

Prime Oil Chemical Service Corporation and its
subsidiaries

Consolidated Financial Statements and
Independent Auditor's Review Report

3st Quarter in 2022 and 2021

(Stock Code: 2904)

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Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated Financial Statements and Independent Auditor's Review Report for the 3st
Quarter in 2022 and 2021
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Independent Auditor's Review Report

(2022) Cai-Shen-Bao-Zi No.22002164

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

Foreword

We have reviewed the accompanying consolidated balance sheets of Prime Oil Chemical Service Corporation and its subsidiaries (the "POCS Group") as of September 30, 2022 and 2021 and the related consolidated comprehensive income statements, for the three months ended September 30, 2022 and 2021 and for the nine months ended September 30, 2022 and 2021, consolidated statements of changes in equity and consolidated cash flow statements for the periods then ended, and notes to the consolidated financial statements (including a summary of significant accounting policies). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulation Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Statement 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on the consolidated financial statements based on our review.

Scope of Review

Except for those described in the paragraph of basis of qualified conclusion, we concluded our reviews in accordance with Statements of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity." A review of consolidated financial statements consists of making inquiries (primarily of persons responsible for financial and accounting matters), and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis of qualified conclusion

As described in Note 4(3) and 6(6). to the consolidated financial statements, the financial statements of certain non-significant subsidiaries included in the above consolidated financial statements for the same period have not been reviewed by us. As of September 30, 2022 and 2021, their total assets amounted to NT\$520,993 thousand and NT\$395,441 thousand, respectively, accounting for 23% and 24% of the consolidated total assets; their total liabilities

amounted to NT\$90,652 thousand and NT\$98,601 thousand, respectively, accounting for 8% and 15% of the consolidated total liabilities. Their total consolidated income from July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021, was NT\$14,799 thousand、NT\$1,302 thousand、NT\$11,343 thousand and NT\$3,951 thousand, respectively, which accounted for 29%、(120%)、10% and 7% of the consolidated comprehensive income, respectively.

Qualified conclusion

Based on our review, except for the effect of adjustments, if any, as might have been made to the consolidated financial statements had the financial statements of these non-significant subsidiaries been reviewed by us as described in the paragraph of basis of qualified conclusion, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material aspects the consolidated financial position of the POCS Group as of September 30, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the three months then ended September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 “Interim Financial Reporting” endorsed by the Financial Supervisory Commission

PricewaterhouseCoopers, Taiwan

Huang, Pei-Chuan

Accountant

Pan, Hui-Ling

Financial Supervisory Commission

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1100348083

Previously Securities and Futures Commission, Ministry of Finance

Approval certification number: (1999) Tai-Cai-Zheng (VI) No. 95577

November 10, 2022

Prime Oil Chemical Service Corporation and its subsidiaries

Consolidated balance sheets

September 30, 2022 and December 31 and September 30, 2021

(The accompanying consolidated balance sheets as of September 30, 2022 and 2021 have been reviewed only, and have not been audited in accordance with generally accepted auditing standards.)

Unit: NTD thousand

Assets	Note	September 30, 2022		December 31, 2021		September 30, 2021		
		Amount	%	Amount	%	Amount	%	
Current assets								
1100	Cash and cash equivalents	6 (1)	\$ 176,841	8	\$ 135,111	8	\$ 144,749	9
1136	Financial assets measured at amortized cost - current	6 (4)	18,392	1	26,026	2	16,124	1
1150	Notes receivable, net	6 (5)	346	-	717	-	239	-
1170	Accounts receivable, net	6 (5) and 12(2)	49,746	2	42,387	3	45,110	3
1200	Other receivables		150	-	-	-	-	-
1410	Prepayments		17,980	1	8,457		13,078	1
11XX	Total current assets		<u>263,455</u>	<u>12</u>	<u>212,698</u>	<u>13</u>	<u>219,300</u>	<u>14</u>
Non-current assets								
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	110,392	5	83,109	5	84,546	5
1517	Financial assets at fair value through other comprehensive income - noncurrent	6(3)	5,202	-	36,214	2	34,390	2
1535	Financial assets measured at amortized cost - non-current	6 (4)and 8	2,302	-	2,301	-	2,300	-
1550	Investments accounted for using equity method	6 (6)	111,827	5	-	-	-	-
1600	Property, plant and equipment	6 (7)and 8	1,337,902	59	1,179,274	72	1,165,158	72
1755	Right-of-use assets	6 (8)	308,153	13	47,957	3	41,079	3
1780	Intangible asset		4,615	-	4,241	-	4,527	-
1840	Deferred tax assets		1,995	-	5,660	1	5,469	-
1900	Other non-current assets	6(10)and 8	126,754	6	64,026	4	61,678	4
15XX	Total non-current assets		<u>2,009,142</u>	<u>88</u>	<u>1,422,782</u>	<u>87</u>	<u>1,399,147</u>	<u>86</u>
1XXX	Total assets		<u>\$ 2,272,597</u>	<u>100</u>	<u>\$ 1,635,480</u>	<u>100</u>	<u>\$ 1,618,447</u>	<u>100</u>

(Continued)

Prime Oil Chemical Service Corporation and its subsidiaries

Consolidated balance sheets

September 30, 2022 and December 31 and September 30, 2021

(The accompanying consolidated balance sheets as of September 30, 2022 and 2021 have been reviewed only, and have not been audited in accordance with generally accepted auditing standards.)

Unit: NTD thousand

Liabilities and Stockholders' Equity	Note	September 30, 2022		December 31, 2021		September 30, 2021		
		Amount	%	Amount	%	Amount	%	
Current liabilities								
2100	Short-term borrowings	6 (11)	\$ 262,900	11	\$ 103,600	6	\$ 63,100	4
2110	Short-term bills payable	6 (11)	37,300	2	38,500	2	19,500	1
2150	Notes payable		2,673	-	6,881	-	1,758	-
2200	Other payables	6 (13)	65,997	3	60,518	4	178,137	11
2230	Current income tax liabilities		16,125	1	15,617	1	15,806	1
2280	Current lease liabilities		54,929	2	23,363	2	33,441	2
2320	Long-term liabilities, current portion	6 (12)	66,673	3	69,878	4	63,374	4
2399	Other current liabilities		39	-	77	-	38	-
21XX	Total current liabilities		<u>506,636</u>	<u>22</u>	<u>318,434</u>	<u>19</u>	<u>374,654</u>	<u>23</u>
Non-current liabilities								
2540	Long-term borrowings	6 (12)	356,718	16	294,365	18	242,652	15
2550	Provisions for liabilities - non-current	6 (16)	28,977	1	25,185	2	23,647	2
2570	Deferred tax liabilities		15,202	1	4,052	-	3,405	-
2580	Non-current lease liabilities		246,323	11	15,962	1	4,764	-
2640	Net defined benefit liabilities - noncurrent		7,625		8,552	1	6,889	1
2645	Guarantee deposits received		6,450	-	6,450	-	6,450	-
25XX	Total non-current liabilities		<u>661,295</u>	<u>29</u>	<u>354,566</u>	<u>22</u>	<u>287,807</u>	<u>18</u>
2XXX	Total liabilities		<u>1,167,931</u>	<u>51</u>	<u>673,000</u>	<u>41</u>	<u>662,461</u>	<u>41</u>
Equity attributable to shareholders of the parent company								
Share capital 6 (17)								
3110	Common stock		690,344	30	690,344	42	690,344	43
3140	Advance receipts for ordinary share		80,325	4	-	-	-	-
Additional paid-in capital 6 (15) (18)								
3200	Additional paid-in capital		6,888	-	4,233	-	4,233	-
Retained earnings 6 (19)								
3310	Legal reserve		194,177	9	187,193	12	187,193	11
3320	Special reserve		18,778	1	13,064	1	13,064	1
3350	Unappropriated retained earnings		102,105	4	85,951	5	80,335	5

The accompanying notes are an integral part of the consolidated 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 and its subsidiaries

Consolidated balance sheets

September 30, 2022 and December 31 and September 30, 2021

(The accompanying consolidated balance sheets as of September 30, 2022 and 2021 have been reviewed only, and have not been audited in accordance with generally accepted auditing standards.)

Unit: NTD thousand

Other equity interests							
3400	Other equity interests	11,585	1-	(18,778)	(1)	(19,666)	(1)
31XX	Total equity attributable to shareholders of the parent company	1,104,202	49	962,007	59	955,503	59
36XX	Non-controlling interests	464	-	473	-	485	-
3XXX	Total equity	1,104,666	49	962,480	59	955,986	59
	Significant contingent liabilities and unrecognized contract commitments		9				
	Significant subsequent events		11				
3X2X	Total liabilities and equity		10				
		\$ 2,272,597	0	\$ 1,635,480	100	\$ 1,618,447	100

The accompanying notes are an integral part of the consolidated 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 and its subsidiaries
Consolidated income statements

January 1 to September 30, 2022 and 2021

(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand
(Except for earnings per share)

Item	Note	July 1 to September 30,2022		July 1 to September 30,2021		January 1 to September 30,2022		January 1 to September 30,2021		
		Amount	%	Amount	%	Amount	%	Amount	%	
4000	Operating income	6(9)								
		(20)	\$ 125,553	100	\$ 7	100	\$ 9	0	\$ 365,361	100
5000	Operating cost	6(23)								
		(24)	(72,628)	(58)	(75,486)	(69)	(3)	(65)	(230,490)	(63)
5900	Operating gross profits		52,925	42	33,931	31	126,83	35	134,871	37
	Operating expenses	6(23)								
		(24)								
6100	Selling and marketing expenses		(1,527)	(1)	(1,261)	(1)	(5,007)	(1)	(4,682)	(1)
6200	General and administrative expenses		(17,978)	(14)	(12,400)	(12)	(49,454)	(14)	(46,628)	(13)
6000	Total operating expenses		(19,505)	(15)	(13,661)	(13)	(54,461)	(15)	(51,310)	(14)
6900	Operating profit		33,420	27	20,270	18	72,375	20	83,561	23
	Non-operating income and expenses									
7100	Interest income		76	-	64	-	210	-	204	-
7010	Other income		4,771	4	801	1	6,322	2	1,670	-
7020	Other gains or losses	6(21)	5,188	4	(15,031)	(14)	31,392	9	(2,630)	(1)
7050	Financial costs	6(22)	(1,493)	(1)	(458)		(2,878)	(1)	(1,661)	-
7060	Share of (profit) loss of associates and joint ventures accounted for under equity method	6(6)	2,029	1			2756	1	-	-
7000	Total non-operating income and expenses		10,571	8	(14,624)	(13)	37,802	11	(2,417)	(1)
7900	Profit before income tax		43,991	35	5,646	5	110,17	31	81,144	22
7950	Income tax expense	6(25)	(9,228)	(7)	(4,376)	(4)	(24,817)	(7)	(16,922)	(5)
8200	Current period net profit		\$ 34,763	28	\$ 1,270	1	\$ 85,360	24	\$ 64,222	17
	Other comprehensive income for the year (net)									
	Items that will be reclassified to profit or loss									
8316	Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	6(3)	(371)		(2,300)	(2)	(2,304)	(1)	(5,171)	(1)
8310	Total amount of items that will not be reclassified to profit or loss		(371)		(2,300)	(2)	(2,304)	(1)	(5,171)	(1)
	Items that may be reclassified subsequently to profit or loss:									

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Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated income statements

January 1 to September 30, 2022 and 2021

(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand
(Except for earnings per share)

8361	Exchange differences in translating the financial statements of foreign operations		20,898	16	(68)	-	39,223	11	(4,293)	(1)
8399	Income taxes related to items that may be reclassified	6(25)	(4,181)	(3)	14	-	(7,846)	(2)	859	-
8360	Total of items that may be reclassified to profit or loss		16,717	13	(54)	-	31,377	9	(3,434)	(1)
8300	Other comprehensive income for the year (net)		<u>\$ 16,346</u>	<u>13</u>	<u>(\$ 2,354)</u>	<u>(2)</u>	<u>\$ 29,073</u>	<u>8</u>	<u>(\$ 8,605)</u>	<u>(2)</u>
8500	Total comprehensive income in the current period		<u>\$ 51,109</u>	<u>41</u>	<u>(\$ 1,084)</u>	<u>(1)</u>	<u>\$ 114,433</u>	<u>32</u>	<u>\$ 55,617</u>	<u>15</u>
	Net income attributable to:									
8610	Shareholders of the parent company		\$ 34,766	28	\$ 1,272	1	\$ 85,369	24	\$ 64,228	17
8620	Non-controlling interests		(3)	-	(2)	-	(9)	-	(6)	-
			<u>\$ 34,763</u>	<u>28</u>	<u>\$ 1,270</u>	<u>1</u>	<u>\$ 85,360</u>	<u>24</u>	<u>\$ 64,222</u>	<u>17</u>
	Total comprehensive income attributable to									
8710	Shareholders of the parent company		\$ 51,112	41	(\$ 1,082)	(1)	\$ 114,442	32	\$ 55,623	15
8720	Non-controlling interests		(3)	-	(2)	-	(9)	-	(6)	-
			<u>\$ 51,109</u>	<u>41</u>	<u>(\$ 1,084)</u>	<u>(1)</u>	<u>\$ 114,433</u>	<u>32</u>	<u>\$ 55,617</u>	<u>15</u>
	Earnings per share	6(26)								
9750	Basic		<u>\$ 0.50</u>		<u>\$ 0.02</u>		<u>\$ 1.24</u>		<u>\$ 0.93</u>	
9850	Diluted		<u>\$ 0.50</u>		<u>\$ 0.02</u>		<u>\$ 1.23</u>		<u>\$ 0.93</u>	

The accompanying notes are an integral part of the consolidated 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 and its subsidiaries
Consolidated statements of changes in equity
January 1 to September 30, 2022 and 2021
(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand

	Note	Equity attributable to shareholders of the parent company									Total	Non-controlling interests	Total equity
		Share capital	Advance receipts for common stock share	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Other equity interests	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>The 3st quarter of 2021</u>													
Balance at January 1, 2021		\$ 690,344	\$ -	\$ 4,233	\$ 171,221	\$ -	\$ 185,215	(\$ 10,992)	(\$ 2,072)	\$ 1,037,949	\$ 489	\$ 1,038,438	
Current period net profit		-	-	-	-	-	64,228	-	-	64,228	(6)	64,222	
Other comprehensive income recognized for the period		-	-	-	-	-	(3,434)	(5,171)	(8,605)	(8,605)	(-)	(8,605)	
Total comprehensive income in the current period		-	-	-	-	-	64,228	(3,434)	(5,171)	55,623	(6)	55,617	
Appropriations of 2020 earnings	6(19)	--	-	-	-	-	-	-	-	-	-	-	
Legal reserve		-	-	-	15,972	-	(15,972)	-	-	-	-	-	
Special reserve		-	-	-	-	13,064	(13,064)	-	-	-	-	-	
Cash dividends		-	-	-	-	-	(138,069)	-	-	(138,069)	(-)	(138,069)	
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	-	-	-	-	-	(2,003)	-	2,003	-	-	-	

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated statements of changes in equity
January 1 to September 30, 2022 and 2021
(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand

	Note	Equity attributable to shareholders of the parent company										Total	Non-controlling interests	Total equity
		Share capital - ordinary common stock share	Advance receipts for Capital surplus	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	Other equity interests					
Balance at September 30, 2021		\$ 690,344	\$ 4,233	187,193	\$ 13,064	\$ 80,335	(\$ 14,426)	(\$ 5,240)	\$ 955,503	\$ 483	\$ 955,986			
<u>3rd quarter of 2022</u>														
Balance at January 1, 2022		\$ 690,344	\$ 4,233	187,193	13,064	\$ 85,951	\$ 15,363	\$ 3,415	\$ 962,007	\$ 473	\$ 962,480			
Current period net profit		-	-	-	-	85,369	-	-	85,369	(9)	85,360			
Other comprehensive income recognized for the period		-	-	-	-	-	31,377	(2,304)	29,073	-	29,073			
Total comprehensive income in the current period		-	-	-	-	85,369	31,377	(2,304)	114,442	(9)	114,433			
Appropriations of 2021 earnings	6(19)	-	-	-	-	-	-	-	-	-	-			
Legal reserve		-	-	6,984	-	(6,984)	-	-	-	-	-			
Special reserve		-	-	-	5,714	(5,714)	-	-	-	-	-			
Cash dividends		-	-	-	-	(55,227)	-	-	(55,227)	-	(55,227)			

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated statements of changes in equity
January 1 to September 30, 2022 and 2021
(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand

	Share capital	Equity attributable to shareholders of the parent company							Total	Non-controlling interests	Total equity	
		Share capital - ordinary common stock share	Advance receipts for Capital surplus	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				
Note												
Follow-On Offering	-	80,325	-	-	-	-	-	-	80,325	-	80,325	
Share-based Payment	6(15)	-	-	2,655	-	-	-	-	2655	-	2655	
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	-	-	-	-	-	(1,290)	-	1,290	-	-	
Balance at September 30, 2022	\$	690,344\$	80,325\$	6,888\$	194,177\$	18,778\$	102,105 \$	16,014 (\$	4,429) \$	1,104,202 \$	464 \$	1,104,666

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated cash flow statements
January 1 to September 30, 2022 and 2021
(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand

	Note	January 1 to September 30, 2022	January 1 to September 30, 2021
<u>Cash flow from operating activities</u>			
Profit before income tax for the year		\$ 110,177	\$ 81,144
Adjustment for:			
Income and expenses having no effect on cash flows			
Depreciation expense	6 (7)(8) (23)	140,734	130,813
Allocations	6(23)	1,166	1,032
Gain on valuation of financial assets at fair value through profit or loss	6 (2)(21)	(31,445)	1,554
Financial costs	6 (22)	2,878	1,661
Interest income		(210)	(204)
Dividend income	6(3)	(4,699)	(445)
Share-based Payment	6(15)	2,655	-
Share of (profit) loss of associates and joint ventures accounted for under equity method	6(6)	(2,756)	-
Gain on disposal of property, plant and equipment		-	(95)
Gain on lease modification	6(8)	-	(31)
Change in assets/liabilities related to operating activities			
Changes in operating assets			
Notes receivable, net		371	5
Accounts receivable, net		(7,359)	54
Other receivables		-	1,960
Prepayments		(9,523)	2,950
Changes in operating liabilities			
Notes payable		(4,208)	(5,123)
Other payables		1,050	(8,601)
Other current liabilities		(38)	(36)
Net defined benefit liabilities		(927)	(967)
Cash flow from operating activities		197,866	205,671
Interest paid		(2,878)	(1,661)
Interest received		210	204
Income tax paid		(17,490)	(27,356)
Dividends received		4,699	445
Net cash generated by operating activities		182,407	177,303
<u>Cash flow from investing activities</u>			
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)	4,162	9,112
Disposal of financial assets at fair value through profit or loss	12(3)	28,708	-
Return of capital from financial assets at fair value through other comprehensive profit or loss	12(3)	-	3,422

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated cash flow statements
January 1 to September 30, 2022 and 2021
(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand

	<u>Note</u>	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Acquisition of financial assets measured at amortized cost		-	(2,300)
Disposal of financial assets measured at amortized cost		10,000	-
Acquisition of investments accounted for using equity method	6(6)	(97,653)	-
Purchase of property, plant and equipment	6 (27)	(232,558)	(131,496)
Disposal of property, plant and equipment		-	95
Acquisition of intangible assets		(1,540)	(151)
Increase in refundable deposits		(69,120)	(2,782)
Decrease in refundable deposits		15,459	-
Net cash used in investing activities		(342,542)	(152,241)
<u>Cash flow from financing activities</u>			
Borrowing of short-term loans	6(28)	738,800	329,200
Repayment of short-term loans	6(28)	(579,500)	(364,900)
Decrease in short-term bills payable	6(28)	(1,200)	(26,500)
Borrowing of long-term loans (including portions due within one year or one operating cycle)	6(28)	157,420	120,000
Repayment of long-term loans (including portions due within one year or one operating cycle)	6(28)	(98,272)	(41,188)
Amount of principal payments on lease liabilities	6 (8)(28)	(41,841)	(39,643)
Cash dividends paid	6(19)	(55,227)	-
Advance receipts for ordinary share	6(17)	80,325	-
Net cash inflow (outflows) from financing activities		200,505	(23,031)
Effects of exchange rate changes on the balance of cash held in foreign currencies		1,360	2
Increase(decrease) in cash and cash equivalents		41,730	2,033
Beginning of year cash and cash equivalents		135,111	142,716
Cash and cash equivalents at the end of the year		<u>\$ 176,841</u>	<u>\$ 144,749</u>

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Notes to consolidated financial statements
3rd Quarter in 2022 and 2021

(Reviewed only, not audited in accordance with generally accepted auditing standards)

Unit: NTD thousand
(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 (hereinafter collectively referred to as the "Group") are mainly engaged in chemical, oil tank storage and delivery services, general trading, solar power generation business and commercial real estate leasing.

II. Date and Procedures for Approval of Financial Statements

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors on November 10, 2022.

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 "Update the index of the conceptual framework."	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: price before reaching the intended state of use"	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Performing Contracts"	January 1, 2022
"Annual Improvements 2018 - 2020 Cycle"	January 1, 2022

The Corporate Group believes that adopting the aforementioned IFRSs will not have a significant effect on the consolidated financial position and performance.

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

New standards, interpretations and amendments endorsed by the FSC effective from 2023 areas follows: :

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by</u>
Amendments to IAS 1, “Disclosure of Accounting Policies”	IASB January 1, 2023
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023

The Corporate Group believes that adopting the aforementioned IFRSs will not have a significant effect on the consolidated 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</u>
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	IASB To be decided by the IASB
Amendments to IFRS 16 “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
Amendment to IFRS 17 “Initial Application 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
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

The Corporate Group believes that adopting the aforementioned IFRSs will not have a significant effect on the consolidated financial position and performance.

IV. Summary of significant accounting policies

The significant accounting policies are the same as those described in Note 4 to the consolidated financial statements as of and for the year ended December 31, 2021, except for the statement of compliance, the basis of preparation, the basis of consolidation, and the new sections described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

1. The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and International 34 “Interim Financial Reporting” endorsed by the Financial Supervisory

Commission

2. The consolidated financial statements should be read in conjunction with the consolidated financial statements as of and for the year ended December 31, 2021.

(II) Basis of preparation

1. The consolidated 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) Other comprehensive income at fair value through profit or loss 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 financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

1. The basis for preparation of consolidated financial statements

The consolidated financial statements have been prepared in accordance with the same principles as the consolidated financial statements as of and for the year ended December 31, 2021.

2. Subsidiaries included in consolidated financial statements

<u>Investor</u>	<u>Investee</u>	<u>Main Business</u>	<u>Shareholding percentage (%)</u>			<u>Description</u>
			<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>	
The Company	He Zhen Feng Co., Ltd.	Real Estate Leasing	69.47	69.47	69.47	Note 2
The Company	POCS Power Co., Ltd.	Solar Power Industry	100.00	100.00	100.00	Note 2
The Company	Prime Holdings Corporation (PHC)	Shareholding and General Trading	100.00	100.00	100.00	Note 2
PHC	Prime Solar Energy Co., Ltd.	Real Estate Development	100.00	100.00	100.00	Note 1 and 2

Note 1: Prime Solar Energy Co., Ltd. is a subsidiary established in Cambodia through another subsidiary, Prime Holdings Corporation. In order for Prime Solar Energy Co., Ltd. to legally hold land in Cambodia, 51% of the shares are nominally held through local persons in accordance with local laws and regulations, but Prime Holdings Corporation still enjoys 100% equity and control in substance.

Note 2: Their financial statements as of September 30, 2022 and 2021 were not reviewed by

CPAs because they did not meet the definition of a significant subsidiary.

3. Subsidiaries not included in consolidated financial statements: No such situation.
4. Adjustments for subsidiaries with different balance sheet dates: No such situation.
5. Significant restrictions: No such situation.
6. Subsidiaries that have non-controlling interests that are material to the Corporate Group: No such situation.

(IV) Investments accounted for using equity method / associates

Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. For the Group, investments in associates are accounted for using the equity method and are initially recognised at cost

(V) Employee benefits

Pension ~ defined benefit plan

The pension cost for the interim period is calculated using the actuarially determined pension cost rate as of the end of the previous fiscal year and is based on the beginning of the year to the end of the current period. If there are significant market changes and material reductions, settlements or other significant one-time events after the cut off day, adjustments will be made and the relevant information will be disclosed in accordance with the aforementioned policy.

(VI) Income tax

The income tax expense for the interim period is calculated by applying the estimated average effective tax rate for the year to the income before tax for the interim period and the related information is disclosed.

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

There were no significant changes during the period. Please refer to Note 5 of the Notes to Consolidated Financial Statements as of and for the year ended December 31, 2021.

VI. Statements of main accounting items

(I) Cash and cash equivalents

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Cash on hand and working capital	\$ 205	\$ 210	\$ 227
Checking accounts and demand deposits	132,986	101,251	85,872
Time deposits	43,650	33,650	58,650
	<u>\$ 176,841</u>	<u>\$ 135,111</u>	<u>\$ 144,749</u>

1. The Corporate Group 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 portion of cash and cash equivalents pledged as collateral by the Group has been transferred to financial assets measured at amortized cost and other non-current assets, please refer to Notes 6(4), 6(10) and 8.

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

<u>Item</u>	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Non-current items:			
Financial assets at fair value through profit and loss			
Investment in private equity	\$ 66,034	\$ 70,196	\$ 75,720
Valuation adjustment	<u>44,358</u>	<u>12,913</u>	<u>8,826</u>
Total	<u>\$ 110,392</u>	<u>\$ 83,109</u>	<u>\$ 84,546</u>

1. Gain and loss recognized for financial assets at fair value through profit or loss held by the Group was \$3,913 (\$15,054) \$31,445 and (\$1,554) from July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021, respectively.
2. The Group has not pledged any financial assets at fair value through profit or loss.
3. Please refer to Note 12, (2) for the related credit risk information of financial assets at fair value through profit and loss.

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

<u>Item</u>	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Non-current items:			
Equity instruments			
Stock not listed on TWSE, TPEX or the emerging market	\$ 7,526	\$ 33,440	\$ 37,526
Valuation adjustment	<u>(2,324)</u>	<u>2,774</u>	<u>(3,136)</u>
Total	<u>\$ 5,202</u>	<u>\$ 36,214</u>	<u>\$ 34,390</u>

1. The Group 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 \$5,202, \$36,214 and \$34,390 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.
2. As of 2021, the Corporate Group disposal of the subject company's stock with a carrying value of \$28,708 and accumulated loss on disposal of \$1,290 transferred to unappropriated earnings
3. As of 2021, the Corporate Group derecognized stocks with a carrying value of \$5,423 due to a capital reduction by the target company and reclassified the cumulated loss of \$2,003 to unappropriated earnings.
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>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
Change in fair value recognized in other comprehensive Income	(\$ <u>371</u>)	(\$ <u>2,300</u>)
Accumulated gain or loss due to reclassification of retained earnings	\$ <u>1,290</u>	\$ <u>2,003</u>
Dividends income recognized in profit or loss and still held at the end of the period		
Holding at the end of the period	\$ -	\$ 223
Excluded in the period	<u>4,107</u>	<u>222</u>
	<u>\$ 4,107</u>	<u>\$ 445</u>

	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Change in fair value recognized in other comprehensive Income	(\$ <u>2,304</u>)	(\$ <u>5,171</u>)
Accumulated gain or loss due to reclassification of retained earnings	\$ <u>1,290</u>	\$ <u>2,003</u>
Dividends income recognized in profit or loss and still held at the end of the period		
Holding at the end of the period	\$ 592	\$ 223
Excluded in the period	<u>4,107</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 Group's maximum exposure to credit risk was \$5,202, \$36,214 and \$34,390 as of September 30, 2022, December 31, 2021 and September 30, 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 the related credit risk information of financial assets at fair value through profit and loss.

(IV) Financial assets measured at amortized cost

<u>Item</u>	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Current items:			
The term deposit with original maturity over three months	\$ -	\$ 10,000	\$ -
	<u>18,392</u>	<u>16,026</u>	<u>16,124</u>
Trust account			
	<u>\$ 18,392</u>	<u>\$ 26,026</u>	<u>\$ 16,124</u>
Total			
Non-current items:			
	<u>\$ 2,302</u>	<u>\$ 2,301</u>	<u>\$ 2,300</u>
Restricted asset			

1. The details of the financial assets measured at amortized cost that were recognized in the profit and loss are as follows:

	<u>July 1 to September</u> <u>30, 2022</u>	<u>July 1 to September</u> <u>30, 2021</u>
Interest income	\$ -	\$ -
Benefit on valuation	<u>1,183</u>	<u>(6)</u>
	<u>\$ 1,183</u>	<u>(\$ 6)</u>

	<u>January 1 to September</u> <u>30, 2022</u>	<u>January 1 to September</u> <u>30, 2021</u>
Interest income	\$ 6	\$ 3
Benefit on valuation	<u>2,366</u>	<u>(365)</u>
	<u>\$ 2,372</u>	<u>(\$ 362)</u>

2. Without considering the collaterals held or other credit enhancements, the amount of financial assets measured at amortized cost that best represented the Corporate Group's maximum exposure to credit risk was \$20,694、\$28,327 and \$16,124 as of September 30, 2022 December 31, 2021 and September 30, 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 Corporate Group 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 September 30, 2022, December 31, 2021, and September 30, 2021 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 notice of judgment from the TDC denying the Company's request. After consulting with the attorney, the Company filed an appeal with the Taiwan High Court in January 2021. On August 23, 2022, the Taiwan High Court ordered the Company to pay Chunghwa Telecom Vietnam US\$2,284,000 plus interest at the rate of 5% per annum from September 24, 2019 to the date of settlement. After consulting with its attorneys, the Company filed an appeal with the Supreme Court in September 2022 and deposited \$69,120 as a guarantee against fraudulent execution, and the amount of the guarantee was recorded as other non-current assets.

(V) Notes and accounts receivable

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Note receivable	\$ 346	\$ 717	\$ 239
Trade receivable	\$ 49,746	\$ 42,387	\$ 45,110

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

	<u>September 30, 2022</u>		<u>December 31, 2021</u>		<u>September 30, 2021</u>	
	<u>Trade</u> <u>receivable</u>	<u>Note</u> <u>receivable</u>	<u>Trade</u> <u>receivable</u>	<u>Note</u> <u>receivable</u>	<u>Trade</u> <u>receivable</u>	<u>Note</u> <u>receivable</u>
Not Past Due	<u>\$49,746</u>	<u>\$ 346</u>	<u>\$42,387</u>	<u>\$ 717</u>	<u>\$45,110</u>	<u>\$ 239</u>

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

2. As of September 30, 2022, December 31, 2021 and September 30, 2021, the balances of accounts receivable (including notes receivable) were generated from customer contracts, and the balance of accounts receivable from customer contracts as of January 1, 2021 was \$45,408.
3. The Group does not hold any collateral.
4. Without considering the collaterals held or other credit enhancements, the amount of notes receivable that best represented the Group's maximum exposure to credit risk was \$346 \$717 and \$239 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively; the amount of accounts receivable that best represented the Group's maximum exposure to credit risk was \$49,746, \$42,387 and \$45,110 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively;
5. Please refer to Note 12, (2) for the related credit risk information of accounts receivable.

(VI) Investments accounted for under equity method

1. Investments accounted for under equity method

September 30, 2022

ABZbridge Corporation \$ 111,827

As of September 30, 2021 and December 31, 2021, have not invested accounted for under equity method.

2. The information on non-controlling interest is as follows:

<u>Name of Subsidiary</u>	<u>Principal place of business</u>	<u>Country of registration</u>	<u>Ownership(%)</u>			<u>Relation</u>
			<u>September 30,2022</u>	<u>December 31,2021</u>	<u>September 30,2021</u>	
ABZbridge Corporation	TW	KY	20%	-	-	Strategic investment

Note: ABZbridge Corporation is registered in Cayman.

3. The Group has holds 20% of ABZbridge Corporation's equity from March, 2022. The Group is not the largest shareholder of ABZbridge Corporation and has significant influence but not control.
4. Summarized financial information of the associates:

Balance Sheet

ABZbridge
September 30, 2022

Current assets	\$ 237,646
Non-current assets	388,713
Current liabilities	67,224
Non-current liabilities	-
Total net assets	<u>559,135</u>
Proportionate interest of the net assets	<u>111,827</u>

Composite Income Statement

ABZbridge Corporation

	July 1 to September 30, 2022	January 1 to September 30, 2022
Income	\$ 564,565	\$ 1,619,354
Current period net profit	10,231	10,629
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income in the current period	<u>10,231</u>	<u>10,629</u>

Gain and loss recognized for ABZbridge Corporation was \$2,029 \$2,756 from July 1 to September 30, 2022 and January 1 to September 30, 2022.

- For the above-mentioned equity-method investees, the balances of investments accounted for under the equity method as of September 30, 2022 were evaluation of self-prepared financial information that has not been reviewed by an auditor.

(VII) Property, Plant and Equipment

2022

	<u>Land</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									
Cost	\$44,004	\$650,880	\$ 10,001	\$ 521	\$ 884	\$86,132	\$959,531	\$ 26,240	\$1,778,193
Accumulated depreciation and impairments	<u>-(383,163)</u>	<u>(4,259)</u>	<u>(182)</u>	<u>(736)</u>	<u>(66,530)</u>	<u>(144,049)</u>	<u>-</u>	<u>(598,919)</u>	
	<u>\$44,004</u>	<u>\$267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$815,482</u>	<u>\$ 26,240</u>	<u>\$1,179,274</u>
January 1	\$44,004	\$267,717	\$ 5,742	\$ 339	\$ 148	\$ 19,602	\$815,482	\$ 26,240	\$1,179,274
Addition	-	43,324	-	196-	-	-	156,938-	31,254	231,712
Number of Transfers	-	3,140	-	-	-	-	21,627 -	(24,767)	-
depreciation expense	-	(52,344)	(924)	(102)	(69)	(6,289)	(37,431)	-	(97,159)
Net exchange difference	<u>6,498</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>17,577</u>	<u>-</u>	<u>24,075</u>
September 30	<u>\$50,502</u>	<u>\$261,837</u>	<u>\$ 4,818</u>	<u>\$ 433</u>	<u>\$ 79</u>	<u>\$ 13,313</u>	<u>\$974,193</u>	<u>\$ 32,727</u>	<u>\$1,337,902</u>
September 30									
Cost	\$50,502	\$685,834	\$ 10,001	\$ 717	\$ 669	\$ 80,346	\$1,155,673	\$ 32,727	\$2,016,469
Accumulated depreciation and impairment	<u>-(423,997)</u>	<u>(5,183)</u>	<u>(284)</u>	<u>(590)</u>	<u>(67,033)</u>	<u>(181,480)</u>	<u>-</u>	<u>(678,567)</u>	
	<u>\$50,502</u>	<u>\$261,837</u>	<u>\$ 4,818</u>	<u>\$ 433</u>	<u>\$ 79</u>	<u>\$ 13,313</u>	<u>\$974,193</u>	<u>\$ 32,727</u>	<u>\$1,337,902</u>

2021

	<u>Land</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									
Cost	\$ 45,278	\$629,277	\$ 8,161	\$ 1,648	\$ 1,037	\$909,441	\$864,658	\$41,258	\$2,500,758
Accumulated depreciation and impairments	<u>-(363,858)</u>		<u>(3,945)</u>	<u>(1,278)</u>	<u>(750)</u>	<u>(878,773)</u>	<u>(100,655)</u>	<u>-</u>	<u>(1,349,259)</u>
	<u>\$ 45,278</u>	<u>\$265,419</u>	<u>\$ 4,216</u>	<u>\$ 370</u>	<u>\$ 287</u>	<u>\$ 30,668</u>	<u>\$764,003</u>	<u>\$41,258</u>	<u>\$ 1,151,499</u>
January 1	\$ 45,278	\$265,419	\$ 4,216	\$ 370	\$ 287	\$ 30,668	\$764,003	\$41,258	\$ 1,151,499
Addition	-	30,289	2,611-	55-	-	-	54,306	17,632	104,893
Number of Transfers	-	14,019	100-	-	-	-	20,328	(34,447)	-
depreciation expense	-(45,923)		(818)	(62)	(90)	(8,168)	(32,274)	-	(87,335)
Net exchange difference	<u>(1,003)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>- (2,896)</u>	<u>-</u>	<u>-</u>	<u>(3,899)</u>
September 30	<u>\$ 44,275</u>	<u>\$263,804</u>	<u>\$ 6,109</u>	<u>\$ 363</u>	<u>\$ 197</u>	<u>\$ 22,500</u>	<u>\$803,467</u>	<u>\$24,443</u>	<u>\$ 1,165,158</u>
September 30									
Cost	\$ 44,275	\$628,690	\$ 10,002	\$ 522	\$ 884	\$93,346	\$936,261	\$24,443	\$1,738,423
Accumulated depreciation and impairment	<u>-(364,886)</u>		<u>(3,893)</u>	<u>(159)</u>	<u>(687)</u>	<u>(70,846)</u>	<u>(132,794)</u>	<u>-</u>	<u>(573,265)</u>
	<u>\$ 44,275</u>	<u>\$263,804</u>	<u>\$ 6,109</u>	<u>\$ 363</u>	<u>\$ 197</u>	<u>\$ 22,500</u>	<u>\$803,467</u>	<u>\$24,443</u>	<u>\$ 1,165,158</u>

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

	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Capitalized amount	\$ 7,586	\$ 4,117
Capitalized interest rate range	0.8%~2.026%	0.95%~1.54%

2. Significant components of the Group's warehousing equipment, including tanks and pipelines, are depreciated over 2 to 35 years.
3. The Group's property, plant and equipment showed no signs of impairment from January 1 to September 30, 2022 and 2021.
4. Please refer to Note 8 for information on the guarantees provided by the Group on property, plant and equipment.

(VIII) Leasing arrangements - lessee

1. The subject assets of the Group'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 2 to 9 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 carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>September 30, 2022</u>	<u>December 31, 2021</u>	<u>September 30, 2021</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights	\$ 8,863	\$ 9,245	\$ 9,372
Buildings	15,154	20,399	1,162
Other Equipment	284,136	18,313	30,545
	<u>\$ 308,153</u>	<u>\$ 47,957</u>	<u>\$ 41,079</u>

	<u>July 1 to September 30, 2022</u>	<u>July 1 to September 30, 2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 129	\$ 128
Buildings	1,748	1,743
Other Equipment	12,688	12,622
	<u>\$ 14,565</u>	<u>\$ 14,493</u>

	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 383	\$ 382
Buildings	5,245	5,230
Other Equipment	<u>37,947</u>	<u>37,866</u>
	<u>\$ 43,575</u>	<u>\$ 43,478</u>

3. The Group entered into a lease agreement with the Taiwan International Ports Corporation, Ltd. on May 1, 2022 for a period ending on April 30, 2028. The Group's right-of-use assets were \$44,108, \$0, \$303,769 and \$0 from July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021 respectively.
4. The information on profit and loss items related to lease contracts is as follows:

	<u>July 1 to September 30,</u> <u>2022</u>	<u>July 1 to September 30,</u> <u>2021</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 1,171	\$ 194
Expenses for leases of low-value assets	95	92
Expenses for variable lease payments	2,999	2,236
Gain on lease modification	-	31

	<u>January 1 to September 30,</u> <u>2022</u>	<u>January 1 to September 30,</u> <u>2021</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 2,047	\$ 781
Expenses for leases of low-value assets	298	261
Expenses for variable lease payments	6,529	5,448
Gain on lease modification	-	31

5. The Group's total lease cash outflows were \$50,715 and \$46,133 from January 1 to September 30, 2022 and 2021, respectively (of which \$41,841 and \$39,643 were for the principal of lease liabilities).
6. Effect of variable lease payments on lease liabilities

The subjects of the Group'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 subject assets leased by the Group 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 Group recognized rental income of \$71,991 \$63,612 \$224,401 and \$231,967 from July 1 to September 30, 2022 and 2021, January 1 to September 30, 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>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
2021	\$ -	\$ -	\$ 57,049
2022	69,391	259,841	34,740
2023	54,065	27,680	6,580
2024~2027	<u>83,085</u>	<u>40,000</u>	<u>-</u>
Total	<u>\$ 206,541</u>	<u>\$ 327,521</u>	<u>\$ 98,369</u>

(X) Other non-current assets

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Guarantee deposits	\$ 69,120	\$ -	\$ -
Refundable deposits	48,567	64,026	61,678
Prepayment of equipment	<u>9,067</u>	<u>-</u>	<u>-</u>
	<u>\$ 126,754</u>	<u>\$ 64,026</u>	<u>\$ 61,678</u>

(XI) Short-term borrowings and bills payable

<u>Nature of borrowings</u>	<u>September 30, 2022</u>	<u>Interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 262,900</u>	1.375%~1.6751%	None
Short-term bills payable	<u>\$ 37,300</u>	1.20%~1.21%	None
<u>Nature of borrowings</u>	<u>December 31, 2021</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 103,600</u>	1.00%~1.3%	None
Short-term bills payable	<u>\$ 38,500</u>	0.53%~0.78%	None
<u>Nature of borrowings</u>	<u>September 30, 2021</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 63,100</u>	1.15%~1.309%	None
Short-term bills payable	<u>\$ 19,000</u>	0.78%	None

(XII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>September 30, 2022</u>
Credit borrowings	2018.5.7~2023.5.7			
Land Bank of Taiwan	The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) June 7, 2019.	1.89%	None	1,642
	2018.3.26~2025.3.26			
Land Bank of Taiwan	The principal and interest shall be repaid in 84 equal installments commencing from (inclusive) April 26, 2018.	1.89%	None	8,432
	2021.2.26~2031.2.26			
Land Bank of Taiwan	The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	1.88%	None	8,598
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.	2.0260%	None	35,150

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	1.6500%	None	44,000
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.	1.88%	Other Equipment	62,128
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)	2.040%	Other Equipment	9,375
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)	2.040%	Other Equipment	13,514
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)	2.040%	Other Equipment	60,714
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)	2.015%	Other Equipment	4,250
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)	2.015%	Other Equipment	13,077
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)	2.015%	Other Equipment	37,937
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)	2.015%	Other Equipment	26,600
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)	2.015%	Other Equipment	31,825
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)	2.015%	Other Equipment	1,425

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. (Note)	2.015%	Other Equipment	35,856
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. (Note)	2.015%	Other Equipment	13,270
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	2.0883%	Other Equipment	
				<u>15,598</u>
				423,391
Less: Portions due within one year or one operating cycle (recorded as other current liabilities)				<u>(66,673)</u>
				<u>\$ 356,718</u>

Nature of borrowings	Borrowing Period and Repayment Method	Range of interest rate	Collateral	December 31, 2021
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	2018.3.26~2025.3.26 The principal and interest shall be repaid in 84 equal installments commencing from (inclusive) April 26, 2018.	1.51%	None	10,893
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.	1.50%	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

	2019.12.4~2028.12.26			
Mega International Commercial Bank.	The principal and interest shall be repaid in 37 equal installments commencing from (inclusive) December 26, 2019. (Note)	1.54%	Other Equipment	15,135
	2020.3.31~2028.12.26			
Mega International Commercial Bank.	The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) March 31, 2020. (Note)	1.54%	Other Equipment	68,000
	2021.3.31~2031.3.31			
Mega International Commercial Bank.	The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 30, 2021. (Note)	1.515%	Other Equipment	4,750
	2021.9.29~2031.3.31			
Mega International Commercial Bank.	The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) September 29, 2021. (Note)	1.515%	Other Equipment	14,615
	2021.12.29~2031.3.31			
Mega International Commercial Bank.	The principal and interest shall be repaid in 34 equal installments commencing from (inclusive) December 29, 2021. (Note)	1.515%	Other Equipment	42,400
	2021.6.29~2026.6.29			
Far Eastern International Bank.	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	1.501%	Other Equipment	16,439
				364,243
Less: Portions due within one year or one operating cycle (recorded as other current liabilities)				(69,878)
				<u>\$ 294,365</u>

Nature of borrowings	Borrowing Period and Repayment Method	Range of interest rate	Collateral	September 30, 2020
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	\$ 10,689
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	4,070
Land Bank of Taiwan	2018.3.26~2025.3.26 The principal and interest shall be repaid in 84 equal installments commencing from (inclusive) April 26, 2018.	1.51%	None	11,710
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	9,542
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	34,000
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	34,000
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	68,950
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	10,875

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	15,676
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	70,429
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 40 equal installments commencing from (inclusive) September 29, 2021. (Note)	1.515%	Other Equipment	14,615
FarEastern International Bank.	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) June 29, 2021. The remaining principal shall be fully repaid at maturity	1.515%	Other Equipment	
				16,720
				<u>306,026</u>
Less: Portions due within one year or one operating cycle (recorded as other current liabilities)			(63,374)
				<u>\$ 242,652</u>

Note: The Group entered into a long-term loan agreement with Mega International Commercial Bank (Mega Bank) for a facility amount of \$120,000 in 2018. The financial ratio limits for the duration of the loan are that the current ratio should be maintained at 85% or more and the debt ratio should be maintained at 150% or less. The aforementioned ratios are calculated based on the annual consolidated financial statements and are reviewed annually. If the aforementioned financial review criteria are not met, the interest rate on this loan will be increased by 0.1% from the day after the violation to the day before the improvement. The Group's consolidated financial statements for 2021 did not meet this review, but if the bank increases the interest rate, there should be no significant impact on the Group.

(XIII) Other payables

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Equipment payables	\$ 39,011	\$ 34,582	\$ 13,935-
Salary payables	6,741	\$ 7,582	\$ 7,581
Employees' bonuses and directors' and supervisors' remuneration payable	6,706	5,788	4,928
Cash dividend payable	-	-	138,069
Others	13,539	12,566	13,624
	<u>\$ 65,997</u>	<u>\$ 60,518</u>	<u>\$ 178,137</u>

(XIV) Pension

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) For July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021 the pension costs recognized by the Group in accordance with the aforementioned pension plan were \$67 、\$52 、\$200 and \$156, respectively.
- (3) The company's estimated contribution to pay for the pension plan in 2022 was \$1,458.

2. Defined contribution plan

Since July 1, 2005, 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 \$647 、\$576 、\$1,911 and \$1,724 for July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021 respectively, based on the above pension plan.

(XV) Share-based Payment

1. Share-based payment information is as follows :

<u>Classification</u>	<u>Grant date</u>	<u>Quantity (Unit)</u>	<u>Number of shares per unit(share)</u>	<u>Vesting conditions</u>	<u>Weighted average remaining Contract term (Year)</u>
Cash Capital Increase Retained employee subscriptions (Note)	2022.8.16	645,000	1	Immediate vested	-

Note : The above is equity-settled share-based payment transaction

2. The fair value of the stock options was estimated using the Black-Scholes option valuation model for the share-based payment. The information is as follows :

<u>Classification</u>	<u>Grant date</u>	<u>Measurement date Market Price</u>	<u>Exercise price</u>	<u>Expected Volatility Fluctuation Rate(Note)</u>	<u>Expected duration</u>	<u>Expected dividend yield</u>	<u>Risk-free interest rate</u>	<u>Fair value per unit</u>
Cash Capital Increase Retained employee subscriptions	2022.8.16	\$ 21.10	\$17.00	13.60%	0.13 年	0.00%	0.72%	\$ 4.1163

Note : Expected Volatility Fluctuation Rate is estimated by using the daily historical stock price fluctuation data for the last three months prior to the date of grant by the Company.

3. For July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021 the Company recognized compensation costs of \$2,655, \$0, \$2,655 and \$0 for the above employee stock option certificates.

(XVI) Provision

	<u>January 1 to September 30, 2022</u>	<u>January 1 to September 30, 2021</u>
Balance as of January 1	\$ 25,185	\$ 21,923
Provision added this period	<u>3,792 -</u>	<u>1,724</u>
Balance as of September 30	<u>\$ 28,977</u>	<u>\$ 23,647</u>

The nature of the Group's provision for liabilities is described as follows.

1. The Group entered into a lease agreement with the Taiwan International Ports Corporation, Ltd. in November 2016, and renewed in June 2022 for a period ending on April 30, 2028. According to the contract, the Group should restore the leased terminal base to its original condition by demotion at the end of the lease period. Therefore, the provision for liabilities based on the expected cost of dismantling, removing or restoring the site was \$9,886 as of September 30, 2022, December 31, 2021 and September 30, 2021.

2. The Group's solar power generation sites are built on the roof. According to the contract, the Group 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 \$19,091, \$15,299 and \$13,761 as of September 30, 2022, December 31, 2021 and September 30, 2021, respectively.

(XVII) Share capital

1. As of September 30, 2022, the Company's authorized capital was \$2,000,000 and the paid-in capital was \$690,344, divided into 69,034 thousand shares with a par value of \$10 per share.

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:

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Number at the beginning of the period (i.e. Number at the end of the period)	<u>69,034 thousand shares</u>	<u>69,034 thousand shares</u>

2. On July 1, 2022, the Board of Directors resolved to issue 8,800 thousand shares of common stock by cash capital increase, which was approved by the Financial Supervisory Commission on August 4, 2022. The base date of the capital increase is October 6, 2022, and the issue price is \$17 per share, totaling \$149,600. As of September 30, 2022, the total amount of \$80,325 has been received and is recorded as advance receipts.

(XVIII) 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.

	<u>2022</u>		
	<u>Treasury Stock</u>	<u>Employee Stock</u> <u>Options</u>	<u>Total</u>
January 1	\$ 4,233	\$ -	\$ 4,233
Employee Stock Options Compensation cost	-	2,655	2,655
September 30	<u>\$ 4,233</u>	<u>\$ 2,655</u>	<u>\$ 6,888</u>

The opening and ending amount of additional paid-in capital - treasury stock transactions for FY2021 were both \$4,233.

(XIX) 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. On June 23, 2022, the Board of Directors proposed to approve the distribution of earnings for 2021, and on August 18, 2021, the shareholders' meeting resolved to approve the distribution of earnings for 2020, as follows.

	<u>Amount</u>	<u>2021</u> <u>Dividends per share</u> <u>(NTD)</u>	<u>Amount</u>	<u>2020</u> <u>Dividends per share</u> <u>(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>	

Please refer to the Market Observation Post System for information on the proposed distribution of earnings approved by the Board of Directors and resolved by the shareholders.

4. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings

(XX) Operating income

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Operating lease		
Rental incomes	\$ 71,991	\$ 63,612
Revenue from Customer Contract		
Tank operation revenue	18,402	20,560
Electricity sales revenue	<u>35,160</u>	<u>25,245</u>
Total	<u>\$ 125,553</u>	<u>\$ 109,417</u>

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Operating lease		
Rental incomes	\$ 224,401	\$ 231,967
Revenue from Customer Contract		
Tank operation revenue	56,839	60,535
Electricity sales revenue	<u>81,279</u>	<u>72,859</u>
Total	<u>\$ 362,519</u>	<u>\$ 365,361</u>

1. The revenue from customer contracts of the Group is recognized gradually over time.
2. The Group's rental revenue and tank operation income are presented together with the oil and chemical tank rental business in Note 14, (3) Segment Information.

(XXI) Other gains or losses

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Gain on lease modification	\$ -	\$ 31
Net foreign currency exchange profit or loss	1,310	(8)
Gain on financial assets at fair value through profit or loss	3,913	(15,054)
Miscellaneous Expenses	<u>(35)</u>	<u>-</u>
	<u>\$ 5,188</u>	<u>(\$ 15,031)</u>

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Disposal of property, plant and equipment	\$ -	\$ 95
Gain on lease modification	-	31
Net foreign currency exchange profit or loss	2,627	(1,202)
Gain on financial assets at fair value through profit or loss	31,445	(1,554)
Miscellaneous Expenses	(2,680)	-
	<u>\$ 31,392</u>	<u>(\$ 2,630)</u>

(XXII) Financial costs

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Interest expenses		
Bank borrowings	\$ 4,424	\$ 2,073
Less: The amount of asset capital that meets the requirements	(4,102)	(1,810)
	322	263
Lease liabilities	1,171	195
	<u>\$ 1,493</u>	<u>\$ 458</u>

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Interest expenses		
Bank borrowings	\$ 8,417	\$ 4,997
Less: The amount of asset capital that meets the requirements	(7,586)	(4,117)
	831	880
Lease liabilities	2,047	781
	<u>\$ 2,878</u>	<u>\$ 1,661</u>

(XXIII) Expenses by nature

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Employee benefits expense	\$ 22,964	\$ 17,916
depreciation expense	44,981	46,852
Amortization expenses	412	355
Terminal administrative expenses	351	3,679
Miscellaneous purchases	624	3,020
Low-value asset rents	95	92
Expenses for variable lease payments	2,999	2,236
Other expenses	<u>19,707</u>	<u>14,997</u>
Operating costs and operating expenses	<u>\$ 92,133</u>	<u>\$ 89,147</u>

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Employee benefits expense	\$ 63,996	\$ 57,673
depreciation expense	140,734	130,813
Amortization expenses	1,166	1,032
Terminal administrative expenses	12,675	19,919
Miscellaneous purchases	2,186	9,033
Low-value asset rents	298	261
Expenses for variable lease payments	6,529	5,448
Other expenses	<u>62,560</u>	<u>57,621</u>
Operating costs and operating expenses	<u>\$ 290,144</u>	<u>\$ 281,800</u>

(XXIV) Employee benefits expense

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Salary expenses	\$ 18,978	\$ 14,776
Labor and health insurance expenses	1,390	1,379
Pension costs	714	628
Directors' remuneration	832	176
Other employee expenses	<u>1,050</u>	<u>957</u>
	<u>\$ 22,964</u>	<u>\$ 17,916</u>

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Salary expenses	\$ 51,705	\$ 46,892
Labor and health insurance expenses	4,153	4,076
Pension costs	2,111	1,880
Directors' remuneration	2,454	1,864
Other employee expenses	<u>3,573</u>	<u>2,961</u>
	<u>\$ 63,996</u>	<u>\$ 57,673</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 July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021 were \$1,141 、\$202 、\$3,353 and \$2,464 respectively; the estimated profit sharing amount for directors' and supervisors' was \$1,141 、\$202 、\$3,353 and \$2,464, respectively, and the aforementioned amounts were recorded as salary expenses.

For January 1 to September 30, 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.

3. The profit sharing for employees and the profit sharing for directors and supervisors resolved by the Board of Directors for 2021 were both \$2,894 and 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.

(XXV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Current tax:		
Income taxes arising from incomes for the current period	\$ 7,438	\$ 4,316
Amount of income tax overestimated for prior years	<u>-</u>	<u>-</u>
Total current tax	7,438	4,316
Deferred income tax:		
Origination and Reversal of Temporary Differences	<u>1,790</u>	<u>60</u>
Income tax expense	<u>\$ 9,228</u>	<u>\$ 4,376</u>

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Current tax:		
Income taxes arising from incomes for the current period	\$ 16,125	\$ 15,805
Amount of income tax overestimated for prior years	<u>1,723</u>	<u>(25)</u>
Total current tax	17,848	15,780
Deferred income tax:		
Origination and Reversal of Temporary Differences	<u>6,969</u>	<u>1,142</u>
Income tax expense	<u>\$ 24,817</u>	<u>\$ 16,922</u>

(2) Amount of Income tax related to other comprehensive Income

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Translation differences of foreign operations	<u>\$ 4,181</u>	<u>(\$ 14)</u>
	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Translation differences of foreign operations	<u>\$ 7,846</u>	<u>(\$ 859)</u>

2. The income tax returns of the Company and its subsidiaries, POCS POWER CO., LTD. and He Zhen Feng Co., Ltd. have been assessed by the tax authorities through 2020.

(XXVI) Earnings per share

	<u>July 1 to September 30, 2022</u>		
		Weighted average Number of shares in circulation (thousands of shares)	Earnings per share (NT\$)
	After-tax amount		
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$ 34,766	69,034	<u>\$ 0.50</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	175	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 34,766</u>	<u>69,209</u>	<u>\$ 0.50</u>

	<u>July 1 to September 30, 2021</u>		
		Weighted average Number of shares in circulation (thousands of shares)	Earnings per share (NT\$)
	After-tax amount		
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$ 1,272	69,034	<u>\$ 0.02</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	92	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 1,272</u>	<u>69,126</u>	<u>\$ 0.02</u>

January 1 to September 30, 2022

	After-tax amount	Weighted average Number of shares in circulation (thousands of shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$ 85,369	69,034	<u>\$ 1.24</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	211	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 85,369</u>	<u>69,245</u>	<u>\$ 1.23</u>

January 1 to September 30, 2021

	After-tax amount	Weighted average Number of shares in circulation (thousands of shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$ 64,228	69,034	<u>\$ 0.93</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	156	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 64,228</u>	<u>69,190</u>	<u>\$ 0.93</u>

(XXVII) Supplemental cash flow information

1. Investing activities that are only partially paid in cash

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Purchase of property, plant and equipment	\$ 231,712	\$ 104,893
Add: Equipment payable at the beginning of the period	34,582	42,262
Add: Prepayment for equipment at the end of the period	9,067-	-
Less: Equipment payable at the end of the period	(39,011)	(13,935)
Less: Provision for liabilities - non-current added during the period	<u>(3,792)</u>	<u>(1,724)</u>
Cash paid during the period	<u>\$ 232,558</u>	<u>\$ 131,496</u>

2. It does not affect cash flow financing activities

	<u>2022/1/1 ~ 9/30</u>	<u>2021/1/1 ~ 9/30</u>
Cash dividends announced but not yet distributed	<u>\$ -</u>	<u>\$ 138,069</u>

(XXVIII) 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	\$ 142,100	\$ 364,243	\$ 545,668
Changes in cash flows from financing activities	(41,841)	158,100	59,148	175,407
Other non-cash transactions	<u>303,769</u>	<u>-</u>	<u>-</u>	<u>303,769</u>
September 30	<u>\$ 301,253</u>	<u>\$ 300,200</u>	<u>\$ 423,391</u>	<u>\$ 1,024,844</u>

2021

	<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	\$ 144,300	\$ 227,214	\$ 449,362
Changes in cash flows from financing activities	<u>(39,643)</u>	<u>(62,200)</u>	<u>78,812</u>	<u>(23,031)</u>
September 30	<u>\$ 38,205</u>	<u>\$ 82,100</u>	<u>\$ 306,026</u>	<u>\$ 426,331</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) Compensation of key management personnel

	<u>July 1 to</u> <u>September 30, 2022</u>	<u>July 1 to</u> <u>September 30, 2021</u>
Short-term employee benefits	\$ 5,660	\$ 5,174
Post-employment benefits	<u>298</u>	<u>311</u>
Total	<u>\$ 5,958</u>	<u>\$ 5,485</u>

	<u>January 1 to</u> <u>September 30, 2022</u>	<u>January 1 to</u> <u>September 30, 2021</u>
Short-term employee benefits	\$ 17,801	\$ 16,955
Post-employment benefits	<u>891</u>	<u>824</u>
Total	<u>\$ 18,692</u>	<u>\$ 17,779</u>

VIII. Pledged assets

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>	<u>Purpose</u>
Refundable deposits (time deposits)	\$ 2,700	\$ 2,850	\$ 2,850	Customs duty
Refundable deposits (time deposits)	25,190	38,158	38,290	Lease deposits
Refundable deposits (time deposits)	20,677	23,018	20,538	Performance guarantee deposits
Other financial assets - non-current	2,302	2,301	2,300	Long-term borrowings
Other non-current assets (Guarantee deposits)	69,120	--	—	Litigation Margin (Note)
Other Equipment	<u>341,855</u>	<u>313,884</u>	<u>318,744</u>	Long-term borrowings
	<u>\$ 461,844</u>	<u>\$ 380,211</u>	<u>\$ 382,722</u>	

Note: Please refer to Note 6(4) for the description of the guarantee deposit.

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Contingencies

Please refer to Note 6(4) for the description.

(II) Capital expenditures contracted for but not yet incurred

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
Property, Plant and Equipment	<u>\$ 118,687</u>	<u>\$ 191,297</u>	<u>\$ 192,413</u>

X. Losses due to major disasters

Not applicable.

XI. Significant events after the balance sheet date

As of September 30, 2022, the Company had received \$80,325 for the issuance of new shares and \$69,275 for the issuance of new shares on October 6, 2022. Please refer to Note 6(17) for the description

XII. Others

(I) Capital management

There were no significant changes during the period. Please refer to Note 12 of the Notes to Consolidated Financial Statements as of and for the year ended December 31, 2021.

(II) Financial instruments

1. Categories of financial instruments

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>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>\$ 110,392</u>	<u>\$ 83,109</u>	<u>\$ 84,546</u>
Financial assets at fair value through other comprehensive income			
Investments in designated equity instrument	<u>\$ 5,202</u>	<u>\$ 36,214</u>	<u>\$ 34,390</u>
Financial assets measured at amortized cost			
Cash and cash equivalents	\$ 176,841	\$ 135,111	\$ 144,749
Financial assets measured at amortized cost - current	18,392	26,026	16,124
Note receivable	346	717	239
Trade receivable	49,746	42,387	45,110
Financial assets measured at amortized cost – non-current	2,302	2,301	2,300
Other non-current assets	<u>117,687</u>	<u>64,026</u>	<u>61,678</u>
	<u>\$ 365,314</u>	<u>\$ 270,568</u>	<u>\$ 270,200</u>

	<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>	<u>September 30,</u> <u>2021</u>
<u>Financial liability</u>			
Financial assets measured at amortized cost			
Short-term borrowings	\$ 262,900	\$ 103,600	\$ 63,100
Short-term bills payable	37,300	38,500	19,000
Notes payable	2,673	6,881	1,758
Other payables	65,997	60,518	178,137
Long-term borrowings (including portions due within one year or one operating cycle)	423,391	364,243	306,026
Guarantee deposits received	6,450	6,450	6,450
	<u>\$ 798,711</u>	<u>\$ 580,192</u>	<u>\$ 574,471</u>
Lease liabilities	<u>\$ 301,252</u>	<u>\$ 39,325</u>	<u>\$ 38,205</u>

2. Risk management policies

The Group'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 Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial position and performance.

The Group'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 Group's operations.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Exchange rate risk

- A. The Group 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 Group 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>September 30, 2022</u>						
<u>Sensitivity Analysis</u>						
	<u>Foreign currency (Thousan ds of NTD)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>	<u>Change range</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehensi ve income</u>
<u>Financial asset</u>						
<u>Monetary items</u>						
USD: NTD	\$586	31.71	\$18,582	1%	\$ 186	\$ -
<u>Non-monetary items</u>						
USD: NTD	\$11,977	31.71	\$379,794	1%	\$ -	\$ -

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

<u>September 30, 2021</u>						
<u>Sensitivity Analysis</u>						
<u>Financial asset</u>	<u>Foreign</u> <u>currency</u> <u>(Thousan</u> <u>ds of</u> <u>NTD)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying</u> <u>amount</u> <u>(NTD)</u>	<u>Change</u> <u>range</u>	<u>Impact on profit or</u> <u>loss</u>	<u>Impact on</u> <u>comprehensi</u> <u>ve income</u>
<u>Monetary items</u>						
USD: NTD	\$587	27.80	\$16,319	1%	\$ 163	\$ -
<u>Non-monetary</u> <u>items</u>						
USD: NTD	\$8,882	27.80	\$246,915	1%	\$ -	\$ -

C. The total amount of exchange benefit (losses) (both realized and unrealized) recognized from July 1 to September 30, 2022 and 2021, January 1 to September 30, 2022 and 2021 was \$1,310、(\$8)、\$2,627 and (\$1,202), respectively, due to the significant impact of exchange rate fluctuations on the Group's monetary items.

(2) Price risk

- A. The Group'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 Group diversifies its investment portfolio in a manner that is based on the limits set by the Group.
- B. The Group 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 Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For the 9 months ended September 30, 2022 and 2021, the Group's borrowings based on floating interest rate were denominated in NTD.
- B. The Group simulates various scenarios and analyzes interest rate risk, including consideration of refinancing, renewal of existing positions, other available financing and hedging, in order 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 September 30, 2022, December 31, 2021 and September 30, 2021, if the interest rate on borrowings had increased by 1%, net profits after tax would have decreased by \$3,690 and \$2,279 for the 9 months ended September 30, 2022 and 2021, with all other factors held constant, primarily due to the increase in interest expense as a result of floating rate borrowings.

(4) Credit risk

- A. The Group'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 Group 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 Group 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 Group 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 Group 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 Group's customers are in good credit standing and the overdue accounts receivable and the overdue loss rate were not material as of September 30, 2022, December 31, 2021 and September 30, 2021.
- F. There was no sign of impairment of the Group's notes receivable.

(5) Liquidity risk

- A. The Group's finance department prepares future cash flow forecasts to monitor future funding requirements 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 Group's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the schedule below are undiscounted amounts.

Non-derivative financial liabilities:

September 30, 2022	<u>Less than 1 year</u>	<u>Less than 1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 263,592	\$ -	\$ -
Short-term bills payable	37,366	-	-
Notes payable	2,673	-	-
Other payables	65,997	-	-
Lease liabilities	62,437	60,350	194,511
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	<u>74,427</u>	<u>71,748</u>	<u>309,640</u>
Total	<u>\$ 506,492</u>	<u>\$ 132,098</u>	<u>\$ 510,601</u>

Non-derivative financial liabilities:

December 31, 2021	<u>Less than 1 year</u>	<u>Less than 1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 103,839	\$ -	\$ -
Short-term bills payable	38,545	-	-
Notes payable	6,881	-	-
Other payables	60,518	-	-
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>74,810</u>	<u>73,045</u>	<u>234,706</u>
Total	<u>\$ 313,730</u>	<u>\$ 82,036</u>	<u>\$ 250,218</u>

Non-derivative financial liabilities:

September 30, 2021	<u>Less than 1 year</u>	<u>Less than 1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 63,365	\$ -	\$ -
Short-term bills payable	19,051	-	-
Notes payable	1,758	-	-
Other payables	178,137	-	-
Lease liabilities	34,218	3,285	2,547
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	<u>68,762</u>	<u>76,572</u>	<u>175,838</u>
Total	<u>\$ 365,291</u>	<u>\$ 79,857</u>	<u>\$ 184,835</u>

(III) Fair value information

1. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the Group's investments in TWSE and TPEX listed stocks belong to this.

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 Group's investments in non-listed stocks belong to this.

2. For financial and non-financial instruments measured at fair value, the Group classifies them based on the basis of the nature, characteristics and risks of the assets and fair value level, and the related information is as follows.

September 30, 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	\$ -	\$ -	\$ 110,392	\$ 110,392
Financial assets at fair value through other comprehensive income				
Equity security	<u>-</u>	<u>-</u>	<u>5,202</u>	<u>5,202</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 115,594</u>	<u>\$ 115,594</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>

September 30, 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	\$ -	\$ -	\$84,546	\$ 84,546
Financial assets at fair value through other comprehensive income				
Equity security	<u>-</u>	<u>-</u>	<u>34,390</u>	<u>34,390</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$118,936</u>	<u>\$118,936</u>

3. The following schedule shows the changes in Level 3 for the 9 months ended September 30, 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	31,445	(1,554)
Loss recognized in other comprehensive Income	(2,304)	(5,171)
Disposal of marketable securities	(28,708)	—
Recovery of Fund Investments	(4,162)	(9,112)
Acquisition of Fund Investments	—	28,141
Capital reduction and refund of shares	—	(3,422)
September 30	<u>\$ 115,594</u>	<u>\$ 118,936</u>

4. For the 6 months ended September 30, 2022 and 2021, there were no transfers in or out of Level 3.
5. The Group'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>September 30,</u> <u>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 value</u> <u>and fair value</u>
Non-derivative equity security:					
Non TWSE or TPEX listed stock	\$ 5,202	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	110,392	Net asset value method	Net asset value	-	-The higher the net asset value, the higher the fair value
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	<u>December 31, 2021</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 value</u>
Non-derivative equity security:					
Non TWSE or TPEX listed company Stock	\$ 5,324	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
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

	<u>September 30,</u> <u>2021</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 value</u>
Non-derivative equity security:					
Non TWSE or TPEX listed stock	\$ 5,140	Comparable TWSE or TPEX company 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
Venture capital company stock	29,250	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Investment in private equity	84,546	Net asset value method	Net asset value	-	-The higher the net asset value, the higher the fair value

7. The Group 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>September 30, 2022</u>				
		<u>Recognized in profit or loss</u>			<u>Recognized in other comprehensive</u>	
		<u>Income</u>				
		<u>Favorable</u>	<u>Unfavorable</u>			
<u>Input value</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial asset						
	The discount for lack of marketability and the discount for lack of controlling interests					
Equity instruments	±1%	\$ -	\$ -	\$ 52	(\$ 52)	
Investment in private equity	Net asset value ±1%	<u>1,104</u>	<u>(1,104)</u>	<u>-</u>	<u>-</u>	
Total		<u>\$ 1,104</u>	<u>(\$ 1,104)</u>	<u>\$ 52</u>	<u>(\$ 52)</u>	

		<u>December 31, 2021</u>				
		<u>Recognized in profit or loss</u>			<u>Recognized in other comprehensive</u>	
		<u>Income</u>				
		<u>Favorable</u>	<u>Unfavorable</u>			
<u>Input value</u>	<u>Change</u>	<u>change</u>	<u>change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial asset						
	The discount for lack of marketability and the discount for lack of controlling interests					
Equity instruments	±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>	

		September 30, 2021				
		<u>Recognized in profit or loss</u>			<u>Recognized in other comprehensive</u>	
		<u>Income</u>				
		<u>Favorable</u>			<u>Unfavorable</u>	
		<u>change</u>			<u>change</u>	
		<u>Input value</u>			<u>Change</u>	
		<u>±1%</u>			<u>±1%</u>	
Financial asset						
	The discount for lack of marketability and the discount for lack of controlling interests					
Equity instruments	Net asset value					
Equity instruments	Net asset value					
Investment in private equity	Net asset value					
Total						

(IV) Sound Financial Planning

The Company's expenditures for the addition and maintenance of chemical and oil storage tanks and the construction of solar power generation sites were mainly financed by its own funds and bank loans. However, the construction of solar power plants requires huge capital expenditure, and the income from electricity sales is stable and recoverable. In order to keep more cash to cope with the rapid changes in the industry, if we continue to invest in power plant development, we can only rely on bank borrowings to cover the capital gap in a timely manner. In addition to the above, in order to diversify the revenue sources and stabilize the scale of business growth. The Group has holds 20% of ABZbridge Corporation's equity for a total investment amount of \$97,653, which was invested in March, 2022.

The following are planned for a sound financial position:

1. To alleviate the need for capital deployment and reduce the risk of the Company's operations, the Company issued additional shares and received \$149,600 in full on October 6, 2022.
2. As of September 30, 2023, the Company had short- and medium-term loans of \$261,367 to be utilized and long-term loans of \$8,580 to be utilized.
3. Except for the above, the Group's cash flow from operating activities was an inflow. Therefore, the Group assessed that the Group's capital is still sufficient to support its future investment in power plants and operating requirements.

XIII. Additional disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Endorsements and guarantees for others: 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

Not applicable.

(IV) Information on main investors

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

XIV. Operating Segments Information

(I) General information

The Group's management has identified the reportable segments based on the reported information used by the chairperson in making decisions.

The Group has two reportable segments, the oil and chemical tank rental business and the solar power business, which provide oil and chemical tank rental and electricity sales, respectively, as the main sources of revenue.

(II) Measurement of segment information

The Group's operating segments adopt consistent accounting policies. The Group's operating decision makers evaluate the performance of each operating segment based on operating revenue and net profit after tax.

(III) Segment information

The Group's segment operating profit reported to the chief operating decision makers is measured in a manner consistent with the revenue and expenses in the income statement. The Group does not provide the total assets and liabilities to the operating decision maker for operating decisions. The reportable segment information provided to the chief operating decision maker for the 9 months ended September 30, 2022 and 2021 is as follows.

	<u>January 1 to September 30, 2022</u>		
	<u>Oil and chemical tank rental</u>	<u>Solar power generation</u>	<u>Total</u>
	<u>business</u>	<u>business</u>	
Segment revenues	\$ 281,240	\$ 81,279	\$ 362,519
Segment profits or losses (Note)	67,121	18,239	85,360
Segment profits or losses include:			
Depreciation and amortization	104,086	37,814	141,900
Interest income	198	12	210
Financial costs	2,047	831	2,878
Income tax expense	19,287	5,530	24,817
Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method			2,756

January 1 to September 30, 2021

	<u>Oil and chemical tank rental</u>		<u>Solar power generation</u>		<u>Total</u>
	<u>business</u>		<u>business</u>		
Segment revenues	\$ 292,502		\$ 72,859	\$	365,519
Segment profits or losses (Note)	42,942		21,280		64,222
Segment profits or losses include:					
Depreciation and amortization	99,155		32,690		131,845
Interest income	199		5		204
Financial costs	781		880		1,661
Income tax expense	12,209		4,713		16,922

Note: Other income and expenses generated internally that were eliminated.

Prime Oil Chemical Service Corporation and its subsidiaries

Provision of endorsements and guarantees to others

January 1 to September 30, 2022

Table 1

Unit: Thousand NTD

(Unless otherwise specified)

Serial No. (Note 1)	Name of the company providing endorsement and guarantee	Party being endorsed/ guaranteed Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Balance of maximum endorsement and guarantee for the period (Note 4)	Balance of endorsement and guarantee at the end of the period (Note 5)	Transaction Amounts (Note 6)	Amount of endorsement and guarantee by property	Percentage of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Endorsement and guarantee by parent or subsidiary (Note 7)	Endorsement and guarantee by subsidiary for parent (Note 7)	Endorsement and guarantee for party in Mainland China (Note 7)	Remarks
0	Prime Oil Chemical Service Corporation	POCS Power Co., Ltd.	2	\$ 441,681	\$ 244,300	\$ 244,300	\$ 85,633	\$ -	22.1%	\$ 496,891	Y	N	N

Note 1: The description of the number column is as follows.

(1) Issuer fills in 0.

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

Note 2: There are six types of relationships between the endorser/ guarantor and the endorsee/ guarantee, and just indicate the types:

(1) Companies that have business dealings

(2) Subsidiaries in which the Company directly holds more than 50% of the common stock.

(3) The other company directly or indirectly holds more than 50% of the voting shares of the Company.

(4) The Company directly or indirectly holds more than 90% of the voting shares of the other company.

(5) Mutual guarantee of the trade or joint proprietor as required by the construction contract.

(6) Due to joint venture, each shareholder provides endorsements/ guarantees to the endorsed/ guaranteed company in proportion to its ownership.

(7) Industry peers provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: According to the Company's operating procedures for endorsement and guarantee, the total amount of external guarantee is limited to 45% of the Company's net worth, and the amount of endorsement and guarantee for a single enterprise is limited to 40% of the Company's net worth.

Note 4: The maximum balance of endorsement and guarantee for others during the year.

Note 5: As of the end of the year, the Company assumes the responsibility of endorsement or guarantee when it enters an endorsement and guarantee contract with banks or when a line of credit for notes is approved; In addition, other matters involving endorsement or guarantee should be included in the balance of the endorsement or guarantee.

Note 6: Fill in the actual amount of endorsements/ guarantees used by the endorsed/ guaranteed company.

Note 7: Fill in Y for endorsement and guarantee by listed parent for subsidiary, by subsidiary for listed parent, or for party in Mainland China

Prime Oil Chemical Service Corporation and its subsidiaries
 Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies and joint venture)

September 30, 2022

Table 2

Unit: Thousand NTD
 (Unless otherwise specified)

Companies held	Type and name of marketable securities	Relationship with the issuer of marketable securities	Account in the book	The end of the period			Fair value	Remarks
				Shares	Carrying amount	Shares Ratio		
Prime Oil Chemical Service Corporation	Stock - Everterminal Co., Ltd.	None	Financial assets at fair value through other comprehensive income - noncurrent	342,244	\$ 5,202	0.70%	\$ 5,202	
Prime Oil Chemical Service Corporation	Investment in private equity - AB Value Bridge VI, L.P.	None	Financial assets at fair value through profit or loss - non-current	-	68,402	3.00%	68,402	
Prime Oil Chemical Service Corporation	Investment in private equity - AB Value Bridge VII, L.P.	None	Financial assets at fair value through profit or loss - non-current	-	41,990	3.90%	41,990	

Prime Oil Chemical Service Corporation and its subsidiaries
Names, locations and other information of investee companies (not including investees in China)
January 1 to September 30, 2022

Table 3

Unit: Thousand NTD
(Unless otherwise specified)

Investor	Investor Company	Location	Main Businesses and Products	Investment Amount		As of March 31, 2021			Net profit (Loss) of the Investee for the period	Investment gains or losses recognized in the period	Remarks
				June 30, 2021	June 30, 2020	Shares	Ownership	Carrying amount			
Prime Oil Chemical Service Corporation	He Zhen Feng Co., Ltd.	Taiwan	Real Estate Leasing	\$ 695	\$ 695	69,468	69.47	\$ 1,057	(\$ 30)	(\$ 21)Note2	
Prime Oil Chemical Service Corporation	POCS Power Co., Ltd.	Taiwan	Solar Power Industry	40,000	40,000	4,000,000	100.00	47,063	981	981Note2	
Prime Oil Chemical Service Corporation	Prime Holdings Corporation	Anquila	Shareholding and General Trading	191,886	191,886	30,000	100.00	267,967	(3,783)	(3,783) 、 2 、 3 Note1	
Prime Oil Chemical Service Corporation	ABZBRIDGE CORPORATION	Cayman	Shareholding	97,653	-	10,000	20.00	111,827	13,778-	2,756- Note1	
Prime Holdings Corporation	Prime Solar Energy Co., Ltd.	Cambodia	Real Estate Development	52,344	52,344	1,700,000	100.00	53,644	(68)-	(68)- 、 2 Note1	

Note1: The information disclosed in respect of the investee enterprises is based on the exchange rate at September 30, 2022, except for the profit or loss for the period, which is based on the average exchange rate from January 1, 2022 to September 30, 2022.

Note2: Eliminated in the preparation of the consolidated financial statements

Note3: In August, the board of directors of Prime Holdings Corporation resolved to adjust the number of shares and the number of shares issued, the original investment amount remains unchanged, and the registration of the change has been completed, after the change, the number of shares and the number of shares issued are 50,000 and 30,000 respectively.

Prime Oil Chemical Service Corporation and its subsidiaries

Information on main investors

September 30, 2022

Table 4

	<u>Name of major shareholder</u>	<u>No. of shares held</u>	<u>Shares Ratio</u>
Abacus Display Infinity Corporation		26,593,949	38.52%
Tai Yu Investment Co., Ltd.		4,334,345	6.27%