only related to the amount of electricity sales. Variable lease payments related to the amount of electricity sales are recognized as expenses in the period in which the electricity sales occur.

(IX) Leasing arrangements - lessor

1. The target assets leased by the Company are warehousing equipment. The lease agreements are usually for a period of 1 to 6 years and are negotiated on an individual basis and contain various terms and conditions
2. The Company recognized rental income of \$293,201 and \$292,527 in 2022 and 2021, respectively, based on operating lease agreements, in which no variable lease payments were included
3. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
2022	\$ -	\$ 259,841
2023	217,490	27,680
2024	50,635	10,300
2025~2027	<u>68,290</u>	<u>29,700</u>
Total	<u>\$ 336,415</u>	<u>\$ 327,521</u>

(X) Other non-current assets

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Guaranteed deposit	\$ 69,120-	\$ -
Refundable deposit	<u>47,600</u>	<u>63,358-</u>
Total	<u>\$ 116,720</u>	<u>\$ 63,358</u>

1. Our company provides guaranteed deposit and refundable deposit as pledged collateral, please refer to Note 8 for details.
2. The details of the guaranteed deposit are described in Note 6(4).

(XI) Non-current assets held for sale

On December 27, 2022, the Board of Directors of the Company resolved to sell all of the equity interests (4,000,000 shares of common stock) of its subsidiary, POCS POWER Co., Ltd., in order to improve the overall operational efficiency, capital utilization, and investment return of the energy business. As a result, the equity investment in the subsidiary (accounted for using the equity method) was reclassified as held for sale and reported as a disposal group. The transaction is expected to be completed in March 2023.

The assets of the disposal group held for sale are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
investments accounted for under the equity method	<u>\$ 48,814</u>	<u>\$ -</u>

After re-measurement of the assets in the held-for-sale group at their carrying amount and fair value less costs to sell, whichever is lower, no impairment loss was recognized.

(XII) Short-term borrowings and bills payable

<u>Nature of borrowings</u>	<u>December 31, 2022</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 207,000</u>	2.00%-2.50%	None
Short-term bills payable	<u>\$ 34,800</u>	1.64%-1.70%	None
<u>Nature of borrowings</u>	<u>December 31, 2021</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 42,000</u>	1.00%	None
Short-term bills payable	<u>\$ 20,000</u>	0.53%	None

(XIII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Credit borrowings				
Land Bank of Taiwan	2018.5.7~2023.5.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) June 7, 2019.	2.01%	None	1,029
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.00%	None	8,363
Chinatrust Commercial Bank	2021.12.29~2031.12.29 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) January 29, 2022. (Note)	2.3587%	None	34,200
Chinatrust Commercial Bank	2022.6.30~2024.12.30 20% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2022. The remaining principal shall be fully repaid at maturity.	1.9000%	None	35,200
Shin Kong Bank	2022.11.4~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) December 4, 2022. (Note)	2.09%	None	24,604
Shin Kong Bank	2022.12.19~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) January 19, 2023. (Note)	2.13%	None	25,000
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.00%	Other Equipment	60,430

Mega International Commercial Bank.	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022. (Note)	2.140%	Other Equipment	30,988
Mega International Commercial Bank.	2022.6.10~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022. (Note)	2.140%	Other Equipment	1,388
Mega International Commercial Bank.	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022. (Note)	2.140%	Other Equipment	25,900
Mega International Commercial Bank.	2022.9.7~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.140%	Other Equipment	34,912
Mega International Commercial Bank	2022.9.26~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.140%	Other Equipment	12,920
Far Eastern International Bank	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	2.4300%	Other Equipment	15,317
				<u>310,251</u>
Less: Current portion (other current liabilities)				<u>( 52,452)</u>
				<u>\$ 257,799</u>

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Credit borrowings				
Land Bank of Taiwan	2017.7.7~2022.7.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) August 7, 2018.	1.51%	None	\$ 7,496
Land Bank of Taiwan	2018.5.7~2023.5.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) June 7, 2019.	1.51%	None	3,466
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	1.50%	None	9,306
Chinatrust Commercial Bank	2020.6.30~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity.	1.20%	None	28,000
Chinatrust Commercial Bank	2020.9.18~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity.	1.20%	None	28,000
Chinatrust Commercial Bank	2021.12.29~2031.12.29 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) January 29, 2022.	1.5007%	None	38,000
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021. (Note)	1.50%	Other Equipment	67,243

Mega International Commercial Bank	2018.12.26~2028.12.26 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) March 26, 2019. (Note)	1.54%	Other Equipment	10,500
Mega International Commercial Bank	2019.12.4~2028.12.26 The principal and interest shall be repaid in 37 equal installments commencing from (inclusive) December 26, 2019. (Note)	1.54%	Other Equipment	15,135
Mega International Commercial Bank	2020.3.31~2028.12.26 The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) March 31, 2020 (Note)	1.54%	Other Equipment	68,000
Mega International Commercial Bank	2021.3.31~2031.3.31 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 30, 2021. (Note)	1.515%	Other Equipment	4,750
Mega International Commercial Bank	2021.9.29~2031.3.31 The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) September 29, 2021. (Note)	1.515%	Other Equipment	14,615
Mega International Commercial Bank	2021.12.29~2031.3.31 The principal and interest shall be repaid in 34 equal installments commencing from (inclusive) December 29, 2021. (Note)	1.515%	Other Equipment	42,400
Far Eastern International Bank	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	1.5012%	Other Equipment	
				<u>16,439</u>
				353,350
Less: Current portion (other current liabilities)				( <u>66,584</u> )
				<u>\$ 286,766</u>

Note: The Company and Mega International Commercial Bank (Mega Bank) signed a loan agreement in the amount of \$120,000 for a long-term loan in 2018. Financial ratio restrictions during the loan term were revised in 2020 to require a current ratio of 85% or higher and a debt ratio of 150% or lower, based on the annual consolidated financial statements. The financial ratios are reviewed annually. If the financial ratios do not meet the requirements, an interest rate increase of 0.1% will be applied from the day after the violation until the day before the improvement. In 2021, the Company did not

meet the financial ratio requirement, but any interest rate increase by the bank is not expected to have a significant impact on the Company. The loan agreement was fully repaid before December 31, 2022.

(XIV) Other payables

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Equipment payables	\$ 28,231	\$ 34,582
Employees' bonuses and directors' and supervisors' remuneration payable	8,830	5,788
Salary payables	7,770	7,582
Others	<u>13,484</u>	<u>11,053</u>
	<u>\$ 58,315</u>	<u>\$ 59,005</u>

(XV) Pensions

1. Defined benefit plan

(1) In accordance with the Labor Standards Act, the Company and its domestic subsidiaries have established a defined benefit pension plan that applies to the years of service prior to the implementation of the Labor Pension Act on July 1, 2005 for all regular employees, and to the subsequent years of service for employees who choose to continue to be subject to the Labor Standards Act after the implementation of the Labor Pension Act. In addition, in the fourth quarter of 2010, the Company established a new pension plan for commissioned employees, who are not subject to the Labor Standards Act. For employees who meet the retirement criteria, pension payments are calculated based on the years of service and the average salary for the six months prior to retirement, with two bases for each year of service up to (inclusive) 15 years and one base for each year of service over 15 years, subject to a maximum accumulation of 45 bases. The years of service of the commissioned employees subject to the Labor Pension Act is calculated at 6% of the total salary during the term of appointment. The Company contributes monthly to pension funds at 8% of total salaries. The pension funds for regular employees and commissioned employees are deposited in the name of the Supervisory Committee of Labor Retirement Reserve in the Trust Department of Bank of Taiwan and Taishin International Bank, respectively. In addition, the Company estimates the balances of the pension funds before the end of each year. If the balances are not sufficient to pay the pensions based on the aforementioned calculations to eligible employees in the following year, the Company will make a one-time catch-up with the difference before the end of March of the following year.

(2) The amounts recognized in the balance sheet are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of defined benefit obligation	\$ 24,678	\$ 25,423
Fair value of the plan asset	<u>( 19,310)</u>	<u>( 16,871)</u>

Net liabilities recognized in balance sheet	<u>\$ 5,368</u>	<u>\$ 8,552</u>
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(3) Changes of net liabilities are as follows:

	Present value of defined benefit obligation	Fair value of the plan asset	Net defined benefit liabilities
2022			
Balance as of January 1	\$ 25,423	(\$ 16,871)	\$ 8,552
Current service cost	211	-	211
Interest expense (revenue)	<u>175</u>	<u>( 120)</u>	<u>55</u>
	<u>25,809</u>	<u>( 16,991)</u>	<u>8,818</u>
Remeasurements:			
Return of plan asset (excluding amounts attributable to interest income or expense)	-	( 1,088)	( 1,088)
Effect of changes in financial assumptions	( 1,751)	-	( 1,751)
Experience adjustment	<u>878</u>	<u>-</u>	<u>878</u>
	<u>( 873)</u>	<u>( 1,088)</u>	<u>( 1,961)</u>
Pension paid	<u>( 258)</u>	<u>258</u>	<u>-</u>
Pension fund contribution	<u>-</u>	<u>( 1,489)</u>	<u>( 1,489)</u>
Balance at December 31	<u>\$ 24,678</u>	<u>(\$ 19,310)</u>	<u>\$ 5,368</u>

	Present value of defined benefit obligation	Fair value of the plan asset	Net defined benefit liabilities
2021			
Balance as of January 1	\$ 32,450	(\$ 24,594)	\$ 7,856
Current service cost	186	-	186
Interest expense (revenue)	<u>88</u>	<u>( 67)</u>	<u>21</u>
	<u>32,724</u>	<u>( 24,661)</u>	<u>8,063</u>
Remeasurements:			
Return of plan asset (excluding amounts attributable to interest income or expense)	-	( 230)	( 230)
Effect of changes in financial assumptions	( 1,178)	-	( 1,178)
Effect of changes in demographic assumptions	24	-	24
Experience adjustment	<u>3,367</u>	<u>-</u>	<u>3,367</u>

	<u>2,213</u>	<u>( 230)</u>	<u>1,983</u>
Welfare payment	<u>( 9,514)</u>	<u>9,514</u>	<u>-</u>
Pension fund contribution	<u>-</u>	<u>( 1,494)</u>	<u>( 1,494)</u>
Balance at December 31	<u>\$ 25,423</u>	<u>(\$ 16,871)</u>	<u>\$ 8,552</u>

- (4) Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safe guard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private placement equity securities, investment in domestic or foreign real estate secularization products, etc.). Such utilization is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the competent authority. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government The Company's pension accounts with Taishin International Bank have been fully allocated to demand deposit.
- (5) The principal actuarial assumptions used are summarized as follows:

	<u>2022</u>	<u>2021</u>
Discount rate	<u>1.35%</u>	<u>0.70%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory. Due to the change of the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2022				
Effect on the present value of defined benefit obligation	<u>(\$ 629)</u>	<u>\$ 653</u>	<u>\$ 431</u>	<u>(\$ 418)</u>
	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>

December 31, 2021

Effect on the present value  
of defined benefit  
obligation

(\$ 709)    \$ 738    \$ 498    (\$ 482)

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

The sensitivity analysis has been prepared using approaches and assumptions the same as last period.

- (6) Expected contributions to the defined benefit pension plans of the Company for the year 2023 amount to \$1,412
- (7) As of December 31, 2022 the weighted average duration of the retirement plan is 10 years. The maturity analysis of pension payments is as follows:

In less than 1 year	\$	846
1-2 years		842
2-5 years		5,379
In more than 5 years		<u>21,451</u>
	\$	<u>28,518</u>

2. Defined contribution plan

the Company has established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. The Company contributes monthly no less than 6% of salaries as labor pensions to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to apply the labor pension system under the "Labor Pension Act." Payments of employee pensions are made in the form of monthly pensions or one-time lump-sum, depending on the amount of the employees' personal accounts and accumulated earnings. The Company recognized pension costs of \$2,560 and \$2,352 as of 2022 and 2021, respectively, based on the above pension plan.

(XVI) Share-based payments

1. The information on the equity-settled share-based payment of the Company is presented as follows:

<u>Agreement type</u>	<u>Grant date</u>	<u>Number of Shares (units) Granted</u>	<u>Number of Subscribable Shares per Unit (shares)</u>	<u>vesting conditions</u>	<u>Weighted average remaining contract term (years)</u>
Reserved employee subscription of cash capital increase (Note)	August 16, 2022	645,000	1	Immediate vesting	---

Note: The above share-based payment agreement is settled through equity.

2. The stock-based compensation agreements granted by the Company are valued using the Black-Scholes option pricing model to estimate the fair value of the stock options. The related information is as follows:

<u>Agreement type</u>	<u>Grant date</u>	<u>Fair Value of the Measured Object (NTD)</u>	<u>Strike Price (NTD)</u>	<u>Expected volatility (Note)</u>	<u>expected duration</u>	<u>Expected dividend rate</u>	<u>risk-free interest rate</u>	<u>fair value per unit (NTD)</u>
Reserved employee subscription of cash capital increase (Note)	August 16, 2022	\$ 21.10	\$ 17	13.60%	0.13 year	0.00 %	0.72 %	\$ 4.1163

Note: The expected volatility is estimated based on the daily historical stock price fluctuations of the most recent three months prior to the date given by the Company.

3. The share-based compensation costs recognized by the Company for the employee stock options certificates in the years 2022 and 2021, January 1 to December 31, were \$2,655 and \$0, respectively.

(XVII) Provision - non-current

	<u>2022</u>	<u>2021</u> <u>(Adjusted)</u>
Balance as of January 1	\$ 23,382	\$ 20,120
Provision added this period	<u>3,792</u>	<u>3,262</u>
Balance at December 31	<u>\$ 27,174</u>	<u>\$ 23,382</u>

1. The Company signed a lease agreement with the Port Authority in November 2016 and renewed it in June 2022, with the lease term ending on April 30, 2028. Pursuant to the terms of the lease agreement, the Company is required to restore the leased port site to its original condition upon the expiration of the lease term. As a result, a liability reserve for the expected costs of demolition, removal or restoration of the site as necessary was recognized at \$9,886 as of December 31, 2022 and 2021.
2. The Company's solar power generation sites are built on the roof. According to the contract, the Company should restore the leased site to its original condition at the end of the lease term. Therefore, the provision for liabilities recognized for the solar power site based on the costs expected to be incurred for dismantling, removing or restoring the site were \$17,288 and \$13,496 as of December 31, 2022 and December 31, 2021, respectively.

(XVIII) Share capital

As of December 31, 2022, the Company's authorized capital was NT\$2,000,000 and the paid-in capital was NT\$778,344, divided into 77,834 thousand shares with a par value of NT\$10 per share. All are common stocks. The share capital of the Company has been fully paid-in.

The reconciliation of the number of shares of the Company's common stock in circulation at the beginning of the period to the end of the period is as follows( thousand shares):

	<u>2022</u>	<u>2021</u>
January 1, 2022	69,034	69,034
Follow-On Offering	<u>8,800</u>	<u>-</u>
December 31, 2022	<u><u>77,834</u></u>	<u><u>69,034</u></u>

(XIX) Additional paid-in capital

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks can be used to cover accumulated losses or to distribute new stocks or cash to shareholders in proportion to their shareholdings, provided that the Company has no accumulated losses. Further, the Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(XX) Retained earnings

1. In accordance with the Company Act, the capital surplus from premium from issuance of shares in excess of par value and the capital surplus from donations may be used to cover losses, and new shares or cash may be issued in proportion to the shareholders' original shareholding percentages when the Company has no accumulated losses. In addition, in accordance with the Securities and Exchange Act, the above capital surplus can be capitalized to the extent that the total amount does not exceed 10% of the paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.
2. In accordance with the Company Act, the legal reserve may not be used except to cover

losses or to issue new shares or cash in proportion to the shareholders' original shareholding percentages, but it is limited to the portion of the legal reserve over 25% of the paid-in capital.

3. When the Company distributes profits, special reserve for profit appropriation shall be allocated from other equity items with debit balances as of the balance sheet date of the current year in accordance with relevant laws and regulations before the profits can be distributed. Afterward, when the debit balances of other equity items are reversed, the amount of reversal can be included in distributable profits.
4. On June 23, 2022 and August 18, 2021, the Shareholders' Meeting of the Company approved the distribution of earnings for 2021 and 2020 respectively. The resolution is as follows:

	<u>2021</u>		<u>2020</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserve allocated	\$ 6,984		\$ 15,972	
Allocated special reserve	5,714		13,064-	
Cash dividends paid	<u>55,227</u>	\$ 0.80	<u>138,069</u>	\$ 2.00
Total	<u>\$ 67,925</u>		<u>\$167,105</u>	

5. On March 23, 2023, the Board of Directors proposed and approved the distribution of earnings for 2022. The resolution is as follows:

	<u>2022</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserve allocated	\$ 10,861	
Reversal of special reserve	(18,778)	
Cash dividends paid	<u>50,592</u>	\$ 0.65
Total	<u>\$ 42,675</u>	

The profit distribution proposal for the fiscal year 2022 mentioned above has not been approved by the shareholders' meeting as of the date of this audit report.

(XXI) Other equity interest

		<u>2022</u>	
	Unrealized gains and losses	Foreign currency translation	Total
January 1, 2022	(\$ 3,415)	(\$ 15,363)	(\$18,778)
Adjustment for change in value	( 2,396)	-	( 2,396)
Adjustment for change in value transferred to retained earnings	1,290	-	1,290
Foreign currency translation adjustment			
- consolidated group	-	28,565	28,565
- tax amount of the group	<u>-</u>	<u>( 5,714)</u>	<u>( 5,714)</u>
December 31, 2022	<u>(\$ 4,521)</u>	<u>\$ 7,488</u>	<u>\$ 2,967</u>

		<u>2021</u>	
	Unrealized gains and losses	Foreign currency translation	Total
January 1, 2022	(\$ 2,072)	(\$ 10,992)	(\$ 13,064)
Adjustment for change in value	( 3,346)	-	( 3,346)
Adjustment for change in value transferred to retained earnings	2,003	-	2,003
Foreign currency translation adjustment			
- consolidated group	-	( 5,464)	( 5,464)
- tax amount of the group	<u>-</u>	<u>1,093</u>	<u>1,093</u>
December 31, 2022	<u>(\$ 3,415)</u>	<u>\$ 15,363</u>	<u>\$ 18,778</u>

(XXII) Operating income

	<u>2022</u>	<u>2021</u>
Operating lease		
Rental incomes	\$ 293,201	\$ 292,527
Revenue from Customer Contract		
Tank operation revenue	73,192	79,460
Electricity sales revenue	<u>88,492</u>	<u>71,935</u>
Total	<u>\$ 454,885</u>	<u>\$ 443,922</u>

The revenue from customer contracts of the Company is recognized gradually over time.

(XXIII) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 98	\$ 95
Dividends income	4,699	445
Endorsement and guarantee fee income	7,170	6,610
Indemnity income	498	360
Other income	<u>1,190</u>	<u>1,105</u>
Total	<u>\$ 13,655</u>	<u>\$ 8,615</u>

(XXIV) Other gains or losses

	<u>2022</u>	<u>2021</u>
Gain on financial assets at fair value through profit or loss	\$ 28,830	\$ 2,533
Loss on disposal of property, plant and equipment	( 2,500)	( 2,405)
Net foreign currency exchange gain (loss)	2,010	( 1,855)
Gain on lease modification	-	31
Others	<u>16-</u>	<u>-</u>
Total	<u>\$ 28,356</u>	<u>(\$ 1,696)</u>

(XXV) Financial costs

	<u>2022</u>	<u>2021</u>
Interest expenses		
Bank borrowings	\$ 11,270	\$ 6,678
Less: The amount of asset capital that meets the requirements	<u>(11,270)</u>	<u>(6,678)</u>
	-	-
Interest expenses on lease liabilities	<u>3,162</u>	<u>937</u>
	<u>\$ 3,162</u>	<u>\$ 937</u>

(XXVI) Expenses by nature

	<u>2022</u>	<u>2021</u>
Employee benefits expense	\$ 83,769	\$ 75,663
Depreciation expense	172,915	165,289
Amortization expenses	1,576	1,328
Expenses for variable lease payments	8,029	6,257
Low-value asset rents	347	293
Terminal administrative expenses	12,711	29,409
Miscellaneous purchases	2,934	5,011
Other expenses	<u>71,937</u>	<u>76,583</u>
Operating costs and operating expenses	<u>\$ 354,218</u>	<u>\$ 359,833</u>

(XXVII) Employee benefits expense

	<u>2022</u>	<u>2021</u>
Salary expenses	\$ 66,577	\$ 61,273
Labor and health insurance expenses	5,574	5,558
Pension costs	2,826	2,559
Directors' remuneration	3,918	2,233
Other employee expenses	<u>4,874</u>	<u>4,040</u>
	<u>\$ 83,769</u>	<u>\$ 75,663</u>

1. In accordance with the Company's Articles of Incorporation, if the Company has a surplus in earnings after deducting the accumulated losses based on the profitability of the current year, the Company shall appropriate no less than 3% as employees' profit sharing remuneration and no more than 5% as directors' and supervisors' profit sharing remuneration.

2. The estimated profit sharing amount for employees for the year ended December 31, 2022 and 2021 were \$4,415 and \$2,894, respectively; the estimated profit sharing amount for directors' and supervisors' were \$4,415 and \$2,894, respectively. The aforementioned amounts were recorded as salary expenses.

For the year ended December 31, 2022 and 2021, the profit sharing remuneration to employees and profit sharing remuneration to directors and supervisors were both estimated at 3% based on the profitability of the period. The profit sharing for employees and the profit sharing for directors and supervisors resolved by the Board of Directors for 2021 were consistent with the amounts recognized in the 2021 financial statements.

Information about employees' profit sharing and directors' and supervisors' profit sharing of the Company as resolved by the Board of Directors can be found on the Market Observation Post System.

(XXVIII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2022</u>		<u>2021</u>
Current tax:			
Income taxes arising from incomes for the current period	\$ 20,661	\$	15,478
Amount of income tax underestimated (overestimated) for prior years	1,723	(	25)
Tax on undistributed surplus earning	-		-
Total current tax	<u>22,384</u>		<u>15,453</u>
Deferred income tax:			
Origination and Reversal of Temporary Differences	<u>6,497</u>		<u>2,228</u>
Deferred tax:	<u>6,497</u>		<u>2,228</u>
Income tax expense	<u>\$ 28,881</u>	\$	<u>17,681</u>

(2) The income tax amount relating to components of other comprehensive income:

	<u>2022</u>		<u>2021</u>
Translation differences of foreign operations	(\$ 5,714)	\$	1,093
Remeasurements of defined benefit obligation	<u>(392)</u>		<u>396</u>
	<u>(\$ 6,106)</u>	\$	<u>1,489</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2022</u>	<u>2021</u>
Income tax expense at the statutory rate	\$ 27,185	\$ 17,823
Effect from tax-exempt income under the tax law	( 940)	( 89)
Effect from exclusion of expenses according to the tax law	845	989
Amount of income tax underestimated (overestimated) for prior years	1,723	( 25)
Others	<u>68</u>	<u>( 1,017)</u>
Income tax expense	<u>\$ 28,881</u>	<u>\$ 17,681</u>

3. Amounts of deferred tax assets derived from temporary differences are as follows:

	<u>January 1</u>	<u>2022</u>	<u>Recognized in other comprehensive net profit</u>	<u>December 31</u>
		Recognized in profit or loss		
Deferred income tax assets				
- temporary difference:				
Bonus for employees not taking leave	\$ 410	\$ -	\$ -	\$ 410
Pension liability	1,314	544	( 392)	1,466
Unrealized exchange gains or loss	95	( 95)	-	-
Cumulative translation adjustment	<u>3,841</u>	<u>-</u>	<u>( 3,841)</u>	<u>-</u>
	<u>\$ 5,660</u>	<u>\$ 449</u>	<u>(\$ 4,233)</u>	<u>\$ 1,876</u>
- Deferred income tax liabilities				
Unrealized exchange gain or loss	\$ -	(\$ 357)	\$ -	(\$ 357)
Cumulative translation adjustment		-	( 1,873)	( 1,873)
Gain on investment	<u>(\$ 4,052)</u>	<u>(\$ 6,589)</u>	<u>-</u>	<u>(\$ 10,641)</u>
	<u>(\$ 4,052)</u>	<u>(\$ 6,946)</u>	<u>(\$ 1,873)</u>	<u>(\$ 12,871)</u>

	<u>2021</u>			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets				
- temporary difference:				
Bonus for employees not taking leave	\$ 410	\$ -	\$ -	\$ 410
Pension liability	1,572	( 654)	396	1,314
Unrealized exchange gains or loss	522	( 427)	-	95
Cumulative translation adjustment	<u>2,748</u>	<u>-</u>	<u>1,093</u>	<u>3,841</u>
	<u>\$ 5,252</u>	<u>(\$ 1,081)</u>	<u>\$ 1,489</u>	<u>\$ 5,660</u>
- Deferred income tax liabilities				
Gain on investment	<u>(\$ 2,905)</u>	<u>(\$ 1,147)</u>	<u>\$ -</u>	<u>(\$ 4,052)</u>

4. The income tax of the Company have been assessed by the tax authorities through 2020.

(XXIX) Earnings per share

	<u>2022</u>		
	After-tax amount	Weighted average Number of shares in circulation (thousands of shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Current period net profit	\$ 107,044	71,132	<u>\$ 1.50</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	<u>-</u>	<u>235</u>	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 107,044</u>	<u>71,367</u>	<u>\$ 1.50</u>

		<u>2021</u>	
	After-tax amount	Weighted average Number of shares in circulation (thousands of shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Current period net profit	\$ 71,428	69,034	<u>\$ 1.03</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	<u>162</u>	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 71,428</u>	<u>69,196</u>	<u>\$ 1.03</u>

(XXX) Supplemental cash flow information

Investing activities that are only partially paid in cash

	<u>2022</u>	<u>2021</u>
Purchase of property, plant and equipment	\$ 303,893	\$ 153,211
Acquired subsidiary's solar equipment	58,919	-
Add: Equipment payable at the beginning of the period	34,582	42,262
Less: Equipment payable at the end of the period	( 28,231)	( 34,582)
Less: Provision for liabilities - non-current added during the period	<u>( 3,792)</u>	<u>( 3,262)</u>
Cash paid during the period	<u>\$ 365,371</u>	<u>\$ 157,629</u>

(XXXI) Changes in liabilities arising from financing activities

			<u>2022</u>	
	<u>lease liabilities</u>	<u>Short-term borrowings and bills payable</u>	<u>Long-term borrowings (including portions due within one year or one operating cycle)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 39,325	\$ 62,000	\$ 353,350	\$ 454,675
Changes in cash flows from financing activities	( 63,527)	179,800	( 43,099)	73,174
Other non-cash transactions	<u>303,769</u>	<u>-</u>	<u>-</u>	<u>303,769</u>
December 31	<u>\$ 279,567</u>	<u>\$ 241,800</u>	<u>\$ 310,251</u>	<u>\$ 831,618</u>

			<u>2021</u>	
	<u>lease liabilities</u>	<u>Short-term borrowings and bills payable</u>	<u>Long-term borrowings (including portions due within one year or one operating cycle)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 77,848	\$ 57,000 -	\$ 213,075	\$ 347,923
Changes in cash flows from financing activities	( 59,830)	5,000	140,275	85,445
Other non-cash transactions	<u>21,307</u>	<u>-</u>	<u>-</u>	<u>21,307</u>
December 31	<u>\$ 39,325</u>	<u>\$ 62,000</u>	<u>\$ 353,350</u>	<u>\$ 454,675</u>

VII. Related-Party Transactions

(I) Parent company and ultimate controlling party

The Company's shares are held by the public and there is no ultimate parent or ultimate controlling party.

(II) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
POCS POWER CO., LTD. (POCSPC)	Subsidiaries
Prime Holdings Corporation (PHC)	Subsidiaries
Prime Solar Energy Co., Ltd. (PSE)	Subsidiaries

(III) Significant transactions and balances with related parties

1. Receivables from related parties

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables		
- POCSPC	<u>\$ _____</u>	<u>\$ 1,713</u>

Other receivables – income from endorsements and guarantee fees and management services

2. Other income

	<u>2022</u>	<u>2021</u>
endorsements and guarantee fees income:		
- POCSPC	\$ 6,808	\$ 6,238
Management services income:		
- POCSPC	<u>362</u>	<u>372</u>
Total	<u>\$ 7,170</u>	<u>\$ 6,610</u>

3. Endorsements and guarantees for related parties

	<u>2022</u>	<u>2021</u>
Subsidiaries- POCSPC	<u>\$ 219,300</u>	<u>\$ 244,300</u>

(IV) Compensation of key management personnel

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 23,404	\$ 22,197
Post-employment benefits	<u>1,189</u>	<u>1,099</u>
Total	<u>\$ 24,593</u>	<u>\$ 23,296</u>

### VIII. Pledged assets

<u>Asset type</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>	<u>Purpose</u>
Other non-current assets (refundable deposits)	\$ 2,400	\$ 2,850	Customs duty
Other non-current assets (refundable deposits)	24,693	38,158	Lease deposits
Other non-current assets (refundable deposits)	20,507	23,018	Performance guarantee deposits
Financial assets measured at amortized cost – non-current	2,305	2,301-	Long-term borrowings
Other non-current assets (guaranteed deposits)	69,120		Litigation bond (note)
Other Equipment	<u>155,597</u>	<u>313,884</u>	Long-term borrowings
	<u>\$ 274,622</u>	<u>\$ 380,211</u>	

Note: The explanation of the guarantee deposit is detailed in Note 6(4) and Note 11.

### IX. Significant contingent liabilities and unrecognized contract commitments

#### (I) Contingencies

The Company's lawsuit case with Chunghwa Telecom Vietnam Co., LTD. is explained in detail in Note 6(4).

#### (II) Capital expenditures contracted for but not yet incurred

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, Plant and Equipment	<u>\$ 47,074</u>	<u>\$ 191,297</u>

### X. Losses due to major disasters

Not applicable.

### XI. Significant events after the balance sheet date

1. On March 23, 2023, the Board of Directors passed the distribution of 2022 earnings. Please refer to Note 6(20).
2. The Company aims to enhance the overall operational efficiency, capital utilization, and investment return of its energy business. On December 27, 2022, the board of directors approved the sale of all ordinary shares (4,000,000 shares) of its subsidiary, POCS POWER Co., Ltd. On February 8, 2023, the Company signed the agreement and the completion of the transaction is scheduled to take place on or before March 31, 2023.
3. On March 10, 2023, the Company applied for the return of the guaranteed deposit of \$69,120, and on March 13, received a notice from the Taiwan District Court's depository informing that the declaration of false execution has been rendered invalid and allowing the return of the deposited item. The deposit will be returned after the stipulated period without objection.

from Chung Hwa Telecom Vietnam Co., Ltd. As of March 23, 2023, the item has not yet been retrieved.

## XII. Others

### (I) Capital management

The objective of the Company's capital management is to ensure that the Company can continue as a going concern, that an optimum capital structure is maintained to lower the cost of capital and that returns are provided to shareholders. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares. Should any borrowings occur, the Company will monitor its capital on the basis of the debt-to-equity ratio.

The Company monitors capital through the debt-to-equity ratio. This ratio is calculated as total loans less cash and cash equivalents then divided by total equity. The Company's strategic maintenance in 2021 to pin the debt-to-equity ratio in between 0% and 30% remains unchanged from that in 2020.

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total loans	\$ 552,051	\$ 415,350
Less: Cash and cash equivalents	<u>( 81,794)</u>	<u>( 109,317)</u>
Net debt	<u>\$ 470,257</u>	<u>\$ 306,033</u>
Total equity	<u>\$ 1,187,503</u>	<u>\$ 962,007</u>
Debt-to-equity ratio	<u>39.60%</u>	<u>31.81%</u>

### (II) Financial instruments

#### 1. Categories of financial instruments

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
<u>Financial asset</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 104,538</u>	<u>\$ 83,109</u>
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	<u>\$ 5,108</u>	<u>\$ 36,214</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 81,794	\$ 109,317

Financial assets measured at amortized cost - current	17,783	26,026
Note receivable	351	717
Trade receivable	40,191	38,559
Other receivables (including related parties)	-	1,713
Financial assets measured at amortized cost - non-current	2,305	2,301 -
Other non-current assets	<u>116,720</u>	<u>63,358</u>
	<u>\$ 259,144</u>	<u>\$ 241,991</u>
<u>Financial liability</u>		
Financial assets measured at amortized cost		
Short-term borrowings	\$ 207,000	\$ 42,000
Short-term bills payable	34,800	20,000
Notes payable	6,881	6,881
Other payables	58,315	59,005
Long-term borrowings (including portions due within one year or one operating cycle)	310,251	353,350
Guarantee deposits received	<u>6,450</u>	<u>6,450</u>
	<u>\$ 623,697</u>	<u>\$ 487,686</u>
lease liabilities	<u>\$ 279,567</u>	<u>\$ 39,325</u>

## 2. Risk management policies

The Company's daily operations are subject to a number of financial risks, including market risk (including exchange rate risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial position and performance.

The Company's significant financial risk management is controlled with review by the Board of Directors in accordance with relevant regulations and internal control systems. The financial risk management plan has been established to identify and analyze the financial risks faced by the Company and assess their impact and to implement relevant policies to avoid financial risks and to regularly review the financial risk policy to reflect changes in market conditions and the Company's operations.

## 3. Significant financial risks and degrees of financial risks

### (1) Market risk

#### Exchange rate risk

- A. The Company engages in business involving foreign currency transactions and is therefore subject to exchange rate fluctuations and exchange rate risk arising from different currencies, mainly USD. The related exchange rate risk arises from future business transactions and recognized assets. Exchange rate risk arises when future business transactions and recognized assets are denominated in the functional currency of the entity
- B. The Company has no significant foreign currency financial liabilities. An analysis of foreign currency assets subject to significant exchange rate fluctuations and foreign currency market risk due to significant exchange rate fluctuations is as follows:

<u>December 31, 2022</u>						
<u>Sensitivity Analysis</u>						
	Foreign currency (NTD thousands)	Exchange rate	Carrying amount (NTD)	Change range	Impact on profit or loss	Impact on comprehensiv e income
<u>Financial asset</u>						
<u>Monetary items</u>						
USD: NTD	\$ 636	30.66	\$ 19,500	1%	\$ 195	\$ -
<u>Non-monetary items</u>						
USD: NTD	\$11,353	30.66	\$348,084	1%	\$ -	\$ -

<u>December 31, 2021</u>						
<u>Sensitivity Analysis</u>						
	Foreign currency (NTD thousands)	Exchange rate	Carrying amount (NTD)	Change range	Impact on profit or loss	Impact on comprehensive income
<u>Financial asset</u>						
<u>Monetary items</u>						
USD: NTD	\$ 587	27.63	\$ 16,219	1%	\$ 162	\$ -
<u>Non-monetary items</u>						
USD: NTD	\$ 8,897	27.63	\$245,822	1%	\$ -	\$ -

C. The total amount of exchange gain (losses) (both realized and unrealized) recognized in 2022 and 2021 was \$2,010 and (\$1,855), respectively, due to the significant impact of exchange rate fluctuations on the Company's monetary items.

(2) Price risk

A. The Company's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity securities, the Company diversifies its investment portfolio in a manner that is based on the limits set by the Company. To manage the price risk of investments of equity instruments, the Company diversifies its investment portfolio in accordance with the limits set by the Company.

B. The Company invests mainly in equity instruments and beneficiary certificates that are not listed on TWSE or TPEX. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments.

(3) Cash flow and fair value interest rate risk

- A. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at floating rates expose the Company to cash flow interest rate risks which are partially offset by cash and cash equivalents held at floating rates. For year 2022 and 2021, the Company's borrowings based on floating interest rate were denominated in NTD.
- B. The Company simulates various scenarios and analyzes interest rate risk, including consideration of refinancing, renewal of existing outstanding, and other available financing and hedging instruments, to calculate the impact of changes in specific interest rates on profit or loss. For each simulated scenario, the same interest rate change is applied to all currencies. These simulated scenarios are used only for significant interest-bearing liabilities.
- C. As of December 31, 2022 and December 31, 2021, if the interest rate of all borrowings increased by 1% with all other factors held constant, net profits after tax would have decreased by \$3,870 and \$2,742 for 2022 and 2021, primarily due to the floating rate of borrowings that increases interest expense.

(4) Credit risk

- A. The Company's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on payment terms.
- B. For receivables arising from operating activities, the Company has established relevant credit risk management mechanisms and regularly evaluates the financial position, credit limits and other factors of the related debtors, and the current creditworthiness of the receivables is good and there was no significant credit risk according to the assessment. The cash and cash equivalents have been assessed to be free of material risk.
- C. The Company assumes that a default is deemed to have occurred when payments are more than 60 days overdue in accordance with the contractual payment terms.
- D. The Company categorizes accounts receivable from customers according to the characteristics of revenue types and estimates expected credit losses based on the loss ratio method on a simplified basis.
- E. The Company has estimated the allowance for losses on accounts receivable by incorporating forward-looking adjustments to the loss rate established based on historical and current information for a specific period, as the Company's customers are of good credit and the overdue accounts receivable and the overdue loss rate were not material as of December 31, 2022 and December 31,

2021.

F. There was no sign of impairment of the Company's notes receivable.

G. The Company's allowance for losses on accounts receivable on a simplified basis has not changed from January 1 to December 31, 2022 and 2021. The allowance for losses on accounts receivable was \$0 as of 2022 and 2021.

(5) Liquidity risk

A. The Company's finance department prepares future cash flow forecasts to monitor future capital needs and to ensure that sufficient funds are available for disbursement, and maintains sufficient borrowing facilities to adjust for future funding shortfalls.

B. The following schedule shows the Company's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining tenor from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the Table below are undiscounted amounts.

Non-derivative financial liabilities:

December 31, 2022	<u>Less than 1 year</u>	<u>Less than 1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 207,623	\$ -	\$ -
Short-term bills payable	34,904	-	-
Notes payable	6,881	-	-
Other payables	58,315	-	-
lease liabilities	61,654	59,724	180,049
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	<u>58,602</u>	<u>56,872</u>	<u>219,753</u>
Total	<u>\$ 185,452</u>	<u>\$ 116,596</u>	<u>\$ 406,252</u>

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1</u> <u>year</u>	<u>Less than 1 to 2</u> <u>years</u>	<u>More than 2</u> <u>years</u>
Short-term borrowings	\$ 42,104	\$ -	\$ -
Short-term bills payable	20,009	-	-
Notes payable	6,881	-	-
Other payables	59,005	-	-
lease liabilities	29,137	8,991	9,062
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	<u>71,373</u>	<u>69,608</u>	<u>230,410</u>
Total	<u>\$ 166,396</u>	<u>\$ 78,599</u>	<u>\$ 245,922</u>

(III) Fair value information

- The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:
  - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.
  - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
  - Level 3: Unobservable inputs for the asset or liability. The Company's investments in non-listed stocks belong to this.
- For financial and non-financial instruments measured at fair value, the Company classifies them based on the basis of the nature, characteristics and risks of the assets and fair value level. The related information is as follows

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$ 104,538	\$ 104,538
Financial assets at fair value through other comprehensive income				
Equity security	<u>-</u>	<u>-</u>	<u>5,108</u>	<u>5,108</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 109,646</u>	<u>\$ 109,646</u>

December 31, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$ 83,109	\$ 83,109
Financial assets at fair value through other comprehensive income				
Equity security	<u>-</u>	<u>-</u>	<u>36,214</u>	<u>36,214</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,323</u>	<u>\$ 119,323</u>

3. The following table shows the changes in Level 3 for 2022 and 2021.

	<u>2022</u>		<u>2021</u>	
	<u>Non-derivative equity security</u>		<u>Non-derivative equity security</u>	
January 1	\$	119,323	\$	110,054
Gain recognized in profit or loss		28,830		2,533
Profit (loss) recognized in other comprehensive income	(	2,396)	(	3,346)
Current period sales of marketable securities	(	28,710)		-
Amounts repaid from investments in funds during the period	(	7,401)	(	14,639)
Purchase in the period		-		28,141
number of shares refunded from the reduction of capital during the period			(	<u>3,420)</u>
December 31	<u>\$</u>	<u>109,646</u>	<u>\$</u>	<u>119,323</u>

4. In 2022 and 2021 there were no transfers in or out of Level 3.

5. The Company's valuation process for fair value classification in Level 3 is conducted by the finance and accounting department, which is responsible for conducting independent fair value verification of financial instruments, using independent sources of information to make the valuation results approximate market conditions, confirming that the sources of information are independent, reliable, consistent with other resources and representative of executable prices, and regularly updating the input values and information required by the valuation models and any other necessary fair value adjustments to ensure that the valuation results are reasonable.

6. Quantitative information regarding the significant unobservable input values of the valuation models used for Level 3 fair value measurements and sensitivity analysis of changes in significant unobservable input values are described below.

	<u>December 31, 2022</u> <u>fair value</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input value</u>	<u>Interval</u> <u>(Weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input</u> <u>value and fair</u> <u>value</u>
Non-derivative equity security: Non-TWSE or TPEX listed stock	\$ 5,108	Discounted benefit flow method	Discount for lack of marketability Adjustment to discount for lack of controlling interests	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Investment in private equity	104,538	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value

	<u>December 31,</u> <u>2021 fair value</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input value</u>	<u>Interval</u> <u>(Weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input</u> <u>value and fair</u> <u>value</u>
Non-derivative equity security: Non-TWSE or TPEX listed stock	\$ 5,324	Discounted benefit flow method	Discount for lack of marketability	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Venture capital company stock	30,890	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Investment in private equity	83,109	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value

7. The company has carefully evaluated the valuation models and valuation parameters selected and therefore the fair value measurement is reasonable. However, the use of different valuation models or valuation parameters may result in different valuation results. For financial assets and financial liabilities classified as Level 3, the effect on the profit or loss for the period or other comprehensive income if the valuation parameters are changed is as follows.

		<u>December 31, 2022</u>					
				<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive Income</u>	
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial asset							
Equity instruments	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 51	(\$ 51)	
Investment in private equity	Net asset value	±1%	<u>1,045</u>	<u>( 1,045)</u>	<u>-</u>	<u>-</u>	
Total			<u>\$ 1,045</u>	<u>(\$ 1,045)</u>	<u>\$ 51</u>	<u>(\$ 51)</u>	

		<u>December 31, 2021</u>					
				<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive Income</u>	
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial asset							
Equity instruments	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 53	(\$ 53)	
Equity instruments	Net asset value	±1%	-	-	309	( 309)	
Investment in private equity	Net asset value	±1%	<u>831</u>	<u>( 831)</u>	<u>-</u>	<u>-</u>	
Total			<u>\$ 831</u>	<u>(\$ 831)</u>	<u>\$ 362</u>	<u>(\$ 362)</u>	

#### (IV) Financial Soundness Plan

The Company mainly uses its own funds and bank loans as sources of funding for equipment additions and maintenance of chemical and oil storage tanks, as well as for the construction of solar power generation plants. However, due to the significant capital expenditure required for the construction of the solar power plants and the stable returns from electricity sales, the Company aims to maintain a high level of cash reserves to cope with rapid industry changes. If further investment in power plant development is required, it can only be supported by timely bank borrowings to fill the funding gap. In addition, in March 2022, the Company acquired a 20% stake in ABZbridge to diversify its sources of revenue and stabilize its business growth, and the investee has been profitable.

The company plans to improve the company's financial status as follows:

1. To meet the funding requirements and reduce operational risk, the Company has raised additional capital by issuing new shares and collected \$149,600 in capital on October 6, 2022.
2. The company works closely with financial institutions to increase fund flexibility through borrowing. As of December 31, 2023, we still have a revolving short-to-medium term loan facility of \$463,400 and a long-term loan facility of \$8,580

available for drawdown.

3. The company plans to sell all the shares (4,000,000 common shares) of its subsidiary, POCS POWER Co., Ltd., to enhance the overall operational efficiency of our energy business and to activate our capital utilization. The proceeds from this sale will be used to evaluate other opportunities for renewable energy development.
4. Except for the above, the cash inflows from operating activities of the Group are sufficient to support future investment in power plants and operations, as evaluated by the Group.
5. The company has received a notification from the Supreme Court of Taiwan that the execution of the judgment has been suspended, and we have applied to retrieve the collateral deposit of \$69,120. Please refer to Note 11 for further details.

### XIII. Additional disclosures

#### (I) Significant transactions information

1. Loans to others: None.
2. Endorsements and guarantees for others: Please refer to Table 1.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
4. Marketable securities acquired and disposed amounting to at least NT\$300 million or 20% of the paid-in capital. None.
5. Acquisition of individual real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None
7. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Engagements in derivative financial instruments transactions: None
10. Business relationships and significant intercompany transactions and amounts between the parent company and its subsidiaries and between subsidiaries: None.

#### (II) Information on investees

Name, locations, and other related information of investees: Please refer to Table 3.

#### (III) Investments in Mainland China

1. Basic information: None
2. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None

#### (IV) Information on main investors

For information on major shareholders: Please refer to Table 4.

#### XIV. Operating Segments Information

According to IFRS 8, the operating segments information will be disclosed in the consolidated financial statements.

Prime Oil Chemical Service Corporation  
Cash and cash equivalents  
December 31, 2022

Unit: Thousand NTD

Item	Abstract	Amount
Cash on hand and working capital		\$ 231
Bank deposits		
- Demand deposits		36,786
- Checking deposits		1,877
- Term deposits	Interest rate 0.375%-1.015% Due from December 17, 2022 to March 17, 2023	42,900
		<u>\$ 81,794</u>

Prime Oil Chemical Service Corporation  
Changes in investments accounted for under the equity method  
January 1 to December 31, 2022

Unit: Thousand NTD

<u>Name</u>	<u>Beginning balance</u>		<u>Increase of the period</u>		<u>Decrease of the period</u>		<u>Ending balance</u>			<u>Market value or net value of shares</u>	<u>Provision of endorsements and guarantees to others</u>	<u>Remarks</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount (Note 1)</u>	<u>Shares</u>	<u>Amount (Note 2)</u>	<u>Shares</u>	<u>Ratio</u>	<u>Amount</u>			
He Zhen Feng Co., Ltd.	69,468	\$ 1,077	-	\$ -	-	(\$ 26)	69,468	69.47%	\$ 1,051	\$ 1,051	None	
POCS POWER CO., LTD.	4,000,000	( 13,082)	-	67,346	4,000,000	( 54,264)	-	100%	-	48,814	None	
Prime Holdings Corporation	6,298,770	245,822	-	20,767	-	( 6,457)	30,000	100%	260,132	260,132	None	Note 3
ABZbridge Corporation		-	10,000	110,866		( 22,914)	10,000	20%	87,952	87,952	None	
		233,817		198,979		( 83,661)			349,135			
Reclassification of other non-current liabilities		13,082		=		=			=			
		<u>\$ 246,899</u>		<u>\$ 198,979</u>		<u>(\$ 83,661)</u>			<u>\$ 349,135</u>			

Note 1: The current period increase consists of investment gain recognized using the equity method of \$5,415, cumulative translation adjustments of \$28,565, and the impact of organizational restructuring of \$64,301. The current period increase also includes the recognition of equity-method investment gains from associated companies, including \$97,653 from ABZbridge Corporation and \$3,045 from subsidiary POCS POWER Co., Ltd. of \$4,158 recognized under the equity method

Note 2: The current period decrease is composed of investment loss recognized under the equity method of \$9,433, loss on disposal of fixed assets of \$2,500, refund of capital reduction from ABZbridge Corporation of \$22,914, and reclassification of non-current assets held for sale for POCS POWER Co., Ltd. of \$48,814.

Note 3: In the current period, Prime Holdings Corporation changed the total number of shares issued from 6,298,770 shares to 30,000 shares, and adjusted the par value per share so that the total stock capital and original investment amount remain consistent.

Prime Oil Chemical Service Corporation  
Property, plant and equipment  
January 1 to December 31,2022

Unit: Thousand NTD

For details of relevant changes, please refer to Note 6(7)

Prime Oil Chemical Service Corporation  
Changes in the cost of right-of-use assets and accumulated depreciation  
January 1 to December 31, 2022

Unit: Thousand NTD

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance	Remarks
Cost					
Land use rights	\$ 10,177	\$ -	\$ -	\$ 10,177	
Buildings	20,982	-	-	20,982	
Other	173,646	303,769	( 173,610)	303,805	
Equipment	204,805	<u>\$ 303,769</u>	<u>(\$ 173,610)</u>	334,964	
Accumulated depreciation					
Land use rights	( 932)	(\$ 509)	\$ -	( 1,441)	
Buildings	( 583)	( 6,994)	-	( 7,577)	
Other	( 155,333)	( 50,632)	173,610	( 32,355)	
Equipment	( 156,848)	<u>(\$ 58,135)</u>	<u>\$ 173,610</u>	( 41,373)	
	<u>\$ 47,957</u>			<u>\$ 293,591</u>	

Prime Oil Chemical Service Corporation  
Lease liabilities  
December 31, 2022

Unit: Thousand NTD

Item	Abstract	Lease tenor	Discount rate	Ending balance	Remarks
Land use rights	Site at Gukeng Township, Yunlin County	2020.2.28~2040.2.27	1.69%	\$ 3,615	
Buildings	Office	2021.12.1~2024.11.30	1.51%	13,514	
Other Equipment	Tanks area at the Port of Taichung	2021.1.1~2028.6.30	1.51%	262,438	
				<u>\$ 279,567</u>	

Prime Oil Chemical Service Corporation  
Other payables  
December 31, 2022

Unit: Thousand NTD

For details of balances of relevant accounts, please refer to Note 6(14)

Prime Oil Chemical Service Corporation  
Short-term borrowings  
December 31, 2022

Unit: Thousand NTD

Loan types	Ending balance	Contract term	Interest rate range	Financing Amount	Mortgage or Guarantee	Remark
Short-term credit loans						
Land Bank of Taiwan	\$110,000,000	2022/11/11~2023/02/09	2.05%	160,000,000	None	
Mega International Commercial Bank	79,500,000	2022/12/29~2023/01/06	2.50%	100,000,000	None	
Far Eastern International Bank	17,500,000	2022/12/30~2023/03/01	2.00%	50,000,000	None	
	\$207,000,000					

Prime Oil Chemical Service Corporation  
Long-term borrowings  
December 31, 2022

Unit: Thousand NTD

For details of balances of relevant accounts, please refer to Note 6(13)

Prime Oil Chemical Service Corporation  
Operating Revenue  
December 31, 2022

Unit: Thousand NTD

Items	Quantity	Amount	Remark
Operating revenue			
Rental income		\$ 293,201	
Revenue from contracts with customers			
Tank operations revenue		73,192	
Electricity sales revenue	18,348,960 KW	88,492	
Total		\$ 454,885	

Prime Oil Chemical Service Corporation  
Operating costs  
January 1 to December 31,2022

Unit: Thousand NTD

Item	Amount	Remarks
Cost for selling electricity		
depreciation expense	\$ 38,174	
Rental expenses	8,212	
Maintenance expenses	1,535	
Property insurance premium	659	
Other expenses	236	
	48,816	
Leasing cost		
depreciation expense	126,471	
Employee benefits expense	44,741	
Terminal administrative expenses	12,711	
Property insurance premium	13,182	
Other expenses	40,634	The balance of each fractional account does not exceed 5% of the balance of this account
Subtotal	237,739	
	<u>\$ 289,555</u>	

Prime Oil Chemical Service Corporation  
Details of selling and marketing expenses  
January 1 to December 31,2022

Unit: Thousand NTD

Item	Amount	Remarks
Employee benefits expense	\$ 3,885	
Donation	1,030	
Travel expenses	518	
Other expenses	688	The balance of each fractional account does not exceed 5% of the balance of this account
	<u>\$ 6,121</u>	

Prime Oil Chemical Service Corporation  
Details of administration expenses  
January 1 to December 31,2022

Unit: Thousand NTD

Item	Amount	Remarks
Employee benefits expense	\$ 35,143	
Salaries and wages	5,250	
depreciation expense	8,270	
Other expenses	12,879	The balance of each fractional account does not exceed 5% of the balance of this account
	<u>\$ 61,542</u>	

Prime Oil Chemical Service Corporation  
Summary by function of employee benefits, depreciation, depletion and amortization expenses incurred during the current period.  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD

Functionality	<u>2022</u>			<u>2021</u>		
	<u>Those of operating costs</u>	<u>Those of operating expenses</u>	<u>Total</u>	<u>Those of operating costs</u>	<u>Those of operating expenses</u>	<u>Total</u>
Nature						
Employee benefits expense						
Salary expenses	\$ 37,213	\$ 29,364	\$ 66,577	\$ 33,324	\$ 27,949	\$ 61,273
Labor and health insurance expenses	3,665	1,909	5,574	3,320	2,238	5,558
Pension costs	1,677	1,149	2,826	1,484	1,075	2,559
Directors' remuneration	-	3,918	3,918	-	2,233	2,233
Other employee expenses	<u>2,186</u>	<u>2,688</u>	<u>4,874</u>	<u>1,592</u>	<u>2,448</u>	<u>4,040</u>
	<u>\$ 44,741</u>	<u>\$ 39,028</u>	<u>\$ 83,769</u>	<u>\$ 39,720</u>	<u>\$ 35,943</u>	<u>\$ 75,663</u>
Depreciation expense	<u>\$ 164,645</u>	<u>\$ 8,270</u>	<u>\$ 172,915</u>	<u>\$ 157,046</u>	<u>\$ 8,243</u>	<u>\$ 165,289</u>
Amortization expenses	<u>\$ -</u>	<u>\$ 1,576</u>	<u>\$ 1,576</u>	<u>\$ -</u>	<u>\$ 1,328</u>	<u>\$ 1,328</u>

1. The number of employees at the end of the current year and the previous year was 68 and 73, respectively. Among them, there were 4 and 3 Directors, respectively, who do not concurrently serve as employees.
2. For companies whose shares are listed on the Taiwan Stock Exchange or traded over-the-counter on the Taipei Exchange, they should further disclose the

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following information.

(1) The average employee benefit expenses of the year was NT\$1,248 ((total employee benefit costs of the year – total directors’ remuneration)/(the number of employees of the year - number of directors who are not concurrently employed))

The average employee benefit expenses of the previous year was NT\$1,049 ((total employee benefit costs of the previous year – total directors’ remuneration)/(the number of employees of the previous year - number of directors who are not concurrently employed))

(2) The average salaries and wages expenses of the year was NT\$1,040 (total salaries and wages of the year/(the number of employees of the previous year - number of directors who are not concurrently employed))

The average salaries and wages expenses of the previous year was NT\$875 (total salaries and wages of the previous year/(the number of employees of the previous year - number of directors who are not concurrently employed))

(3) Change in average employee salary expense adjustment (18.86%) ((the average salaries and wages expenses of the year-the average salaries and wages expenses of the previous year)/ the average salaries and wages expenses of the previous year)

(4) Supervisors’ remuneration of the year was NT\$613, Supervisors’ remuneration of the previous year was NT\$871.

(5) The Company's compensation policy (including directors, independent directors, supervisors, managers and employees)

A. The remuneration of directors (including independent directors) and supervisors of the Company shall be provided in accordance with Article 32 of the Company's Articles of Incorporation, and the remuneration of directors and supervisors shall be distributed in accordance with the "Regulations Governing the Remuneration of Directors, Independent Directors and Supervisors of the Company" in accordance with the three categories of duties and responsibilities, the degree of participation in the Company's operations and the degree of professionalism and continuing education. The reasonableness of such compensation shall be reviewed by the Compensation Committee and approved by the Board of Directors.

B. The remuneration of the Company's managers and employees shall be divided into fixed salary and variable salary, with fixed salary in accordance with the Company's "Personnel Management Rules" and approved in accordance with the job description and professional competence of the position. Variable salaries include year-end bonuses to encourage employees' annual performance, based on the Company's profitability and future development, and employee compensation in accordance with Article 32 of the Company's Articles of Incorporation.