

Prime Oil Chemical Service Corporation and its  
subsidiaries  
Consolidated Financial Statements and  
Independent Auditor's Review Report  
for the Years Ended December 31, 2023 and 2022  
(Ticker symbol: 2904)

Company Address: 5F, No. 131, Section 3, Minsheng East  
Road, Taipei City

TEL: (02)2717-4347

Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated Financial Statements and Independent Auditor's Review Report for  
FY 2023 and FY2022  
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Prime Oil Chemical Service Corporation

Statement of Consolidated Financial Statements of Affiliated Companies

For 2023 (from January 1, 2023 to December 31, 2023), the entities that should be included in the consolidated financial reports of affiliated enterprises based on “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” and the entities that should be included in the consolidated financial reports of subsidiaries based on “Consolidated and separate financial statements” of International Financial Reporting Standards No. 10 (IFRS 10) were the same. The related information that should be disclosed in the consolidated financial statements of affiliated enterprises is also already disclosed in the consolidated financial reports for subsidiaries so that the consolidated financial statements of affiliated enterprises would not be published separately.

We hereby declare

Company name: Prime Oil Chemical Service  
Corporation

Representative: Liao, Shu-Chun

March 14, 2024

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

## **Opinion**

We have reviewed the accompanying consolidated balance sheets of Prime Oil Chemical Service Corporation and its subsidiaries (hereinafter referred to as the "Corporate Group") as of December 31, 2023 and 2022 and the related consolidated comprehensive income statements, 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 the significant accounting policies).

Based on our review, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Prime Oil Chemical Service Corporation as of December 31, 2023 and 2022, and the consolidated financial results and consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards, International Accounting Standards, explanations and announcements of explanations recognized by the Financial Supervisory Commission.

## **Basis for Audit Opinion**

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

## **Key inspection items**

Key inspection items refer to those matters that, in our professional judgment, are of most significance in relation to our audit of Prime Oil Chemical Service Corporation's Consolidated Financial Statements as of 2023. These matters have been addressed in the process of our audit of the Consolidated Financial Statements as a whole and forming our opinion thereon and we do not express an opinion on these matters individually.

Key inspection items of Prime Oil Chemical Service Corporation's Consolidated Financial Statements as of 2023 are as follows:

## **Evaluation of other equipment impairment**

### Description

For property, plant and equipment, please refer the Note 6(7) of the Consolidated Financial Statements. For accounting policies of impairment assessment and significant accounting judgments, assumptions and uncertainty of estimations, please refer to Note 4(18) and 5 of the Consolidated Financial Statements respectively.

Prime Oil Chemical Service Corporation's other equipment (under property, plant and equipment) is the major asset related to the solar power generation division with a book value of NT\$898,507 thousand, accounting for 47% of the total consolidated assets. Due to the scarcity of available solar power land and difficulty of developing large sites, Prime Oil Chemical Service Corporation estimates the amount recoverable of other equipment based on the value in use and applies it as the basis of impairment assessment. Since the value-in-use evaluation process involves judgment of changes due to variations of economic environment or climate conditions and uncertainties to the future due to changes in estimation results brought by the conditions, which could have a significant impact on the recoverable amount measurement and in turn affects the assessment of impairment amount, we consider the impairment assessment of other equipment, a key inspection item.

### Audit procedure in response

The audit procedures we performed are set out below:

1. Review management's estimates of recoverable amounts of other equipment at the balance sheet date and reassess the correctness of the related calculations.
2. Understand and evaluate that the Company's asset impairment assessment procedures and accounting policies are complied with the accounting principles and are consistently applied, including a review of the methods adopted by management when determining recoverable amounts.
3. Obtain assessment information used by management for determining recoverable amounts based on asset use patterns and industry characteristics and assess the reasonableness of the independent cash flows, the durable years of the assets and the potential future revenues and expenses.
4. Compare the recoverable amount with the carrying amount to examine the correctness of the impairment calculation.

## **Others - Standalone Financial Reports**

Prime Oil Chemical Service Corporation has prepared its financial statements for the years ended December 31, 2023 and 2022, and we have issued an unqualified audit report thereon for reference.

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

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

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

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

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

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

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

1. Identify and assess risk of material misstatements resulting from fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidences as the basis of our audit opinion. Since fraud may involve

conspiracy, forgery, intentional omission, misrepresentation or a breach of internal control, the risk of not detecting a material misstatement due to fraud is higher than what is due to error.

2. Obtain the necessary understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, provided that the objective is not to express an opinion on the effectiveness of Prime Oil Chemical Service Corporation's internal control.
3. Evaluate the appropriateness of the accounting policies adopted by management and the reasonableness of the accounting estimates and related disclosures they made.
4. Based on the evidence obtained, draw conclusions regarding the appropriateness of the management's adoption of accounting basis for going concern and whether there is any material uncertainty regarding events or circumstances that may cast significant doubt on Prime Oil Chemical Service Corporation's ability in continuing operations. If we believe that a material uncertainty exists with respect to any of such events or circumstances, we shall draw the attention of users of the Standalone Financial Statements to the relevant disclosures in the Standalone Financial Statements or amend our audit opinion when such disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause Prime Oil Chemical Service Corporation to cease to have the ability of continuing operations.
5. Evaluate whether or not the overall presentation, structure and content of the Consolidated Financial Statements (including the related notes) and the Standalone Financial Statements fairly present the relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence on the financial information that constitutes Prime Oil Chemical Service Corporation's financial position to provide our opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and execution of the audit project and for developing audit opinions of Prime Oil Chemical Service Corporation.

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

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

From the matters communicated with the governance unit, we determine the key inspection items for Prime Oil Chemical Service Corporation's 2023 Consolidated Financial Statements. We describe these matters in our audit report unless law or regulation precludes public disclosure about

such matters or when, in extremely rare circumstances, we determine that a matter would not be communicated in our report since the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

PwC, Taiwan

Huang, Pei-Chuan

Accountant

Pan, Hui-Ling

March 14, 2024

Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated balance sheets  
December 31, 2023 and 2022

Unit: Thousand NTD

Assets	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6 (1)	\$ 85,546	4	\$ 99,347	4
1136	Financial assets measured at amortized cost - current	6 (4)	20,680	1	17,783	1
1150	Notes receivable, net	6 (5)	346	-	351	-
1170	Accounts receivable, net	6(5) and 12(2)	52,961	3	43,438	2
1410	Prepayments		13,603	1	22,150	1
1460	Net assets held for sale	6 (11)	-	-	85,273	4
11XX	<b>Total current assets</b>		<u>173,136</u>	<u>9</u>	<u>268,342</u>	<u>12</u>
<b>Non-current assets</b>						
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	102,210	5	104,538	5
1517	Financial assets at fair value through other comprehensive income - noncurrent	6 (3)	5,111	-	5,108	-
1535	Financial assets measured at amortized cost - non-current	6 (4) and 8	3,571	-	2,305	-
1550	Investments accounted for using equity method	6 (6)	104,913	6	87,952	4
1600	Property, Plant and Equipment	6 (7) and 8	1,251,778	65	1,309,677	60
1755	Right-of-use assets	6 (8)	235,341	12	293,591	14
1780	Intangible asset		2,890	-	4,230	-
1840	Deferred tax assets	6 (28)	1,384	-	1,876	-
1900	Other non-current assets	6 (10) and 8	47,405	3	116,720	5
15XX	<b>Total non-current assets</b>		<u>1,754,603</u>	<u>91</u>	<u>1,925,997</u>	<u>88</u>
1XXX	<b>Total Assets</b>		<u>\$ 1,927,739</u>	<u>100</u>	<u>\$ 2,194,339</u>	<u>100</u>

(Continued)

Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated balance sheets  
December 31, 2023 and 2022

Unit: Thousand NTD

Liabilities and Stockholders' Equity	Note	December 31, 2023		December 31, 2022		
		Amount	%	Amount	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6 (12)	\$ 30,000	2	\$ 207,000	9
2110	Short-term bills payable	6 (12)	-	-	34,800	2
2150	Notes payable		6,881	-	6,908	-
2200	Other payables	6 (14)	47,439	2	58,805	3
2230	Current income tax liabilities		15,437	1	20,648	1
2260	Liabilities directly associated with assets held for sale	6 (11)	-	-	36,459	2
2280	Current lease liabilities		50,351	3	47,436	2
2320	Long-term liabilities, current portion	6 (13)	58,117	3	52,452	2
2399	Other current liabilities - others		74	-	74	-
21XX	<b>Total current liabilities</b>		<u>208,299</u>	<u>11</u>	<u>464,582</u>	<u>21</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6 (13)	285,975	15	257,799	12
2550	Provisions for liabilities - non-current	6 (17)	27,998	1	27,174	1
2570	Deferred tax liabilities	6 (28)	12,675	1	12,871	1
2580	Non-current lease liabilities		175,449	9	232,131	11
2640	Net defined benefit liabilities - noncurrent	6 (15)	4,862	-	5,368	-
2645	Guarantee deposits received		440	-	6,450	-
25XX	<b>Total non-current liabilities</b>		<u>507,399</u>	<u>26</u>	<u>541,793</u>	<u>25</u>
2XXX	<b>Total liabilities</b>		<u>715,698</u>	<u>37</u>	<u>1,006,375</u>	<u>46</u>
<b>Equity attributable to shareholders of the parent company</b>						
Share capital						
3110	Common stock	6 (18)	778,344	40	778,344	35
Additional paid-in capital						
3200	Additional paid-in capital	6 (19)	77,397	4	67,888	3
Retained earnings						
3310	Legal reserve	6 (20)	205,038	11	194,177	9
3320	Special reserve		-	-	18,778	1
3350	Unappropriated retained earnings		147,392	8	125,349	6
Other equity interests						
3400	Other equity interests	6 (21)	3,419	-	2,967	-
31XX	<b>Total equity attributable to shareholders of the parent company</b>		<u>1,211,590</u>	<u>63</u>	<u>1,187,503</u>	<u>54</u>
36XX	<b>Non-controlling interests</b>		<u>451</u>	<u>-</u>	<u>461</u>	<u>-</u>
3XXX	<b>Total equity</b>		<u>1,212,041</u>	<u>63</u>	<u>1,187,964</u>	<u>54</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 1,927,739</u>	<u>100</u>	<u>\$ 2,194,339</u>	<u>100</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  
Consolidated Comprehensive Income Statement  
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD  
(Except earnings per share in NTD)

Item	Note	2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6 (9)(22)	\$ 441,518	100	\$ 475,513	100
5000 Operating cost	6 (26) (27)	( 314,567)	( 71)	( 305,360)	( 64)
5900 Operating gross profits		<u>126,951</u>	<u>29</u>	<u>170,153</u>	<u>36</u>
Operating expenses	6 (26) (27)				
6100 Selling and marketing expenses		( 5,280)	( 1)	( 6,186)	( 2)
6200 General and administrative expenses		( 59,700)	( 14)	( 62,144)	( 13)
6000 Total operating expenses		( 64,980)	( 15)	( 68,330)	( 15)
6900 Operating profit		<u>61,971</u>	<u>14</u>	<u>101,823</u>	<u>21</u>
Non-operating income and expenses					
7100 Interest income		1,417	-	492	-
7010 Other income	6 (23)	21,993	5	6,485	1
7020 Other gains or losses	6 (24)	( 6,287)	( 1)	26,771	6
7050 Financial costs	6 (25)	( 13,505)	( 3)	( 4,362)	( 1)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method.	6 (6)	<u>15,258</u>	<u>3</u>	<u>5,415</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>18,876</u>	<u>4</u>	<u>34,801</u>	<u>7</u>
7900 Profit before income tax		80,847	18	136,624	28
7950 Income tax expense	6 (28)	( 15,624)	( 3)	( 29,592)	( 6)
8200 Current period net profit		<u>\$ 65,223</u>	<u>15</u>	<u>\$ 107,032</u>	<u>22</u>

(Continued)

Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated Comprehensive Income Statement  
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD  
(Except earnings per share in NTD)

Item	Note	2023		2022	
		Amount	%	Amount	%
<b>Other comprehensive income for the year (net)</b>					
<b>Items that will be reclassified to profit or loss</b>					
8311	Re-measurements of the defined benefit liability	6 (15)			
		(\$ 642)	-	\$ 1,961	-
8316	Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	6 (3)			
		3	-	( 2,396)	-
8349	Income tax related to components of other comprehensive income that is not reclassified to profit or loss	6 (28)			
		127	-	( 392)	-
8310	Total amount of items that will not be reclassified to profit or loss				
		( 512)	-	( 827)	-
<b>Items that may be reclassified subsequently to profit or loss:</b>					
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations				
		560	-	28,565	6
8399	Income taxes related to items that may be reclassified	6 (28)			
		( 111)	-	( 5,714)	( 1)
8360	Total of Items that may be reclassified to profit or loss				
		449	-	22,851	5
8300	<b>Other comprehensive income for the year (net)</b>				
		(\$ 63)	-	\$ 22,024	5
8500	<b>Total comprehensive income in the current period</b>				
		\$ 65,160	15	\$ 129,056	27
Net income attributable to:					
8610	Shareholders of the parent company				
		\$ 65,233	15	\$ 107,044	22
8620	Non-controlling interests				
		( 10)	-	( 12)	-
		\$ 65,223	15	\$ 107,032	22
Total comprehensive income attributable to:					
8710	Shareholders of the parent company				
		\$ 65,170	15	\$ 129,068	27
8720	Non-controlling interests				
		( 10)	-	( 12)	-
		\$ 65,160	15	\$ 129,056	27
Earnings per share					
9750	Basic	6 (29)			
		\$ 0.84		\$ 1.50	
9850	Diluted				
		\$ 0.84		\$ 1.50	

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 Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

	Note	Equity attributable to shareholders of the parent company											Non-controlling interests	Total equity	
		Additional paid-in capital				Retained earnings				Other equity interests					
		Common stock	Issuance premium	Treasury stock transactions	Changes in net equity of affiliated companies and joint ventures under the equity method	Employee share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income	Total			
<u>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		-	-	-	-	-	-	-	107,044	-	-	107,044	( 12)	107,032	
Other comprehensive income recognized for the period		-	-	-	-	-	-	-	1,569	22,851	( 2,396)	22,024	-	22,024	
Total comprehensive income in the current period		-	-	-	-	-	-	-	108,613	22,851	( 2,396)	129,068	( 12)	129,056	
Appropriation and distribution of retained earnings for FY2021	6 (20)														
Legal reserve allocated		-	-	-	-	-	6,984	( 6,984)	-	-	-	-	-	-	
Special reserve allocated		-	-	-	-	-	-	5,714	( 5,714)	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	-	( 55,227)	-	-	( 55,227)	-	( 55,227)	
Follow-On Offering		88,000	61,000	-	-	-	-	-	-	-	-	149,000	-	149,000	
Share-based payments		-	1,280	-	-	1,375	-	-	-	-	-	2,655	-	2,655	
Disposal of equity instruments at fair value through other comprehensive profit or loss	6 (3)	-	-	-	-	-	-	( 1,290)	-	-	1,290	-	-	-	
Balance at December 31, 2022		\$ 778,344	\$ 62,280	\$ 4,233	\$ -	\$ 1,375	\$ 194,177	\$ 18,778	\$ 125,349	\$ 7,488	(\$ 4,521)	\$ 1,187,503	\$ 461	\$ 1,187,964	
<u>2023</u>															
Balance at January 1, 2023		\$ 778,344	\$ 62,280	\$ 4,233	\$ -	\$ 1,375	\$ 194,177	\$ 18,778	\$ 125,349	\$ 7,488	(\$ 4,521)	\$ 1,187,503	\$ 461	\$ 1,187,964	
Current period net profit		-	-	-	-	-	-	-	65,233	-	-	65,233	( 10)	65,223	
Other comprehensive income recognized for the period		-	-	-	-	-	-	-	( 515)	449	3	( 63)	-	( 63)	
Total comprehensive income in the current period		-	-	-	-	-	-	-	64,718	449	3	65,170	( 10)	65,160	
Appropriation and distribution of retained earnings for FY2022	6 (20)														
Legal reserve allocated		-	-	-	-	-	10,861	( 10,861)	-	-	-	-	-	-	
Reversal of special reserve	6 (16)	-	-	-	-	-	-	( 18,778)	18,778	-	-	-	-	-	
Cash dividends		-	-	-	-	-	-	-	( 50,592)	-	-	( 50,592)	-	( 50,592)	
Changes in net equity of affiliated companies and joint ventures under the equity method		-	-	-	9,509	-	-	-	-	-	-	9,509	-	9,509	
Balance at December 31, 2023		\$ 778,344	\$ 62,280	\$ 4,233	\$ 9,509	\$ 1,375	\$ 205,038	\$ -	\$ 147,392	\$ 7,937	(\$ 4,518)	\$ 1,211,590	\$ 451	\$ 1,212,041	

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 December 31, 2023 and 2022

Unit: Thousand NTD

	Note	January 1 to December 31, 2023		January 1 to December 31, 2022
<u>Cash flow from operating activities</u>				
Profit before income tax for the year		\$ 80,847	\$	136,624
Adjustment for:				
Income and expenses having no effect on cash flows				
depreciation expense	6 (7)(8) (26)	191,267		186,582
Amortization expense	6 (26)	1,617		1,576
Loss (gain) on financial assets at fair value through profit or loss	6 (2)(24)	16,480	(	28,830 )
Gains on disposal of subsidiary	6 (11) (24)	10,196	(	-
Financial costs	6 (25)	13,505		4,362
Interest income		1,417	(	492 )
Dividends income	6 (23)	13,654	(	4,699 )
Share-based payment expense		-		2,655
Exchange differences in Financial assets measured at amortized cost	6 (4)	3	(	1,757 )
Shares of affiliated enterprises and joint venture interests recognized using the equity method	6 (6)	15,258	(	5,415 )
Change in assets/liabilities related to operating activities				
Changes in operating assets				
Notes receivable, net		5		366
Accounts receivable, net		9,523	(	2,283 )
Prepayments		8,547	(	13,784 )
Changes in operating liabilities				
Notes payable		27	(	27 )
Other payables		720	(	8,733 )
Other current liabilities		-	(	3 )
Net defined benefit liabilities		1,148	(	1,223 )
Cash flow from operating activities		260,328		282,439
Interest received		1,417		492
Dividend received		13,654		4,699
Interest paid		13,505	(	4,362 )
Income tax paid		20,523	(	17,503 )
Net cash generated by operating activities		241,371		265,765

(Continued)

Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated cash flow statements  
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

	Note	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash Flow from Investing Activities</u>			
Disposal of financial assets measured at fair value through other comprehensive income	12 (3)	\$ -	\$ 28,710
Acquisition of financial assets measured at amortized cost		( 4,166 )	( 4 )
Disposal of financial assets measured at amortized cost		-	10,000
Refund of share price due to capital reduction of financial assets at fair value through profit or loss	12 (3)	23,060	-
Acquisition of financial assets at fair value through profit or loss	12 (3)	( 50,400 )	-
Disposal of financial assets at fair value through profit or loss	12 (3)	13,188	7,401
Acquisition of investments accounted for using equity method	6 (6)	-	( 97,653 )
Capital reduction and return of shares of invested companies using the equity method	6 (6)	8,501	22,914
Purchase of property, plant and equipment	6(30)	( 84,858 )	( 317,503 )
Acquisition of intangible assets		( 277 )	( 1,565 )
Cash received from disposal of subsidiaries	6 (11)	59,010	-
Increase in refundable deposits		( 114 )	( 53,361 )
Decrease in refundable deposits		309	-
Decrease in guarantee deposits	6(10)	69,120	-
Net cash (outflow) inflow from investing activities		<u>33,373</u>	<u>( 401,061 )</u>
<u>Cash Flow from Financing Activities</u>			
Decrease in short-term bills payable		( 34,800 )	( 3,700 )
Increase in short-term borrowings	6 (31)	985,500	1,334,900
Decrease in short-term borrowings	6 (31)	( 1,162,500 )	( 1,201,500 )
Borrowing of long-term loans (including portions due within one year or one operating cycle)	6 (31)	87,739	207,420
Repayment of long-term loans (including portions due within one year or one operating cycle)	6 (31)	( 53,898 )	( 261,412 )
Amount of principal payments on lease liabilities	6 (8) (31)	( 53,767 )	( 63,527 )
Cash dividends paid	6 (20)	( 50,592 )	( 55,227 )
Follow-on offering	6 (18)	-	149,000
Decrease in guarantee deposits received		( 6,010 )	-
Net cash (outflow) inflow from financing activities		<u>( 288,328 )</u>	<u>105,954</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies		( 217 )	2,791
Decrease in cash and cash equivalents		( 13,801 )	( 26,551 )
Beginning of year cash and cash equivalents		99,347	135,111
Cash and cash equivalents at the end of the year		<u>\$ 85,546</u>	<u>\$ 108,560</u>
Composition of cash and cash equivalents:			
Cash and cash equivalents on the balance sheet		\$ 85,546	\$ 99,347
Cash and cash equivalents classified as held-for-sale (non-current) assets (or disposal groups)	6 (11)	-	9,213
Cash and cash equivalents at the end of the year		<u>\$ 85,546</u>	<u>\$ 108,560</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 the Consolidated Financial Statements  
for the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD  
(Unless otherwise specified)

I. Company History and Business Scope

Prime Oil Chemical Service Corporation (hereinafter referred to as the “Company”) was established on October 1, 1978 and was listed on the Taiwan Stock Exchange on January 5, 1983. The Company and its subsidiaries (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 Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on March 14, 2024.

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 2023:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IAS 1 “Disclosure of Accounting Policies”.	January 1, 2023
Amendment to IAS 8 “Definition of Accounting Estimates”.	January 1, 2023
Amendment to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction with a Single Taxpayer”.	January 1, 2023
Amendments to IAS 12 “Deferred taxes arising from OECD Pillar Two model rules”	May 23, 2023

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

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards for 2024 issued by the IASB and recognized by the Financial Supervisory Commission:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 16 “Leases - Lease Liability in a Sale and Leaseback”.	January 1, 2024
Amendment to IAS 1 “Classification of Liabilities as Current or Non-current”.	January 1, 2024
Amendment to IAS 1 “Classification of Liabilities - Obligations with Contractual Clauses”.	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024

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

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

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

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”.	To be decided by the IASB
IFRS 17 “Insurance Contracts”.	January 1, 2023
Amendment to IFRS 17 “Insurance Contracts”.	January 1, 2023
Amendments to IFRS 17 “First-time adoption of IFRS 17 and IFRS 9 - Comparative information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

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

IV. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the Consolidated Financial Statements are described below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(I) Compliance statement

The consolidated financial statements have been prepared in accordance with the Financial Reporting Standards for Issuers of Securities and Credit Rating Agencies and the International Financial Reporting Standards (IFRSs) issued by the Financial Supervisory Commission (FSC) that have been recognized and adopted.

(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) Financial assets at fair value through other comprehensive income are measured at fair value.
  - (3) The defined benefit liability is recognized as the net of the present value of the pension fund assets less the defined benefit obligation.
2. The preparation of 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 Corporate 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
  - (1) The Corporate Group includes all of its subsidiaries in the preparation of consolidated financial statements. Subsidiaries are entities controlled by the Corporate Group. The Corporate Group controls the entity when the Corporate Group is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are included in the consolidated financial statements from the date the Corporate Group obtains control and are deconsolidated on the date control is lost.
  - (2) All significant intra-group transactions, balances and unrealized gains and losses between the Corporate Group and its subsidiaries have been eliminated in full. The accounting policies of the subsidiaries are consistent with the policies adopted by the Corporate Group.
  - (3) Profit or loss and other components of consolidated profit or loss are attributed to owners of the parent and noncontrolling interests; total consolidated profit or loss is also attributed to owners of the parent and noncontrolling interests, even if this results in a loss balance for noncontrolling interests.

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>December 31, 2023</u>	<u>December 31, 2022</u>	
The Company	He Zhen Feng Co., Ltd.	Real Estate Leasing	69.47	69.47	
The Company	POCS POWER CO., LTD.	Solar Power Industry	-	100.00	Note2
The Company	Prime Holdings Corporation (PHC)	Shareholding and General Trading	100.00	100.00	
PHC	Prime Solar Energy Co., Ltd.	Real Estate Development	100.00	100.00	Note1

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: The Company, in order to improve the overall operating efficiency and return on investment of its energy business, decided at a board meeting on December 27, 2022, to sell all the shares (4,000,000 common shares) of its subsidiary, POCS POWER Co., Ltd. The share sale agreement was signed on February 8, 2023 and on March 31, 2023, the equity transaction was completed. For further details, please refer to Note 6(11).

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) Foreign currency translation

Items included in the financial statements of each entity within the Corporate Group are measured using the currency of the primary economic environment in which the entity operates (i.e., the functional currency). The currency of this Consolidated Financial Statement is presented in the Company's functional currency "NTD."

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the prevailing exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the prevailing exchange rates at the balance sheet date. Exchange

differences arising upon adjustments are recognized in profit or loss in the period when they arise.

- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are adjusted at the prevailing exchange rates at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are adjusted at the prevailing exchange rates at the balance sheet date; differences resulting from such translations are recognized in other comprehensive income; for those that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All foreign exchange gains and losses are presented in the Statements of Comprehensive Income under “other gains and losses.”

## 2. Translation of foreign operations

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

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

## (V) Classification of current and non-current assets and liabilities

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

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

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

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

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

The Corporate Group classifies all other liabilities that meet none of the above criteria as non-current liabilities.

## (VI) Cash and cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. Time

deposits that meet the above criteria and are held for the purposes of meeting short-term operating cash commitment are classified as cash equivalents.

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

1. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.
2. The Corporate Group adopts trade date accounting for the financial assets at fair value through profit or loss that belong to regular transactions.
3. At initial recognition, the Corporate Group measures the financial assets at fair value and recognizes their transaction costs in profit or loss. The Corporate Group subsequently measures the financial assets at fair value and recognizes such asset's gain or loss in profit or loss.

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

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

(IX) Financial assets measured at amortized cost

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

(X) Accounts and notes receivables

1. Are those with an unconditional legal right to receive considerations in exchange for transferred goods or rendered services.
2. The short-term accounts and notes receivable without bearing interest are subsequently

measured at initial invoice amount as the effect of discounting is immaterial

(XI) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income, financial assets at amortized cost, and accounts receivable containing a significant financing component, the Group measures, at each balance sheet date, the impairment provision at 12 months expected credit losses if there has no significant increase in credit risk since initial recognition or measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for ECLs over the lifetime

(XII) De-recognition of financial assets

The Corporate Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XIII) Lessor Leasing Transaction - Operating lease

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

(XIV) Non-current assets held for sale

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

(XV) Investments accounted for under the equity method - affiliated enterprises

1. Affiliated companies refer to entities over which the Company exerts significant influence but does not have control, typically by directly or indirectly holding more than 20% of voting rights. The Company uses the equity method to account for its investments in affiliated companies, recognizing them at cost upon acquisition.
- 2.. After the acquisition of an equity interest in an associated company, the Group recognizes its share of the associated company's profit or loss as a current period expense, while its share of the associated company's other comprehensive income is recognized in other comprehensive income. If this company's share of losses in an associated company equals or exceeds its interest in the associated company's equity (including any other unsecured receivables), no further losses are recognized unless this company has a legal or constructive obligation or has made payments on behalf of the associated company.
3. When an equity change occurs in an associated enterprise that is not related to profit or other comprehensive income and does not affect the percentage of ownership in the associated enterprise, the Company recognizes all equity changes in "Capital Surplus" based on its ownership percentage.
4. The unrealized gains and losses resulting from transactions between the Group and its affiliated companies have been eliminated based on their respective ownership interests, unless evidence indicates that the transferred assets have been impaired, in which case unrealized losses are also eliminated. The accounting policies of the affiliated companies have been adjusted as necessary to be consistent with those adopted by the Company.

(XVI) Property, Plant and Equipment

1. They are initially recorded at cost and relevant interests incurred during the construction period are capitalized.
2. Subsequent costs are included in the carrying amount of an asset or recognized as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Corporate Group and the cost of the item can be measured reliably. The carrying amount of the part of replacement should be derecognized. All other maintenance expenses are recognized as current profit or loss as incurred.
3. Subsequent evaluation of the equipment applies the cost model and such equipment is depreciated under the straight-line method. If the components of the equipment are significant, depreciation is provided separately.
4. The Group reviews the residual value, useful life and depreciation method of each asset at the end of each fiscal year. If the expected value of the residual value and useful life differs from previous estimates or if there is a significant change in the expected pattern of consumption of future economic benefits embodied in the asset, the change in accounting estimate is accounted for in accordance with IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors” from the date of the change. Useful life of each asset.

Warehousing equipment	2~35 years	Lease improvement	10 years
Transport Equipment	5~10 years	Lease assets	7~35 years
Office Equipment	3~5 years	Other Equipment	10~25 years

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

1. Leased assets are recognized as right-of-use assets and leasing liabilities as of the date they become available to the Corporate Group. When a lease contract is a short-term lease or a lease of a low-value asset, the lease payment is recognized as an expense over the leasing period using the straight-line method.
2. Leasing liabilities are recognized at the commencement date of such lease at the present value of unpaid lease payments discounted by the interest rate on the Corporate Group’s incremental borrowings. Such leasing payments are fixed payments, less any lease incentives that are entitled to be received.

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

3. Right-of-use assets are recognized at cost at the commencement date of the lease. The cost is the initial measurement amount of such leasing liabilities.

The subsequent measurement is based on the cost model, and the depreciation expense is appropriated when the useful life of the right-of-use asset expires or the lease term expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset adjusts any remeasurement of the lease liability.

4. For lease modifications that result in a reduction of the lease scope, the lessee shall reduce the carrying amount of the leased asset to reflect the partial or full termination of the lease, and recognize the difference between the carrying amount of the leased asset and the re-measured lease liability in profit or loss.

(XVIII) Impairment of non-financial assets

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

(XIX) Loans

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

(XX) De-recognition of financial liabilities

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

(XXI) Provision

Provisions (de-commissioning liabilities) arise when the Company has a present legal or constructive obligation because of past events and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the amount of the expenditures required to settle underlying obligation on the balance sheet date. Provisions shall not be recognized for future operating losses.

(XXII) Employee benefits

1. Short-term employee benefits  
Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid with respect to the service rendered by employees in a period and should be recognized as expense in that period when the employees render service.
2. Pensions
  - (1) Defined contribution plans  
For defined contribution plans, the contributions are recognized as pension expense when they are due on an accrual basis. Pre-paid contributions are

recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plans

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

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

3. Employees' compensation and directors' remuneration

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

(XXIII) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the payment date and are recognized as compensation cost over the vesting period. The Company's equity is then adjusted accordingly. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that are eventually vested.

(XXIV) Income tax

1. Income tax comprises of current and deferred income tax. Tax is recognized in the profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity
2. The current income tax expense is calculated based on the tax laws enacted or substantively enacted at the balance sheet date. The management periodically evaluates implementations taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the

amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to distribute the earnings.

3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Corporate Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined according to tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized, or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

(XXV) Share capital

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

(XXVI) Dividends

Cash dividends distributed to the Company's shareholders are recognized as liabilities in the financial statements when resolved by the Company's board of directors.

(XXVII) Revenue recognition

1. Rental incomes  
The Corporate Group provides chemical and oil tanks for lease in accordance with operating lease standards and the rental income from such operating lease is recognized in profit or loss on a straight-line basis according to rent determined by the leasing agreement.
2. Tank operation revenue  
The Corporate Group provides chemical and oil tanks for lease and offers chemicals and oil loading services. Revenue is recognized in the reporting period in which the services are provided to customers based on actual loading and unloading capacity and contracted rates.
3. Electricity sales revenue  
The Corporate Group recognizes revenue when the electricity generated from solar power generation equipment is transferred to customers. Once the electricity is generated, it is transmitted to the buyer through the distribution system. The buyer has discretion over the access and price of the electricity sold and the revenue is calculated

based on the contracted rate and the number of kilowatt-hours generated per month.

(XXVIII) Business Operations Department

The Group's operating segment information is reported in a consistent manner with the internal management reports provided to the chief operating decision-maker. The chief operating decision maker is responsible for allocating resources to the operating divisions and evaluating their performance, and the chief operating decision-maker of the Corporate Group is identified as the Group Chairperson.

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

In preparation of the Consolidated Financial Statements, the management has made judgements in applying the Corporate Group's accounting policies and made critical accounting assumptions and estimates concerning future events based on the circumstances on the balance sheet date. Assumptions and estimates may differ from the actual results and are continuously evaluated and adjusted based on historical experience and other factors. Such estimates and assumptions have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The Corporate Group has no significant accounting estimates and assumptions. The significant judgment used in the accounting policy is the classification of financial assets, as described below.

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

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

VI. Statements of main accounting items

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 198	\$ 231
Checking accounts and demand deposits	48,139	64,679
Time deposits	<u>37,209</u>	<u>43,650</u>
	85,546	108,560
Less: Non-current assets held for sale	<u>-</u>	<u>(9,213)</u>
	<u>\$ 85,546</u>	<u>\$ 99,347</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 Group has pledged cash and cash equivalents as collateral for certain financial assets measured at amortized cost and other non-current assets. Please refer to Notes 6(4), 6(10), and 8 for details.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Financial assets at fair value through profit and loss		
Investment in private equity	\$ 74,282	\$ 62,795
Adjustment for change in value	<u>27,928</u>	<u>41,743</u>
Total	<u>\$ 102,210</u>	<u>\$ 104,538</u>

1. Gain and loss recognized for financial assets at fair value through profit or loss held by the Corporate Group was (\$16,480) and \$28,830 in 2023 and 2022, 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 information on the credit risk of financial assets measured at fair value through profit or loss.

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

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Non-current items:		
Equity instruments		
Stock not listed on TWSE, TPEX or the emerging market	\$ 7,526	\$ 7,526
Adjustment for change in value	<u>(2,415)</u>	<u>(2,418)</u>
Total	<u>\$ 5,111</u>	<u>\$ 5,108</u>

1. The Corporate 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 \$5,111 and \$5,108 as of December 31, 2023 and December 31, 2022, respectively.
2. The Group disposed of shares of a subsidiary during the fiscal year 2022, and except for shares with a carrying value of \$28,710, accumulated disposal losses of \$1,290 were reclassified to retained earnings.
3. The details of the financial assets measured at fair value through other comprehensive income that were recognized in comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Change in fair value recognized in other comprehensive Income	\$ 3	(\$ 2,396)
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ -	\$ 1,290
Dividends income recognized in profit or loss and still held at the end of the period	\$ 5,476	\$ 4,107
De-recognized during the period	-	592
	<u>\$ 5,476</u>	<u>\$ 4,699</u>

- 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 Corporate Group's maximum exposure to credit risk was \$5,111 and \$5,108 as of December 31, 2023 and December 31, 2022, respectively.
- The Corporate Group has not pledged any financial assets at fair value through other comprehensive income.
- Please refer to Note 12 (2) for information on the credit risk of financial assets measured at fair value through other comprehensive income.

(IV) Financial assets measured at amortized cost

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
The term deposit with original maturity over three months	\$ 2,900	\$ -
Trust account	17,780	17,783
	<u>\$ 20,680</u>	<u>\$ 17,783</u>
Non-current items:		
Restricted asset (The demand deposits)	<u>\$ 3,571</u>	<u>\$ 2,305</u>

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

	<u>2023</u>	<u>2022</u>
Interest income	\$ 249	\$ 53
Valuation interest	( 3)	1,757
	<u>\$ 246</u>	<u>\$ 1,810</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 \$24,251 and \$20,088 as of December 31, 2023 and December 31, 2022, respectively.
3. Information about the financial assets measured at amortized cost that were pledged to others as collaterals is provided in Note 8.
4. Risk information about the relative financial assets measured at amortized cost is provided in Note 12(2).
5. On December 22, 2016, the Company entered into a contract for the construction of a solar power generation system (hereinafter referred to as the "construction contract") and a contract for the purchase of solar power generation system equipment (hereinafter referred to as the "purchase contract") with Chunghwa Telecom Vietnam Co. Ltd. to construct a solar power generation system in Cambodia. The total construction price was US\$7,750 thousand. On December 28, 2016, the Company trusted US\$6,010 thousand by wire transfer to a third-party financial institution; as of December 31, 2023 and December 31, 2022, the balance of the trust account was US\$580 thousand, which is shown as "financial assets measured at amortized cost - current" due to the restricted use.
6. According to the construction contract, the construction of the solar power generation system in the preceding paragraph should be completed within one year and the amount in trust account has been paid to Chunghwa Telecom Vietnam Co., Ltd. However, Chunghwa Telecom Vietnam Co., Ltd. refused to fulfill its obligations under the above "construction contract" in the third quarter of 2017. In view of the aforementioned situation, the Company sent a formal letter to Chunghwa Telecom Vietnam to urge Chunghwa Telecom Vietnam to perform its obligations under the construction contract within the deadline, however after the expiration of the reminder period, Chunghwa Telecom Vietnam's contract obligations remained unfulfilled. Hence the Company legally terminated the construction contract. The Company has filed a lawsuit for civil damages with the Taiwan Taipei District Court (TDC) in April, 2018.
7. In December 2020, the Company received a notification of judgement from the Taipei District Court rejecting the Company's claim. After consultation with legal counsel, the Company appealed to the Taiwan High Court in January 2021. The Taiwan High Court ruled on August 23, 2022, that the Company should pay Chunghwa Telecom Vietnam USD 2,284 thousand and interest calculated at an annual rate of 5% from September 24, 2019 until the date of payment. After further consultation with legal counsel, the Company appealed to the Supreme Court in September 2022 and deposited \$69,120 as collateral to prevent false execution. The collateral amount was recorded as other non-current assets. On March 1, 2023, the Company received a notice from the Supreme Court that the original judgement was overturned, and the case was remanded to the Taiwan High Court. On March 10, 2023, the Company applied for the return of the guaranteed deposit of \$69,120 (presented in other current assets in the table) and on March 13, received a notice from the Taiwan District Court's depositary informing that the declaration of false execution has been rendered invalid and allowing the return of the deposited item. The Company had retrieved the guarantee deposit on August 14, 2023. The case is currently on trial at Taiwan High Court.

(V) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Note receivable	<u>\$ 346</u>	<u>\$ 351</u>
Trade receivable	\$ 52,961	\$ 44,670
Less: Non-current assets held for sale	<u>-</u>	<u>( 1,232)</u>
	<u>\$ 52,961</u>	<u>\$ 43,438</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Trade</u>	<u>Note</u>	<u>Trade</u>	<u>Note</u>
	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>	<u>receivable</u>
Not Past Due	\$ 50,759	\$ 346	\$ 44,670	\$ 351
Within 30 days	<u>2,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 52,961</u>	<u>\$ 346</u>	<u>\$ 44,670</u>	<u>\$ 351</u>

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

- As of December 31, 2022, and December 31, 2021, the balance of receivables (including notes receivables) are generated from the contracts between the Corporate Group and its customers. And as of January 1, 2021, the balance of receivables generated from such contracts was \$43,104.
- The Corporate Group does not hold any collateral.
- Without considering the collaterals held or other credit enhancements, the number of notes receivables that best represented the Corporate Group's maximum exposure to credit risk was \$346 and \$351 as of December 31, 2023 and December 31, 2022, respectively; the amount of accounts receivables that best represented the Corporate Group's maximum exposure to credit risk was \$52,961 and \$44,670 as of December 31, 2023 and December 31, 2022, respectively.
- Please refer to Note 12, (2) for the related credit risk information of accounts receivable.

(VI) Investments accounted for using equity method

	<u>2023</u>		<u>2022</u>
January 1	\$	87,952	\$ -
Increase in investments accounted for using equity method		-	97,653
Capital reduction and return of shares of invested companies using the equity method	(	8,501)	( 22,914)
Share of investment profit and loss using the equity method		15,258	5,415
Changes in additional paid-in capital		9,509	-
Other changes in equity		<u>695</u>	<u>7,798</u>
December 31	<u>\$</u>	<u>104,913</u>	<u>\$ 87,952</u>

1. The investment details using the equity method are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
ABZbridge Corporation	<u>\$ 104,913</u>	<u>\$ 87,952</u>

2. In 2023 and 2022, the net profit of the Group's affiliates for the period were \$71,864 and \$24,075, and the comprehensive income of the current period was \$69,251 and \$63,775, respectively.
3. The Group acquired 20% equity of ABZbridge Corporation at the end of March 2022, and ABZbridge Corporation bought back the treasury shares in the third quarter of 2023. However, the Group did not return the payment for the shares proportionally to its shareholding. As of December 31, 2023, the Company's shareholding had increased to 28.35%. Since the Group is not the largest shareholder of ABZ bridge Corporation, it is determined that the Group does not have control over the company, but only significant influence.

(VII) Property, Plant and Equipment

	<u>2023</u>								
	<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	\$48,830	\$ 704,188	\$ 10,001	\$ 718	\$ 212	\$ 78,588	\$ 1,152,714	\$ 86,226	\$ 2,081,477
Accumulated depreciation and impairment	-	( 439,771)	( 5,418)	( 323)	( 138)	( 66,609)	( 185,471)	-	( 697,730)
	48,830	264,417	4,583	395	74	11,979	967,243	86,226	1,383,747
Less: Reclassification of non-current assets held for sale	-	-	-	-	-	-	( 74,070)	-	( 74,070)
	<u>\$48,830</u>	<u>\$ 264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 893,173</u>	<u>\$ 86,226</u>	<u>\$ 1,309,677</u>
January 1	\$48,830	\$ 264,417	\$ 4,583	\$ 395	\$ 74	\$ 11,979	\$ 893,173	\$ 86,226	\$ 1,309,677
Addition	-	51,048	1,940	-	-	-	19,610	2,438	75,036
Number of Transfers	-	47,300	-	-	-	-	38,926	( 86,226)	-
depreciation expense	-	( 73,917)	( 956)	( 157)	( 19)	( 4,676)	( 53,292)	-	( 133,017)
Net exchange difference	( 8)	-	-	-	-	-	90	-	82
December 31	<u>\$48,822</u>	<u>\$ 288,848</u>	<u>\$ 5,567</u>	<u>\$ 238</u>	<u>\$ 55</u>	<u>\$ 7,303</u>	<u>\$ 898,507</u>	<u>\$ 2,438</u>	<u>\$ 1,251,778</u>
December 31									
Cost	\$48,822	\$ 800,987	\$ 11,941	\$ 718	\$ 212	\$ 62,897	\$ 1,104,568	\$ 2,438	\$ 2,032,583
Accumulated depreciation and impairment	-	( 512,139)	( 6,374)	( 480)	( 157)	( 55,594)	( 206,061)	-	( 780,805)
	<u>\$48,822</u>	<u>\$ 288,848</u>	<u>\$ 5,567</u>	<u>\$ 238</u>	<u>\$ 55</u>	<u>\$ 7,303</u>	<u>\$ 898,507</u>	<u>\$ 2,438</u>	<u>\$ 1,251,778</u>

	<u>2022</u>								
	<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 impairment		<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	-	61,678	-	196	-	-	168,317	84,753	314,944
Number of Transfers	-	3,140	-	-	-	-	21,627	( 24,767)	-
depreciation expense	-	( 68,118)	( 1,159)	( 140)	( 74)	( 7,623)	( 51,333)	-	( 128,447)
Net exchange difference	4,826	-	-	-	-	-	13,150	-	17,976
December 31	<u>\$ 48,830</u>	<u>\$264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 967,243</u>	<u>\$86,226</u>	<u>\$ 1,383,747</u>
December 31									
Cost	\$ 48,830	\$704,188	\$ 10,001	\$ 718	\$ 212	\$ 78,588	\$ 1,152,714	\$86,226	\$ 2,081,477
Accumulated depreciation and impairment		<u>-( 439,771)</u>	<u>( 5,418)</u>	<u>( 323)</u>	<u>( 138)</u>	<u>( 66,609)</u>	<u>( 185,471)</u>	<u>-</u>	<u>( 697,730)</u>
	48,830	264,417	4,583	395	74	11,979	967,243	86,226	1,383,747
Less: Reclassification of non-current assets held for sale	-	-	-	-	-	-	<u>( 74,070)</u>	-	<u>( 74,070)</u>
	<u>\$ 48,830</u>	<u>\$264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 893,173</u>	<u>\$86,226</u>	<u>\$ 1,309,677</u>

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

	<u>2023</u>	<u>2022</u>
Capitalized amount	\$ <u>452</u>	\$ <u>11,270</u>
Capitalized interest rate range	2.13%~2.57%	1.64%~2.50%

2. Significant components of the Group's warehousing equipment, including tanks and pipelines, are depreciated over 2 to 35 years.
3. The Corporate Group's property, plant and equipment showed no signs of impairment from January 1 to December 31, 2023 and 2022.
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 3 to 6 years.

Lease contracts are negotiated separately and include a variety of terms and conditions. There are no restrictions for the leased assets, except that they cannot be sub-leased, under-leased or used as loan collateral.

2. The Group leases assets with low value, including electricity meters and photocopiers.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights	\$ 8,227	\$ 8,736
Buildings	6,411	13,405
Other Equipment	<u>220,703</u>	<u>271,450</u>
	<u>\$ 235,341</u>	<u>\$ 293,591</u>

	<u>2023</u>	<u>2022</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 509	\$ 509
Buildings	6,994	6,994
Other Equipment	<u>50,747</u>	<u>50,632</u>
	<u>\$ 58,250</u>	<u>\$ 58,135</u>

3. The Group signed "Taichung Port West No.5 Wharf and Backyard Land Lease and Operation

Contract” and “Taichung Port West No.2 Wharf and Backyard Land Lease and Operation Contract” with Taiwan International Ports Corporation Taichung Port Branch on May 1, 2022 and July 1, 2022, respectively. The operating contracts are effective from May 1, 2022 to April 30, 2028 and July 1, 2022 to June 30, 2028, respectively. The Group’s right-of-use assets increased by \$0 and \$303,769 in 2023 and 2022, respectively.

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

	<u>2023</u>		<u>2022</u>
<u>Items affecting current profit and loss</u>			
Interest expenses on lease liabilities	\$ 3,905	\$	3,162
Expenses for leases of low-value assets	371		414
Expenses for variable lease payments	9,265		8,775

5. The Corporate Group’s total lease cash outflows were \$67,308 and \$75,878 as of 2023 and 2022, respectively, (of which \$53,767 and \$63,527 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 target assets leased by the Corporate Group are warehousing equipment. The lease agreements are usually for a period of 1 to 5 years and are negotiated on an individual basis and contain various terms and conditions.

2. The Corporate Group recognized rental income of \$250,584 and \$293,201 in 2023 and 2022, respectively, based on operating lease agreements, in which no variable lease payments were included.

3. The maturity analysis of the lease payments under the operating leases is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>
2023	\$ -	\$	217,490
2024	205,158		50,635
2025	49,220		30,060
2026-2027	47,355		38,230
Total	<u>\$ 301,733</u>	\$	<u>336,415</u>

(X) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guaranteed deposit	\$ -	\$ 69,120
Refundable deposit	<u>47,405</u>	<u>48,267</u>
	47,405	117,387
Less: Non-current assets held for sale	<u>-</u>	<u>(667)</u>
	<u>\$ 47,405</u>	<u>\$ 116,720</u>

1. The Group provides deposit and guarantee deposits as collateral for pledge. Please refer to Note 8 for details.
2. The collateral was withdrawn on August 14, 2023. Please refer to Note 6(4) for details.

(XI) Non-current assets held for sale

1. The Company, in order to enhance the overall operational efficiency of its energy business, increase capital utilization and investment return, resolved to sell all shares (4,000,000 common shares) of its subsidiary, Zen Yang Energy Systems Co., Ltd., on December 27, 2022, which was approved by the Board of Directors. The Company signed the contract with the buyer on February 8, 2023, and the equity transaction was completed on March 31, 2023. The Group has reclassified the assets and liabilities of Zen Yang as held for sale. As of December 31, 2022, the assets and liabilities of the held for sale group were \$85,273 and \$36,459, respectively. There was no such situation on December 31, 2023.
2. The assets of the disposal group held for sale:

	<u>December 31, 2022</u>
Cash and cash equivalents	\$ 9,213
Accounts receivable, net	1,232
Prepayments	91
Property, Plant and Equipment	74,070
Other non-current assets	<u>667</u>
Total	<u>\$ 85,273</u>

3. Liabilities directly associated with assets held for sale:

	<u>December 31, 2022</u>
Short-term borrowings	\$ 30,000
Other payables	4,095
Current income tax liabilities	561
Provision - non-current	<u>1,803</u>
Total	<u>\$ 36,459</u>

4. The Company sold the subsidiary, POCSPC, in March 2023. The relevant information of the disposal is listed as follows:

	<u>Amount</u>
Consideration received	\$ 59,010
Less: Book value of investment under equity method	<u>( 48,814)</u>
Gains on disposal of subsidiary	<u>\$ 10,196</u>

(XII) Short-term borrowings and bills payable

<u>Nature of borrowings</u>	<u>December 31, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 30,000</u>	1.75%~1.83%	None
<u>Nature of borrowings</u>	<u>December 31, 2022</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ 237,000	1.70%~2.50%	None
Less: liabilities directly associated with assets held for sale	<u>( 30,000)</u>		
	<u>\$ 207,000</u>		
Short-term bills payable	<u>\$ 34,800</u>	1.64%~1.70%	None

(XIII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Credit borrowings				
Land Bank of Taiwan	2023.6.6~2025.3.7 Repayable in full upon maturity on March 7, 2025	2.43%	None	\$ 19,668
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.	2.49%	None	30,400
Chinatrust Commercial Bank	2022.6.30~2024.12.30 20% of the principal shall be repaid in 5 installments commencing from (inclusive) December 30, 2022. The remaining principal shall be fully repaid at maturity.	2.20%	None	17,600
Shin Kong Bank	2022.11.4~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) December 4, 2022.	2.39%	None	19,805
Shin Kong Bank	2022.12.19~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) January 19, 2023.	2.39%	None	\$ 20,125
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.25%	Other Equipment	53,605
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.25%	Other Equipment	7,418
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.	2.27%	Other Equipment	27,638
Mega International Commercial Bank	2022.6.10~2032.3.29 The principal and interest shall	2.27%	Other Equipment	1,238

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Mega International Commercial Bank	2022.3.29~2032.3.29 be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.27%	Other Equipment	23,100
Mega International Commercial Bank	2022.9.7~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.27%	Other Equipment	31,136
Mega International Commercial Bank	2022.9.26~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.27%	Other Equipment	11,520
Mega International Commercial Bank	2023.5.12~2032.3.29 The principal and interest shall be repaid in 36 equal installments commencing from (inclusive) June 29, 2023.	2.27%	Other Equipment	4,587
Mega International Commercial Bank	2023.6.9~2032.3.29 The principal and interest shall be repaid in 36 equal installments commencing from (inclusive) June 29, 2023.	2.27%	Other Equipment	3,282
Mega International Commercial Bank	2023.6.19~2020.6.19 The principal and interest shall be repaid in 28 equal installments commencing from (inclusive) September 19, 2023.	2.27%	Other Equipment	9,284
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.	2.57%	Other Equipment	\$ 14,195

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Far Eastern International Bank	2023.11.30~2028.11.30 Starting from February 29, 2024 (inclusive), 20 instalments: 2% of the principal is repaid in the 1st to 19th instalments and 62% of the principal is repaid in the 20th instalment.	2.13%	Other Equipment	49,491
				<u>344,092</u>
Less: Current portion (other current liabilities)				( 58,117)
				<u>\$ 285,975</u>

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Credit borrowings				
Land Bank of Taiwan	2018.5.7~2023.5.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) June 7, 2019.	2.01%	None	\$ 1,029
Chinatrust Commercial Bank	2021.12.29~2031.12.29 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) January 29, 2022. (Note)	2.36%	None	34,200
Chinatrust Commercial Bank	2022.6.30~2024.12.30 20% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2022. The remaining principal shall be fully repaid at maturity.	1.90%	None	35,200
Shin Kong Bank	2022.11.4~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) December 4, 2022.	2.09%	None	24,604
Shin Kong Bank	2022.12.19~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) January 19, 2023.	2.13%	None	25,000

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.00%	Other Equipment	\$ 60,430
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.00%	Other Equipment	8,363
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.	2.14%	Other Equipment	30,988
Mega International Commercial Bank	2022.6.10~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.14%	Other Equipment	1,388
Mega International Commercial Bank	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.14%	Other Equipment	25,900
Mega International Commercial Bank	2022.9.7~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.14%	Other Equipment	34,912
Mega International Commercial Bank	2022.9.26~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.14%	Other Equipment	12,920
Far Eastern International Bank	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	2.43%	Other Equipment	
				<u>15,317</u>
				310,251
Less: Current portion (other current liabilities)				( 52,452)
				<u>\$ 257,799</u>

(XIV) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equipment payables	\$ 17,585	\$ 28,231
Salary payables	7,768	7,770
Employees' bonuses and directors' remuneration payable	5,190	8,830
Others	<u>16,896</u>	<u>18,069</u>
	47,439	62,900
Less: liabilities directly associated with assets held for sale	<u>-</u>	<u>( 4,095)</u>
	<u>\$ 47,439</u>	<u>\$ 58,805</u>

(XV) Pensions

1. Defined benefit plan

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of defined benefit obligation	\$ 25,930	\$ 24,678
Fair value of the plan asset	( 21,068)	( 19,310)
Net liabilities recognized in balance sheet	<u>\$ 4,862</u>	<u>\$ 5,368</u>

(3) Changes of net liabilities are as follows:

	<u>Present value of defined benefit obligation</u>	<u>Fair value of the plan asset</u>	<u>Net defined benefit liabilities</u>
2023			
Balance as of January 1	\$ 24,678	(\$ 19,310)	\$ 5,368
Current service cost	206	-	206
Interest expense (revenue)	<u>327</u>	<u>( 265)</u>	<u>62</u>
	<u>25,211</u>	<u>( 19,575)</u>	<u>5,636</u>
Remeasurements:			
Return of plan asset (excluding amounts attributable to interest income or expense)	-	( 77)	( 77)
Effect of changes in financial assumptions	379	-	379
Experience adjustment	<u>340</u>	<u>-</u>	<u>340</u>
	<u>719</u>	<u>( 77)</u>	<u>642</u>
Pension fund contribution	<u>-</u>	<u>( 1,416)</u>	<u>( 1,416)</u>
Balance at December 31	<u>\$ 25,930</u>	<u>(\$ 21,068)</u>	<u>\$ 4,862</u>

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

- (4) Bank of Taiwan was commissioned to manage the fund of the Company's defined benefit pension plan in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safe guard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter or private placement equity securities, investment in domestic or foreign real estate secularization products, etc.). Such utilization is supervised by the Labor Funds Supervisory Committee. With regard to the utilization of the fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the competent authority. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government. The Company's pension accounts with Taishin International Bank have been fully allocated to demand deposit.

(5) The principal actuarial assumptions used are summarized as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	<u>1.20%</u>	<u>1.35%</u>
Future salary increase rate	<u>2.00%</u>	<u>2.00%</u>

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Due to the change of the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis is as follows:

	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2023				
Effect on the present value of defined benefit obligation	<u>(\$ 626)</u>	<u>\$ 650</u>	<u>\$ 411</u>	<u>(\$ 399)</u>
December 31, 2022				
Effect on the present value of defined benefit obligation	<u>(\$ 629)</u>	<u>\$ 653</u>	<u>\$ 431</u>	<u>(\$ 418)</u>

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

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

- (6) Expected contributions to the defined benefit pension plans of the Company for the year 2023 amounted to \$1,420.
- (7) As of December 31, 2023, the weighted average duration of the retirement plan is 9 years. The maturity analysis of pension payments is as follows:

In less than 1 year	\$ 888
1-2 years	3,185
2-5 years	4,341
More than 5 years	<u>20,863</u>
	<u>\$ 29,277</u>

## 2. Defined contribution plans

- (1) The Company has established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. The Company

contributes monthly no less than 6% of salaries as labor pensions to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to apply the labor pension system under the "Labor Pension Act." Payments of employee pensions are made in the form of monthly pensions or one-time lump-sum, depending on the amount of the employees' personal accounts and accumulated earnings. The Company recognized pension costs of \$2,593 and \$2,560 as of 2023 and 2022, respectively, based on the above pension plan.

- (2) He Zhen Feng Co., Ltd. and Prime Holdings Corporation did not recognize pension cost as they have no employees and have not yet stipulated the employee pension plan.

(XVI) Share-based payments

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

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

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

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

<u>Agreement type</u>	<u>Grant date</u>	<u>Fair Value of the Measured Object (NTD)</u>	<u>Strike Price (NTD)</u>	<u>Expected volatility (Note)</u>	<u>Expected duration</u>	<u>Expected dividend rate</u>	<u>risk-free interest rate</u>	<u>fair value per unit (NTD)</u>
Reserved employee subscription of cash capital increase	August 16, 2022	\$ 21.10	\$17.00	13.60%	0.13 years	0.00%	0.72%	\$ 4.1163

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

3. The share-based compensation costs recognized by the Company for the employee stock options certificates in the years 2023 and 2022, January 1 to December 31, were \$0 and \$2,655, respectively.

(XVII) Provision

	<u>2023</u>		<u>2022</u>
Balance as of January 1	\$ 27,174		\$ 25,185
Provision added this period	<u>824</u>		<u>3,792</u>
Balance at December 31	27,998		28,977
Less: liabilities directly associated with assets held for sale	<u>-</u>		<u>(1,803)</u>
	<u>\$ 27,998</u>		<u>\$ 27,174</u>

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

1. The Group signed a lease agreement with the Port Authority in November 2016 and renewed the contract in June 2022, with the lease term ending on April 30, 2028. According to the contract, the Group shall restore the leased wharf to its original state upon lease expiration. Therefore, the estimated cost of demolition, removal or restoration at the location is recorded as a liability provision of \$9,886 as of December 31, 2023 and 2022, respectively.
2. The Corporate Group's solar power generation sites are built on the roof. According to the contract, the Corporate 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 \$18,112 and \$19,091 as of December 31, 2023 and December 31, 2022, respectively (including the liabilities transferred and directly related to the non-current assets held for sale).

(XVIII) Share capital

1. As of December 31, 2023, the Company's authorized capital was NT\$2,000,000 and the paid-in capital was NT\$778,344, divided into 77,834 thousand shares with a par value of NT\$10 per share. All are common stocks. The share capital of the Company has been fully paid-in.

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

	<u>2023</u>		<u>2022</u>
January 1	77,834		69,034
Follow-On Offering	<u>-</u>		<u>8,800</u>
December 31	<u>77,834</u>		<u>77,834</u>

2. On July 1, 2022, the Board of Directors resolved to issue 8,800 thousand common shares for capital increase in cash, and the filing was approved by the Financial Supervisory Commission on August 4, 2022. The cash capital increase base date of the capital increase was October 6, 2022. The issuing price per share was NT\$17 and the total payment for shares was NT\$149,600.

(XIX) Additional paid-in capital

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

(XX) Retained earnings

1. In accordance with the Company Act, the capital surplus from premium from issuance of shares in excess of par value and the capital surplus from donations may be used to cover losses and new shares or cash may be issued in proportion to the shareholders' original shareholding percentages when the Company has no accumulated losses. In addition, in accordance with the Securities and Exchange Act, the above capital surplus can be capitalized to the extent that the total amount does not exceed 10% of the paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.
2. In accordance with the Company Act, the legal reserve may not be used except to cover losses or to issue new shares or cash in proportion to the shareholders' original shareholding percentages, but it is limited to the portion of the legal reserve over 25% of the paid-in capital.
3. According to the Company's Articles of Incorporation, if there is any earnings distribution in the annual final accounts to be paid in cash, the board of directors shall resolve the matter and report to the shareholders' meeting. When distributing earnings, if there is a net profit after tax in the current period, the loss shall first be offset and 10% of the legal reserve shall be appropriated. However, when the legal reserve reaches the amount of the Company's paid-in capital, this shall not apply. Special reserve is appropriated as required by law or the competent authority. The remaining earnings shall be distributed according to the procedures set out in the law and the Articles of Incorporation.
4. When the Company distributes profits, special reserve for profit appropriation shall be allocated from other equity items with debit balances as of the balance sheet date of the current year in accordance with relevant laws and regulations before the profits can be distributed. Afterward, when the debit balances of other equity items are reversed, the amount of reversal can be included in distributable profits.
5. On June 13, 2023 and June 23, 2022, the Shareholders' Meeting of the Company approved the distribution of earnings for 2022 and 2021 respectively. The resolution is as follows:

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Dividends per</u>	<u>Amount</u>	<u>Dividends per</u>
		<u>share (NTD)</u>		<u>share (NTD)</u>
Legal reserve allocated	\$10,861		\$ 6,984	
(Reversal) Special reserve allocated	( 18,778)		5,714	
Cash dividends paid	<u>50,592</u>	\$ 0.65	<u>55,227</u>	\$ 0.80
Total	<u>\$42,675</u>		<u>\$67,925</u>	

6. On March 14, 2024, the Board of Directors resolved and approved the distribution of earnings for 2023. The resolution is as follows:

	<u>2023</u>		<u>Dividends per</u>
	<u>Amount</u>		<u>share (NTD)</u>
Legal reserve allocated	\$ 6,472		
Cash dividends paid	<u>46,701</u>	\$	0.60
Total	<u>\$53,173</u>		

(XXI) Other equity interest

	<u>2023</u>			
	<u>Unrealized gains and</u>	<u>Foreign</u>		<u>Total</u>
	<u>losses</u>	<u>currency</u>		
		<u>translation</u>		
January 1	(\$ 4,521)	\$ 7,488		\$ 2,967
Adjustment for change in value	3	-		3
Foreign currency translation				
adjustment				
consolidated group	-	560		560
tax amount of the group	-	( 111)		( 111)
December 31	<u>(\$ 4,518)</u>	<u>\$ 7,937</u>		<u>\$ 3,419</u>

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

(XXII) Operating revenue

	<u>2023</u>		<u>2022</u>
Operating lease			
Rental incomes	\$ 250,584	\$	293,201
Revenue from Customer Contract			
Tank operation revenue	73,504		73,192
Electricity sales revenue	117,430		109,120
Total	<u>\$ 441,518</u>	<u>\$</u>	<u>475,513</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.

(XXIII) Other income

	<u>2023</u>		<u>2022</u>
Dividends income	\$ 13,654	\$	4,699
Service revenue	6,533		-
Other income	1,806		1,786
	<u>\$ 21,993</u>	<u>\$</u>	<u>6,485</u>

(XXIV) Other gains or losses

	<u>2023</u>		<u>2022</u>
Gains (losses) on financial assets at fair value through profit or loss	(\$ 16,480)	\$	28,830
Gains on disposal of subsidiary	10,196		-
Net foreign currency exchange gain	564		2,010
Others	( 567)		( 4,069)
	<u>(\$ 6,287)</u>	<u>\$</u>	<u>26,771</u>

According to the equity purchase contract of POCS POWER CO., LTD. signed with Nature Energy Electric Co., Ltd., the Company sold the equity for \$59,010, and recognized the gain on disposal of the subsidiary for \$10,196.

(XXV) Financial costs

	<u>2023</u>		<u>2022</u>
Interest expenses			
Bank borrowings	\$ 10,052	\$	12,470
Less: The amount of asset capital that meets the requirements	( 452)	(	11,270)
	9,600		1,200
Interest expenses on lease liabilities	3,905		3,162
	<u>\$ 13,505</u>	<u>\$</u>	<u>4,362</u>

(XXVI) Expenses by nature

	<u>2023</u>		<u>2022</u>
Employee benefits expense	\$ 78,256	\$	83,769
depreciation expense	191,267		186,582
Amortization expense	1,617		1,576
Terminal administrative expenses	18,505		12,711
Miscellaneous purchases	2,775		2,934
Low-value asset rents	371		414
Expenses for variable lease payments	9,265		8,775
Salaries and wages	7,633		13,392
Other expenses	69,858		63,537
Operating costs and operating expenses	<u>\$ 379,547</u>	<u>\$</u>	<u>373,690</u>

(XXVII) Employee benefits expense

	<u>2023</u>		<u>2022</u>
Salary expenses	\$ 62,498	\$	66,577
Labor and health insurance expenses	5,881		5,574
Pension costs	2,861		2,826
Directors' remuneration	2,799		3,918
Other employee expenses	4,217		4,874
	<u>\$ 78,256</u>	<u>\$</u>	<u>83,769</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. In 2023 and 2022, the employees' compensation and directors' and supervisors' remuneration were both estimated by the Company at 3% of the profit until the current period. The estimated amounts of employees' compensations were \$2,595 and \$4,415, respectively; the estimated amounts of directors' and supervisors' remuneration were \$2,595 and \$4,415, respectively, and the aforementioned amounts were recognized as salaries.

The remuneration to employees, directors, and supervisors for 2022 was NT\$4,415 as resolved by the Board of Directors on March 23, 2023, which was consistent with the amount recognized in the financial report for the year.

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

(XXVIII) Income tax

1. Income tax expense

- (1) Components of income tax expense:

	<u>2023</u>	<u>2022</u>
Current tax:		
Income taxes arising from incomes for the current period	\$ 15,508	\$ 21,329
Income tax (overestimated) underestimated for prior years	( 196)	1,723
Tax on undistributed surplus earning	-	43
Total current tax	<u>15,312</u>	<u>23,095</u>
Deferred income tax:		
Origination and Reversal of Temporary Differences	<u>312</u>	<u>6,497</u>
Income tax expense	<u>\$ 15,624</u>	<u>\$ 29,592</u>

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

	<u>2023</u>	<u>2022</u>
Translation differences of foreign operations	(\$ 111)	(\$ 5,714)
Remeasurements of defined benefit obligation	<u>127</u>	<u>( 392)</u>
	<u>\$ 16</u>	<u>(\$ 6,106)</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>		<u>2022</u>
Income tax expense at the statutory rate	\$ 16,172	\$	27,265
Effect from tax-exempt income under the tax law	( 1,095)	(	940)
Effect from exclusion of expenses according to the tax law	739		876
The income should be added to the accounts according to the tax law	-		557
Tax on undistributed surplus earning	-		43
Amount of income tax (overestimated) underestimated for prior years	( 196)		1,723
Others	<u>4</u>		<u>68</u>
Income tax expense	<u>\$ 15,624</u>	<u>\$</u>	<u>29,592</u>

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

	<u>January 1</u>	<u>2023</u> <u>Recognized in</u> <u>profit or loss</u>	<u>Recognized in</u> <u>other</u> <u>comprehensive</u> <u>net profit</u>	<u>December 31</u>
Deferred income tax assets				
temporary difference:				
Bonus for employees not taking leave	\$ 410	\$ -	\$ -	\$ 410
Pension liability	1,466	( 621)	127	972
Unrealized exchange loss	<u>-</u>	<u>2</u>	<u>-</u>	<u>2</u>
	<u>\$ 1,876</u>	<u>(\$ 619)</u>	<u>\$ 127</u>	<u>\$ 1,384</u>
Deferred income tax liabilities				
Unrealized exchange gains	(\$ 357)	\$ 357	\$ -	\$ -
Cumulative translation adjustment	( 1,873)	-	( 111)	( 1,984)
Gain on investment	<u>( 10,641)</u>	<u>( 50)</u>	<u>-</u>	<u>( 10,691)</u>
	<u>(\$ 12,871)</u>	<u>\$ 307</u>	<u>(\$ 111)</u>	<u>(\$ 12,675)</u>

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

4. The effective periods of unused tax losses and the related amounts of unrecognized deferred income tax assets of the Corporate Group's subsidiaries are as follows:

<u>December 31, 2023</u>				
<u>Year</u>	<u>Reported</u>	<u>Amount not yet deducted</u>	<u>Unrecognized Deferred Tax Income tax asset component</u>	<u>Last Year of Deduction</u>
2013	<u>\$ 3,916</u>	<u>\$ 3,916</u>	<u>\$ 3,916</u>	2023

<u>December 31, 2022</u>				
<u>Year</u>	<u>Reported</u>	<u>Amount not yet deducted</u>	<u>Unrecognized Deferred Tax Income tax asset component</u>	<u>Last Year of Deduction</u>
2013	<u>\$ 3,916</u>	<u>\$ 3,916</u>	<u>\$ 3,916</u>	2023

5. The income taxes of the Company and its subsidiary, He Zhen Feng Co., Ltd., have all been assessed and approved by the tax authorities up to the fiscal year 2021.

(XXIX) Earnings per share

		<u>2023</u>	
		<u>Weighted average</u>	
		<u>Number of shares in</u>	
	<u>After-tax</u>	<u>circulation</u>	<u>Earnings per</u>
	<u>amount</u>	<u>(thousands of</u>	<u>share</u>
		<u>shares)</u>	<u>(NTD)</u>
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$ 65,233	77,834	<u>\$ 0.84</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	-	181	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 65,233</u>	<u>78,015</u>	<u>\$ 0.84</u>

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

(XXX) Supplemental cash flow information

Investing activities that are only partially paid in cash:

	<u>2023</u>		<u>2022</u>
Purchase of property, plant and equipment	\$ 75,036	\$	314,944
Add: Equipment payable at the beginning of the period	28,231		34,582
Less: Equipment payable at the end of the period	( 17,585)	(	28,231)
Less: Provision - non-current added during the period	( 824)	(	3,792)
Cash paid during the period	<u>\$ 84,858</u>	<u>\$</u>	<u>317,503</u>

(XXXI) Changes in liabilities arising from financing activities

	<u>lease liabilities</u>	<u>Short-term borrowings and bills payable</u>	<u>2023 Long-term borrowings (including portions due within one year or one operating cycle)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 279,567	\$ 241,800	\$ 310,251	\$ 831,618
Changes in cash flows from financing activities	( 53,767)	( 211,800)	33,841	( 231,726)
December 31	<u>\$ 225,800</u>	<u>\$ 30,000</u>	<u>\$ 344,092</u>	<u>\$ 599,892</u>

	<u>lease liabilities</u>	<u>Short-term borrowings and bills payable</u>	<u>2022 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	( 63,527)	129,700	( 53,992)	12,181
Other non-cash transactions	303,769	-	-	303,769
Less: liabilities directly associated with assets held for sale	-	( 30,000)	-	( 30,000)
December 31	<u>\$ 279,567</u>	<u>\$ 241,800</u>	<u>\$ 310,251</u>	<u>\$ 831,618</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>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 22,296	\$ 23,404
Post-employment benefits	<u>1,238</u>	<u>1,189</u>
	<u>\$ 23,534</u>	<u>\$ 24,593</u>

## VIII. Pledged assets

### (I) The details of the Company's assets as collateral are as follows:

Asset type	December 31, 2023	December 31, 2022	Purpose
Other non-current assets (refundable deposits)	\$ 2,400	\$ 2,400	Customs duty
Other non-current assets (refundable deposits)	25,457	25,190	Lease deposits
Other non-current assets (refundable deposits)	19,548	20,677	Performance guarantee deposits
Financial assets measured at amortized cost – non-current	3,571	2,305	Long-term borrowings
Other non-current assets (guaranteed deposits)	-	69,120	Litigation bond
Other Equipment	<u>537,511</u>	<u>155,597</u>	Long-term borrowings
	<u>\$ 588,487</u>	<u>\$ 275,289</u>	

Note: The explanation regarding the related party deposits for guarantees can be found in Note 6(4).

### (II) Part of the construction payment for the construction of the solar photovoltaic power generation system has been entrusted to a third-party financial institution. Please refer to Note 6(4) for details.

## IX. Significant contingent liabilities and unrecognized contract commitments

### (I) Contingencies

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

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, Plant and Equipment	<u>\$ 1,600</u>	<u>\$ 47,074</u>

X. Losses due to major disasters

Not applicable.

XI. Significant events after the balance sheet date

On March 14, 2024, the Board of Directors passed the distribution of 2023 earnings. Please refer to Note 6(20).

XII. Others

(I) Capital management

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

The Corporate Group monitors capital through the debt-to-equity ratio. This ratio is calculated as total loans less cash and cash equivalents then divided by total equity. The Corporate Group's strategic maintenance in 2023 to pin the debt-to-equity ratio in between 0% and 30% remains unchanged from that in 2022. The calculation of the Corporate Group's debt-to-equity ratio as of December 31, 2023 and December 31, 2022 was as follows

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total loans	\$ 374,092	\$ 552,051
Less: Cash and cash equivalents	( 85,546)	( 99,347)
Net debt	<u>\$ 288,546</u>	<u>\$ 452,704</u>
Total equity	<u>\$ 1,211,590</u>	<u>\$ 1,187,503</u>
Debt-to-equity ratio	<u>23.82%</u>	<u>38.12%</u>

## (II) Financial instruments

### 1. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</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	\$ 102,210	\$ 104,538
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	\$ 5,111	\$ 5,108
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 85,546	\$ 99,347
Financial assets measured at amortized cost - current	20,680	17,783
Note receivable	346	351
Trade receivable	52,961	43,438
Financial assets measured at amortized cost - non-current	3,571	2,305
Other non-current assets	47,405	116,720
	<u>\$ 210,509</u>	<u>\$ 279,944</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 30,000	\$ 207,000
Short-term bills payable	-	34,800
Notes payable	6,881	6,908
Other payables	47,439	58,805
Long-term borrowings (including portions due within one year or one operating cycle)	344,092	310,251
Guarantee deposits received	440	6,450
	<u>\$ 428,852</u>	<u>\$ 624,214</u>
lease liabilities	<u>\$ 225,800</u>	<u>\$ 279,567</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>December 31, 2023</u>						
<u>Sensitivity Analysis</u>						
	<u>Foreign currency (NTD in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>	<u>Change range</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehens ive income</u>
<u>Financial asset</u>						
<u>Monetary items</u>						
USD: NTD	\$ 653	30.66	\$ 20,021	1%	\$ 200	\$ -
<u>Non-monetary items</u>						
USD: NTD	\$ 12,027	30.66	\$368,714	1%	\$ -	\$ -

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

C. The total amount of exchange gain (losses) (both realized and unrealized) recognized in 2023 and 2022 was \$564 and \$2,010, 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 Corporate Group invests mainly in equity instruments and beneficiary certificates that are not listed on the TWSE or TPEX or foreign markets. 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 short-term and 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 2023 and 2022, the Corporate Group's borrowings based on floating interest rates 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 December 31, 2023 and December 31, 2022, if the interest rate of all borrowings increased by 1% with all other factors held constant, net profits after tax would have decreased by \$2,993 and \$4,354 for 2023 and 2022, primarily due to the floating rate of borrowings that increases interest expense.

(4) Credit risk

- A. The Corporate 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. Cash, cash equivalents and financial assets measured at amortized cost that have been assessed to have no significant 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 Corporate 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 December 31, 2023

and December 31, 2022.

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 table presents the Group's non-derivative financial liabilities, grouped by the relevant maturity date, which 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 Table below are undiscounted amounts.

Non-derivative financial liabilities:

December 31, 2023	<u>Less than 1</u> <u>year</u>	<u>Less than 1 to 2</u> <u>years</u>	<u>More than 2</u> <u>years</u>
Short-term borrowings	\$ 30,097	\$ -	\$ -
Notes payable	6,881	-	-
Other payables	47,439	-	-
lease liabilities	59,724	53,080	126,969
Guarantee deposits received	-	-	440
Long-term borrowings (including portions due within one year or one operating cycle)	<u>65,521</u>	<u>66,420</u>	<u>238,797</u>
Total	<u>\$ 209,662</u>	<u>\$ 119,500</u>	<u>\$ 366,206</u>

Non-derivative financial liabilities:

December 31, 2022	<u>Less than 1</u> <u>year</u>	<u>Less than 1 to 2</u> <u>years</u>	<u>More than 2</u> <u>years</u>
Short-term borrowings	\$ 207,623	\$ -	\$ -
Short-term bills payable	34,904	-	-
Notes payable	6,908	-	-
Other payables	58,805	-	-
lease liabilities	61,654	59,724	180,049
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	<u>58,602</u>	<u>56,872</u>	<u>219,753</u>
Total	<u>\$ 428,496</u>	<u>\$ 116,596</u>	<u>\$ 406,252</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.
- 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 unlisted over-the-counter stocks and beneficiary certificates are classified as such.

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.

December 31, 2023	<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	\$ -	\$ -	\$102,210	\$102,210
Financial assets at fair value through other comprehensive income				
Equity security	-	-	5,111	5,111
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$107,321</u>	<u>\$107,321</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$104,538	\$104,538
Financial assets at fair value through other comprehensive income				
Equity security	-	-	5,108	5,108
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$109,646</u>	<u>\$109,646</u>

3. The following table shows the changes in Level 3 for 2023 and 2022.

	<u>2023</u>	<u>2022</u>
	<u>Non-derivative equity security</u>	<u>Non-derivative equity security</u>
January 1	\$ 109,646	\$ 119,323
Addition for the period	50,400	-
Refunds from capital reduction in the current period	( 23,060)	-
Gain (loss) recognized in profit or loss	( 16,480)	28,830
Profit (loss) recognized in other comprehensive income	3	( 2,396)
Current period sales of marketable securities	( 13,188)	( 28,710)
Amounts repaid from investments in funds during the period	<u>-</u>	<u>( 7,401)</u>
December 31	<u>\$ 107,321</u>	<u>\$ 109,646</u>

4. In 2023 and 2022 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. performing back-testing, updating input values used to be the valuation model and making any other necessary adjustments to the fair value.

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

	<u>December 31, 2023 fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input value</u>	<u>Interval (Weighted average)</u>	<u>Relationship between input value and fair value</u>
Non-derivative equity security:					
Non-TWSE or TPEX listed stock	\$ 5,111	Discounted benefit flow method	Discount for lack of marketability	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Investment in private equity	102,210	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value

	<u>December 31, 2022 fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input value</u>	<u>Interval (Weighted average)</u>	<u>Relationship between input value and fair value</u>
Non-derivative equity security:					
Non-TWSE or TPEX listed stock	\$ 5,108	Discounted benefit flow method	Discount for lack of marketability	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Investment in private equity	104,538	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>December 31, 2023</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive Income</u>		
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial asset						
Equity instruments	The discount for lack of marketability and the discount for lack of controlling interests	±1%	\$ -	\$ -	\$ 51	(\$ 51)
Investment in private equity	Net asset value	±1%	<u>1,022</u>	<u>( 1,022)</u>	<u>-</u>	<u>-</u>
Total			<u>\$ 1,022</u>	<u>(\$ 1,022)</u>	<u>\$ 51</u>	<u>(\$ 51)</u>
		<u>December 31, 2022</u>				
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive Income</u>		
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial asset						
Equity instruments	The discount for lack of marketability and the discount for lack of controlling interests	±1%	\$ -	\$ -	\$ 51	(\$ 51)
Investment in private equity	Net asset value	±1%	<u>1,045</u>	<u>( 1,045)</u>	<u>-</u>	<u>-</u>
Total			<u>\$ 1,045</u>	<u>(\$ 1,045)</u>	<u>\$ 51</u>	<u>(\$ 51)</u>

#### (IV) Financial Soundness Plan

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

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

1. The Group works closely with financial institutions to increase fund flexibility through borrowing. As of December 31, 2023, we still have a revolving short-to-medium term

loan facility of \$712,932 available for drawdown.

2. On the oil tank storage service, in recent years, in addition to gradually improving the storage and transfer capabilities of soft and hard equipment, strengthening the quality and skills of operators, and obtaining a number of international certifications, in order to explore other cooperation opportunities to expand customer source, we continue to deepen customer relations and develop high-income customers to acquire quality customers.
3. In addition to the reallocation and portfolio of the Company's assets to make optimal use of funds and resources, the Energy Business Division continues to pay attention to the trend of solar PV power generation policies and market changes, and works closely with strategic partners to jointly develop large-scale high-quality PV projects .
4. Except for the above, the cash inflows from operating activities of the Group are sufficient to support future investment in power plants and operations, as evaluated by the Group.

### XIII. Additional disclosures

#### (I) Significant transactions information

1. Loans to others: None.
2. Endorsements and guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Please refer to Table 1.
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 2.

#### (III) Investments in Mainland China

Not applicable.

#### (IV) Information on main investors

For information on major shareholders: Please refer to Table 3.

#### 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 FY2023 and FY2022 is as follows:

	<u>2023</u>		
	<u>Oil and chemical tank rental business</u>	<u>Solar power generation business</u>	<u>Total</u>
Segment revenues	\$ 324,088	\$ 117,430	\$ 441,518
Segment profits or losses (Note)	24,379	40,844	65,223
Segment profits or losses include:			
Depreciation and amortization	139,083	53,801	192,884
Interest income	1,161	256	1,417
Financial costs	9,990	3,515	13,505
Income tax expense	6,989	8,635	15,624

	<u>2022</u>		
	<u>Oil and chemical tank rental business</u>	<u>Solar power generation business</u>	<u>Total</u>
Segment revenues	\$ 366,393	\$ 109,120	\$ 475,513
Segment profits or losses (Note)	75,290	31,742	107,032
Segment profits or losses include:			
Depreciation and amortization	136,317	51,841	188,158
Interest income	427	65	492
Financial costs	3,162	1,200	4,362
Income tax expense	20,946	8,646	29,592

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

(IV) Reconciliation of departmental profit and loss information

The Group's income and net profit or loss after tax of the operating departments reported to the chief operating decision maker are measured in a manner consistent with the income and net loss after tax in the consolidated income statement, and therefore no reconciliation table information is applicable.

(V) Product and service information

Revenue is derived primarily from the rental of oil and sale of electricity, and the balance of revenue is broken down as follows.

	<u>2023</u>		<u>2022</u>
Oil and chemical tank rental business revenue	\$ 250,584	\$	293,201
Tank operation revenue	73,504		73,192
Solar power industry revenue	<u>117,430</u>		<u>109,120</u>
Total	<u>\$ 441,518</u>	<u>\$</u>	<u>475,513</u>

(VI) Information by Region

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Non-current assets</u>	<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$ 425,053	\$ 1,258,303	\$ 465,905	\$ 1,472,174
Southeast Asia	<u>16,465</u>	<u>231,706</u>	<u>9,608</u>	<u>135,324</u>
Total	<u>\$ 441,518</u>	<u>\$ 1,490,009</u>	<u>\$ 475,513</u>	<u>\$ 1,607,498</u>

The location of income is attributable to individual countries based on its location.

(VII) Important Customer Information

The breakdown of the Company's customers whose revenues accounted for 10% or more of the operating revenues on the consolidated statements of income for the years ended December 31, 2023 and 2022 are as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Revenue</u>	<u>Department</u>	<u>Revenue</u>	<u>Department</u>
Company G	\$ 125,980	Oil and chemical tank rental business	\$ 134,562	Oil and chemical tank rental business
Company H	100,965	Electricity Retailing Enterprise	99,513	Electricity Retailing Enterprise

Prime Oil Chemical Service Corporation  
 Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures)  
 December 31, 2023

Table 1

Unit: Thousand NTD  
 (Unless otherwise specified)

<u>Companies held</u>	<u>Type and name of marketable securities</u>	<u>Relationship with the securities issuer</u>	<u>Account title</u>	<u>Shares</u>	<u>End of period</u>		<u>Fair value</u>	<u>Remark</u>
					<u>Carrying amount</u>	<u>Shares Ratio</u>		
Prime Oil Chemical Service Corporation	Stocks-Everterminal Co., Ltd.	None	Financial assets at fair value through other comprehensive income - noncurrent	342,244	\$ 5,111	0.70%	\$ 5,111	
Prime Oil Chemical Service Corporation	Private equity investment-AB Value Bridge VI, LP	None	Financial assets at fair value through profit or loss - non-current	-	45,546	3.00%	45,546	
Prime Oil Chemical Service Corporation	Private Equity Investment - Anxin No. 1 Limited Partnership	None	Financial assets at fair value through profit or loss - non-current	-	56,664	8.27%	56,664	

Prime Oil Chemical Service Corporation  
Name, locations, and other related information of investees  
January 1 to December 31, 2023

Table 2

Unit: Thousand NTD  
(Unless otherwise specified)

<u>Investor</u>	<u>Name of investee</u>	<u>The place where it is located</u>	<u>Main business items</u>	<u>Initial investment amount</u>		<u>Held at end of period</u>			<u>Investee profit or loss for the period</u>	<u>Investment gains and losses recognized in the current period</u>	<u>Remark</u>
				<u>End of current period</u>	<u>End of previous period</u>	<u>Shares</u>	<u>Ratio</u>	<u>Carrying amount</u>			
Prime Oil Chemical Service Corporation	He Zhen Feng Co., Ltd.	Taiwan	Real Estate Leasing	\$ 695	\$ 695	69,468	69.47	\$ 1,029	(\$ 31)	(\$ 22)	Note 3
Prime Oil Chemical Service Corporation	POCS POWER CO., LTD.	Taiwan	Solar Power Industry	-	43,045	-	0.00	-	-	-	Note2
Prime Oil Chemical Service Corporation	Prime Holdings Corporation	Anguilla	Shareholding and General Trading	191,886	191,886	30,000	100.00	263,801	6,304	6,304	Notes 1, 3
Prime Oil Chemical Service Corporation	ABZBRIDGE CORPORATION	Cayman Islands	Shareholding company	68,900	76,424	10,000	28.35	104,913	71,864	15,258	Note1
Prime Holdings Corporation	Prime Solar Energy Co., Ltd.	Cambodia	Real Estate Development	52,344	52,344	1,700,000	100.00	51,764	( 75)	( 75)	Notes 1, 3

Note 1: Except for the information disclosed about investees, except for the current profit and loss, which is translated at the average exchange rate from January 1 to December 31, 2023, the rest is translated at the exchange rate on December 31, 2023.

Note 2: In order to improve the overall operating efficiency of the Energy Division, the utilization of funds and the return on investment, the Company has completed the disposal of the equity of the subsidiary, POCSPC on March 31, 2023.

Note 3: Already eliminated when the consolidated financial statements were prepared.

Prime Oil Chemical Service Corporation  
Information on main investors  
December 31, 2023

Table 3

	<u>Name of major shareholder</u>	<u>Number of shares held</u>	<u>Shares of Stock</u>	<u>Shares Ratio</u>
	ABACUS DISPLAY INFINITY CORPORATION	32,171,849		41.33%