

Ticker Symbol: 2904



2021 Annual Report

Published on April 30, 2022

Filing website: <https://sii.twse.com.tw/>

Inquiry website: <https://mops.twse.com.tw/>

I. The Company's spokesperson and acting spokesperson.

Spokesperson	Acting spokesperson
Name: Liang, Shyh-Chuan	Name: Lee, Ming-Guen
Title: Senior Manager	Title: Senior Manager
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II. Head office and Taichung tank terminals

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Taichung oil and chemical tank terminal (West Wharf No. 5) No. 295, Section 3, Nanti Road, Wuqi District, Taichung City	TEL: (04)2630-7375 FAX: (04)2630-7376

III. Name, address and telephone number of the institution handling the transfer of shares.

Name: President Securities Corporation, Stock Affairs Agency Department
Address: B1 Floor, No. 8 Dongxing Road, Taipei City
TEL: (02)2746-3797
Website: <https://www.pscnet.com.tw/>

IV. CPAs auditing the most recent annual financial statements.

CPA name: Huang, Pei-Chuan, Pan, Hui-Lin
CPA firm: PricewaterhouseCoopers Taiwan
Address: 27F., No. 333, Sec. 1, Keelung Rd. Xinyi Dist., Taipei City
TEL: (02)2729-6666
Website: <https://www.pwc.tw/>

V. The name of the exchanges where the securities are listed offshore and the inquiry method: None.

VI. Company website: <https://www.pocs.com.tw>

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One. Letter to shareholders

※2021 operating results

I. Results of 2021 business plan execution

Revenue for the year was NT\$434,328 k, decreased 14% over the previous year (2020), and net profit for the period was NT\$71,428 k, decreased 55% over the previous year. Taichung Port's chemical and oil storage tank leasing revenue approximately accounted for 86% of the revenue and the Energy Division's electricity revenue accounted for 14% of the revenue for the year.

II. Budget execution

The Company did not disclose its 2021 financial forecasts to the public.

III. Financial analysis

Standalone statements Unit: Thousands of NTD, unless otherwise specifiedItem	2021	2020	Increased (decreased) amount	Change percentage (%)
Net operating revenue	\$434,328	\$505,193	(70,865)	(14.03)
Operating cost	(289,596)	(263,655)	25,941	9.84
Operating gross margin	144,732	241,538	(96,806)	(40.08)
Operating expenses	(65,979)	(72,466)	(6,487)	(8.95)
Net operating income	78,753	169,072	(90,319)	(53.42)
Non-operating income or expenses	10,356	15,238	(4,882)	(32.04)
Income before income tax	89,109	184,310	(95,201)	(51.65)
Income tax expense	(17,681)	(24,586)	(6,905)	(28.09)
Current period net income	71,428	159,724	(88,296)	(55.28)
Other comprehensive income for the year (net)	(9,301)	(6,281)	3,020	48.08
Total comprehensive income for the period	62,127	153,443	(91,316)	(59.51)
Basic earnings per share (NTD)	1.03	2.31	(1.28)	(55.41)

Analysis and explanation of the increase or decrease percentage:

1. Decrease in sales revenue: The Chemical and Oil Tank Storage Division's operating revenue decreased by approximately \$82.9 million, or 18%, mainly due to the expiration of terminal service contracts of certain tank customers. The Energy Division's revenue increased by approximately \$12.04 million, or 24%, compared with the previous period due to the addition of 1.9 MW of new metered cases in 2021.
2. The increase in operating costs was mainly due to the increase in depreciation expenses incurred by the Chemical and Oil Tank Storage Division for the maintenance and

replacement of terminal equipment, and the recognition of depreciation expenses for the new sites in the Energy Division.

3. The decrease in operating expenses was mainly due to the decrease in directors' and supervisors' remuneration and employees' remuneration as a result of the decrease in net income before income tax.
4. Decrease in non-operating income or expenses: The decrease was mainly due to the difference in compensation income from customers' early termination of contracts in 2020 but not in 2021, and the decrease in the share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method.
5. The decrease in income tax expense was due to the decrease in net income before income tax compared to last year.
6. Decrease in other comprehensive income: Mainly due to an increase of \$5.98 million in fair value recognized in other comprehensive income from unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income, and a decrease of \$4.64 million in translation differences on financial statements of foreign operating companies due to the increase in exchange rates in 2021.

Consolidated financial statements

Unit: Thousands of NTD, unless otherwise specified

Item	2021	2020	Increase (decrease) amount	Change percentage (%)
Net operating revenue	\$466,109	\$540,837	(\$74,728)	(13.82)
Operating cost	(310,978)	(285,989)	24,989	8.74
Operating gross profits	155,131	254,848	(99,717)	(39.13)
Operating expenses	(66,656)	(73,311)	(6,655)	(9.08)
Net operating profit	88,475	181,537	(93,062)	(51.26)
Non-operating income or expenses	998	3,252	(2,254)	(69.31)
Profit before income tax	89,473	184,789	(95,316)	(51.58)
Income tax expense	(18,061)	(25,071)	(7,010)	(27.96)
Current period net profit	71,412	159,718	(88,306)	(55.29)
Other comprehensive income for the year (net)	(9,301)	(6,281)	3,020	48.08
Total comprehensive income for the period	62,111	153,437	(91,326)	(59.52)
Basic earnings per share (NTD)	1.03	2.31	(1.28)	(55.41)

Analysis and explanation of the increase or decrease percentage:

1. Decrease in sales revenue: The Chemical and Oil Tank Storage Division's operating revenue decreased by approximately \$82.9 million, or 18%, mainly due to the expiration of terminal service contracts of certain tank customers. The Energy Division's revenue



- increased by approximately \$8.18 million, or 9.5%, compared with the previous period due to the addition of new metered cases in 2021.
2. The increase in operating costs was mainly due to the increase in depreciation expenses incurred by the Chemical and Oil Tank Storage Division for the maintenance and replacement of terminal equipment, and the recognition of depreciation expenses for the new sites in the Energy Division.
 3. The decrease in operating expenses was mainly due to the decrease in directors' and supervisors' remuneration and employees' remuneration as a result of the decrease in net income before income tax.
 4. Decrease in non-operating income or expenses: The decrease was mainly due to the difference in compensation income from customers' early termination of contracts in 2020 but not in 2021.
 5. The decrease in income tax expense was due to the decrease in net income before income tax compared to last year.
 6. Decrease in other comprehensive income: Mainly due to an increase of \$5.98 million in fair value recognized in other comprehensive income from unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income, and a decrease of \$4.64 million in translation differences on financial statements of foreign operating companies due to the increase in exchange rates in 2021.

※2022 business plan outline

1. Chemical and oil tank storage division
 - Business development and service of customers: Timely adjustment of terminal facility in response to market dynamics to improve revenue stability and customer satisfaction.
 - To implement succession training for key positions, to improve the quality of human resources and enhance overall management effectiveness and efficiency.
 - New technology and equipment application: gradually introduce intelligent technology to improve work efficiency, reduce workload, ensure staff safety and enhance accuracy, and move towards to intelligent terminals.
 - Management System Integration and Optimization: Continuously integrate various internal and external management systems to achieve sustainable goals such as zero occupational safety accident, caring of the physical and mental health of employees, reducing waste and emissions at source, and conserving energy resources.
2. Energy division
 - Business target: To add about 5MW of photovoltaic power installation capacity per year.
 - Case sources and partners: Continue to develop quality EPC and maintenance providers to consolidate case sources and enhance power generation efficiency.
 - *Continue to develop existing projects for sale and purchase to shorten the lead time and construction implementation.
 - *Develop new types of solar power projects, such as floating PV and energy storage equipment, to increase operational experience in different types of projects.
 - *Participate in various public housing leasing projects to strengthen risk-reward assessment and project control capabilities.
 - Human Resources: We continue to recruit and train practitioners to enhance their

professionalism and capacity to work in the field.

3. **New business opportunities exploration:**

We plan to develop new businesses on a regular basis and carefully evaluate various financial or strategic investment opportunities to develop new businesses in a gradual manner as a basis for revenue diversification.

※ Effect of the external competitive environment, regulatory environment and overall business environment on future development strategies

I. External competitive environment, regulatory environment and overall business environment variables


1. Because of the Russian-Ukrainian war aggravated the global supply of raw materials and energy constraints, such as aluminum, nickel, titanium to food crops, to natural gas and crude oil, resulting in the price of raw materials and energy prices soaring, not only consumer inflation, but also makes the manufacturing industry suffer from material cuts, a serious impact on all industries.
2. The war between Russia and Ukraine has triggered economic sanctions against Russia, and the reduction in crude oil supply has led to a sharp rise in oil prices and increased volatility, coupled with the shortage of raw materials caused by the war has caused serious inflation problems in various countries, resulting in a possible delay or reduction in demand for end-user oil products, making trade operations more difficult for oil traders.
3. The impact of the COVID-19 has significantly reshaped the supply chain and consumer demand chain in many industries around the world, bringing a huge negative impact on specific industries such as aviation, travel, and food and beverage, and creating new work and social lifestyles such as telecommuting and teleconferencing, off-site work (backup), and food and beverage delivery, which refashion domestic and foreign production and trade patterns, and have a profound impact on end-consumer demand behavior.
4. As a result of incidents such as the Kaohsiung gas explosion a few years ago and the Beirut Ammonium Nitrate explosion in 2020, the petrochemical industry has received great attention in terms of pipeline management and industrial safety issues, and people has become less accepting of the petrochemical industry. The central and local governments have not yet reached a consensus on the establishment of specialized petrochemical zones, as a result, the overall development of the domestic petrochemical industry has been restricted.
5. The increasing awareness of environmental protection in Taiwan and abroad, such as reducing unnecessary artificial development and carbon dioxide emissions, has made the development of new storage tanks more difficult and costly in terms of environmental impact assessment.
6. As a result of the influx of some overseas manufacturing industries, the aging of population and continuing decline in the number of children in Taiwan, it is difficult to recruit skilled talents and overall salary costs are increasing.
7. Chemical storage tanks are becoming undersupplied due to the decreasing overall domestic supply.
8. The government's policy is to increase the share of renewable energy in power

generation. The international awareness of carbon reduction and environmental protection is rising, so the solar energy and related green energy industry are enjoying a boom.

9. Land for solar energy is scarce in Taiwan, and it is not easy to develop new large-scale field cases, and the rent for the field cases land is rising.
10. Tightening environmental and labor safety regulations will continue to drive up operating costs.

II. Future development strategies

1. Continue to enhance our professional capabilities and develop our talents in the Tank Storage Service core business to fully satisfy customers' needs and further stabilize our revenues.
2. Continue to scale up photovoltaic power generation to increase the overall revenue stability.
3. Draw up a scheduled work plan for the development of new businesses, carefully evaluate investment opportunities, and gradually develop them into new businesses as a basis for revenue diversification.

Chairperson:  Liao, Shu-Chun

Managerial officer:  Yeh, Tang-Jung

Accounting officer:  Huang, Yi-Yin

Two. Company profile

I. Date of establishment

The Company was established on October 11, 1978.

The subsidiary, He Zhen Feng Co., Ltd. was established on July 2, 2010.

The subsidiary, POCS POWER CO., LTD. was established on October 29, 2014.

The subsidiary, Prime Holdings Corporation was established in February 2019.

The sub-subsidiary, Prime Solar Energy Co., Ltd was established in September 2019.

II. Company history

The Company was established with a paid-in capital of NT\$231,125,000 and was the first large trading company approved by the government to encourage the establishment. It was formed by the joint investment of overseas Chinese businessmen, domestic manufacturers, domestic traders, and financial institutions such as the Central Trust of China and the United World Chinese Commercial Bank.

The business started in 1979. The revenue in that year was over US\$21Million; in 1980, it grew to over US\$37.3Million; in 1981, it rose to over US\$41.7Million, and in 1986, it rose sharply to over US\$128,Million, which is worthy of being named a large trader in terms of amount and scale.

In 1986, in order to break through the business status quo and enhance competitiveness, the board of directors was reorganized and the capital was increased to NT\$360Million. The profit center system was implemented to reach out new business reach and proactively show a new face. On July 17, 1987, the Company officially changed its name to Pan Overseas Corporation in order to expand its business scope and adjust its business direction. In 1989, we increased our capital to NT\$800Million and completed the construction of 23 petrochemical storage tanks in Taichung Port, stepped into the petrochemical Tank Storage Service sector. We added two more storage tanks in each of 1994 and 1995, reaching a total of 27 storage tanks. Since we have always attached

the importance to management and quality and safety policies, we implemented ISO-9002 certification in early 1996, ISO 14001 environmental management system in 1997, and ISO 9001 quality management system in 1999. In September 1997, four more storage tanks were constructed, and the development of the storage terminal area at Taichung Port West Wharf No.2 was fully completed. Besides, in March 1996, the Company won the bid for the right to develop and build West Wharf No. 5 and the greenfield of the Taichung Port. In late April 1997, the Company signed a lease agreement with Port of Taichung, Taiwan International Ports Corporation, Ltd to build 20 chemical and oil storage tanks of various types, meeting the needs of domestic and foreign chemical manufacturers and the liberalization of the domestic oil policy.

In December 1997, in order to meet the capital requirements for the expansion of West Wharf No. 5 and the chemical tanks, the Company increased its capital to NT\$430Million, bringing paid-in capital to NT\$1,230,Million; all construction was successfully completed in the first quarter of 2002. In June 2006, we increased capital to acquire the freehold of the storage tanks at West Wharf No. 2, bringing the paid-in capital to NT\$1,971.3Million. Subsequently, to reflect the company's actual operating capital, the capital was reduced in 2007, and the paid-in capital after the reduction amounted to NT\$689,955,000. In 2008, 1,034,932 shares of stock dividends were distributed, resulting in a paid-in capital of NT\$700,304,320. In 2009, after repurchasing 996,000 shares of the Company's stock and retiring the treasury stock, the paid-in capital amounted to NT\$690,304,432.

We participated the CDI-T (Chemical Distribution Institute - Terminal) as a member in October 2011. We passed the OHSAS 18001 & CNS 15506 management system certifications in January 2013, so that we can continue to provide customers with high quality on-shore storage and transfer services by combining our existing ISO management systems and at the same time, raise the quality of operational services, environmental protection and occupational safety and health standards.

We are the only company in the petrochemical zone of Taichung Port's west bank wharfs which owns two storage terminals and one dedicated jetty.

There are 51 storage tanks of various types in the storage terminal, with a total capacity of about 300,000 kiloliters, making us the largest and best-managed chemical and oil professional terminal service provider in terms of onshore tank service in Taiwan.

On July 2, 2010, the subsidiary, He Zhen Feng Co., Ltd., was established to invest in commercial real estate, and obtained outstanding results in the investment case of the Shou-Te Building in the Taipei Railway Station business district, and firmly took the first step in commercial real estate investment.

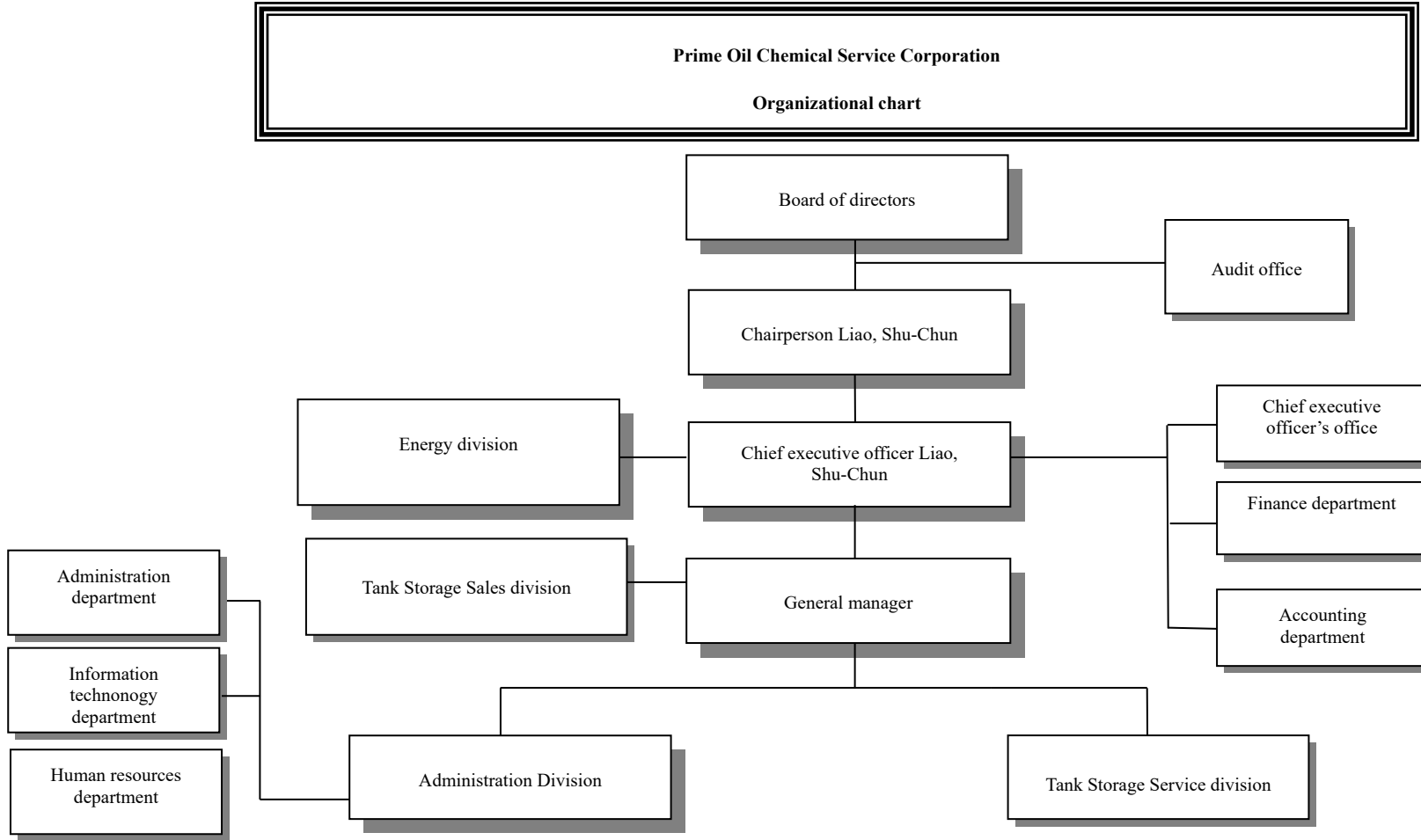
The subsidiary, POCS POWER CO., LTD. was established on October 29, 2014. Its original name was Hong Zhu Energy Systems CO., LTD. On June 1, 2016, the Company acquired 100% of the shares of the subsidiary and changed its name to POCS POWER CO., LTD. On May 16, 2016, the Company set up the Energy Division to expand its solar PV systems business. The main business model of the Energy Division and POCS POWER CO., LTD. is to find suitable sites for the construction of photovoltaic power generation systems and to receive long-term revenue from the sale of electricity or leasing. The Company has expanded our construction sites from domestic private enterprises to the Southeast Asian market, and our business strategy has extended beyond traditional rooftop and ground-mounted models. We are evaluating the feasibility of building buoyant solar energy.

The subsidiary, Prime Holdings Corporation, and the sub-subsidiary, Prime Solar Energy Co., Ltd., were established in February 2019 and September 2019 in Anguilla and Cambodia, respectively, for the development of photovoltaic power generation systems in Cambodia.

Three. Corporate governance report

I. Organizational system

(I) Organizational structure



(II) Description of the responsibility of the major departments

Chief executive officer's office

1. Planning and execution of business strategy and long-term development
2. Coordinate the implementation and management of the Company's business

General manager's office

1. Establish specific action plans and build consensus to lead the team to achieve company goals
2. Act on behalf of the Company in business transactions under capacity of general manager
3. Assist the CEO in evaluating and analyzing investment plans and business opportunities

Tank Storage Sales division

1. Business development and contract signing of tank storage service
2. Bridge with customers and Tank Storage Division
3. Evaluate the expansion of the core tank storage service and other new business development opportunities

Tank Storage Service division

1. Continuous improvement of the tank storage services quality and quality assurance systems in the terminals
2. Implementation of emergency response and corrective and preventive measures in the terminals
3. software and hardware equipment maintenance, delivery management of cargo loading and unloading of ships and tank trucks

Energy division

1. Evaluate the projects for installing PV systems
2. Supervise the construction by the EPC vendor and carry out acceptance check
3. Maintenance and monitoring management of PV systems

Administration Division

1. Plan, design, and execute the affairs of HR, IT and administration departments



2. Planning, design and implementation of internal operation system
3. Evaluation of commercial comprehensive insurance for company property and employees
4. Planning, design and implementation of the operating systems of affiliated companies
5. Investor relations and public relations maintenance

Finance department

1. Company capital planning, long-term and short-term capital utilization and arrangement
2. Shareholders' affairs and investor relations maintenance

Accounting department

1. Establishment and maintenance of accounting system
2. Financial statements preparation and reporting, and tax return filing

Human resources department

1. Human resources planning
2. Revision of HR system and regulations
3. Recruitment, employment, education and training, employee churn, payroll, performance appraisal, and employee benefits and perks

Administration department

1. Fixed asset management and internal management regulation revision and implementation
2. Assist in bargaining for major procurement cases
3. Asset insurance and liability insurance assessment and purchase

Information Technology department

1. Information system management and hardware and software upgrade and maintenance
2. Evaluate and implement new information systems necessary for internal management processes

II. Information on directors, supervisors, general manager, deputy general manager, senior managers, and heads of departments and branches

(I) 1-1 Information on directors, supervisors

April 30, 2022

Title (Note 1)	Nationality or place of registration	Name	Gender/Age (Note 2)	Date Elected (taking office)	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experiences (educations) (Note 4)	Other Positions	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
							Chairperson	Taiwan	Liao, Shu-Chun	Male/41~50 years old	2019.06.27	3 years	2003.06.20	0			0%	0	0%	
Director	Taiwan	Chen, Yung-Chin	Male/over 70 years old	2019.06.27	3 years	2011.04.06	0	0%	0	0%	-	-	-	-	Soochow University M.S., Institute of Accounting CPA/associate director of PwC Taiwan, assistant professor of Soochow University	Independent director, member of the remuneration committee and chairperson of the audit committee of China Television Company, Ltd.; independent director, member of the remuneration committee and member of the audit committee of WPG Holdings Limited.	None	None	None	

Title (Note 1)	Nationality or place of registration	Name	Gender/Age (Note 2)	Date Elected (taking office)	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experiences (educations) (Note 4)	Other Positions	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
Director	Taiwan	ABACUS DISPLAY INFINITY CORPORATION * Representative: Yeh, Tang-Jung (took office on 2021/1/22)	Male/41~50 years old	2021.01.22	1.5 years	2003.06.20	26,593,949 *34,165	38.52% *0.0495%	26,593,949 *34,165	38.52% *0.0495%	*40,000	*0.0579%	-	-	National Taiwan University Accounting Department	General manager of the Company, chairperson of POCS POWER CO., LTD, and supervisor of He Zhen Feng Co., Ltd. and Chang Fu Feng Co., Ltd.	None	None	None	
Independent director	Taiwan	Ho, Kuo-Chen	Male/over 70 years old	2019.06.27	3 years	2016.06.30	0	0%	0	0%	-	-	-	-	Department of Accounting, Soochow University General Manager of KNH ENTERPRISE CO., LTD.	Chairperson of the Company's Remuneration Committee	None	None	None	
Independent director	Taiwan	Jang, Jr-Yan	Male/51~60 years old	2019.06.27	3 years	2016.06.30	1,000	0.001%	1,000	0.001%	-	-	-	-	Drexel University Master of Science	Trader of SUEK AG, TAIWAN BRANCH (SWITZERLAND) , person in charge of TAIMCHEM BUSINESS CO., LTD, member of the Company's Remuneration Committee	None	None	None	
Supervisor	Taiwan	COHEREN CE INTERNAT IONAL CORP. * Representative: Zen, Hong-Tzeng	Male/over 70 years old	2019.06.27	3 years	2013.06.28	2,797,326 *0	4.05% *0%	2,797,326 *0	4.05% *0%	-	-	-	-	-Chinese Culture University -Business Administration Department -Manager of Taiwan Cooperative Bank	Director of THE TRUSTLAND CO., LTD.	None	None	None	



Title (Note 1)	Nationality or place of registration	Name	Gender/Age (Note 2)	Date Elected (taking office)	Term (Years)	Date First Elected (Note 3)	Shareholding when Elected		Current Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experiences (educations) (Note 4)	Other Positions	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remarks (Note 5)
Supervisor	Taiwan	COHERENCE INTERNATIONAL CORP. * Representative: Lin, Chung-Cheng	Male/51~60 years old	2019.06.27	3 years	2018..8.24	2,797,326 *0	4.05% *0%	2,797,326 *0	4.05% *0%	-	-	-	-	M.S., Institute of Central Asian Studies, Chien Hsin University of Science and Technology. Chairman, Director, Vice President, and Special Assistant of RELIANCE SECURITIES INVESTMENT CONSULTANT CO., LTD.	Director and Senior Vice President of RELIANCE SECURITIES INVESTMENT CONSULTANT CO., LTD.	None	None	None	No such situation

Note 1: The names of corporate shareholders and their representatives should be listed separately (for corporate shareholders, the name of the corporate shareholder should be indicated) and should be listed below. Schedule 1.

Note 2: Please list the actual age and express it in a range, such as 41~50 years old or 51~60 years old.

Note 3: Enter the time when the Company's directors or supervisors first took office. If there is an interruption in service, a note should be included.

Note 4: Experiences related to the current position, such as having worked for the attesting CPA firm or its affiliated enterprises during the above-mentioned period, the title of the position and the duties performed should be specified.

Note 5: If the chairperson and the general manager or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within the first degree of kinship, the reason, rationality, necessity, corresponding measures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be described.



1-2. Major shareholders of corporate shareholders

April 30, 2022

Name of corporate shareholders (Note 1)	Major shareholders of corporate shareholders (Note 2)	Shares Ratio
ABACUS DISPLAY INFINITY CORPORATION	Core International Limited	87.68%
	Liao, Shu-Chun	11.69%
	Liao, Ling-Ru	0.48%
	Huang, Jiu-Mei	0.15%
COHERENCE INTERNATIONAL CORP.	Crawford Investment limited	70.45%
	ABACUS DISPLAY INFINITY CORPORATION	29.36%
	Huang, Jiu-Mei	0.1802%
	Mai, Qiao-Zhi	0.0118%
	Chou, Chen-Yen-Tun	0.0039%
	Liao, Ling-Ru	0.0012%
	Liu, Dong-Yue	0.0010%

Note 1: If the director or supervisor is a representative of a corporate shareholder, the name of the corporate shareholder should be filled in.

Note 2: Enter the names of the major shareholders of the corporate shareholders (whose shareholdings are among the top ten) and their shareholdings. If the major shareholder is a corporation, the following Schedule should be completed.

Note 3: If a corporate shareholder is not a company organization, the name of the shareholder and the percentage of shareholding in the preceding paragraph shall be the name of the investor or donor and the percentage of the investment or donation.

1-3. Where the major shareholders are corporations, the major shareholders

April 30, 2022

Name of corporation (Note 1)	Major shareholders of corporation (Note 2)	Shares Ratio
ABACUS DISPLAY INFINITY CORPORATION	Please refer to the previous form	
COHERENCE INTERNATIONAL CORP.	Please refer to the previous form	
Core International Limited	Anney Investment Limited	100%
Crawford Investment limited	Lion Trust (Singapore) Limited	100%

Note 1: If the major shareholder in Schedule 1 above is a corporation, the corporation's name should be filled in.

Note 2: Enter the names of the major shareholders of the corporation (whose shareholdings are among the top ten) and their shareholdings.

Note 3: If a corporate shareholder is not a company organization, the name of the shareholder and the percentage of shareholding in the preceding paragraph shall be the name of the investor or donor and the percentage of the investment or donation.

1-4. Information on the independence of directors and supervisor

April 30, 2022

Name	Criteria	Professional qualification and experiences(Note 1)	Independence condition (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Liao, Shu-Chun	For Director's professional qualification and experiences, please refer to II (I) 1-1 Information on directors, supervisors; None of the Director has been in or is under any circumstances stated in Article 30 of the Company Act.	The Chairperson of Liao, Shu-Chun currently serves as a director of a related company.	None	
Chen, Yung-Chin	For Director's professional qualification and experiences, please refer to II (I) 1-1 Information on directors, supervisors; None of the Director has been in or is under any circumstances stated in Article 30 of the Company Act.	Director (or nominee arrangement) as well as his/her spouse and minor children do not hold any POCS shares. Director (or nominee arrangement) as well as his/her spouse and minor children do not a director, supervisor or employee of the Company or its affiliates or a specified company or institution that has a financial or business relationship with POCS.	None	
ABACUS DISPLAY INFINITY CORPORATION * Representative: Yeh, Tang-Jung (took office on 2021/1/22)	For Director's professional qualification and experiences, please refer to II (I) 1-1 Information on directors, supervisors; None of the Director has been in or is under any circumstances stated in Article 30 of the Company Act.	Director Yeh, Tang-Jung is the general manager of the Company and serves as a director of a related company, and himself, spouse or by nominee arrangement of others, holding of shares reach 0.107% of issued shares.	None	
Ho, Kuo-Chen	For Director's professional qualification and experiences, please refer to II (I) 1-1 Information on directors, supervisors; None of the Director has been in or is under any circumstances stated in Article 30 of the Company Act.	Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and Futures Bureau.	None	
Jang, Jr-Yan	For Director's professional qualification and experiences, please refer to II (I) 1-1 Information on directors, supervisors; None of the Director has been in or is under any circumstances stated in Article 30 of the Company Act.	Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and Futures Bureau.	None	



Criteria Name	Professional qualification and experiences(Note 1)	Independence condition (Note 2)	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
COHERENCE INTERNATIONAL CORP. * Representative: Zen, Hong-Tzeng	For Supervisor's professional qualification and experiences, please refer to II (I) 1-1 Information on directors, supervisors ; None of the Supervisor has been in or is under any circumstances stated in Article 30 of the Company Act.	Supervisor (or nominee arrangement) as well as his/her spouse and minor children do not hold any POCS shares. Supervisor (or nominee arrangement) as well as his/her spouse and minor children do not a director, supervisor or employee of the Company or its affiliates or a specified company or institution that has a financial or business relationship with POCS.	None
COHERENCE INTERNATIONAL CORP. * Representative: Lin, Chung-Cheng	For Supervisor's professional qualification and experiences, please refer to II (I) 1-1 Information on directors, supervisors ; None of the Supervisor has been in or is under any circumstances stated in Article 30 of the Company Act.	Supervisor (or nominee arrangement) as well as his/her spouse and minor children do not hold any POCS shares. Supervisor (or nominee arrangement) as well as his/her spouse and minor children do not a director, supervisor or employee of the Company or its affiliates or a specified company or institution that has a financial or business relationship with POCS.	None

1-4-1. Diversification and independence of Board of Directors :

I. Diversity of Directors :

In order to strengthen corporate governance and promote the development of the composition and structure of the Board of Directors, the Company's Board of Directors should have the following competencies, in addition to the fact that the number of directors who are also managers of the Company should not exceed one-third of the Board of Directors, and that they should have different professional backgrounds, work areas and knowledge, skills and qualities necessary for the execution of their duties :

Name of directors	Basic Composition			Diversified core items								
	Country	Gender	Age	Judgments about operations.	Accounting and finance	Business management	Crisis management	Industry knowledge	International market	Leadership ability	Decision-making ability	
Liao, Shu-Chun	Taiwan	Male	41~50 years old	√	√	√	√	√	√	√	√	
Chen, Yung-Chin			over 70 years old	√	√	√	√	√	√	√	√	
ABACUS DISPLAY INFINITY CORPORATION Representative: Yeh, Tang-Jung (Took office on January 22, 2021)			41~50 years old	√	√	√	√	√	√	√	√	√
Ho, Kuo-Chen			over 70 years old	√	√	√	√	√	√	√	√	√
Jang, Jr-Yan			51~60 years old	√	√	√	√	√	√	√	√	√
COHERENCE INTERNATIONAL CORP. Representative: Zen, Hong-Tzeng			over 70 years old	√	√	√	√	√	√	√	√	√
COHERENCE INTERNATIONAL CORP. Representative: Lin, Chung-Cheng			51~60 years old	√	√	√	√	√	√	√	√	√

II. Independence of Board of Directors :

The current board of directors of the Company consists of 7 members, including 2 independent directors and 2 supervisors, and the number of independent directors accounts for 40% of the total number of directors. As of the end of 2021. None of the directors are related to each other as spouses or within two degrees of kinship, and none of them are under any circumstances stated in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act.

Note 1: Professional Qualifications and Experience: The professional qualifications and experience of individual directors and supervisors shall be described, and if they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience shall be described, and whether they have not been subject to the provisions of Article 30 of the Company Act.

Note 2: The independent director shall state the circumstances of independence, including but not limited to whether he or she, his or her spouse or second degree relatives are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by him or her, his or her spouse or second degree relatives (or using the names of others); and whether he or she is an independent director of a company with specific ties to the Company (refer to Article 3-1 of the Rules Governing the Establishment and Compliance of Independent Directors of Public Companies). Note 3: Please refer to Article 3, Paragraph 1, Paragraphs 5~8 of the Rules Governing the Establishment of Independent Directors of Public Companies, and the amount of remuneration received for the provision of business, legal, financial and accounting services to the Company or its affiliates in the last two years.

Note 3: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

1-5. Education and training for directors and supervisors in 2021

Title	Name	Training date	Course organizer	Course name
Chairperson	Liao, Shu-Chun	2021/10/13	Securities and Futures Institute	The Impact of the New Labor Standards Law on Corporate Risks and Responses
		2021/09/27	Securities and Futures Institute	Insider Trading Legal Liability and Case Studies
Director	Chen, Yung-Chin	2021/08/10	Taiwan Institute of Directors	Risks and Opportunities under Climate Action - Carbon Neutral Promotion Strategy and Process
		2021/02/24	Taiwan Corporate Governance Association	The Future of Trilateral Relations between Taiwan, the U.S. and China in Light of the Shattering and Rebuilding of the American Dream
Director	ABACUS DISPLAY INFINITY CORPORATION * Representative: Yeh, Tang-Jung (took office on 2021/1/22)	2021/10/12	Securities and Futures Institute	Risks and opportunities of climate change and energy policy trends for business operations
		2021/10/05	Securities and Futures Institute	Talking about the key technology and business opportunities of quantum technology
Independent director	Ho, Kuo-Chen	2021/09/30	Securities and Futures Institute	The impact of the latest tax law changes on business operations and responses
		2021/08/11	Securities and Futures Institute	Audit Committee Standards and Operational Practices
Independent director	Jang, Jr-Yan	2021/05/18	Accounting Research and Development Foundation	New Corporate Sustainability Policy and Anti-Currency Case Studies
		2021/05/10	Accounting Research and Development Foundation	Strengthened corporate financial reporting capability policies and internal audit and control regulations
Supervisor	COHERENCE INTERNATIONAL CORP. Representative: Zen, Hong-Tzeng	2021/08/19	Securities and Futures Institute	The impact of AVM on management decisions
		2021/05/12	Securities and Futures Institute	Employee and Director Remuneration Issues - From the Amendment of Article 14 of the Securities and Exchange Act
Supervisor	COHERENCE INTERNATIONAL CORP. Representative: Lin, Chung-Cheng	2021/09/30	Securities and Futures Institute	The impact of the latest tax law changes on business operations and responses
		2021/09/23	Securities and Futures Institute	Board of Directors' Functions from Corporate Fraud Prevention

(II). Information on general manager, deputy general manager, senior managers, and heads of departments and branches

April 30, 2022

Title (Note 1)	Nationality	Name	Gender	Date Effective	Shareholding		Spouse and Minor Shareholding		Shareholding by Nominee Arrangement		Experiences (Educations) (Note 2)	Other Position	Manager who are Spouses or Within Two Degree of Kinship			Remarks
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General manager	Taiwan	Yeh, Tang-Jung	Male	2006.01.01	34,165	0.0495%	40,000	0.0579%	-	-	National Taiwan University Accounting Department	Chairperson of POCS POWER CO., LTD, supervisor of He Zhen Feng Co., Ltd. and Chang Fu Feng Co., Ltd.	None	None	None	No such situation
Deputy general manager		Su, Kun-Ming		2011.08.01	-	-	-	-	-	-	Nanya Institute of Technology Department of Textile Engineering	Director of He Zhen Feng Co., Ltd.	None	None	None	
Deputy general manager		Jiang, Shu-Kai		2009.07.01	12,000	0.0174%	143	0.0002%			Chienkuo Institute of Technology Department of Electronics	None	None	None	None	
Senior manager		Hsu, Chien		2012.11.07	10,000	0.0145%	-	-	-	-	Thunderbird School of Global Management	None	None	None	None	
Senior manager		LIN,Chih-Lung		2021.04.01	-	-	-	-	-	-	Chung Hua University Department of Business Administration,	None	None	None	None	
Senior manager		Liang, Shyh-Chuan		2012.04.01	1,000	0.0014%	-	-	-	-	Feng Chia University Master,Institute of Accounting and Taxation	None	None	None	None	
Finance supervisor		Lee, Ming-Guen	2016.07.12	9,000	0.0130%					Tamkang University Department of Finance,	None	None	None	None		
Accounting supervisor		Huang, Yi-Yin	2021.04.01	-	-	-	-	-	-	Chung Yuan Christian University, Master,Institute of Accounting,.	None	None	None	None		

Note 1: Information on general manager, deputy general manager, senior manager, an officer of the department and branch, and anyone whose position is equivalent to that of general manager, deputy general manager or senior manager, regardless of title, should also be disclosed.

Note 2: Experiences related to the current position, such as having worked for the attesting CPA firm or its affiliated enterprises during the above-mentioned period, the title of the position and the duties performed should be specified.

Note 3: If the chairperson and the general manager or equivalents (the top managerial officers) of the Company are the same person, each other's spouse or relative within the first degree of kinship, the reason, rationality, necessity, corresponding measures (such as increasing the number of independent directors and having a majority of directors who are not concurrently serving as employees or managerial officers, etc.) and related information should be described.

III. Total remuneration paid to directors, supervisors, general manager and deputy general manager for the most recent year

(1)1-1 Total remuneration for regular directors and independent directors Unit:

Unit: Thousand NTD

Title	Name	Directors' remuneration								A, B, C and D as a % of the net profits after tax (Note 10)		Total remuneration for a concurrent position as an employee						A, B, C, D, E, F and G as a % of the net profits after tax (Note 10)		Remuneration from invested enterprises outside subsidiaries or from the parent company (Note 11)		
		Base remuneration (A) (Note 2)		Severance and pension (B)		Bonus remuneration for directors (C) (Note 3)		Business execution expenses (D) (Note 4)		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	Salary, bonus, allowance (E) (Note 5)		Severance and pension (F)		Bonus remuneration for employees (G) (Note 6)			The Company	All companies in the financial statements (Note 7)
		The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)	The Company	All companies in the financial statements (Note 7)					Cash amount	Stock amount	Cash amount	Stock amount	Cash amount	Stock amount			
Chairperson	Liao, Shu-Chun	5,953	5,953	487	487	500	500	48	48	9.78%	9.78%	-	-	-	-	-	-	-	-	9.78%	9.78%	
	Chen, Yung-Chin	-	-	-	-	386	386	48	48	0.61%	0.61%	-	-	-	-	-	-	-	-	0.61%	0.61%	
Director	ABACUS DISPLAY INFINITY CORPORATION Yeh, Tang-Jung	-	-	159	159	406	406	48	48	0.86%	0.86%	2,374	2,374	None	None	249	None	249	None	4.53%	4.53%	None
Independent director	Ho, Kuo-Chen	-	-	-	-	425	425	48	48	0.66%	0.66%	-	-	-	-	-	-	-	-	0.66%	0.66%	
	Jang, Jr-Yan	-	-	-	-	367	367	48	48	0.58%	0.58%	-	-	-	-	-	-	-	-	0.58%	0.58%	

1. Please describe the policy, system, criteria and structure for the total remuneration for independent directors, and the correlation to the amount of total remuneration in terms of their responsibilities, risks, time spent and other factors: The following items are weighed separately and the bonus remuneration is determined by the score: Responsibility, participation in the operation of the company (attendance at board meetings, attendance at shareholders' meetings, specific guidance on the direction of the Company's business development and corporate governance to enhance the Company's overall operational and governance performance, the number of hours of initial or annual continuing education of directors and supervisors in compliance with or in excess of the above number of hours, as determined by the competent authority, or participation in other activities to enhance the professional performance of the functions of directors and supervisors)

2. Except as disclosed above, the remuneration for the directors of the Company for providing services to all companies in the financial statements (such as serving as a non-employee consultant, etc.) in the most recent year: None.

Note 1: The names of directors should be listed separately (the names of corporate shareholders and their representatives should be listed separately), and the regular directors and independent directors should be listed separately. The amount of each payment should be disclosed in a summary manner. If a director is also the general manager or deputy general manager, this schedule and the following schedule (3-1) or (3-2) should be filled in.

Note 2: This refers to the base remuneration for directors in the most recent year (including salaries, duty allowance, severance, various bonuses and incentive payments, etc.).

Note 3: This is the amount of the bonus remuneration for directors approved by the Board of Directors in the most recent year.

Note 4: This refers to directors' business execution expenses in the most recent year (including transportation fee, special allowance, various stipends, dormitory, company car, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please note the relevant based remuneration paid by the Company to the driver, but do not include it in the total remuneration for directors.

Note 5: This refers to the salary, duty allowance, severance, various bonuses, incentive payments, transportation fee, special allowance, various stipends, dormitory, company car and other provisions, etc., received by a director who is concurrently serving as an employee (including part-time general manager, deputy general manager, other officers and employees) in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please note the relevant based remuneration paid by the Company to the driver, but do not include it in the total remuneration for directors. In addition, salary expenses recognized under IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new restricted employee stock, and participation in cash capital increase to subscribe for shares, should also be included in the remuneration.

Note 6: The amount of employee bonus remuneration (including stock and cash) received by a director who is concurrently an employee (including part-time general manager, deputy general manager, other officers and employees) in the most recent year should be disclosed as approved by the Board of Directors in the most recent year, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year, and should also be listed in Exhibit 1-3.

Note 7: The total amount of remuneration paid to the directors of the Company by all companies in the consolidated statements (including the Company) should be disclosed.

Note 8: The total amount of each remuneration paid by the Company to each director is disclosed with the director's name at the range the amount belongs to.

Note 9: The total amount of remuneration paid to the directors of the Company by all companies in the consolidated statements (including the Company) should be disclosed with the director's name at the range the amount belongs to.

Note 10: The net profits after tax refer to the net profits after tax of the most recent year for stand-alone or unconsolidated financial statements.

Note 11: a. This column should explicitly state whether the directors of the Company "have" or "have not" received remuneration from invested other than subsidiaries or parent company.

b. If a director of the Company receives remuneration from invested enterprises other than subsidiaries or parent company, the remuneration received by the director of the Company from invested enterprises other than subsidiaries or parent company should be included in column I of the schedule of remuneration ranges, and the name of the column should be changed to "parent and all invested enterprises".

c. Total remuneration refers to the base or bonus remuneration (including bonus remuneration to employees, directors and supervisors) and business execution expenses of the directors of the Company in their capacity as directors, supervisors or officers of an investee enterprise other than a subsidiary or parent company.

* The remuneration disclosed here is different from the concept of income under the Income Tax Act. Therefore, the purpose here is for information disclosure and not for tax return purposes.

(2)2-1 Remuneration for supervisors

Unit: Thousand NTD

Title	Name	Remuneration for supervisors						A, B, and C as a % of the net profits after tax (Note 8)		Remuneration from invested enterprises outside subsidiaries or from the parent company (Note 9)
		Base remuneration (A) (Note 2)		Bonus remuneration (B) (Note 3)		Business execution expenses (C) (Note 4)		The Company	All companies in the financial statements (Note 5)	
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)			
Supervisor	Representative of COHERENCE INTERNATIONAL CORP: Lin, Chung-Cheng	None	None	406	406	48	48	0.64%	0.64%	None
	Representative of COHERENCE INTERNATIONAL CORP: Zen, Hong-Tzeng			406	406	48	48	0.64%	0.64%	

Note 1: The names of supervisors should be listed separately (the names of corporate shareholders and their representatives should be listed separately), and the amount of each payment should be disclosed in a summary manner.

Note 2: This refers to the remuneration for supervisors in the most recent year (including salaries, duty allowance, severance, various bonuses and incentive payments, etc.).

Note 3: This is the amount of the remuneration for supervisors approved by the Board of Directors in the most recent year.

Note 4: This refers to supervisors' business execution expenses in the most recent year (including transportation fee, special allowance, various stipends, dormitory, company car, etc.). The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please note the relevant based remuneration paid by the Company to the driver, but do not include it in the total remuneration for directors.

Note 5: The total amount of remuneration paid to the supervisors of the Company by all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: The total amount of each remuneration paid by the Company to each supervisor is disclosed with the name of the supervisor at the range the amount belongs to.

Note 7: The total amount of remuneration paid to the supervisors of the Company by all companies in the consolidated statements (including the Company) should be disclosed with the name of the supervisor at the range the amount belongs to.

Note 8: The net profits after tax refer to the net profits after tax of the most recent year for stand-alone or unconsolidated financial statements.

Note 9: a. This column should explicitly state whether the supervisors of the Company "have" or "have not" received remuneration from invested other than subsidiaries or parent company.

b. If a supervisor of the Company receives remuneration from invested enterprises other than subsidiaries or parent company, the remuneration received by the supervisor of the Company from invested enterprises other than subsidiaries or parent company should be included in column D of the schedule of remuneration ranges. The name of the column should be changed to "parent and all invested enterprises".

c. Total remuneration refers to the base or bonus remuneration (including bonus remuneration to employees, directors and supervisors) and business execution expenses of the Company's supervisors in their capacity as directors, supervisors or officers of an investee enterprise other than a subsidiary or parent company.

* The remuneration disclosed here is different from the concept of income under the Income Tax Act. Therefore, the purpose here is for information disclosure and not for tax return purposes.

(3)3-1 Base remuneration for general manager and deputy general manager

Unit: Thousand NTD

Title	Name	Base salary (A) (Note 2)		Severance and pension (B)		Bonus and allowance (C) (Note 3)		Bonus remuneration for employees (D) (Note 4)				A, B, C and D as a % of the net profits after tax (%) (Note 8)		Remuneration from invested enterprises outside subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief executive officer	Liao, Shu-Chun	10,853	10,853	858	858	942	942	548	0	548	0	18.48%	18.48%	None
General manager	Yeh, Tang-Jung													
Deputy general manager	Su, Kun-Ming													
	Jiang, Shu-Kai													

* Regardless of title, any position equivalent to that of a general manager or deputy general manager (e.g., president, chief executive officer, director...etc.) shall be disclosed.

3-2 Total remuneration range

Total remuneration ranges for the general managers and deputy general managers of the Company	Name of general manager and deputy general manager	
	The Company (Note 6)	All companies in the financial statements (Note 7) E
Less than \$1,000,000		
\$1,000,000 (inclusive) ~ \$2,000,000 (exclusive)		
\$2,000,000 (inclusive) ~ \$3,500,000 (exclusive)	Yeh, Tang-Jung, Su, Kun-Ming Jiang, Shu-Kai	Yeh, Tang-Jung, Su, Kun-Ming Jiang, Shu-Kai
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)		
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)	Liao, Shu-Chun	Liao, Shu-Chun
\$10,000,000 (inclusive) ~ \$15,000,000 (exclusive)		
\$15,000,000 (inclusive) ~ \$30,000,000 (exclusive)		
\$30,000,000 (inclusive) ~ \$50,000,000 (exclusive)		
\$50,000,000 (inclusive) ~ \$100,000,000 (exclusive)		
More than \$100,000,000		
Total		

Note 1: The names of the general manager and deputy general manager should be listed separately and the amount of each payment shall be disclosed in a summary manner. If a director is also the general manager or deputy general manager, this schedule and the above schedule (1-1) or (1-2) should be filled in.

Note 2: This is for the salary, duty allowance and severance of the general manager and deputy general manager in the most recent year.

Note 3: This is for various bonuses, incentive payments, transportation fee, special expenses, various stipends, dormitories, company cars and other provisions for the general manager and deputy general manager in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please note the relevant based remuneration paid by the Company to the driver, but do not include it in the total remuneration for directors. In addition, salary expenses recognized under IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new restricted employee stock, and participation in cash capital increase to subscribe for shares, should also be included in the remuneration.

Note 4: The amount of employee remuneration (including stock and cash) received by the general manager and deputy general manager in the most recent year should be disclosed as approved by the Board of Directors, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year, and should also be listed in Exhibit 1-3.

Note 5: The total amount of remuneration paid to the general manager and deputy general manager of the Company by all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: The total amount of each remuneration paid by the Company to each general manager and deputy general manager is disclosed with the name of the general manager or deputy general manager at the range the amount belongs to.

Note 7: The total amount of remuneration paid to the general manager or deputy general manager of the Company by all companies in the consolidated statements (including the Company) should be disclosed with the name of the general manager or deputy general manager at the range the amount belongs to.

Note 8: The net profits after tax refer to the net profits after tax of the most recent year for stand-alone or unconsolidated financial statements.

Note 9: a. This column should explicitly state whether the general manager and deputy general manager of the Company "have" or "have not" received remuneration from invested other than subsidiaries or parent company.

b. If the general manager and deputy general manager of the Company receives remuneration from invested enterprises other than subsidiaries or parent company, the remuneration received by the general manager and deputy general manager of the Company from invested enterprises other than subsidiaries or parent company should be included in column E of the schedule of remuneration ranges. The name of the column should be changed to "parent and all invested enterprises".

c. Total remuneration refers to the base or bonus remuneration (including bonus remuneration to employees, directors and supervisors) and business execution expenses of the general manager and deputy general manager of the Company in their capacity as directors, supervisors or officers of an investee enterprise other than a subsidiary or parent company.

* The remuneration disclosed here is different from the concept of income under the Income Tax Act. Therefore, the purpose here is for information disclosure and not for tax return purposes.

(4) 4-1 Total remuneration of the top five highest paid executives of listed companies (Separately disclose the name and method of remuneration)

Unit: Thousand NTD

Title	Name	Base salary (A) (Note 2)		Severance and pension (B)		Bonus and allowance (C) (Note 3)		Bonus remuneration for employees (D) (Note 4)				A, B, C and D as a % of the net profits after tax (%) (Note 8)		Remuneration from invested enterprises outside subsidiaries or from the parent company (Note 9)
		The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company	All companies in the financial statements (Note 5)	The Company		All companies in the financial statements (Note 5)		The Company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief executive officer	Liao, Shu-Chun	5,953	5,953	487	487	-	-	-	-	-	-	9.02%	9.02%	None
General manager	Yeh, Tang-Jung	1,943	1,943	159	159	431	431	249		249		3.89%	3.89%	
Deputy general manager	Su, Kun-Ming	1,478	1,478	91	91	256	256	146	None	146	None	2.76%	2.76%	
Deputy general manager	Jiang, Shu-Kai	1,478	1,478	121	121	255	255	153		153		2.81%	2.81%	
Senior manager	Hsu, Chien	1,418	1,418	95	95	179	179	117		117		2.53%	2.53%	

Note 1: The term "top five highest paid executives" refers to the managerial officers of the Company. The criteria for managerial officers are based on the scope of application of "managerial officers" as stipulated by the Securities and Futures Commission of the Ministry of Finance in its Order Tai-Cai-Sheng-San-Zi No. 0920001301 dated March 27, 2003. The "Top Five Highest Remuneration" calculation is based on the total amount of base salary, severance and pension, bonus and allowance received by the officers from all companies in the consolidated financial statements, as well as the amount of remuneration for employees (i.e., the total of the four items A+B+C+D), and then ranked by the top five highest remunerations. If a director is also a former officer, this schedule and the above (1-1) should also be filled in.

Note 2: This is for the salary, duty allowance and severance of the top five highest paid officers in the most recent year.

Note 3: This is for various bonuses, incentive payments, transportation fee, special expenses, various stipends, dormitories, company cars and other provisions for the top five highest paid officers in the most recent year. The nature and cost of the assets provided, the actual or fair market value of rent, fuel and other payments should be disclosed when housing, automobiles and other means of transportation or personal expenditures are provided. In addition, if a driver is provided, please note the relevant based remuneration paid by the Company to the driver, but do not include it in the total remuneration for directors. In addition, salary expenses recognized under IFRS 2, "Share-based Payment," including the acquisition of employee stock options, new restricted employee stock, and participation in cash capital increase to subscribe for shares, should also be included in the remuneration.

Note 4: The amount of employee remuneration (including stock and cash) received by the top 5 highest paid executives in the most recent year should be disclosed as approved by the Board of Directors, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year, and should also be listed in Exhibit 1-3.

Note 5: The total amount of remuneration paid to the top 5 highest paid executives of the Company by all companies in the consolidated statements (including the Company) should be disclosed.

Note 6: The net profits after tax refer to the net profits after tax of the most recent year for stand-alone or unconsolidated financial statements.

Note 7: a. This column should explicitly state whether the top 5 highest paid executives of the Company "have" or "have not" received remuneration from invested other than subsidiaries or parent company.

b. Total remuneration refers to the base or bonus remuneration (including bonus remuneration to employees, directors and supervisors) and business execution expenses of the top 5 highest paid executives of the Company in their capacity as directors, supervisors or officers of an investee enterprise other than a subsidiary or parent company.

* The remuneration disclosed here is different from the concept of income under the Income Tax Act. Therefore, the purpose here is for information disclosure and not for tax return purposes.

(4) List of the managerial officers who receive the bonus remuneration for employees

Unit: Thousand NTD

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Total amount as a percentage of net income after tax (%)
Managerial officer	General manager	Yeh, Tang-Jung	0	972	972	1.36%
	Deputy general manager	Su, Kun-Ming				
	Deputy general manager	Jiang, Shu-Kai				
	Senior manager	Hsu, Chien				
	Senior manager	Liang, Shyh-Chuan				
	Finance supervisor	Lee, Ming-Guen				
	Accounting supervisor	Huang, Yi-Yin				

Note 1: Individual names and titles should be disclosed, but the distribution of earnings should be disclosed in aggregate.

Note 2: The amount of employee remuneration (including stock and cash) received by managerial officers in the most recent year should be disclosed as approved by the Board of Directors, and if the amount cannot be estimated, the proposed payment amount for this year should be calculated in proportion to the actual payment amount last year. The net profits after tax refer to the net profits after tax of the most recent year; if IFRSs have been adopted, the net profits after tax refer to the net profits after tax of the most recent year for an individual or standalone financial reports.

Note 3: The scope of application of managerial officers, as stipulated in the Order Tai-Cai-Sheng-San-Zi No. 0920001301 dated March 27, 2003., is as follows.

Note 4: If the directors, general manager and deputy general manager receive employee remuneration (including stock and cash), this schedule, in addition to Exhibit 1-2 should be filled in.



- (5) Compare and describe the total remuneration paid to directors, supervisors, general managers, and deputy general managers in the most recent 2 years by the Company and all companies in the consolidated financial statements as a % of the net income after tax, and explain the policies, criteria, combination, the procedures for determining remuneration and the correlation to operating performances and future risks.

Unit: Thousand NTD

Year	2021		2020	
	Total remuneration paid	Total amount as a percentage of net income after tax %	Total remuneration paid	Total amount as a percentage of net income after tax %
Director (Excluding the remuneration for a concurrent position as an employee)	8,922	12.49%	11,043	6.91%
Supervisor	907	1.27%	1,750	1.10%
General manager and deputy general manager	13,201	18.48%	15,647	9.80%

- Article 17 of the Company's Articles of Incorporation stipulates that the base remuneration for directors (including the chairperson) is authorized to be determined by the Board of Directors in accordance with the industrial salary level.
- Article 32 of the Company's Articles of Incorporation (prior to the amendment at the 2016 regular shareholders' meeting) states: "If the Company's annual accounting close concludes there is earnings surplus, the Company shall first make a tax provision and make up for past losses, then set aside 10% of its annual earnings as a legal reserve, and if necessary, set aside as or reverse special reserve in accordance with Article 41 of the Securities and Exchange Act, and then distribute the remaining balance in the following order: I. Bonuses for employees of not less than 3%. II. Bonus remuneration for directors and supervisors of not more than 5%. III. The remaining balance, together with the accumulated undistributed earnings of prior years, shall be prepared by the Board of Directors as a dividend distribution proposal to shareholders for adoption or discussion at the shareholders' meeting.
The aforementioned distribution of employee stock bonuses may include employees of subordinate companies. The employee bonus distribution measure shall be in accordance with the resolution of the board of directors."
Article 32 of the Company's Articles of Incorporation (proposed to be amended in the 2016 regular shareholders' meeting) stipulates: "If the Company makes a profit in a year, it shall set aside not less than 3% as the bonus remuneration for employees and not more than 5% as the bonus remuneration for directors and supervisors. However, if the Company still has accumulated losses, it should reserve the make-up amount in advance.
The aforementioned employee bonus remuneration can be in the form of stock or cash and may be paid to employees of subordinate companies who meet certain criteria. The employee bonus remuneration distribution measure shall be in accordance with the resolution of the board of directors.
If the Company's annual accounting close concludes there is earnings surplus, the Company shall first make a tax provision and make up for past losses, then set aside 10% of its annual earnings as a legal reserve, except when the legal reserve has reached the Company's paid-in capital. In addition, special reserves may be set aside or reversed depending on the Company's operating needs and legal regulations. The remaining balance, if any, together with the undistributed earnings at the beginning of the period, shall be prepared by the Board of Directors as an earnings distribution proposal to shareholders for resolution at the shareholders' meeting."
- The remuneration policy for the general manager and deputy general manager
The remuneration policy for the general manager and deputy general manager of the Company is based on the industrial salary level for the position and the contribution to the Company's operation, and reasonable remuneration is given with reference to the future business risks of the industry. It is adjusted from time to time in accordance with the business conditions, laws and regulations, and the performance of the individual in order to achieve the goal of sustainable operation of the Company.

IV. The result of corporate governance

(I) Information on the operations of the board of directors

The board of directors met 8 times in the most recent year (2021) (A, Note 2), and the attendance of directors was as follows:

Title	Name (Note 1)	Attendance in person (B)	By Proxy	Attendance Rate (%) [B/A] (Note 2)	Remarks
Chairperson	Liao, Shu-Chun	8	0	100%	There were 8 Board meetings in 2021.
Director	Chen, Yung-Chin	8	0	100%	
	ABACUS DISPLAY INFINITY CORPORATION * Representative: Yeh, Tang-Jung (took office on 2021/1/22)	8	0	100%	
Independent director	Ho, Kuo-Chen	8	0	100%	
	Jang, Jr-Yan	6	2	75%	
<p>Other matters recorded:</p> <p>I. If the operation of the Board of Directors is under any of the following circumstances, the date, period, proposal content, all independent directors' opinions and the Company's handling of their opinions should be described:</p> <p>(I). Matters referred to in Article 14-3 of the Securities and Exchange Act: None.</p> <p>(II). In addition to the previous matters, other board meeting resolutions have been opposed or reserved by independent directors with records or written statements: None..</p> <p>II. In the implementation of a director's recusal for being an interested party in a proposal, the director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated: None</p> <p>III. Please refer to the Board of Directors' evaluation on page 29 for the Company's Board of Directors' evaluation.</p> <p>IV. Evaluation of the current and most recent year's objectives for enhancing the functions of the Board of Directors (e.g., establishing an audit committee, enhancing information transparency, etc.) and their implementation.</p> <ol style="list-style-type: none"> The Company discloses adequate financial information in its annual report, corporate website and the Market Observation Post System. The Company has established the "Procedure for Board of Directors Meetings" for compliance in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" and has disclosed the attendance of directors on the Market Observation Post System. Please refer to the education and training schedule for directors and supervisors on page 19 for further information about the continuing education of the Company's directors. The Company established the Remuneration Committee at the end of 2011. 					

Note 1: If the director or supervisor is a corporation, the name of the corporate shareholder and its representative should be filled in.

Note 2: (1). If a director or supervisor vacates his or her position before the end of the year, the date of vacating the position should be indicated in the Remarks column. The actual attendance rate (%) should be calculated based on the number of meetings of the Board of Directors and the actual number of attendance during his or her employment.

(2). If a director or supervisor is re-elected before the end of the year, the new or existing director or supervisor should be listed and the date of re-election should be indicated in the Remarks column. The actual attendance rate



(%) is calculated based on the number of meetings of the Board of Directors and the actual number of attendance during the term of his or her employment.

Implementation Status of Board Evaluations

Cycle (Note 1)	Period (Note 2)	Scope (Note 3)	Method (Note 4)
Once a year	From January 1 to December 31, 2021	The Board, Individual Board Members, and Functional Committees	Internal self-evaluation by the Board of Directors, Board members and Remuneration Committee

Item	Description (Note 5)	Results
Board of Directors' Performance Evaluation	Participation in the Company's operations, the quality of board decisions, the composition and structure of the board of directors, the selection and continuing education of directors, and internal control.	Each director conducts in accordance with the relevant laws and regulations and performs his or her duties and responsibilities. In the future, the self-evaluation questionnaire will be adjusted in a timely manner according to the needs of the Company to carry through the corporate governance.
Individual Director Performance Evaluation	Alignment of the Company's objectives and tasks, directors' awareness of their duties and responsibilities, their participation in the Company's operations, internal relationship management and communication, the directors' professionalism and continuing education, and internal control.	Each director conducts in accordance with the relevant laws and regulations and performs his or her duties and responsibilities. In the future, the self-evaluation questionnaire will be adjusted in a timely manner according to the needs of the Company to carry through the corporate governance.
Remuneration Committee's Performance Evaluation	Participation in company operations, awareness of functional committee duties and responsibilities, quality of functional committee decision making, composition and selection of functional committee members, internal control.	Each committee member conducts in accordance with the relevant laws and regulations and performs his or her duties and responsibilities. In the future, the self-evaluation questionnaire will be adjusted in a timely manner according to the needs of the Company to carry through the corporate governance.

Note 1: The periodicity of execution of the Board of Directors' evaluation, e.g., once a year.

Note 2: The period covered by the Board of Directors' evaluation, e.g., the evaluation of the Board of Directors' performance from January 1, 2021 to December 31, 2021.

Note 3: The scope of evaluation includes the performance evaluation of the board of directors, individual board members and functional committees.

Note 4: The method of evaluation includes internal self-evaluation by the board of directors, self-evaluation by board members, peer evaluation, the appointment of external professional organizations, experts or other appropriate methods for performance evaluation.

Note 5: The evaluation content includes at least the following items according to the scope of the evaluation:

- (1) Board of directors' performance evaluation: At least the participation in the Company's operations, the quality of board decisions, the composition and structure of the board of directors, the selection and continuing education of directors, and internal control, etc.
- (2) Board members' performance evaluation: At least the alignment of the Company's objectives and tasks, directors' awareness of their duties and responsibilities, their participation in the Company's operations, internal relationship management and communication, the directors' professionalism and continuing education, and internal control, etc.
- (3) Functional committee's performance evaluation: At least the participation in company operations, awareness of functional committee duties and responsibilities, quality of functional committee decision making, composition and selection of functional committee members, internal control, etc.

(ii) Supervisors' participation in the Board of Directors.

The board of directors met 8 times in the most recent year (2021) (A, Note 2), and the attendance of supervisors were as follows.

Title	Name	Number of attendance in person (B)	Percentage of attendance in person (%) [B/A] (Note)	Remarks
Supervisor	Representative of COHERENCE INTERNATIONAL CORP.: Zen, Hong-Tzeng	8	100%	There were 8 Board meetings in 2021.
	Representative of COHERENCE INTERNATIONAL CORP.: Lin, Chung-Cheng	8	100%	

Other matters recorded:

I. Composition and duties of supervisors.

The Company has two supervisors, who are selected by the shareholders' meeting from who do not have any or limited legal capacity.

The duties of the supervisors are as follows: (I) to supervise the execution of the Company's business, (II) to investigate the Company's business and financial position, (III) to audit the Company's bookkeeping documents, (IV) to examine the various reports prepared by the Board of Directors for submission to the shareholders' meeting, and (V) other powers and functions conferred by law.

(I) Communication between the supervisors and the Company's employees and shareholders (e.g., communication channels and methods): The list of the Company's supervisors is public information, and the Company's employees may contact the supervisors through internal e-mail or telephone contact; shareholders may contact the Company's spokesperson or the acting spokesperson to communicate with supervisors on their behalf.

(II) Communication between the supervisors and the Company's chief internal auditor and the CPAs (e.g., matters, methods and results of communication regarding the Company's financial and business conditions): The internal auditor reports monthly to the supervisors in writing or in person. The supervisors communicate with the CPAs from time to time on the financial position. The communication channel between the supervisors and the internal auditor or CPAs has been functioning well.



II. If the Supervisors express opinions during the Board of Directors' meetings , the date and session of the Board of Directors' meeting, the content of the motion, the resolution of the Board of Directors' meeting and the Company's handling of the Supervisor's opinion should be specified:

During 2021/01/01~2021/12/31, the Supervisors attended the Board of Directors' meetings did not express any adverse opinion.

Note 1: If the director or supervisor is a corporation, the name of the corporate shareholder and its representative should be filled in.

Note 2: (1). If a director or supervisor vacates his or her position before the end of the year, the date of vacating the position should be indicated in the Remarks column. The actual attendance rate (%) should be calculated based on the number of meetings of the Board of Directors and the actual number of attendance during his or her employment.

(2). If a director or supervisor is re-elected before the end of the year, the new or existing director or supervisor should be listed and the date of re-election should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Board of Directors and the actual number of attendance during the term of his or her employment.

(III). The Company's implementation of corporate governance and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons therefor.

Evaluation item	Descriptions (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies"?	V		The Company has established the Corporate Governance Best Practice Principles	No difference.
II. The Company's shareholder structure and interest protection				No difference for all.
(I). Has the Company established internal operating procedures to handle shareholder recommendations, doubts, disputes and litigations, and implemented them in accordance with the procedures?	V		The Company has not established internal procedures to handle shareholders' suggestions, questions, disputes and litigation matters, but the Company's spokesperson and acting spokesperson are responsible for handling such affairs.	
(II). Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		The Company keeps track of the shareholdings of the directors, managerial officers and major shareholders and declares their shareholdings on a regular basis.	
(III). Has the Company established and implemented risk control and firewall mechanisms between affiliated enterprises?	V		The management responsibilities of the Company and its affiliates are clearly delineated, and each affiliates operates independently , in accordance with the regulations of the Securities and Futures Bureau.	
(IV). Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		The Company has established the Procedures for Handling Material Inside Information.	
III. Composition and responsibilities of the Board of Directors				
(I). Does the Board of Directors develop and implement a diversity policy, specific management goals and objectives for the composition of the Board members?	V		The members of the Company's Board of Directors are based on the scale of the Company's operation and development, the practical needs of the Company, and the diversity of the Company's Board of Directors, and the professional background, education, independence, and related professional	No difference.

Evaluation item	Descriptions (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
(II). In addition to the Remuneration Committee and the Audit Committee established in accordance with the law, has the Company voluntarily set up other functional committees?	V		qualifications. The Company has established a Remuneration Committee, and other functional committees will be established in accordance with the relevant laws and regulations and the actual needs of the Company.	At present, there are no functional committees other than the Remuneration Committee.
(III). Has the Company established measures for evaluating the performance of the Board of Directors and its evaluation method, and conducts performance evaluation annually and regularly, and submits the results of performance evaluation to the Board of Directors for reference of individual director's salary, remuneration and nomination for reappointment?	V		On December 11, 2019, the Company established the Board of Directors' Self-Evaluation Measures and conducted the directors' self-evaluation starting in 2020. The results of the performance evaluation will be reported to the Board of Directors and used as a reference for individual directors' salary and remuneration.	No difference.
(IV). Does the Company regularly evaluate the independence of the attesting CPAs?	V		The Company has established a Remuneration Committee, and other functional committees will be established in accordance with the relevant laws and regulations and the actual needs of the Company. The Board of Directors periodically evaluates the independence of the attesting CPAs on an annual basis based on the "Attesting CPAs' Independence Evaluation Form", which includes the following items. 1. Whether there is any direct or material indirect financial interest between the appointed CPAs and the Company. 2. Whether the appointed CPAs have significant close business relationships with the audit case. 3. Whether the appointed CPAs have a potential employment relationship with the Company. 4. Whether the co-practicing CPAs who have stepped down within one year hold a position as a director, supervisor, or managerial officer of the Company or have a significant influence on the audit case. 5. Whether the non-audit services provided by the appointed CPAs to the Company will directly affect the important items of the audit case.	No difference.

Evaluation item	Descriptions (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No	Summary description	
			The Company's internal evaluation of the independence of the attesting CPAs did not reveal any matters that might affect the independence of the CPAs and was submitted to the 17th meeting of the 18th Board of Directors on 2021/11/08 for approval.	
IV. Does the Company as a listed enterprise have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with the law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.)?	V		The Company's Board of Directors resolved on March 24, 2021 to designate the senior manager of the Finance Department, Lee, Ming-Guen, as the corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors to comply with laws and regulations, conducting board meeting and shareholder meeting related matters in accordance with law, handling company registration and alteration registration, and preparing minutes of board meetings and shareholder meetings, etc.).	No difference.
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and a special section for stakeholders on the Company's website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		Communication and coordination will be carried out by dedicated departments and units. The Company's website publishes the telephone numbers and email addresses of the spokesperson and acting spokesperson.	No difference.
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholder meetings?	V		Handled by the Company's stock affairs agency - President Securities Corporation, Stock Affairs Agency Department	No difference.

Evaluation item	Descriptions (Note)			The differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons.
	Yes	No	Summary description	
<p>VII. Information disclosure</p> <p>(I). Has the Company set up a website to disclose finance and business matters and corporate governance information?</p> <p>(II). Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for collecting and disclosing Company information, implementing a spokesperson system, and posting the Company's earnings calls on its website, etc.)?</p> <p>(III). Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second and third quarters and the monthly operating status before the prescribed deadline?</p>	V		<p>The Company has set up an English website, designated a dedicated person responsible for collecting and disclosing company information, and implemented the spokesperson system.</p> <p>The Company announces and reports its annual financial statements within three months after the fiscal year.</p> <p>The Company announces and reports its first, second, and third quarter financial statements and operations for each month by the prescribed deadlines.</p>	No difference for all.
	V	V		
	V			
VIII. Does the Company have other important information that is helpful to understand its implementation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, continuing education of directors and supervisors, implementation of risk management policies and risk measurement standards, implementation of customer policies, the Company's purchase of liability insurance for directors	V		<p>Labor Relations: Please refer to page 100.</p> <p>Continuing educations of directors and supervisors: Please refer to page 19</p> <p>Implementation of risk management policies and risk measurement standards: Please refer to Risks on page 130.</p>	No difference.

Evaluation item	Descriptions (Note)		Summary description	The differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons.
	Yes	No		
and supervisors, etc.)?				
IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of the Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved: 1. In accordance with regulations, the Company has adopted electronic voting since 2018. 2. The retirement system and work environment of employees are recorded and disclosed in the annual report and company website.				

Note 1: The state of operations, no matter if "Yes" or "No" are checked, should be stated in the summary description.



(IV) If the Company has a remuneration committee, it should disclose its composition, duties and operations.

1. Information on members of the Remuneration Committee

April 30, 2022

Position (Note 1)	Criteria Name	With at least five years of work experience and the following professional qualifications(Note 2)	Status of independence(Note 3)	Number of other public companies in which the individual is concurrently serving as a remuneration committee member
Independent director	Ho, Kuo-Chen	Department of Accounting, Soochow University General Manager of KNH ENTERPRISE CO., LTD. There are no cases under Article 30 of the Company Act, Please refer to page 12.	Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and Futures Bureau.	None
Independent director	Jang, Jr-Yan	Drexel University Master of Science There are no cases under Article 30 of the Company Act, Please refer to page 12.	Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and Futures Bureau.	None
Others	Wu, Gui-Long	Soochow University. Master of Business and Economics. General Manager of HRFUN MANAGEMENT CONSULTANT CO. There are no cases under Article 30 of the Company Act, Please refer to page 12.	Satisfy the requirements of Article 14-2 of "Securities and Exchange Act" and "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by Taiwan's Securities and Futures Bureau.	1

Note 1: Please specify the relevant years of service, professional qualifications and experience, and independence of each member of the Compensation Committee in the form. If you are an independent director, please note that you are an independent director or other (if you are a convener, please add a note).

Note 2: Professional Qualifications and Experience: Specify the professional qualifications and experience of individual compensation committee members.

Note 3: Independence status: The independence status of the members of the Compensation Committee is specified, including but not limited to whether they are directors, supervisors or employees of the Company or its affiliates; the number and proportion of shares held by them (or in the name of others); whether they are directors, supervisors or employees of the Company or its affiliates; whether they are directors, supervisors or employees of the Company or its affiliates; and whether they have served as directors, supervisors or employees of the Company or its affiliates for the last two years. Whether he/she is a director, supervisor or employee of a company with a specific relationship with the Company (refer to Article 6, Paragraph 1, Paragraphs 5 to 8 of the Regulations Governing the Establishment and Exercise of Powers and Functions of Compensation Committees of Companies Trading on Securities Firms); the amount of remuneration received for the provision of business, legal, financial and accounting services by the Company or its affiliates in the last two years.

Note 4: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

2. Information on the operations of the Remuneration Committee

Remuneration Committee Meeting Date	Motion Content and Resolution	Remuneration Committee members have opposing or reserved opinions.
1st in 2021 2021.3.16	The Company's 2021 managerial officers promotion and salary increase.	None
	Replacement of accounting supervisor of the Company.	None
	Election of the Company's Corporate Governance Officer.	None
	The amount of bonus remuneration for directors and supervisors and the amount of bonus remuneration for employees for 2020, and the distribution measure rules of bonus remuneration for employees for 2020.	
	Remuneration Committee's opinions: None	
	Remuneration Committee Resolution: All members present agreed and offered it to the Board of Directors for discussion.	
	The Company's handling of the remuneration committee's opinion: All directors present agreed.	
2nd in 2021 2021.12.7	The Company's 2021 year-end bonus distribution rules.	None
	Remuneration Committee's opinions: None	
	Remuneration Committee Resolution: All members present agreed and offered it to the Board of Directors for discussion.	
	The Company's handling of the remuneration committee's opinion: All directors agreed.	

- (1) There are three members in the Remuneration Committee of the Company.



(2) Members' terms of office: July 5, 2019 to June 27, 2022, the most recent Remuneration Committee met two times (A), and the attendance of the members are as follows:

Title	Name	Number of attendance in person (B)	Attendance by proxy	Percentage of attendance in person (%) (B/A) (Note)	Remarks
Convener	Ho, Kuo-Chen	1	1	50%	
Member	Jang, Jr-Yan	2	0	100%	
Member	Wu, Gui-Long	2	0	100%	

Other matters recorded:

I. If the Board of Directors does not adopt or amend the recommendations of the Remuneration Committee, it should specified the date, period, proposal content, resolution of the board, and its handling of the committee's opinions (if the remuneration approved by the board is better than the recommendation proposed by the committee, the difference and reasons should be specified): No such situation.

II. For the proposals by the Remuneration Committee. If any members have objections or reservations with records or written statements, the date, period, proposal content, the opinions of all members, its handling of the members' opinions should be specified: No such situation.

III. Description of the scope of capacity of the members.

The Remuneration Committee is responsible to the Board of Directors for assisting the Board of Directors in evaluating the Company's overall remuneration and benefits policies, as well as the remuneration for directors, supervisors, and senior managerial officers, which are reviewed by the Remuneration Committee and submitted to the Board of Directors for resolution.

The Remuneration Committee proposes to the Board of Directors a Remuneration policy structure and bonus distribution suggestion based on the performance evaluation of senior managerial officers, their responsibilities, the salary and remuneration offered by the Company to equivalent positions in recent years, and the salary levels of similar positions in the sector.

Note : (1) If a member of the Remuneration Committee leaves the Company before the end of the year, the date of departure should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and his or her actual attendance during his or her employment.

(2) If there is a re-election of the Remuneration Committee before the end of the year, both new and old members of the Committee should be listed, and the date of re-election should be indicated in the Remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Remuneration Committee and the actual number of attendance during the term of his or her employment.

(V) The Performance of Corporate Social Responsibility and differences from the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies”, and the reason

Evaluation item	The state of operations (Note 1)		Summary description	The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies”, and the reason
	Yes	No		
I. Does the Company conduct risk evaluations on environmental, social and corporate governance issues related to the Company’s operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies? (Note 2)	V		The Company has established a corporate social responsibility policy and implemented an environmental management system (ISO-14001), and has set up a dedicated department to monitor, audit and evaluate the performance of environmental management implementation.	No difference.
II. Has the Company set up a full-time (part-time) unit to promote corporate social responsibility, together with senior management authorized by the Board of Directors to handle related matters and report to the board on the handling of the matters?		V	The Company does not have a full-time (part-time) unit to promote corporate social responsibility. Instead, all departments will do their best to fulfill corporate social responsibility in accordance with their duties.	The Company does not have a full-time (part-time) unit
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		The Company implemented the environmental management system (ISO 14001) in 1997, and has set up a dedicated department to monitor, audit and evaluate the performance of environmental management implementation. Not only do we regularly identified and reviewed the prominent and potential causes of environmental impacts in our existing operations each year and further controlled them, but we also developed energy-saving plans and monitor the rational use of resources as the target for improvement in the following year. We uphold the spirit of continuous improvement, are committed to reducing the occurrence of pollution and improving the utilization of resources, and are subject to regular and irregular audits by the competent authorities and external units to ensure that the Company’s environmental management system is carried through without hindrance.	No difference.
(II) Is the Company committed to improving resource utilization efficiency and using recycled materials with low impact on the environment?	V		(I) Based on the characteristics of the petroleum and chemical warehousing industry, the Environmental Safety Department identifies fixed sources of pollution, chemicals of concern and toxicity, soil and groundwater, waste and other applicable regulations, and collects and compiles a list of organizational situations (including: identification of regulations, stakeholders, and internal and external issues) for each department. We	No difference.



Evaluation item	The state of operations (Note 1)		The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies”, and the reason
	Yes	No	
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?		<p>plan and execute environmental safety and health management programs for each department on regulation compliance, external unit requirements or high-risk operation. The concept of continuous improvement is based on a cyclic model of planning and execution of inspection actions. With concept of continuous improvement, the Company can comply with regulation or external unit requirements and reducing the risk level of operations.</p> <p>(II) Our ISO 9001 (quality) management system is certified in Taipei (5F, No. 131, Sec. 3, Minsheng East Road, Songshan District, Taipei City, Taiwan), Taichung (No. 298, Sec. 3, Nandi Road, Wuqi District, Taichung City, Taiwan), and Taichung (No. 295, Sec. 3, Nandi Road, Wuqi District, Taichung). In addition, the ISO 14001 (environmental) and ISO 45001 & CNS 45001 (occupational safety and health) management systems are certified for the Taichung Harbor West Second Tank Area (No. 298, Section 3, Nandi Road, Wuqi District, Taichung City) and Taichung Harbor West Fifth Tank Area (No. 295, Section 3, Nandi Road, Wuqi District, Taichung City).</p> <p>(III) Since 2019, the Company has been gradually improving the boilers in the West 2 and West 5 tanks and their ancillary equipment (storage tanks and pipelines). In 2020, the Company has been replacing the existing heavy fuel oil (No. 4-6) with industrial low-sulfur fuel oil (palm oil), and in 2021, the Company completed a test run of the Fix Source operating permits for the West 2 and West 5 tanks. (Particulate matter: 30 mg/Nm³, sulfur oxides: 50 ppm, nitrogen oxides: 100 ppm)</p> <p>V The Company is gradually incorporating climate change issues into the organization's situational analysis matrix and evaluating related risks and opportunities, and the subsequent planning measures are described below.</p> <p>(1) According to the Financial Stability Board (FSB) of the International Economic Cooperation Forum (G20), which officially released the Climate Related Financial Disclosure (TCFD) in 2017, the Company intends to appoint a team of professional consultants to assist in the implementation of TCFD at the end of 2021, and is expected to gradually adopt governance, strategy, risk management, and set targets and goals in</p>	The study and planning are in progress.

Evaluation item	The state of operations (Note 1)			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies”, and the reason																																																						
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(IV) Does the Company make statistics on greenhouse gas emissions, water consumption and the total weight of waste for the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction or other waste management?		V	<p>2022.</p> <p>(2) In accordance with the Financial Supervisory Commission's Sustainable Development Pathway for listed companies, which was officially launched in March 2021, the Company plans to conduct annual greenhouse gas inventory and verification after the introduction of the ISO 14064 management system in 2026, and to disclose the relevant results in the annual report.</p> <p>The results of direct emissions of air pollutants from the West 2 and West 5 tanks of Taichung Port, reported in FY109 to FY110, are shown in the table below.</p> <p style="text-align: center;">Taichung Port West 2 terminal</p> <table border="1"> <thead> <tr> <th>Category \ Year</th> <th>2020</th> <th>2021</th> <th>Units</th> </tr> </thead> <tbody> <tr> <td>Particulate matter</td> <td>0.31</td> <td>0.14</td> <td rowspan="4">tons</td> </tr> <tr> <td>Sulfur oxides</td> <td>1.85</td> <td>0.07</td> </tr> <tr> <td>Nitrogen oxides</td> <td>2.18</td> <td>2.35</td> </tr> <tr> <td>Volatile organic matter</td> <td>18.83</td> <td>19.43</td> </tr> </tbody> </table> <p style="text-align: center;">Taichung Port West 5 terminal</p> <table border="1"> <thead> <tr> <th>Category \ Year</th> <th>2020</th> <th>2021</th> <th>Units</th> </tr> </thead> <tbody> <tr> <td>Particulate matter</td> <td>0.01</td> <td>0.01</td> <td rowspan="4">tons</td> </tr> <tr> <td>Sulfur oxides</td> <td>0.00</td> <td>0.01</td> </tr> <tr> <td>Nitrogen oxides</td> <td>0.04</td> <td>0.16</td> </tr> <tr> <td>Volatile organic matter</td> <td>39.31</td> <td>36.01</td> </tr> </tbody> </table> <p>In addition, for indirect energy emissions, the Company will continue to study and plan for the introduction of greenhouse gas inventory and verification in FY2026, and will disclose the relevant results in the annual report information.</p> <p>The following table shows the water and electricity consumption of the Company's Taichung Port West 2 and West 5 tanks from 2020 to 2021.</p> <p style="text-align: center;">Taichung Port West 2 terminal</p> <table border="1"> <thead> <tr> <th>Category \ Year</th> <th>2020</th> <th>2021</th> <th>Units</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>11,396</td> <td>15,155</td> <td>tons</td> </tr> <tr> <td>Electricity consumption</td> <td>1,206,240</td> <td>1,182,840</td> <td>Kw/hr</td> </tr> </tbody> </table> <p style="text-align: center;">Taichung Port West 5 terminal</p> <table border="1"> <thead> <tr> <th>Category \ Year</th> <th>2020</th> <th>2021</th> <th>Units</th> </tr> </thead> <tbody> <tr> <td>Water consumption</td> <td>4,349</td> <td>13,971</td> <td>tons</td> </tr> </tbody> </table>	Category \ Year	2020	2021	Units	Particulate matter	0.31	0.14	tons	Sulfur oxides	1.85	0.07	Nitrogen oxides	2.18	2.35	Volatile organic matter	18.83	19.43	Category \ Year	2020	2021	Units	Particulate matter	0.01	0.01	tons	Sulfur oxides	0.00	0.01	Nitrogen oxides	0.04	0.16	Volatile organic matter	39.31	36.01	Category \ Year	2020	2021	Units	Water consumption	11,396	15,155	tons	Electricity consumption	1,206,240	1,182,840	Kw/hr	Category \ Year	2020	2021	Units	Water consumption	4,349	13,971	tons	The study and planning are in progress.
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<p>IV. Social issues</p> <p>(I) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations as well as the International Bill of Human Rights?</p>	V		<p>The Company complies with the relevant regulations of labor laws, establishes internal management rules and administrative procedures, and regularly holds labor-related laws briefings to protect the rights and interests of employees.</p> <ol style="list-style-type: none"> 1. Monitor the workplace environment regularly and maintain equipment to ensure workplace safety. 2. Conduct regular inspections and replacements of drinking water, lighting and fire-fighting equipment in the workplace. 	No difference.																										

Evaluation item	The state of operations (Note 1)			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies”, and the reason
	Yes	No	Summary description	
(II) Whether the Company has formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflects operating performance or results in employee remuneration?	V		<p>3. Regularly implement labor safety and health education training to enhance employees safety awareness.</p> <p>4. To ensure compliance with labor laws and gender work equality regulations and setup breastfeeding rooms to meet the needs of employees.</p> <p>5. Regular employee health checkups.</p> <p>6. Holding health education seminars from time to time to teach employees how to promote physical and mental health; contracting medical staff to provide health consultation services at company.</p> <p>7. Labor laws and regulations are followed, and are clearly defined in the work rules and related personnel regulations.</p> <p>8. Through information system, we record employees' attendance and overtime work, and offered overtime pay according to the law.</p> <p>The company provides excellent salary and benefits, which reference to the Consumer Price Index of the Comptroller's Office. In addition, the Company offers year-end bonuses and employee compensation depending on operational results, and issues employee stock dividends; there are various benefits such as three festivals gifts, birthday gifts, wedding gifts, maternity subsidies, funeral subsidies, employee travel allowances, health check-up subsidies, and group insurance for employees, etc., to retain and attract outstanding talents to join the company and implement humane management and various welfare measures.</p>	No difference.
(III) Does the Company provide employees with a safe and healthy working environment and related education?	V		<p>The Company attaches great importance to the health and safety of employees, and has signed a contract with the Tungs' Taichung MetroHarbor Hospital, a medical association, for contracted medical treatment and health checkups for current employees; and has entrusted ShengMeil-Health Management Consulting Co.</p>	No difference.
(IV) Has the Company established an effective career development training program for employees?	V		<p>In order to make employees grow together with the company, we set up an annual internal and external education and training schedule with the goal of training outstanding talents; encourage employees to apply for external education and training courses to improve their work skills, enhance the ability of all parties, and increase the competitiveness of the organization, so that the career development of employees can grow in tandem with corporate management.</p>	No difference.
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer	V		<p>The Company provide tank storage services and solar power generation . Our storage services comply with industrial safety and environmental protection regulations, and The Company have implemented ISO14001, ISO</p>	No difference.



Evaluation item	The state of operations (Note 1)		The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies”, and the reason	
	Yes	No		
<p>privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?</p> <p>(VI) Has the Company formulated supplier management policies requiring suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor rights, and monitor their implementation?</p>	V		<p>45001 & CNS 45001 management systems to enhance environmental protection and occupational safety and health. Since our main customers are business unit, the consumer protection policy shall not apply for the Company.</p> <p>The company follows the laws and regulations related to Fix Sources, toxicity and chemical substances of concern, and applying for changes, extensions, or changes to the hazard prevention and contingency plans of Class I to Class III toxic chemicals in the Fix Source operation permit. The Taichung City Government disclosed the Company’s information on the Fix Source operation permit, hazard prevention and contingency plans, and other documents on website for customers and the general public to inquire.</p> <p>1. The Company has established procurement and supplier management procedures, and established various principles for contractor selection, including environmental protection and occupational safety and health related regulations, and complied with the relevant regulations of the Occupational Safety and Health Act to ensure the labor rights of each contractor's employees. Therefore, we have completed the ISO 45001 & CNS 45001 management system conversion certification through the International Certification Department of Taiwan Inspection Technology Co.</p> <p>2. The Company has established procurement and supplier management procedures, and plans to perform supplier evaluation every year, and to classify and manage suppliers according to the evaluation results, and to temporarily or permanently cancel the qualifications of suppliers for contractors with poor evaluation results (D and E grades).</p>	No difference.
V. Does the Company make reference to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company? Has the assurance or opinion from third-party certifying institutions been obtained for the aforementioned reports? .		V	<p>The Company has not made reference to international reporting standards or guidelines to prepare corporate social responsibility or other reports that disclose non-financial information about the Company.</p>	The study and planning are in progress.

Evaluation item	The state of operations (Note 1)			The differences from the "Corporate Social Responsibility Best Practice Principles for TWSE or TPEX Listed Companies", and the reason
	Yes	No	Summary description	
VI. If the Company has related practice principles of its own in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation: No significant difference.				
VII. Other important information that is helpful to understand the implementation of corporate social responsibility: The Company has passed ISO9001 and ISO14001, and always focused on environmental protection and energy saving, aiming at contributing to the global environmental protection.				

Note 1: If "Yes" is checked for implementation, please specify the important policies, strategies and measures adopted and their implementation. If "No" is checked for implementation, please explain the differences and reasons in the "Differences from the Code of Practice for Sustainable Development of Listed Companies and Reasons for Differences" column, and explain the plans for future implementation of relevant policies, strategies and measures.

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

Note 3: Please refer to the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange for disclosure methods.

(VI) The Company's implementation of ethical corporate management and the differences from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons therefor:

Evaluation item	The state of operations (Note 1)			The differences from the Corporate Ethical Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
I. Formulate ethical corporate management policy and plan (I). Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company's regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	V		The Company has established the "Ethical Management Policy" approved by the Board of Directors. In addition, the "Management Philosophy" section of the company's website expresses the following principles of sustainable management and social responsibility: We will do our business with the belief of being diligent, responsible, ethical and practical, and pursue long-term profitability to reward our shareholders. At the same time, as a member of society, the Company will fulfill its corporate social responsibility to promote harmony and understanding between the Company and other social citizens.	No significant differences
(II). Whether the Company has established a mechanism for evaluating the risk of unethical conduct, regularly analyzes and evaluates the activities in the scope of business with a higher risk of unethical conduct, and	V		The Company has the Ethical Corporate Management Best Practice Principles that expressly prohibit unethical conduct and our managerial officers have signed confidentiality and integrity agreements.	No significant differences



Evaluation item	The state of operations (Note 1)			The differences from the Corporate Ethical Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
<p>based on this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Paragraph 2 of Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(III) Whether the Company has specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well as regularly review and amend it?</p>	V		The Company always promotes the principles of corporate ethics and employee honesty and trustworthiness, and includes them in the employee performance evaluation.	No significant differences.
<p>II. The implementation of ethical corporate management</p> <p>(I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?</p> <p>(II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and report regularly (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?</p> <p>(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?</p> <p>(IV) Whether the Company has established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?</p> <p>(V) Does the Company regularly organize internal and external education and training on ethical corporate management?</p>	V	V	<p>All of our procurement and storage tank leasing contracts have integrity clauses; before establishing business relationships with others, we will evaluate the legality and integrity of their operations to ensure fair business practices.</p> <p>The Company's General Manager's Office, Administration Division and Human Resources Department are promoting them. The Company always promotes the principles of corporate ethics and employee honesty and trustworthiness, and includes them in the employee performance evaluation. We also encourage our directors, supervisors and employees to make suggestions at any time.</p> <p>The company has "Employee Time", a complaint hotline, and a complaint mailbox, which are administered by the General Manager's Office, Administration Division and the Human Resources Department.</p> <p>The Company has established an effective accounting system and internal control system, which are regularly audited by the internal audit.</p>	<p>No significant differences.</p> <p>No significant differences</p> <p>No significant differences.</p> <p>No significant differences.</p>
		V	The Company does not yet hold regular internal and external education and training on ethical corporate management, but promotes it from	No significant differences.

Evaluation item	The state of operations (Note 1)			The differences from the Corporate Ethical Management for TWSE/TPEX Listed Companies and the reasons therefor.
	Yes	No	Summary description	
			time to time at appropriate meetings.	
III. The Company's whistleblower reporting system				
(I) Has the Company set up a specific whistleblower reporting and reward system, a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?	V		The company has "Employee Time", a complaint hotline, and a complaint mailbox, which are administered by the General Manager's Office. Administration Division and the Human Resources Department.	No significant differences.
(II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	V		All whistleblower reports are encrypted and managed by human resources electronic file records.	No significant differences.
(III) Whether the Company takes measures to protect whistleblowers from being improperly handled due to reporting?	V		Under the principle of secret investigation, we will continue to follow up on the subsequent development and make sure that the whistleblower does not suffer from being ostracized due to whistleblowing.	No significant differences
IV. Enhance Information Disclosure				
(I) Does the Company disclose the content and effectiveness of its Ethical Corporate Management Principles on its website and the Market Observation Post System?	V		The Company had disclosed "Management Philosophy" section on the company website.	No significant differences.
V. If the Company has related practice principles of its own in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", please state the differences between the two and the state of implementation: No significant difference.				
VI. Other important information that is helpful to understand the implementation of ethical corporate management (For example, if the Company reviews and amends its ethical corporate management principles.): The Company has been promoting its determination in ethical corporate management to its business partners.				

Note 1: The state of operations, no matter if "Yes" or "No" are checked, should be stated in the summary description.

(VII) If the Company has formulated the "Corporate Governance Practice Principles" and related rules, it shall disclose its inquiry methods:

They have been disclosed to the Public Information Observation Post System and the company website.

(VIII) Other important information that is helpful to understand the Company's implementation of corporate governance should be disclosed altogether.

The Company has established the "Procedures for Managing Insider Trading and Handling Material Inside Information" and has informed all employees, managerial officers and directors of these procedures after they have been established. It has reinforced them during the training of new employees.



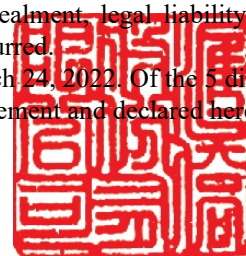
(IX) Implementation of internal control systems

1. Statement of internal control system

The Company states the following for its 2021 internal control systems based on the results of self-evaluation:

- I. The Company knows that establishing, implementing and maintaining an internal control system is the responsibility of the Company's Board of Directors and managerial officers, and the Company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self-monitoring mechanism. Once a defect is identified, the Company will take corrective actions.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of the internal control system adopted in the "Regulations" are based on the process of managerial control and divide the internal control system into five components: 1. control environment, 2. risk evaluation, 3. control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The Company has adopted the aforementioned criteria of the internal control system to evaluate the effectiveness of the design and implementation of its internal control systems.
- V. Based on the evaluation results of the preceding paragraph, the Company believed that the design and implementation of its internal control system were effective as of December 31, 2021 (including the supervision and management of subsidiaries), with an understanding of the extent to which the objectives of effectiveness and efficiency of operations were achieved, whether the reporting was reliable, timely, transparent, and if the compliance with relevant rulings, laws and regulations is met, and a reasonable assurance of the achievement of these objectives.
- VI. This statement will become the main content of the Company's annual report and prospectus, and will be made public. If the above-mentioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Company's Board of Directors on March 24, 2022. Of the 5 directors present, 0 had objections, and the rest all agreed with the content of this statement and declared here.

Prime Oil Chemical Service Corporatio



Chairperson Liao, Shu-Chun signed herein



General manager Yeh, Tang-Jung signed herein.



2. Where a CPA was entrusted to review the internal control system, the review report should be disclosed: None.
- (X) Where the Company and its insiders receive penalties for violations, or the Company's punishment on its internal personnel for violating internal control system, and where the punishment may have a material impact on shareholders' equity or securities price, the penalty, main mistake and improvement shall be expressly listed: None.
- (XI) Major resolutions of the shareholder meetings and Board of Directors in the most recent year up to the day of the publication of the Annual Report.
1. Resolutions of the 2021 shareholders' meeting and their implementation status.
 - (1) The Company's 2020 annual financial statements.
 - (2) The Company's 2020 earnings distribution proposal:

On August 18, 2021, the Board of Directors set September 12, 2021 as the ex-dividend date. In accordance with Article 165 of the Company Act, the registration of stock transfers was suspended from September 8, 2021 to September 12, 2021, and the cash dividends were paid on October 7, 2021.
 - (3) Approve for the amendment of the Company's "Procedures for acquiring or disposing of assets".

Implementation status:
Updated on the Company's website on August 18, 2021 and handled in accordance with it.



2. Board of directors

Type	Motion date	Motion content
18th term 11th meeting	2021.03.24	<ol style="list-style-type: none"> 1. Minutes of the last meeting and the its implementation 2. Important financial and business reports 3. Internal audit work reports 4. Other important reporting matters 5. The Company's "evaluation of the effectiveness of the Company's internal control system" and the "statement of internal control system" for 2020 6. The distribution of 2020 bonus remuneration for employees and bonus remuneration for directors and supervisors 7. The Company's standalone financial statements and consolidated financial statements for 2020 8. The Company's 2020 earnings distribution proposal was submitted to the Board of Directors for discussion 9. The Company's 2020 business report 10. The plan to Invest in AB Value Bridge VI, L.P. 11. The Company's application for credit facility to financial institutions 12. Matters related to the endorsement and guarantee provided by the Company for POCS POWER CO., LTD. 13. The replacement of the Company's accounting supervisor 14. The accounting officer of the Company assuming concurrent positions at subsidiaries 15. The appointment of the Company's corporate governance officer submitted to the board of directors for discussion 16. Resolution of the 1st meeting of the Remuneration Committee of the Company for 2021 17. Self-evaluation report on the performance of the Remuneration Committee, the Board of Directors and the members of the Board of Directors for 2020 18. Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets 19. Matters related to the convening of the Company's 2021 regular shareholders' meeting 20. Announcement of acceptance of written proposals from shareholders for the 2021 regular shareholders' meeting 21. The Energy Division's participation in "Bid for the Installation of photovoltaic power generation systems in 11 parking lots including An Fu Street parking lot in Tainan City" by the Department of Transportation, Tainan City Government
18th term 12th meeting	2021.05.12	<ol style="list-style-type: none"> 1. Minutes of the last meeting and the its implementation 2. Important financial and business reports 3. Internal audit work reports 4. Other important reporting matters 5. The Company's consolidated financial statements for 1Q2021

Type	Motion date	Motion content
		6. Report of acceptance of written proposals from shareholders for the 2021 regular shareholders' meeting 7. Matters related to the application for renewal of endorsement and guarantee line of POCS POWER CO., LTD.
18th term 13th meeting	2021.07.27	1. Minutes of the last meeting and the its implementation 2. To establish the extension of the 2021 regular shareholders' meeting of Shareholders of the Company 3. The Company's plan to take out liability insurance for the directors, supervisors and managerial officers 4. The Company's application for credit facility to financial institutions 5. Matters related to the endorsement and guarantee provided by the Company for POCS POWER CO., LTD.
18th term 14th meeting	2021.08.04	1. Minutes of the last meeting and the its implementation 2. Important financial and business reports 3. Internal audit work reports 4. Other important reporting matters 5. The Company's consolidated financial statements for 2Q2021
18th term 15th meeting	2021.08.18	1. Minutes of the last meeting and the its implementation 2. Important financial and business reports 3. Other important reporting matters 4. The determination of the ex-dividend date for cash dividends and related matters 5. Since the internal organizational restructuring of the CPAs firm, the Company has changed its CPAs
18th term 16th meeting	2021.10.28	1. The Energy Division's plan to participate in the "Shanhua Branch Line and Other Four-Lane Canal Road (Ground-mounted) photovoltaic power generation system" with the Chiananan Administration of the Department of Agriculture and Water Resources, Council of Agriculture, Executive Yuan.
18th term 17th meeting	2021.11.08	1. Minutes of the last meeting and the its implementation 2. Important financial and business reports 3. Internal audit work reports 4. Other important reporting matters 5. The Company's consolidated financial statements for 3Q2021. 6. Evaluation of the independence of the Company's CPAs 7. The Company's internal audit plan for 2022. 8. The Company's application for credit facility to financial institutions 9. Matters related to the endorsement and guarantee provided by the Company for POCS POWER CO., LTD.
18th term 18th meeting	2021.12.15	1. Minutes of the last meeting and the its implementation 2. Important financial and business reports 3. Internal audit work reports 4. Other important reporting matters



Type	Motion date	Motion content
		5. The Company's 2022 business plan 6. Resolution of the 2nd meeting of the Remuneration Committee of the Company for 2021 7. The Company's application for credit facility to financial institutions 8. Matters related to the endorsement and guarantee provided by the Company for POCS POWER CO., LTD. 9. The plan to Invest in ABZbridge Corporation 10. The Energy Division's plan to participate in the "National Public Real Estate photovoltaic power generation system Tender" at R.O.C Air Force Academy. 11. Temporary Motion : The Energy Division's plan to participate in the "National Public Real Estate Tender for the Installation of photovoltaic power generation system" at the Third Air Force Logistics Command of R.O.C Air Force in Gangshan district, Kaohsiung.
18th term 19th meeting	2022.03.24	1. Minutes of the last meeting and the its implementation 2. Important financial and business reports 3. Internal audit work reports 4. Other important reporting matters 5. The Company's "evaluation of the effectiveness of the Company's internal control system" and the "statement of internal control system" for 2021 6. The distribution of 2021 bonus remuneration for employees and bonus remuneration for directors and supervisors 7. The Company's standalone financial statements and consolidated financial statements for 2021 8. The Company's 2021 earnings distribution proposal was submitted to the Board of Directors for discussion 9. The Company's 2021 business report 10. The Company's application for credit facility to financial institutions 11. Matters related to the endorsement and guarantee provided by the Company for POCS POWER CO., LTD. 12. Resolution of the first meeting of the Remuneration Committee of the Company for 2022 13. Self-evaluation report on the performance of the Remuneration Committee, the Board of Directors and the members of the Board of Directors for 2021 14. The Company's cash capital increase employee stock option plan is proposed to be discussed 15. Establishment of the Audit Committee and establishment of the "Audit Committee Organizational Procedures 16. Amendment to the Company's Articles of Incorporation 17. Amendment to the Company's "Method for Election of Directors and Supervisors" and renamed it as "Method for

Type	Motion date	Motion content
		<p>Election of Directors</p> <p>18. Amendment to the Company's "Rules of Procedure for Shareholders Meetings"</p> <p>19. Amendment to the Company's "Procedures for the Acquisition or Disposal of Assets", "Procedures for the Lending Funds to Others" and "Procedures for the Endorsements and Guarantees"</p> <p>20. Amendment to the Company's "Rules of Procedure for Board of Directors Meeting"</p> <p>21. Amendment to the Company's "Method for Allocation of Remuneration to Directors, Independent Directors and Supervisors" and renamed it as "Method for Allocation of Remuneration to Directors and Independent Directors"</p> <p>22. Amendment to the Company's "Code of Corporate Governance Practices", "Remuneration Committee Organizational Procedures", "Code of Ethical Corporate Management" and "Code of Ethical Conduct"</p> <p>23. Amendment to the Company's "CSR Code of Practice" and renamed it the "Code of Practice on Sustainable Development"</p> <p>24. Amendment to the Company's "Procedures for the Management of Insider Trading and Handling of Material Internal Information"</p> <p>25. Election of directors of the Company (including 3 independent directors)</p> <p>26. Matters related to the convening of the Company's 2022 regular shareholders' meeting.</p> <p>27. Announcement of acceptance of written proposals from shareholders for the 2022 regular shareholders' meeting</p> <p>28. To determine matters related to the nomination of candidates for directors (including independent directors)</p> <p>29. Proposed approval of the nomination and inspection of candidates for directorship (including independent directorship) by the Board of Directors</p> <p>30. To establish the implementation details of the Company's internal control system and internal audit and submit them to the Board of Directors for discussion</p>

(XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: None.



(XIII) For the most recent year or the current year up to the date of publication of the annual report, a summary of the resignation and discharge of the Company's relevant persons: None.

April 30, 2022

Title	Name	Date of taking office	Date of discharge	Reasons for resignation or discharge
Accounting supervisor	Liang, Shyh-Chuan	2012/04/01	2021/04/01	Transferred to the head of the administration division on April 1, 2021.

Note 1: The term "company's relevant persons" refers to the chairperson, general manager, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer, etc.

V. Certified public accountant (CPA) fee information

CPA firm	CPA name		Audit period	Audit fee	Non-audit fee	Total	Remarks
PwC, Taiwan	Pan, Hui-Ling	Chang, Shu-Chiung	2021.01.01~ 2021.06.30	2,240.8	42.2 (Note 1)	2,283	Due to accounting firm's job rotation in accordance to relevant regulations
PwC, Taiwan	Huang, Pei-Chuan	Pan, Hui-Ling	2021.07.01~ 2021.12.31				

Note 1: Tax Visa Services

The Company shall disclose the following if any of the following occurs.

- (I) Where the audit fee paid in the year of the replacement of CPA firm is less than the audit fee in the year before the change, the amount of audit fees before and after replacement should be disclosed and the reasons: None.
- (II) Where the audit fee has decreased by 10% or more from the previous year, the amount, percentage and reason for the decrease in the audit fee should be disclosed: No such situation.

VI. Information on the replacement of CPAs for the most recent two years and subsequent periods:

(I) About the predecessor CPAs:

Date of change	Aug. 18, 2021		
Reason for Replacement	Due to accounting firm's job rotation in accordance to relevant regulations, the CPA Pan, Hui-Ling & Chang, Shu-Chiung replaced by Huang, Pei-Chuan & Pan, Hui-Ling since Q3 2021.		
Descriptions whether the Company terminated or the CPA did not accept the appointment	Parties		
	Status	CPA	The Company
	Termination of appointment	—	—
	No longer accepted (continued) appointment	—	—
Other than unqualified issues in the audit reports within last two years	None		
Differences with the Company	Yes	—	Accounting principles or practices
		—	Disclosure of Financial Statements
		—	Audit scope or steps
		—	Others
	None	V	
	Descriptions		
Other Revealed Matters (Required to be disclosed by Accounting Standards Article 10 paragraph 6 section 1-4 to section 1-7)	None		

(II) About the successor CPAs:

Accounting Firm	PwC, Taiwan
Name of CPA	Huang, Pei-Chuan & Pan, Hui-Ling
Date of appointment	Aug. 18, 2021
Consulting results regarding accounting methods or accounting principles to specific transactions or opinions on the financial statements before appointment	None
Successor CPA written disagreements to former CPA	None

(III) The reply of former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None

VII. If any of The Company's chairperson, general manager, or managerial officers involved in financial or accounting affairs have been employed by the CPAs' firm or any of its affiliated enterprises within the recent year; their names, job titles, and the periods during which they were employed by the CPAs' firm or its affiliated enterprises should be disclosed: None.



VIII. Changes in transfer and pledge of shares by directors, supervisors, managerial officers and shareholders with more than 10% shareholding in the most recent year up to the publication date of this annual report

Title	Name	2021		2022 up to April 30	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairperson	Liao, Shu-Chun	-	-	-	-
Director	Chen, Yung-Chin	-	-	-	-
	ABACUS DISPLAY INFINITY CORPORATION (Major shareholders with more than 10%)	-	-	-	-
	Yeh, Tang-Jung (The Company's general manager)	-	-	-	-
	Ho, Kuo-Chen	-	-	-	-
	Jang, Jr-Yan	-	-	-	-
Supervisor	COHERENCE INTERNATIONAL CORP.	-	-	-	-
	Zen, Hong-Tzeng	-	-	-	-
	Lin, Chung-Cheng	-	-	-	-
Deputy general manager	Su, Kung-Ming	-	-	-	-
Deputy general manager	Jia, Shu-Kai	-	-	-	-
Senior manager	Hsu, Chien	-	-	-	-
Senior manager	LIN, Chih-Lung	-	-	-	-
Senior manager	Liang, Shyh-Chuan	-	-	-	-
Finance supervisor	Lee, Ming-Guen	-	-	-	-
Accounting supervisor	Huang, Yi-Yin	-	-	-	-

Note 1: The relationship among the shareholders, including legal person and natural person, in the preceding paragraph should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Information on the transfer of equity to related parties from directors, supervisors, managerial officers or major shareholders with more than 10% equity: None

Information on the pledge of equity to related parties from directors, supervisors, managerial officers or major shareholders with more than 10% equity: None

IX. Information on the top ten shareholders who are related to each other.

April 25, 2022

Name	Shareholding by the individual		Shareholding of spouse and minor children		Total shareholding in the name of others		The name of and relationship among the top 10 shareholders if anyone is a related party under Statements of Financial Accounting Standards No. 6
	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Shares	Shareholding Percentage %	Name and relationship
ABACUS DISPLAY INFINITY CORPORATION Representative: Liao, Shu-Chun	26,593,949	38.52%	-	-	-	-	-
Tai Yu Investment Co., Ltd. Representative: Change, Bao-Luo	4,433,345	6.42%	-	-	-	-	-
COHERENCE INTERNATIONAL CORP Representative: CRAWFORD INVESTMENT LIMITED	2,797,326	4.05%	-	-	-	-	-
Cheng,Ming-I	1,300,000	1.88%	-	-	-	-	MINYU MACHINERY CORP. Representative: : Cheng,Ming-I
I,Hao-Chun	782,000	1.13%	-	-	-	-	-
MINYU MACHINERY CORP. Representative: : Cheng,Ming-I	684,000	0.99%	-	-	-	-	MINYU MACHINERY CORP. Representative: : Cheng,Ming-I
Chiao,Yu-Chung	455,000	0.66%	-	-	-	-	-
Chang,Chien-Chun	331,813	0.48%	-	-	-	-	-
Chen,Su-Hui	307,000	0.44%	-	-	-	-	-
Chang,An-Tai	288,000	0.42%	-	-	-	-	-

Note 1: The names of shareholders should be listed separately. The names of corporate shareholders and their representatives should be listed separately.

Note 2: The calculation of the shareholding percentage refers to the total shareholding in the name of the individual, spouse, minor children or others, respectively.

Note 3: The relationship among the shareholders, including legal person and natural person, in the preceding paragraph should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.



X. Consolidated shareholding percentage:

Unit: Share; % April 30, 2022

Invested enterprise (Note)	Investment by the Company		Investment by directors, supervisors, managerial officers, and enterprises controlled either directly or indirectly		Consolidated investment	
	Shares	Shares Ratio	Shares	Shares Ratio	Shares	Shares Ratio
He Zhen Feng Co., Ltd.	69,468	69%	30,532	31%	100,000	100%
POCS POWER CO., LTD.	4,000,000	100%	-	-	4,000,000	100%
Prime Holdings Corporation	6,298,770	100%	-	-	6,298,770	100%
Prime Solar Energy Co. Ltd	1,700,000	100%	-	-	1,700,000	100%

Four. Capital Raising

I. Source of capital:

April 30, 2022

Year and month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (share)	Amount (NTD)	Number of shares (share)	Amount (NTD)	Source of capital	Using property other than cash as payment of shares	Others
1978.08	10	20,000,000	200,000,000	20,000,000	200,000,000	Founding capital	None	By the Ministry of Economic Affairs on 1978.10.11 Approved for establishment
1978.11	10	20,500,000	205,000,000	20,500,000	205,000,000	Cash capital increase \$5,000,000	None	By the Ministry of Economic Affairs on 1978.12.30 Approved for capital increase
1979.09	10	21,500,000	215,000,000	21,500,000	215,000,000	Cash capital increase \$10,000,000	None	Approved by the Ministry of Economic Affairs on 1979.11.13 with letter Jing-Xin-Zi No. 16262
1983.10	10	23,112,500	231,125,000	23,112,500	231,125,000	Capital increase from earnings \$16,125,000	None	Approved by the Ministry of Economic Affairs on 1983.11.17 with letter Jing-Xin-Zi No. 24479
1986.11	10	36,000,000	360,000,000	36,000,000	360,000,000	Cash capital increase \$128,875,000	None	Approved by the Ministry of Economic Affairs on 1987.01.09 with letter Jing (1987) Shang No. 00904
1987.10	10	52,000,000	520,000,000	52,000,000	520,000,000	Cash capital increase \$160,000,000	None	Approved by the Securities and Futures Institute on 1987.09.20 with letter Tai-Cai-Zheng (I) No. 15785
1988.11	10	80,000,000	800,000,000	80,000,000	800,000,000	Cash capital increase \$280,000,000	None	Approved by the Securities and Futures Institute on 1988.09.23 with letter Tai-Cai-Zheng (I) No. 9094
1997.12	10	160,000,000	1,600,000,000	123,000,000	1,230,000,000	Cash capital increase \$430,000,000	None	Approved by the Securities and Futures Institute on 1997.10.13 with letter Tai-Cai-Zheng (I) No. 74644
2006.04	1.12	200,000,000	2,000,000,000	181,900,000	1,819,000,000	Capital Increase of \$65,968,000 by private placement	None	April 28, 2006 was the base date for the capital increase and the payment was completed.
2006.06	1.97	200,000,000	2,000,000,000	197,130,000	1,971,300,000	Capital Increase of \$30,003,100 by private placement	None	June 26, 2006 was the base date for the capital increase and the payment was completed.

Year and month	Issue price	Authorized capital		Paid-in capital		Remarks		
		Number of shares (share)	Amount (NTD)	Number of shares (share)	Amount (NTD)	Source of capital	Using property other than cash as payment of shares	Others
2007.08		200,000,000	2,000,000,000	68,995,500	689,955,000	Capital reduction \$1,281,345,000	None	Approved with letter Jin-Guan-Zheng I No. 0960026346
2008.09	10	200,000,000	2,000,000,000	70,030,432	700,304,320	Capital Increase of \$10,349,320	None	Approved with letter Jin-Guan-Zheng I No. 0970033019
2009.08		200,000,000	2,000,000,000	69,034,432	690,344,320	Retirement of treasury stock of \$9,960,000	None	Approved with letter Jin-Guan-Zheng-Jia o No. 0980034692

Note 1: Current year information as of the publication of the annual report should be filled in.

Note 2: The effective (approval) date and document number should be added for capital increase.

Note 3: Issue of shares at a price lower than the par value should be marked in a prominent way.

Note 4: Payment of shares by monetary debts or technology should be specified and the type and amount should be added.

Note 5: Issue of shares by private placement should be marked in a prominent way.

Type of shares	Authorized capital					Remarks
	Issued shares			Unissued shares	Total	
	TWSE-listed	Not TWSE-listed	Total			
Common stock	69,034,432	0	69,034,432	130,965,568	200,000,000	

Information on a shelf registration system

Type of marketable securities	Scheduled issue amount		Issued amount		Purpose of issue and expected benefits of the issued portion	Scheduled issue period for the unissued portion	Remarks
	Total number of shares	Authorized amount	Shares	Price			
Not applicable							

II. Shareholders structure

April 25, 2022

Shareholders structure	Governance agency	Financial institution	Other corporation	Individual	Foreign institution or foreigner	Total
Quantity						
Number of people	0	3	203	20,319	27	20,552
No. of shares held	0	16,131	35,281,105	33,458,411	278,785	69,034,432
Shares Ratio	0%	0.02%	51.11%	48.47%	0.40%	100%

Note: TWSE-listed (TPEx-listed) and emerging foreign companies not listed in any offshore exchanges shall disclose the proportion of their shares held by Chinese capital; Chinese capital refers to the people, corporations, organizations, and other institutions in Mainland China or their investments in third regions as stipulated in Article 3 of the Regulations on the Permission for Mainland People to Invest in Taiwan.

III. Class of shareholding

April 25, 2022

Shareholding range	Number of shareholders	No. of shares held	Shareholding percentage %
1 to 999	14,720	861,088	1.25%
1,000 to 5,000	4,600	9,618,740	13.93%
5,001 to 10,000	699	5,568,828	8.07%
10,001 to 15,000	199	2,543,065	3.68%
15,001 to 20,000	120	2,236,332	3.24%
20,001 to 30,000	72	1,835,095	2.66%
30,001 to 40,000	42	1,512,634	2.19%
40,001 to 50,000	35	1,618,345	2.34%
50,001 to 100,000	39	2,516,593	3.65%
100,001 to 200,000	12	1,731,279	2.51%
200,001 to 400,000	7	1,946,813	2.82%
400,001 to 600,000	1	455,000	0.66%
600,001 to 800,000	2	1,466,000	2.12%
800,001 to 1,000,000	0	0	0%
More than 1,000,000	4	35,124,620	50.88%
Total	20,552	69,034,432	100%

Preferred stock

April 25, 2022

Shareholding range	Number of shareholders	No. of shares held	Shares Ratio
Specify the range depending on the actual situation	Not applicable		
Total			

IV. List of major shareholders

April 25, 2022

Name of major shareholder	Shares	No. of shares held	Shareholding percentage %
ABACUS DISPLAY INFINITY CORPORATION Representative: Liao, Shu-Chun		26,593,949	38.52%
Tai Yu Investment Co., Ltd. Representative: Change, Bao-Luo		4,433,345	6.42%
COHERENCE INTERNATIONAL CORP Representative: CRAWFORD INVESTMENT LIMITED		2,797,326	4.05%
Cheng, Ming-I		1,300,000	1.88%
I, Hao-Chun		782,000	1.13%
MINYU MACHINERY CORP. Representative: : Cheng, Ming-I		684,000	0.99%
Chiao, Yu-Chung		455,000	0.66%
Chang, Chien-Chun		331,813	0.48%
Chen, Su-Hui		307,000	0.44%
Chang, An-Tai		288,000	0.42%

V. Stock price, net worth, earnings, dividends and related information per share for the most recent two years

Item		Year	2021	2020	The current year up to April 30, 2022 (Note 8)
		Market price per share (Note 1)	Highest	31.85	27.75	25.75
	Lowest	25.05	16.9	21.85	
	Average	27.75	23.72	23.80	
Net worth per share (Note 2)	Before distribution	13.94	15.04		
	After distribution	Not yet approved by the shareholders' meeting	13.04		
Earnings per share	Weighted average number of shares	69,034,432	69,034,432		
	Earnings per share (before retrospective adjustment) (Note 3)	1.03	2.31		
	Earnings per share (after retrospective adjustment) (Note 3)	1.03	2.30		
Dividends per share	Cash dividends		0.8	2.00	
	Stock dividends	-	-	-	
		-	-	-	
	Accumulated unpaid dividends (Note 4)		-	-	
Return on investment analysis	Price to earning ratio (Note 5)		26.94	10.27	
	Price to dividend ratio (Note 6)		34.69	11.86	
	Cash dividend yield (Note 7)		2.88%	8.43%	

As of 2022/4/30, the financial statements for the first quarter have not been reviewed by CPAs.

Note 1: List the highest and lowest market prices of each year, and calculate the average market price of each year based on the transaction value and volume of each year.

Note 2: Calculated based on the number of outstanding shares at year-end; amount of distribution resolved in next year's shareholders meeting is presented in the table.

Note 3: If there is a retroactive adjustment due to stock dividends, etc., the earnings per share before and after the adjustment should be shown.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the Company makes a profit, the amount of cumulative undistributed dividends up till the current year is disclosed separately.

Note 5: Price to earning ratio = Average closing price per share for the year/earnings per share.

Note 6: Price to dividends ratio = Average closing price per share for the year/cash dividends per share.

Note 7: Cash dividend yield = cash dividends per share/average closing price per share for the year

Note 8: Net worth per share and earnings per share should be presented with the most recent quarterly information audited by CPAs as of the publication of the annual report; the rest of the columns should be presented with the current year information as of the publication of the annual report.

VI. Results of Dividend policy

1. Dividend policy of the Company.

Article 32 of the Company's Articles of Incorporation: "If the Company makes a profit in a year, it shall set aside not less than 3% as the bonus remuneration for employees and not more than 5% as the bonus remuneration for directors and supervisors. However, if the Company still has accumulated losses, it should reserve the make-up amount in advance.

The aforementioned employee bonus remuneration can be in the form of stock or cash and may be paid to employees of subordinate companies who meet certain criteria. The employee bonus remuneration distribution measure shall be in accordance with the resolution of the board of directors.

If the Company's annual accounting close concludes there is earnings surplus, the Company shall first make a tax provision and make up for past accumulated losses, then set aside 10% of the aforesaid balance as a legal reserve, except when the legal reserve has reached the Company's paid-in capital. In addition, special reserves may be set aside or reversed depending on the Company's operating needs and legal regulations. The remaining balance, if any, together with the undistributed earnings at the beginning of the period, shall be appropriated by the Board of Directors as an earnings distribution proposal to shareholders for resolution at the shareholders' meeting."

Article 33 of the Company's Articles of Incorporation: "The Company is currently in the growth stage of its industry. Its dividend policy is determined by taking into account the Company's operational growth, long-term financial planning and capital requirements for investment activities and protection of shareholders' rights and interests, as well as the sound financial structure and the possible dilutive effect of earnings per share. The Company shall distribute cash dividends or stock dividends if there are distributable earnings as concluded by the annual accounting close, with the cash dividends not less than 30% of the total cash and stock dividends distributed in the year."

2. The proposed dividend distribution at the shareholders' meeting: Cash dividend of NT\$0.8 per share.

VII. The effect of the stock dividends proposed at the shareholders' meeting on the Company's operating results and earnings per share

Unit: NTD

Item		2022 (Estimated)
Paid-in capital at the beginning of the period		690,344,320
Stock and cash dividends for the year	Cash dividends per share	0.8
	Number of stock dividends per share by capital increase from earnings	-
	Number of stock dividends per share by capital increase from capital reserve	-
Changes in operating performance	Operating profit	Note 2
	Percentage of increase (decrease) in operating profit over the same period last year	
	Net profit after tax	
	Percentage of increase (decrease) in net profit after tax over the same period last year	
	Earnings per share	
	Percentage of increase (decrease) in earnings per share over the same period last year	
	Average annual return on investment (inverse of the average annual price to earnings ratio)	
Pro forma earnings per share and price to earnings ratio	If there is capital increase from earnings, all is distributed as cash dividends	Pro forma earnings per share
		Pro forma average annual return on investment
	If there is no capital increase from capital reserve	Pro forma earnings per share
		Pro forma average annual return on investment
	If there is capital increase from capital reserve but from earnings, it is distributed as cash dividends	Pro forma earnings per share
		Pro forma average annual return on investment

Note 1: The estimated stock and cash dividends are based on the earnings distribution proposal approved by the board of directors on March 24, 2022.

Note 2: The 2022 financial forecast is not disclosed to the public, so there is no need to disclose 2022 forecast information.

Chairperson:
Liao, Shu-Chun



Managerial officer:
Yeh, Tang-Jung



Accounting officer:
Huang, Yi-Yin



VIII. Bonus remuneration for employees, directors and supervisors

- (I) The percentage or range of bonus remuneration for employees, directors and supervisors as set forth in the Articles of Incorporation.

If the Company makes a profit in a year, it shall set aside not less than 3% as the bonus remuneration for employees and not more than 5% as the bonus remuneration for directors and supervisors. However, if the Company still has accumulated losses, it should reserve the make-up amount in advance.

The aforementioned employee bonus remuneration can be in the form of stock or cash and may be paid to employees of subordinate companies who meet certain criteria. The employee bonus remuneration distribution measure shall be in accordance with the resolution of the board of directors.

If the Company's annual accounting close concludes there is earnings surplus, the Company shall first make a tax provision and make up for past accumulated losses, then set aside 10% of the aforesaid balance as a legal reserve, except when the legal reserve has reached the Company's paid-in capital. In addition, special reserves may be set aside or reversed depending on the Company's operating needs and legal regulations. The remaining balance, if any, together with the undistributed earnings at the beginning of the period, shall be prepared by the Board of Directors as an earnings distribution proposal to shareholders for resolution at the shareholders' meeting.

- (II) The basis for estimating the amount of bonus remuneration to employees, directors and supervisors, the basis for calculating the number of shares for employee bonus remuneration distributed in stock, and the accounting treatment if the actual amount distributed differs from the estimated amount. The Board of Directors' meeting on March 24, 2022 approved the following proposed distribution: (1) The proposed distribution of employees' bonus remuneration of

NT\$2,894,381 and directors' and supervisors' bonus remuneration of NT\$2,894,381, which is not different from the estimated amount in the 2021 financial statement.

(III) The distribution of bonus remuneration as approved by the Board of Directors

1. Amount of employees' bonus remuneration and directors' and supervisors' bonus remuneration distributed in cash or stock.

2021	Unit: NTD
Bonus remuneration for employees (cash)	2,894,381
Bonus remuneration for directors and supervisors (cash)	2,894,381

2. The amount of employee bonus remuneration distributed in stock and its proportion to the sum of net profits after tax and total employee bonus remuneration in the individual or standalone financial statements for the period: Not applicable.

(IV) The actual distribution of the remuneration for employees, directors and supervisors in the previous year (including the number of shares distributed, amount and share price), and if it is different from the remuneration recognized, the amount of the difference, the reason for the difference and the treatment of the difference should be disclosed: No difference.

2020	Unit: NTD
Employee bonus (cash)	5,986,660
Bonus remuneration for directors and supervisors (cash)	5,986,660

IX. Treasure Stock: Not applicable.

X. Issuance of corporate bonds: Not applicable.

XI. Issue of preferred shares: Not applicable.

XII. Issuance of overseas depository receipts: Not applicable.

XIII. Issuance of employee stock options: Not applicable.

April 25, 2022

Type of employee stock option (Note 2)	Employee stock option certificate for the X time (period) (Note 5)	Employee stock option certificate for the X time (period) (Note 5)
Filing effective date	Not applicable	
Issue (processing) date (Note 4)		
Number of units issued		
Number of stock options issued for subscription as a percentage of the total number of issued shares		
Subscription period		
Exercise method (Note 3)		
Restricted stock period and rate (%)		
Number of shares exercised and acquired		
Amount of stock options exercised		
Number of stock options not exercised		
Subscription price per share for stock options not exercised		
Number of stock options not exercised as a percentage of the total number of issued shares (%)		
Effect on shareholders' equity		

Name, acquisition and subscription of the managerial officers who acquired employee stock options and the employees who acquired the top 10 stock options: Not applicable.

April 30, 2022

	Title (Note 1)	Name	Number of stock options acquired	Number of stock options acquired as a percentage of the total number of issued shares. (Note 4)	Exercised (Note 2)				Not exercised (Note 2)			
					Number of stock options	Price of stock options (Note 5)	Amount of stock options	Number of stock options as a percentage of the total number of issued shares. (Note 4)	Stock options Quantity	Price of stock options (Note 6)	Amount of stock options	Number of stock options as a percentage of the total number of issued shares. (Note 4)
Managerial officer					Not applicable							
Employee (Note 3)					Not applicable							

Note 1: Including managers and employees (if they have left or died, they should be specified), individual names and titles should be disclosed, but their acquisition and subscriptions should be disclosed in aggregate.

Note 2: The number of columns may be adjusted subject to the actual number of issuance.

Note 3: The employees who acquired top 10 stock options refer to employees other than the managerial officers.

Note 4: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' change registration data.

Note 5: The price of the employee stock options exercised should be disclosed at the time of exercise.

Note 6: The price of the employee stock options not exercised should be disclosed based on the adjusted price according to the regulations governing the issuance.

XIV. Issuance of restricted employee stocks: Not applicable.

April 30, 2022

Type of employee restricted stocks (Note 1)	Employee restricted stocks for the X time (period)	Employee restricted stocks for the X time (period)
Filing effective date	Not applicable	
Issue date (Note 2)		
Number of employee restricted stocks issued		
Issue price		
Number of employee restricted stocks issued as a percentage of the total number of issued shares		
Employee restricted stocks vesting criteria		
Restricted rights of employee restricted stocks		
Custody of employee restricted stocks		
Handling of employees who fail to meet the vesting criteria after being granted or subscribed restricted stocks.		
Number of employee restricted stocks recalled or repurchased.		
Number of employee restricted stocks released from restriction		
Number of employee restricted stocks not released from restriction		
Number of employee restricted stocks not released from restriction as a percentage of the total number of issued shares		
Effect on shareholders' equity		

Note 1: The number of columns may be adjusted subject to the actual number of issuance.

Note 2: Those with different issue dates should be filled in separately.

Name, acquisition and subscription of the managerial officers who acquired employee restricted stocks and the employees who acquired the top 10 restricted stocks: Not applicable.

April 30, 2022

	Title (Note 1)	Name	Number of employee restricted stocks acquired	Number of employee restricted stocks acquired as a percentage of the total number of issued shares (Note 4)	Restricted stocks released from restriction (Note 2)				Restricted stocks not released from restriction (Note 2)			
					Number of stocks released from restriction	Issue price	Issue amount	Number of stocks released from restriction as a percentage of the total number of issued shares (Note 4)	Number of stocks not released from restriction	Issue price	Issue amount	Number of stocks not released from restriction as a percentage of the total number of issued shares (Note 4)
Managerial officer					Not applicable							
Employee (Note 3)					Not applicable							

Note 1: Including managers and employees (if they have left or died, they should be specified), individual names and titles should be disclosed, but their grants and subscriptions should be disclosed in aggregate.

Note 2: The number of columns may be adjusted subject to the actual number of issuance.

Note 3: The employees who acquired top 10 employee restricted stock refer to employees other than the managerial officers.

Note 4: The total number of issued shares refers to the number of shares listed in the Ministry of Economic Affairs' change registration data.

XV. Issuance of new shares in connection with mergers or acquisitions of shares of other companies: Not applicable.

XVI. Results of capital utilization plan: As of the quarter preceding the publication of the annual report, there were no previous issues or private placements of marketable securities that have not yet been completed or have been completed within the last three years and the benefits of the plans have not yet been realized

Five. Operation overview

I. What we do

(I). Business scope

1. The Company is legally allowed to run the following businesses
 1. G801010 Warehousing
 2. JE01010 Rental and Leasing
 3. F401010 International Trade
 4. A102060 Grain Commerce
 5. D101060 Self-usage power generation equipment utilizing renewable energy industry
 6. IG03010 Energy Technical Services
 7. D401010 Heat Energy Supplying
 8. ZZ99999 All business items that are not prohibited or restricted by law

2. The Company's main products and services

The Company's main business in recent years is chemical and oil tank storage leasing, providing storage tanks in the petrochemical terminals of Taichung Port for lease to import and export traders for storage and transfer; the Company's services include the provision of ancillary equipment, loading and unloading, quantity and quality control, industrial safety supervision, port information services, etc.

In May 2016, the Company established the Energy Division, which, together with the subsidiary, POCS POWER CO., LTD., focuses on looking for suitable sites for the construction of photovoltaic power generation systems and on receiving long-term revenue from the sale of electricity or leasing as its main business.

3. On July 2, 2010, the subsidiary, He Zhen Feng Co., Ltd., was established to invest in commercial real estate, and obtained outstanding results in the investment case of the Shou-Te Building in the Taipei Railway Station business district, and firmly took the first step in commercial real estate investment. In addition to continuing to search for commercial real estate with investment potential in the country, such as office buildings, vacant land, construction land, factory offices and shopping malls in science parks, etc., we also cover laws and regulations and model feasibility



study in our research, such as financial instruments related to superficies and real estate, unsafe and old buildings. In the future, the main targets are commercial real estates with better rental ROI than the market average and potential value appreciation in the Greater Taipei area. Also, we will explore overseas real estate market, such as Japan, where the political and economic environment is relatively stable.

4. The subsidiary, POCS POWER CO., LTD., focuses on looking for suitable sites for the construction of photovoltaic power generation systems and to receive long-term revenues from the sale of electricity or leasing as its main business.

(II) Industry overview

Chemical and oil tank storage services:

Taiwan was a petrochemical kingdom in the early days. Because Taiwan is surrounded by the sea and lacks natural resources, most of the upstream raw materials are imported from abroad and the finished goods are sold to overseas. The import and export volume of goods were huge. However, only a few large petrochemical companies built their own terminals and storage tanks. Most small and medium-sized petrochemical companies or traders did not have their facilities and made the petrochemical shore tank storage service market to have certain business potential.

The Port of Kaohsiung is the main trading port in Taiwan, so the petrochemical storage tanks were mainly located there. The storage terminal in Qianzhen of CPC Corporation is the largest. However, the Port of Kaohsiung is located in the south of Taiwan, which is not conducive to the petrochemical companies in the central and northern part of the island. Therefore, the petrochemical storage tanks in the Port of Taichung not only meets the needs of the central and northern part of the island, but also attracts many petrochemical companies to set up their plants around this area. After the start of the construction of Formosa Plastics Corp's sixth naphtha cracker complex in Mailiao and the commissioning of the Port of Taipei, the supply and demand of petrochemical storage tanks in domestic ports have also been affected.

In recent years, Mainland China has been actively promoting the development of large-scale petrochemical complex and strengthening the integration of the upstream and downstream supply chains of the petrochemical industry, which has attracted many Taiwanese petrochemical companies to invest there. The uncertainties of the

environmental protection and industrial safety issues in Taiwan have also created an outward push on the domestic petrochemical industry. In addition, the global economic growth is affected by uncertainties such as anti-globalization, which not only restricts the long-term outlook of local petrochemicals, but also is unfavorable to the development of the domestic petrochemical shore tank storage service industry. At the same time, a large number of petrochemical storage tanks in Southeast Asia and China ports have started operations in recent years to provide services, and the pressure of oversupply of petrochemical storage tanks in the region has emerged.

Currently, the petrochemical storage tank companies in Taiwan not only provide their services for the domestic petrochemical industry, but also focuses on the business opportunities in the entrepot trade market in Asia due to the advantageous geographical location of Taiwan. In 2011, the Executive Yuan passed the "Kaohsiung Port Intercontinental Container Center Phase II Project" to build a new petrochemical storage and transportation center on the newly reclaimed land off the Port of Kaohsiung. The constructions are about to be completed. It is expected to have a new impact on the overall petrochemical storage tank service industry in Taiwan.

Energy division:

Taiwan has a shortage of oil and other natural resources, and its energy import dependence has been as high as 97% over the years, so how to increase the proportion of renewable energy has been the focus of attention from all walks of life. In the future, oil will no longer be the main source of energy. In contrast, the proportion of solar energy, which is environmentally friendly, in energy supply will continue to increase. Solar energy is environmentally friendly, non-polluting, sustainable, safe, convenient and universal. The sun can be used as a permanent energy source for human beings, and has the advantage of being unlimited and inexhaustible. In recent decades, solar energy has been booming. The disadvantages are high installation cost, limitation on installation locations and low capacity factor, volatility and uncertainty in power generation, high initial investment, and large land area required for installation.



Taiwan is an island with scarce land and a dense population. Its industrial production and economic activities are intensive and active, resulting in huge energy consumption and over 97% of energy relies on imports. The government has successively launched the two-year solar power photovoltaic promotion plan, the 2020 6.5 GW photovoltaic power attainment plan, and various rooftop and ground-mounted photovoltaic power promotion programs. Roof-mounted includes the green energy rooftop all-people participation program, to install photovoltaic on the roofs of factories in export processing zones and science parks. The ground-mounted includes the installation program in unfavorable agricultural farming areas, ponds, canals, aquaculture production areas, landfill sites, Chang Hua Costal Industrial Park Lunwei district, salt industry land, etc. All this shows the government's determination to promote renewable energy, and if a comprehensive inventory of idle land can be made, and the sustainable development of energy use and the environment and landscape of the installation sites can be taken into consideration, the capacity of the photovoltaic power generation system installations will grow significantly. Basically, the development and utilization of energy must be compatible with the environment in order to be sustainably developed.

In the field of photovoltaic power generation technology, scientific research teams from all over the world are competing to experiment with new materials and processes in order to pursue higher efficiency and lower cost silicon technology. Recently, after the PERC technology continues to mature, the market has gradually moved to the more efficient N-type cell technology, and tunneled heterogeneous surface solar cells are one of the key technologies that have received considerable attention in the last 2-3 years. The more forward-looking new material solar cell - "calcium titanite solar cell" for the degradation mechanism and stability enhancement; there are also teams in the world that have passed the IEC 61215 environmental accelerated aging test for calcium titanite solar modules, which shows

a major breakthrough in its quality requirements for commercialization. Materials of calcium titanite solar cells are cheap, thanks to the rich supply of iodine, carbon and lead, which can be grown in water at near-boiling temperatures. Compared to traditional silicon solar cells that require 3,000 degrees Celsius refining, they require less energy, are lighter in weight and can be made into flexible modules, allowing for more diverse solar panel designs and have a conversion efficiency of 25%, which has great potential for future development.

In terms of policy, in order to achieve the target of 20% of electricity generated by renewable energy in 2025, the government has not only actively expanded various policies and mechanisms, but also passed the amendment to the “Renewable Energy Development Act” in 2019 to optimize the environment for the development of renewable energy in Taiwan and enhance the effectiveness of policy promotion. The Act was amended in three major directions: "resourcefulness", "broadening sources" and "simplification": aiming at increasing the installations of renewable energy by inducing supply through demand; relaxing the scope of renewable energy and increasing and protecting diversified ways of using green power; simplifying the application process and increasing the flexibility of grid synchronization, and solving the problem of insufficient power feeders of Taipower Company.

In the face of the global trend of greenhouse gas reduction and the vision of achieving a non-nuclear home, the government has planned a policy target of 20% of renewable energy generation by 2025, with gas increase, coal reduction and non-nuclear as the transformation path, which can ensure stable power supply and no power shortage. Led by wind power and photovoltaic, the energy transformation has already achieved initial results. In response to the COVID-19 pandemic, the International Energy Agency (IEA) has put forward a green recovery plan, and future global wind power business opportunities are expected. Taiwan’s offshore wind power industry is well positioned to



enter the Asia-Pacific wind power industry chain, set a model for green energy development in the Asia Pacific, and gradually achieve the national energy transformation goal. In order to carry out the energy transformation with energy security, environmental sustainability and green economy in mind, the government is focusing on photovoltaic power and offshore wind power, with 5.7 GW of offshore wind power and 20 GW of photovoltaic power to be installed by 2025. The wind and light joint approach promotes energy diversification and independent supply, constructs a friendly development environment for renewable energy, and drives domestic demand and employment, demonstrating our determination to actively promote the development of green energy.

Table1: photovoltaic and wind power development goals and current status in Taiwan.

Current Status and Development Goals of New and Renewable Energy Installations in Taiwan		
(Unit : MW)		
	2020	2025
Photovoltaic power	6,500	20,000
Onshore wind power	814	1,200
Offshore wind power	520	3,000
Geothermal Energy	150	200
Biomass and Waste	768	813
Hydroelectric power	2,100	2,150
The fuel cell	22.5	60
Total	10,875	27,423

Source: Bureau of Energy, MOEA

On April 12, 2019, Taiwan Legislative Yuan amended the “Renewable Energy Development Act”, with the goal of 27GW by 2025. This was the first major amendment to the Renewable Energy Development Act since its promulgation in 2009. The amendments are as follows.

Key points of the amendments to the Renewable Energy Development Act	
Target	Long term: 27GW (27 million kW) by 2025
	Short term: Set renewable energy promotion targets every two years.
Encourage electricity liberalization	Direct wheeling and supply (green electricity market)–with Feed-in-Tariff (FiT) can be converted to each other.
Government agencies and –Major electricity users construct green energy	Energy-heavy industries are required to install a certain percentage of renewable energy generation equipment (one of four options: renewable energy, energy storage facility, purchase of green electricity (certificate), and monetary substitution.
	When government agencies (organizations), public schools, or public utilities construct, add, or rebuild public works or publicly owned buildings, whose construction conditions meet the criteria shall install renewable energy generation equipment accordingly.
Simplified measures and grid-synchronization requirements	Renewable energy generating equipment under 2,000 kW will be approved by local governments to simplify the application process.
	If the self-use power generation equipment is less than 2,000kW, the owner may set up transformer substations by itself or jointly, and install networks to connect with the power grid.
Reward technology	Increase the inventory of renewable energy resources and provide guidance to establish certification organizations. Research and development subsidies for renewable energy generation and energy storage. Thermal utilization of renewable energy (e.g. solar thermal energy utilization, biomass fuel, etc.)
Citizen participation	Encourage the public to participate in power generation cooperatives, and publicly raised public power plants for communities Reward renewable energy generation equipment and energy storage in indigenous areas.
* FiT system: A contract between Taipower and renewable energy generators to acquire renewable energy generation at a fixed, preferential price guaranteed for 20 years.	



(III) Technology and Research & Development overview:

In term of the petrochemical tank storage service industry, the management technology and related ancillary equipment are well established. In order to maintain the high quality of services, to reduce the risk of occupational safety, to reduce unnecessary loss of customer goods, and to avoid the risk of leakage or quality variation of goods, POCS firstly focuses on the professional training of staff, in addition to implementing various management systems, such as ISO9001, 14001, OHSAS18001 & CNS15506, and becoming a member of the CDI-T (Chemical Distribution Institute - Terminal), we also help our employees to obtain relevant licenses, supplemented by various internal and external professional training courses, as well as case studies of abnormalities or accidents inside and outside the factory, so that our front-line employees can internalize their behavioral safety awareness into all operational processes, in order to maintain their operational safety and provide high-quality professional services to our customers.

In addition, POCS sets up appropriate budgets every year to maintain the best suitability of the overall system. We also introduce new technologies and facilities step by step, such as the integration of control room instrumentation and control systems, new methods of storage tank maintenance, smart tank farms, etc., in order to modernize the existing tank storage software and hardware facilities and their service processes.

With respect to the Energy Division, the Company is focusing on the development of solar power generation systems. The supply chain of the solar industry is complete in Taiwan, from upstream to downstream. We will make full use of this advantage to create high quality photovoltaic power generation systems for our customers with high standard construction quality, and supplemented by a power generation smart monitoring system to manage the power generation equipment at various locations in real-time to respond to the unexpected incident of each power generation system as soon as possible, so as to generate long-term stable income from electricity sales or leasing.

We will keep abreast of the technology and product developments in the solar power industry and work closely with quality EPC (Engineering, Procurement, and Construction) vendors to gradually introduce components and management and monitoring technologies

along the trend that best meet the needs of new photovoltaic energy field cases to ensure long-term stable system output.

The Company will continue to pay attention to the development of renewable energy technologies other than solar energy, such as biomass, in order to establish a new ecological renewable energy value chain.

(IV) Long and short term business development plans.

Chemical and oil tank storage services:

- Short term goal
 - (1) Achieve company's annual revenue target
 - (2) Increase customer satisfaction and loyalty of existing customers
 - (3) Review existing employee competencies and develop relevant capabilities
 - (4) Increase the exposure of POCS to domestic and overseas related industry activities
 - (5) Develop new business
- Medium term goal
 - (1) Keep improving customer satisfaction, create differentiation with quality services, and develop high quality customers
 - (2) Identify collaborative opportunities related to the current business and invest in new tank farms or expand existing one
 - (3) Improve employee management skills for future development
 - (4) Continue the connection with the international community and look for overseas cooperation opportunities
- Long term goal
 - (1) Stabilize Tank Storage Service Division's revenue to meet Prime Oil Chemical Service Corporation 50-year target
 - (2) Continue to deepen the relationship with quality customers and establish a long term cooperation model
 - (3) Enhance and improve organizational capabilities to meet the future development

Energy division:

- Short term plan
 - (1) Actively develop domestic and international sources of photovoltaic power generation systems to promote business growth.



- (2) Purchase the existing completed field cases to reduce the time of construction and application related process.
 - (3) Establish long term relationships with high-quality EPC vendors to ensure the quality, cost, schedule, and reliability of operation and maintenance of photovoltaic power generation systems.
 - (4) Continuously conduct a risk assessment and management process optimization of photovoltaic power generation systems to reduce site administration, maintenance and insurance expenses and improve the return on investment of power generation systems.
 - (5) Effectively utilize and manage the photovoltaic power generation monitoring system in order to enhance the long term power generation efficiency and reasonably increase the service life.
 - (6) Focus on the future development and prospects of the energy storage industry, including the development trend of the global energy storage market, the trend of Taiwan's energy storage market, and insight into the global and Taiwan energy storage industry trends
- Long term plan
 - (1) Acquire and develop quality photovoltaic power generation projects, make good use of green energy financing, and improve the return of photovoltaic power generation systems with quality equipment and management systems.
 - (2) Cooperate with high-quality upstream and downstream vendors to invest directly or indirectly in large-scale domestic and foreign photovoltaic power generation projects.
 - (3) Work closely with strategic partners, continue to focus on key technologies for developing the renewable energy industry, such as energy storage 、 biomass, to build a new value chain for renewable energy.

II. Glance at Market dynamics

(I) Market analysis

Chemical and oil tank storage services:

1. Analysis of the sales (offering) regions of the Company's main goods (services)

Year	2021		2020	
	Sales amount	Percentage %	Sales amount	Percentage %
Taiwan	\$371,987 k	100	\$454,895 k	100

2. Market share and future supply and demand and growth of the market

The petrochemical industry has always played an important role in Taiwan's economic development. The market demand for petrochemical tank storage services has always existed. The ports in Taiwan that can provide petrochemical tank storage services include the Port of Kaohsiung, the Port of Taichung and the Port of Keelung (including the Port of Taipei), among which the Port of Kaohsiung and the Port of Taichung started the operation earlier and have a larger scale. In contrast, the Port of Taipei has just been commissioning in recent years. Due to the geographical location of the Port of Kaohsiung and the Port of Taichung, there is a natural geographic separation between their respective service targets and the competition between them is not obvious. Although the scale of the Port of Taipei is relatively small, its geographical location has a significant impact on the business of the Port of Taichung.

There are 6 shore tank storage service providers with a total capacity of more than 600,000 metric tons of 165 storage tanks of various specs providing services at the west wharf of the Port of Taichung. Some companies are in the process of building up new tank storage terminal. The second phase of the intercontinental petrochemical oil storage and transportation center in the Port of Kaohsiung will also be completed soon. There may be new changes in supply and demand in the domestic petrochemical shore tank storage service market.

In order to reduce the impact of external environmental factors, in recent years, we have not only improved our storage and operation capacity, strengthened the functions and the competencies of our staff, and obtained a number of international certifications,



aiming to become the first choice of our customers when they need petrochemical tank storage services. We are also adequately adjusting our customer structure and actively seeking opportunities to cooperate with well-known domestic and foreign petrochemical companies and traders in order to increase the proportion of long-term and stable customers and reduce the impact of market uncertainties.

In addition, POCS has long been putting in efforts in petrochemical shore tank storage services, and has a long-established reputation in the industry, and is highly trusted by customers for our long-term core competency. We will continue to evaluate the potential locations to expand the scale of the core business and maintain long-term and stable development.

The impact of COVID-19 pandemic has declined, and the global economy has also started to recover significantly. The demand for crude oil and petrochemical products has rebounded. With the carbon emissions reduction task is still going and the crude oil demand and price rises up sharply, the world has new discussions on the development and application of petrochemicals. The future prospects of the petrochemicals market still need to be further observed.

3. Competitive niches, the favorable/unfavorable factors and countermeasures of long-term development

A. Favorable factors

- (1) We have been specializing in the petrochemical tank storage service business for more than 30 years. We have been cooperating with many multinational companies for a long time. We have rich operating experience and good reputation and record in the market.
- (2) We have proprietary terminals and flexible storage facilities of different sizes and functions to fully meet the diversified needs of our customers.
- (3) All operations are undertaken by POCS's professional employees. We have obtained a number of international certifications (ISO9001, ISO14001, OHSAS18001 & CNS15506, and CDI-T) to provide high quality services.
- (4) The free trade zones are beneficial to attract foreign customers

to enter for storage.

- (5) Taiwan has a good geographical location and the Port of Taichung has a large sphere of business, which still has certain advantages over other ports.

B. Unfavorable factors

- (1) The domestic society is less receptive to the petrochemical industry, and the overall development of the petrochemical industry is restricted.
- (2) Tightening environmental, labor and work safety related regulations continue to drive up the costs of tank storage operation and new project development.
- (3) The price margin of petrochemical products do not increase a lot in the recent years, makes it difficult to increase the rental and related charges from customers. It even caused some customers to withdraw from specific product markets and terminate their tenancy.
- (4) The neighboring countries actively set up and promote free trade zones, squeezing our advantages of free trade zones, coupled with the slowdown of cross-strait exchanges, the attractiveness of business investment has decreased.
- (5) The storage tanks and peripheral equipment is aging, and maintenance costs continue to rise.
- (6) The global carbon emission reduction task makes the future of the petrochemicals market is still unclear.

C. Countermeasures

- (1) Maintain the reliability of equipment and continuously improve operator competencies.
- (2) Increase the flexibility of storage tanks to meet the different business needs of customers.
- (3) Strengthen work safety, operation process and monitoring system.
- (4) Continue to upgrade the facilities to meet future environmental requirements.
- (5) Seek opportunities for cooperation to expand the customer base and reduce risk.
- (6) Actively liaise with relevant government agencies to report industry issues and seek solutions.
- (7) Leverage the internal and external resources and actively explore other business opportunities.
- (8) Continue to develop new business to mitigate the impact on

revenue from a single industry.

Energy division:

1. Analysis of the sales (offering) regions of the Company's main goods (services)

Year	2021		2020	
Region	Amount(in NTD thousand)	Percent age %	Amount(in NTD thousand)	Percentage %
Taiwan	\$83,024	88	\$71,691	83
Cambodia	\$11,098	12	\$14,251	17

2021 – Taiwan	
Total photovoltaic power installation capacity of the Energy Division (kW)	14,813
Total FiT photovoltaic power installation capacity in each county and city (Note)	6,922,304
Installation capacity market share	0.21%

Estimated total photovoltaic power generation of Energy Division (kWh)	16,946,345
Total kWh of photovoltaic power purchased by each county and city (Note)	7,472,334,575
Power generation market share	0.23%

2021 – Cambodia	
Total photovoltaic power installation capacity (kW)	5,200
Estimated total photovoltaic power generation (kWh)	4,953,142

Note: 1. Information source:

<https://www.taipower.com.tw/tc/page.aspx?mid=207&cid=165&cchk=a83cd635-a792-4660-9f02-f71d5d925911#b02>

2. The above operating performances of the energy division are the figures in the consolidated statements.

2. Market future demand, supply and growth

In the past two years, although the government formulated the "Solar Photovoltaic 2-Year Promotion Plan" and the "Solar Photovoltaic 6.5GW Compliance Plan in 2020", they were all interfered by other policies or laws, or the time-consuming document

review and other factors hindered it from reaching the goal. The original target for 2020 was 2.2GW, but in the end it was only 1.67GW; In 2021, the original target was to reach nearly 3GW of installations, due to factors such as the surge in raw materials and the Covid-19 pandemic, it only reaches 1.5-1.7GW at present, and the overall target still needs to be postponed. It is estimated that if the target of 20GW of solar installed capacity in 2025 is to be achieved, the annual installed capacity of Photovoltaic from 2022 to 2025 must reach more than 3GW, so large-scale ground-mounted solar power plants will become the focus of development in the next 3 to 4 years. The government has actively planned to prioritize the installation of photovoltaics in eight types of fields. The potential installation capacity is estimated to be about 3.4GW for the roof-mounted and about 5.2GW for the ground-mounted. Therefore, if these projects can be carried out smoothly, the rapid development of the photovoltaic market after 2022 is still just around the corner.

According to the announcement of 「Taiwan's Pathway to NetZero Emissions in 2050」 by National Development Council. The side effect of climate change has become very urgent and has attracted the attention of the international community, multinational companies and local groups. Countries around the world have declared net-zero emissions goal successively. The net-zero emissions, carbon reduction of supply chain and the energy transition will be trendy globally. The green energy industry has become the main industry which strongly supported by governments around the world.

Among the current green energy development practices, the wind power, hydropower and geothermal energy is protracted. Therefore, the solar energy is the bellwether of the green energy since its short building time.

Future business opportunities for global renewable energy:

In the increasing global attention of energy, to promote green electricity becomes the major goal of governments all over the world



in order to meet the carbon neutrality goals. The solar energy market will enter a prosperous recovery age. The global solar market demand was 179GW last year, and conservatively estimated that it will grow to 223GW this year, the annual growth rate is 24.5% ◦

According to the estimates of the International Energy Agency (IEA), green energy will replace coal by 2025, it includes hydrogen, wind, solar, biomass, geothermal, solar thermal and tidal power etc., and it will be able to supply more than 70% of the world's electricity demand. As well, to realize a new intelligent electric grid era by integrating the innovative technology.

The overall solar energy market in Taiwan will focus on two major directions: Fishery and electricity symbiosis and major users of electricity. This also means that Taiwan will move towards the state of FiT and certificates in parallel, which is a unique situation in the world.

- (1) Due to the difficulty in fishery and electricity symbiosis, small and medium-sized field cases below 2MW will be implemented first: The total capacity of fishery and electricity symbiosis is 4GW based on estimation, but the actual field cases that can be released in 2021 are still mostly small and medium-sized, most of which will be below 2MW.
- (2) The terms and conditions of major users of electricity will be unveiled, and the related supplementary measures still need to be completed: the terms and conditions of major users of electricity with more than 5,000kW will be unveiled in 2021, although the requirements are to be completed within five years, but the terms and conditions of major users of electricity have "early bird discount" to encourage users to complete early.

From the perspective of the solar energy industry chain, except the lack of upstream, Taiwan has a self-sufficiency rate of more than 85% from batteries down to modules and then to power plants. If the national policy target of 20GW of installation is reached by 2025 and

the annual power generation target is at 25 billion kW, the solar energy industry estimates that there will be about \$1.2 trillion of investment, and with a self-sufficiency rate of more than 85%, Taiwan will have a \$1 trillion market size.

There are three main types of solar PV power generation systems, including: roof-mounted (e.g., factories, farmhouses, high-rise buildings, and public housing), ground-mounted (e.g., fallow farmland, salt beaches, polluted land, land subsidence areas, water conservancy land, rain canopies, and landfills, and others can be installed), and floating PV (e.g., lakes, reservoirs, ponds, and other water surfaces can be installed).

Since the northern region has 20%-25% less sunlight than the central and southern Taiwan, 80%-90% of the PV power installations in the past were concentrated in the central and southern regions. Nowadays, the government actively promotes renewable energy and offers an incentive of 15% more for the regions north of Miaoli and the outlying islands, making it more attractive for the regions north of Miaoli to invest in solar power.

3. Competitive advantages, favorable and unfavorable factors of development prospects, and corresponding measures

Competitive advantages

- (1) The Company has good relationships with its correspondent financial institutions, which are conducive to obtaining favorable loan ratio and interest rates.
- (2) Most of the major components (such as modules, inverters, support racks, etc.) of photovoltaic power systems used by the Company are made by top-tier manufacturers in Taiwan, so that we can control the production cost, quality, delivery time and follow-up maintenance services, with the primary goal of enhancing the overall value of our field cases.
- (3) We cooperate with experienced EPC (Engineering, Procurement, Construction) companies in case planning, construction, environmental safety, and cooperation with the



Bureau of Energy and Taipower to complete the installation and generation of solar power systems on schedule and in quality.

- (4) Diversified business development models, including self-development, cooperative cases provided by EPC, developer proposals, participation in public bids, and direct purchase and sale of existing operating field cases.

A. Favorable factors

- (1) The government provides a Feed-in-Tariff (FiT) mechanism that guarantees the acquisition of renewable energy and promotes a clear policy objective for the stable development of the solar power industry.
- (2) Taipower continues to improve grid synchronization measures and proposes short, medium and long-term improvement plans for areas that do not have enough feeders to accommodate solar energy systems for grid integration, in order to increase the grid integration capacity of private solar energy.
- (3) The rising awareness of green consumption has prompted major international brands to increase the proportion of renewable energy power used in all aspects of product design, manufacturing and logistics to strengthen their corporate social responsibility and brand image.
- (4) Solar energy itself and its ancillary industries continue to develop, such as solar cells, to improve power generation efficiency, making the cost of solar power generation increasingly close to the cost of traditional fossil fuels power generation, reducing the financial burden of government subsidies in various countries.

B. Unfavorable factors

- (1) Large enterprises and public housing rooftops are getting saturation, ground-mounted cases require changes in land category and outflow control plans result in protracted development periods, and floating PV practical operations such as water depth, backfill and other conditions need relevant information to be precisely provided, making the investors hesitate and maintain a wait-and-see attitude.
- (2) New competitors are actively entering the solar industry, and life insurance companies and domestic and foreign listed companies are competing for limited domestic bids, taking advantage of their abundant capital.
- (3) The technical threshold for building solar energy systems is relatively low. Some small EPC companies take part in it, resulting in varying quality of construction of the field cases.
- (4) The FiT of the photovoltaic power generation system has been declining year by year.
- (5) The ravages of natural disasters (such as typhoons and earthquakes, etc.) will affect the property insurance premium rates. Therefore, the changing factors of insurance costs are less controllable.

C. Corresponding measures

- (1) Pay close attention to domestic and international photovoltaic power policies and market changes in the long run, and work closely with our strategic partners to develop high quality field cases.
- (2) Keep abreast of the dynamic of the industry's technological applications, and gradually introduce new products and develop new technologies for photovoltaic power generation systems to improve overall stability and power generation efficiency.
- (3) Make long-term and complete planning before the construction of the field cases to improve their quality,



reduce the risk of damage to equipment and interruption to revenue due to natural disasters, and further reduce the volatility of product insurance premium rates.

- (4) Make sound financial planning, maintain good cooperation relationships with financial institutions, and make good use of government green energy financing resources to reasonably reduce the overall cost of capital and further enhance the internal rate of return on investment.

(II) Important applications and production processes of main products.

The Company is not a manufacturer. Its main business is in the chemical and oil tank storage service sector and installation of photovoltaic power generation systems, so it is not applicable.

(III) The supply of major raw materials.

The Company is not a manufacturer. Its main business is in the chemical and oil tank storage service sector and installation of PV power generation systems, so it is not applicable.

(IV). List of suppliers (customers) who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, their purchases (sales) amount and percentage.

1. Information on major suppliers in the last 2 years:

The Company is not a manufacturer. Its main business is in the chemical and oil tank storage service sector and photovoltaic power generation system installation, so it is not applicable.

Item	Year				Year				Current year up to the previous quarter			
	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net purchases for the year up to the previous quarter (%)	Relationship with the issuer
Not applicable												

Note 1: The names of suppliers with more than 10% of total purchases and the amounts and percentages of the purchases in the last two years should be listed, except for those suppliers whose names cannot be disclosed according to contracts or for counterparties who are individuals and not related parties, which may be indicated by code.

Note 2: TWSE or TPEX listed companies should disclose the financial information of the most recent period that has been attested or reviewed by CPA as of the publication date of the annual report.

2. Information on major customers in the last 2 years

Unit: Thousand NTD

Item	2021				2020				Up to 2022 Q1 (Note 2)			
	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the issuer	Name	Amount	As a percentage of net sales for 2022 Q1 (%)	Relationship with the issuer
1	G	125,058	27	None	G	106,225	20	None				None
2	H	79,982	17	None	H	65,607	12	None				None
3	I	43,281	9	None	I	64,752	12	None				None
	Others	217,878	47		Others	304,253	56		Others			
	Net sales	466,109	100		Net sales	540,837	100		Net sales			

Note 1: The names of customers with more than 10% of total sales and the amounts and percentages of the sales in the last two years should be listed, except for those customers whose names cannot be disclosed according to contracts or for counterparties who are individuals and not related parties, which may be indicated by code.

Note 2: TWSE or TPEX listed companies should disclose the financial information of the most recent period that has been attested or reviewed by CPA as of the publication date of the annual report.

Note 3: The above are figures in the consolidated financial statements.

3. Reasons for change: None

(V) Production volume and value for the last two years

Unit: Production capacity in kW, production volume in kWh, production value in NTD
thousand

Production volume and value Main products (Or division)	Year	2021			2020		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Energy division		20,013	21,899	44,074	18,575	20,330	38,047

Note 1: The above are figures in the consolidated financial statements.

(VI) Sales volume and value for the last two years

Unit: Sales volume in kWh, sales value in NTD thousand

Sales volume and value Main products (Or division)	Year	2021				2020			
		Domestic		Overseas		Domestic		Overseas	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Energy division		16,946	83,024	4,953	11,098	14,301	71,691	6,029	14,251

Note 1: The above are figures in the consolidated financial statements.

III. Employees

Information on employees for the last 2 years up to the publication of this annual report

April 30, 2022

Year		2020	2021	The current year up to April 30, 2022
Number of employees	Management staff	21	18	17
	Sales staff	4	4	4
	Direct staff	46	46	46
	Total	71	68	67
Average age		40.5	40.9	42
Average years of service		9.6	10.8	11.4
Degree of Education	PhD	0	0	0
	Master	6	8	8
	College	43	37	36
	Senior high school	20	22	22
	Below senior high school	2	1	1

IV. Information on environment expenditures

- (I) Losses suffered in the last two years due to environmental pollution (including damage compensation and environmental protection audit results for violations of environmental protection regulations, the disposition date, the disposition document number, the provisions of the violated regulation and the content of the violated regulation, and the content of the disposition should be listed). The estimated amount of current and possible future occurrence and the corresponding measure should be disclosed, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated.

Year	2020	2021
Item		
Damage Compensation and environmental protection audit results for violations of environmental protection regulations	Not applicable.	Not applicable.
Disposition date		
Disposition document number		
Content of the violated regulation		
Content of the Disposition		
Estimated amount of current and possible future occurrence		
Corresponding measure		

- (II) The Company's prevention of pollution is as follows.

1. Information on expenditure on environmental protection, occupational safety and health

The Company attaches great importance to service quality, environmental protection and occupational safety and health management. We have been implementing a variety of management systems since 1996 to provide customers with high quality services for the storage and transfer of petrochemical products, while taking care of quality and environmental protection as well as improving

occupational safety and health levels. The implementation schedule and status of each management system are described as follows.

ISO 9001 (Quality) management system:

The Company implemented ISO 9002 management system in 1996. In 1999, the certification of the management system was terminated and replaced by the ISO 9001 management system, and we continue to update the system documentation and refine the standardized operation process to maintain the effectiveness of this management system. Therefore, after obtaining the ISO 9001: 2015 management system conversion certificate on August 7, 2017, the Company passed the second periodic follow-up of the management system on March 20, 2021, which is valid until March 20, 2024.

ISO 14001 ((Environment) management system:

The Company implemented ISO 14001 management system in 1997, and continues to update the system documentation and refine the standardized operation process to maintain the effectiveness of this management system. After obtaining the ISO 14001: 2015 management system conversion certificate on August 7, 2017, the Company passed the second periodic follow-up of the management system on March 21, 2021, which is valid until March 12, 2024.

CDI-T (Chemical Distribution Institute-Terminal) certification:

The Company has been a member of CDI-T (Chemical Distribution Institute - Terminal) since October 2011, and regularly appoints the assessor designated by CDI-T to perform the assessment of management and technical questionnaire in respect of the Company's petrochemical tank storage services every three years. The Company passed the CDI-T assessment on June 19, 2018, and continues to plan and develop short, medium and long term improvement plans based on the results of assessments of the past years in order to continuously optimize the storage and ancillary equipment in each terminal and refine the standardized operation process.

The company planned to conduct CDI-T audits in 2021, but due to the significant impact of the COVID 19 pandemic, we will plan for the next CDI-T related audits after the global pandemic eases, when countries borders reopening and entry quarantine controls getting relaxed.

The Company's expenditures on environmental protection, occupational safety and health in 2021 are shown below.

Serial number	Type	Item	Expense (NTD)
1	Government Fees	Fixed source air pollution prevention fee for terminals at West 2 and West 5	1,532,074
2	Government Fees	Environmental License Application Data Review and Certificate Fee for terminals at West 2 and West 5.	104,000
3	Government Fees	External inspection fee for terminals at West 2 and West 5	216,550
4	Equipment Purchase	Firefighting inspection and repair reporting and equipment maintenance and renewal fees for terminals at West 2 and West 5.	662,980
5	Equipment Purchase	Groundwater pollution remediation plan remediation expense for terminals at West 2	3,264,151
6	Equipment Purchase	Maintenance fees for storage tanks and auxiliary equipment expense for terminals at West 2 and West 5	2,950,108
7	Equipment Purchase	Personal protective gear and contingency equipment expense for terminals at West 2 and West 5	1,198,908
8	Environmental Expenditures	Tanks business waste removal and disposal expense for terminals at West 2 and West 5	1,303,880
9	Environmental Health Expenditures	Non-destructive storage tank inspection and notarization fees for terminals at West 5	4,328,740
10	Environmental Security Expenditures	ISO management regular tracking fees for terminals at West 5	340,000
11	Environmental Security Expenditures	Environmental safety and health inspection fees for terminals at West 2 and West 5	1,669,994
12	Occupational Safety and Health Expenditures	Personnel health inspection fee for terminals at West 2 and West 5	150,960
13	Environmental Security Expenditures	Instrument calibration and maintenance fees for terminals at West 2 and West 5	757,430
14	Environmental Security Expenditures	Environmental safety and health miscellaneous expenses for terminals at West 2 and West 5	1,434,464
15	Environmental security Expenditures	Environmental protection business entrusted to the consultant fee for terminals at West 2 and West 5	576,238
Total:			20,490,477

2. Specific measures for environmental protection, occupational safety and health

- (1) As of 2021, the Company has installed 17 internal floating roof storage tanks, 2 condensing recycle systems in the front and rear refilling areas, and 3 condensing recycle systems in the fixed roof storage tanks in West 2 terminal. One condensing recycling system has been installed in the refilling area in West 5 terminal, and the reduction rate of volatile organic compounds (hereinafter referred to as VOCs) of each condensing recycle system is over 85%.
- (2) We use internal floating roof storage tank to effectively suppress the escape of VOCs in West 5 terminal.
- (3) After the residual liquid in the storage tank is drained to a 1 kL residual liquid tank, we engage a Grade A waste removal and treatment company to assist in the disposal of the residual liquid, in order to prevent the residual liquid from being stored in the temporary sewage storage tank, which might indirectly causing groundwater pollution due to leakage.
- (4) There are 18 sets of toxic gas detectors and 3 sets of detection alarm equipment in the tanks that are storing the Class 1 and Class 2 toxic chemicals, and refilling and pumping areas in West 5 terminal. With the above, abnormal leakage of toxic chemicals can be detected in real-time.
- (5) In order to keep track of air pollutant emissions, the Company regularly performs annual VOCs reduction rate tests of fixed pollution source condensing systems and quarterly leak tests of equipment components in Taichung Port West 2 and West 5 terminal. Based on the conclusion of the environmental impact statement and environmental difference analysis Report, we regularly perform annual survey the air quality and groundwater monitoring wells on the east and west sides of the plant site of Taichung Port West 5 terminal to track that air and groundwater quality do not deteriorate due to storage and transfer operations.



(6) On February 10, 2017, the Environmental Protection Bureau of Taichung Government agreed to the Company's report for the recordation of the final version of the groundwater pollution control plan for West 2 terminal. The Company commissioned a professional technical team to implement the groundwater pollution remediation plan at the control site for West 2 terminal in April 2017 and submitted progress reports to the Environmental Protection Bureau for review on November 7, 2017, March 29, 2018, and October 1, 2018, respectively. The effectiveness of the groundwater remediation at the control site is in line with the expectation. However, the Environmental Protection Bureau issued a letter on October 5, 2018 ordering that the pollution improvement operations on the plant's north side be incorporated and implemented into the original control plan. On January 3, 2019, the Company submitted the final version of the groundwater pollution control plan (1st amendment) (hereinafter referred to as the plan), which the Environmental Protection Bureau approved on January 11, 2019 for recordation. Since 2019, the Company has commissioned a professional technical team to continuously perform site remediation works and regularly monitor soil and groundwater pollutant concentrations to review the effectiveness of the remediation plan. Since July 2019, the Company has been submitting semi-annual progress reports on the plan. The Environmental Protection Bureau approved the final version of the progress reports on September 2, 2019, May 11, 2020, and October 27, 2020, May 11, 2021, August 16, 2021, respectively, for recordation.

After reviewing the above progress report for 2021, the Environmental Protection Bureau requested the Company improvement the concentration of total petroleum hydrocarbons (3,130-9,590 mg/kg) should not exceeded the control standard. Since the improvement progress of total petroleum hydrocarbons

might not be able to complete within the improvement deadline (January 2022), the Company submitted the progress reports (the second change) on October 29, 2021.

(III) According to the regulations of TWSE Tai-Zheng-Shang-Zi No. 0950007006 dated April 13, 2006 and the TPEX Zheng-Gui-Jian-Zi No. 0950200962 dated April 12, 2006, listed companies should describe the implementation of the EU Restriction of Hazardous Substances (RoHS) Directive: None

V. Labor relation

(I) Employee welfare measures, further education, training and retirement systems and their implementation, as well as labor-management agreements between management and employees and measures to protect the rights and interests of employees.

1. Employee welfare measures:

The Company has set up an employee welfare committee to organize birthday celebrations, trips and welfare allowances on a regular basis.

2. Continuing Education and Training for Employees

The Company has established the "Education and Training Management Measures" and planned relevant training courses according to job requirements to upgrade employees' professional knowledge and capability, enhance the overall quality of employees, and improve business performance. In addition, the Company received the TTQS assessment in 2011 and 2012. We hope to provide a high quality learning environment for our employees with the idea of continuous improvement and progress.

(1) The relevant training results for 2021 are listed below:

Type of training	Number of courses	Number of participants	Training hours	Costs
Management ability	14	7	114	\$127,869
Operational skills	38	76	790	\$238,965
Languages	2	11	148	\$126,540
New employees	13	5	136	\$0



- (2) The state of finance and accounting staff, and auditors obtaining the relevant licenses as specified by the competent authorities
 - a. Pre-employment Training Course for Corporate Internal Auditors: 1 person.
 - b. Internal audit on functional committee operation practice: 1 person.
 - c. Practical study of internal audit on the operation of the board of directors: 1 person.
 - d. Accounting Supervisor of Issuer's Securities Brokerage Company Stock Exchange Initial Training Course: 1 person.
 - e. Continuing Education Course for Stock Exchange Accounting Supervisors of Issuing Issuers: 1 person.
 - f. Climate Mitigation and Adaptation to Promote Sustainable Competitiveness: 1 person.
 - g. Foundry and Advanced Packaging Technologies and Supply Chain Opportunities: 1 person.
 - h. Early warning and type analysis of corporate financial crisis: 1 person.
 - i. Human Resources and M&A Integration in the Corporate Merger and Acquisition Process Themes: 1 person.
 - j. 2021 The Trend of ESG/CSR and Sustainability Governance: 1 person.
3. Implementation of pension systems

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.
4. Labor-management agreements and measures to protect the rights and interests of employees

The Company protects the rights and interests of labor according to the Labor Standards Act and related laws and regulations, holds regular labor-management meetings, and has a smooth channel of communication between employees and management. Employees can reflect their opinions to the Company by phone, e-mail or in person. The Company will give formal answers to their opinions within a certain period of time to improve the Company’s

management system and employee relations.

5. Employee conduct or code of ethics

The Company has compiled work rules and has established a code of ethics and conduct for all employees to follow as the compliance indicator for conduct.

(1) Both employees and management of the Company shall be committed to establishing corporate moral principles and work ethics and to the mutual consideration of each other to maintain a good labor-management relationship.

(2) The Company has an obligation to take good care of its employees and the right to require them to provide professional services. Employees shall comply with the provisions of these rules and regulations and fulfill their obligations of diligence, prudence, respect, and trustworthiness to obtain the rights to which they are entitled.

(3) Employees should comply with the following codes during their service.

- Care for the company's honor, keep up the team spirit, and work hard to perform the tasks loyally.
- Comply with all company rules and regulations, obey reasonable supervision and guidance from management, and pay attention to work safety.
- Absolutely keep safe the Company's confidential information
- Act with honesty and integrity, and shall not engage in debauchery, gambling, extravagance, arrogance, greed, laziness or any other conduct that would damage the reputation of the Company or the individual.
- Shall not accept gifts and entertainments from others through official relations.
- Shall not use the name of the Company for any purpose other than handling the Company's business.
- Shall strive to exactly perform duties and shall not fear, evade or delay for no reason; treat each other with honesty, separate public from private interests, respect each other and work together to achieve the Company's business goals.
- All full-time employees are prohibited from taking up outside part-time jobs without the permission of the chairperson.
- Shall not read documents, drawings, correspondence, information, etc. that are not under one's own control.
- Use all public property with care and without waste

6. In order to maintain a gender-equal work environment, the Company has sexual harassment prevention and handling measure for all employees to follow.



7. Work Environment and Employee Safety Protection Measures

- (1) Behavior safety promotion plan: On July 3, 2020, the Company amended and published the "Management Measures for Departmental Competitions of Behavioral Safety Mechanisms, Version 2" to establish a behavior safety observation plan and to plan on-site behavior safety observation activities, in order to motivate employees in the Terminals to discover unsafe environments or behaviors through the process of behavior safety observation. This is for proposal improvement orders or false alarms in order to continuously better the on-site work environment and reduce risks to staff.

In 2022, there were 127 proposed improvement sheets, 112 false alarms, and 17 on-site behavior safety observation records. In addition to examining the basic, indirect and direct causes of each false alarm and discussing improvement measures, the Company also plans the allocate needed resources. It makes budget provisions required for the risks identified by each improvement sheet and on-site behavior safety observation records, aiming to achieve the goals of reducing the frequency of incidents, reducing incident losses and preventing any further similar incident.

- (2) Workplace unlawful infringement prevention program: Since 2017, the Company has been implementing hazard identification and risk assessment for workplace unlawful infringement prevention. The results of the 2021 assessment show that 14% of employees believe that the lighting in the workplace is not sufficient, and 51% of employees work during the night, and 47% employees are still unaware of the control measures related to workplace unlawful infringement hazards. The Company will continue to implement and promote improvement and management measures on plant entry control measures, work environment improvement, complaint channels, education and training, etc., and will also continue to collect information on unlawful infringement. In 2021, we conducted a workplace unlawful infringement prevention survey and analysis to more accurately assess the potential risks of workplace unlawful infringement and develop related feasible solutions to build a better work environment.
- (3) Annual employee health checkup and specific hazard health checkup program: In accordance with the Occupational Safety and Health Act and its related laws and regulations, the

Company completed the general physical checkup and specific operation health checkup on May 4, 2021. Among them, the general physical checkup data showed that the number of people and percentage for indicators such as BMI, hypertension and waist circumference were all on the rise, which might be related to factors such as employee churn (employee quitting etc.), staff aging, insufficient exercise, and declining circulatory metabolism. There were 2 employees (8%) in the third grade of specific hazard health checkup list. In accordance with the labor health protection regulations, the Company continues to implement management measures such as promoting personal health management awareness, use of protective equipment and shift workers' visits to the hospital for checkups, as well as providing the fourth grade employees with official leave and full subsidies for outpatient expenses to the occupational specialist doctors to conduct health follow-up checkups and implement graded management program according to the results. If necessary, shift the fourth grade employees's work pattern to regular day.

- (4) Abnormal workload assessment plan: According to the contents of the Guidelines for the Prevention of Diseases Promoted by Abnormal Workload (2nd edition), the results of the 2021 annual abnormal workload assessment of the Company showed that there were 3 people (6.5%) with moderate risk and 1 person (2.2%) with high risk. They were recommended to be interviewed, and these employees were invited to attend the clinical health consultation by the doctors of the health checkup institution
- (5) Musculoskeletal hazard prevention program: The results of the Company's 2021 annual musculoskeletal symptom survey showed that no employees were required to go to an occupational specialist doctor for a diagnosis. In addition, 9 (18%) of the 2021 EMQs with a score of 3 or more were suspected to be hazardous not due to work duty, and it was recommended that the cause be explored through health counseling or return visits. The assessment score was below 2 (EMQ), and 40 (82%) employees were in the grade of no hazard. We will continue to assess and track in 2022. The Company continues to promote the concept that mechanical power (forklift or other hand chain cranes, etc.) should be used as the mainstay of manual lifting operations (valves, etc.) of 40



kg or more, with manual power as a supplement, in order to avoid shoulder, back and lumbar injury to staff. The five principles of correct posture, correct movement, strengthening of muscles, regular movement and proper rest should be maintained by clerical staff to help relieve shoulder and neck pain and prevent lower back pain from occurring.

- (6) The Company’s 2021 quality and environmental safety and health management objectives and programs are summarized as follows:

Taichung Port West 2 terminal

Policy	Objective	Target	Program
Occupational hazard prevention: Provide a safe and sanitary workplace and prevention of injuries and illnesses to personnel.	Maintain the integrity of equipment.	Reduce leakage of hazardous materials caused by corroded piping, the frequency of occurrence is ≤ 1 time/year.	Replace corroded inlet and outlet pipes in tank areas B, D and E.
	Maintain the integrity of equipment.	Reduce the number of falls caused by rusted rails ≤ 1 time/year.	Replace rusted bridges, stairs and guardrails in tank area.
		Reduce the leakage of hazards caused by tank corrosion, the number of occurrences ≤ 1 time/year.	Regular inspection of the inside and outside of the general chemical tank.
	Reduce personnel injury and loss of working hours.	Avoid personnel from falling and injury, occurrence ≤ 1 time/year.	Refurbishment of irrigation island building.
Satisfy customer needs: 100% storage safety and quality and quick response to customer needs..	Reduce the risk of leakage of goods and modernize the equipment.	Reduce the leakage and contamination of hazardous materials due to the error of differential pressure level meter, the frequency of occurrence is ≤ 2 times/year.	Adding radar wave level meter in storage tank.
		Reduce the computer level system failure, resulting in hazardous material leakage and pollution, the number of occurrences ≤ 2 times / year.	Add tank independent system high liquid level sensor.
		Reduce the number of hazardous material leakage and pollution caused by the old interface of equipment operation, the frequency of occurrence ≤ 3	Replace the ground pipeline, underground nozzle, pneumatic valve and discharge ball valve of the filling island.

Policy	Objective	Target	Program
		times/year.	
Environmental pollution prevention: Reduce resource abuse, pollution and energy consumption.	Reduce the risk of pipeline leakage.	Reduce the number of hazardous material leaks ≤ 2 times/year.	Replace old unloading hoses.
	Reduce VOCS emission and increase the safety and quality of stored goods in the tank.	Reduce the risk of high water content of goods in storage tank, the number of times the water is higher than the standard ≤ 1 time/year.	Add tank pressure automatic nitrogen sealing system.
	Increase operation safety and reduce environmental pollution.	Ensure that when VOCs escape from the tank breathing valve, its function is normal and the number of abnormal leaks from the breathing valve is ≤ 1 time/year.	Continuously perform tank breathing valve inspection and repair.
Compliance with applicable laws and regulations: Comply with environmental safety and health laws and regulations and their requirements.	Comply with regulatory requirements.	Comply with regulatory requirements.	Comply with fire regulations to avoid old and abnormal firefighting equipment and maintain the fire broadcasting system.
	Social Responsibility: Aim for zero pollution and zero accidents.	Maintain equipment integrity. Reduce residual liquid leakage, the frequency of occurrence ≤ 1 time/year.	Maintain the residual liquid temporary storage area ground and awning.

Taichung Port West 5 terminal:

Policy	Objective	Target	Program
Social responsibility: aiming at zero pollution and zero accidents.	1. Enhance the safety of tank equipment.	Reduce the risk of tank storage and rotation. (Tank leakage ≤ 2 times/year)	Rust removal paint on tank roof.
	2. Ensure the safety of tanker unloading operation.	Reduce the hazards of ship unloading operation. (Ship unloading hose leakage ≤ 4 times/year)	Ship unloading operation hoses are retired at the end of the year.
Satisfy customer's demand: storage safety and quality 100% and respond to customer's demand quickly.	3. Meet the quality of goods storage and storage tank safety.	Reduce the risk of leakage of goods in the storage tank. (Goods overflow contamination ≤ 1 time/year)	Chemical truck into the storage tank equipped with car into the return pipe.
	4. Ensure the safety of tank loading and unloading operation.	Reduce the danger of goods leakage in the storage tank. (Goods leakage pollution ≤ 4 times/year)	B101 tank outlet pipe 8 inches, 16 inches overturned pipe welding repair, out of the oil product pipeline support frame.



Policy	Objective	Target	Program
	5. Improve the safety of oil tank equipment.	Reduce the risk of oil storage and rotation. (Risk of lightning strike \leq 0 times/year)	Replacement of lightning rod in tank. Environmental pollution prevention: reduce spill incidents.
Environmental pollution prevention: Reduce leakage	6. Reduce ship unloading leakage hazard.	Reduce ship unloading leakage. (Equipment leakage incident \leq 1 time/year)	Chemical tank radar wave level meter, thermometer.
Comply with applicable laws and regulations: Comply with environmental safety and health regulations and other related petrochemical regulations.	7. Enhance the safety of oil tank equipment.	Reduce the risk of oil storage and transfer. (Oil tank leakage \leq 1 time/year)	B104 tank internal inspection.
	8. Ensure proper operation of tank equipment.	Make sure the tank equipment is normal. (Detectors regularly tested and corrected abnormal \leq 2 times/year)	Flammable gas detector retirement and renewal maintenance.
Implementation of continuous improvement: continuous maintenance and improvement of the working environment, the implementation of environmental safety and health management system.	9. Ensure the safety of tank filling and measuring tank operation.	Reduce the risk of filling and measuring tank operation in the tank area (Hazardous events \leq 0 times/year)	Add static electricity eliminator in the factory.
	10. Ensure the safety of tank filling operation.	Reduce the risk of tank filling operation. (Hazardous event \leq 1 time/year)	Emergency stop system of filling island is disconnected from the map control and grounding system linkage.
	11. Reduce filling leakage caused by equipment abnormality.	Tanker filling operation safety. (Pump leakage \leq 2 times/year)	Replace the pump without shaft seal.
	12. Ensure the tank oil loading and unloading operation is normal.	Make sure the tanker oil loading and unloading operation is normal. (Pump leakage \leq 3 times/year)	Tank oil pump maintenance and correction..

(II) Losses suffered in the last 2 year due to industrial disputes (including labor inspection results in violation of the Labor Standards Act, the disposition date, the disposition document number, the provisions of the violated regulation and the content of the violated regulation, and the content of the disposition should be listed), and the estimated amount of current and possible future occurrence and the corresponding measure should be disclosed, and if the amount cannot be reasonably estimated, the fact that it cannot be reasonably estimated

should be stated.

	2020	2021	April 30, 2022
1. Circumstance of labor disputes	None	None	None
2. Losses incurred	None	None	None
3. Estimated future potential losses	None	None	None
4. Company's corresponding measure	None	None	None

VI、Cyber Security Management

1. Describe the information security risk management framework, information security policies, specific management plans and resources devoted to information security management.
2. A list of the losses, possible impacts and responses to major information and communications security incidents suffered in the most recent year and up to the date of publication of the annual report, and, if not reasonably estimable, the facts that are not reasonably estimable.

Information Security Policy of Prime Oil Chemical Service Corporation

- I. This policy is established to strengthen information security management, establish a secure and reliable information system, and ensure the security of data, systems, equipment and networks.
- II. The Information Department is established to coordinate and promote information security management.
- III. The role and responsibilities of the Information Department are as follows:
 1. Research, development and evaluation of information security policies, plans and technical specifications.
 2. Data and information system security requirements are appropriately reviewed, managed and protected.
 3. Information security maintenance and security audits.
- IV. The scope of this policy is as follows. We shall establish relevant management norms or implementation plans for the following matters and regularly evaluate the effectiveness of implementation
 1. Computer System Security Management.
 2. Network security management.
 3. System Access Control.

4. Application development and maintenance security management.
5. Server room and computer facility safety management.
6. Information security audits.

V. Personnel Management and Information Security Education Training

1. Information security assessments shall be conducted for any information-related duties and tasks. The personnel shall be carefully evaluated its competency and the performance be duly appraised, when employees are hired, assigned to jobs and tasks.
2. Each line manager shall be responsible for supervising the security of information operations of employees and preventing illegal and improper acts.
3. Conduct regular information security education and training to meet the needs of different work types, such as management, business and information, to build employees' information security awareness and improve information security standards.
4. The personnel responsible for the management, maintenance, design, and operation of important information systems shall be appropriately divided. Authority and responsibilities shall be decentralized, and a check and balance mechanism shall be established as necessary to implement personnel rotation and establish a manpower backup system.

VI. Computer system security management

1. When outsourcing the information business, we shall plan information security requirements in advance, specify the information security and confidentiality responsibilities of the vendor, and include in the contract, require the vendor to comply with ,and assess the vendor regularly.
2. For system change, there shall be a control system and records, in order to be checked and inspected afterward.
3. Copy and use software in accordance with relevant regulations or contracts, and establish a software management system.
4. To take necessary precautionary and protective measures to detect and prevent computer viruses and other malware to ensure the computer system functions normally.

VII. Network Security Management

1. Depending on the importance and value of information and systems, information and systems open to external connections should be protected from intrusion, destruction, tampering, deletion and unauthorized access by using technologies or measures of different security levels such as data encryption, identity authentication, electronic signature, firewall and security vulnerability detection.
2. Publication and circulation of information via Internet and World Wide Web shall be subject to a data security level assessment. Any confidential, sensitive and personal

privacy information and documents without the consent of the party shall not be published online.

VIII. System Access Control

1. To establish system access policies and authorization requirements, and to inform employees and users of the associated rights and responsibilities in writing, electronically or by other means.
2. For those who leave the company, all rights of access to information resources shall be cancelled immediately. In case of duty adjustment and transfer, the authority of the personnel shall be adjusted in accordance with the system access authorization.
3. For system service providers who carry out system maintenance by remote login, the relevant security and confidentiality responsibilities should be assigned, and security control shall be upgraded.

IX. Application development and maintenance security management

1. Information security requirements shall be taken into consideration at the initial stage of the system life cycle, regardless of self-developed or outsourced systems. Any system maintenance, updates, go-live execution and version changes shall be controlled securely to prevent improper software, backdoor and computer viruses from jeopardizing system security.
2. The scope of the system and data that the software and hardware system construction and maintenance vendor can access shall be defined and controlled, and issuance of long-term system identification codes and passwords is strictly prohibited. When it is necessary, short-term and temporary system identification and access codes may be issued to the vendor, but the rights of access shall be cancelled immediately after the use.
3. The construction and maintenance of important software and hardware facilities shall be entrusted to the vendor only under the supervision and accompaniment of the relevant personnel of the Company.

X. Information asset security classification management

1. Establish the property list of information assets related to the information system, and define the items, owners, and security level classification of information assets.
2. In order for users to comply, the output data of the information system that has been included in the security level classification shall be marked with the appropriate security level.

XI. Physical server room security management measures are established for equipment installment, surrounding environment, and personnel access control.

XII. Information Security Audits.

1. The audit items and scope shall be determined by the nature of the Company and the related audit program or procedures shall be established.

2. To enable the implementation of information security policies, internal and external audits of information security shall be conducted on a regular or an ad hoc basis.

XIII. This policy should be evaluated at least once a year to reflect the latest developments in government laws and regulations, technology and business to ensure the effectiveness of information security practices

XIV. Effective from the date of publication

Specific management programs of information security management

All information security operations of POCS are coordinated, managed and supervised by the Administration Division and the Information Technology Department. In order to promote and strengthen the concept of information security, and to conform to the company's current operating standards, the Information Technology Department will revise the information security policy in a timely manner, and adopt the following three strategies for relevant specific management programs.

Personnel	Workflow	Technology
Raising awareness of information security	Optimization of information security process	Strengthen the information security infrastructure
<ul style="list-style-type: none"> ■ Regularly provide information for security information. ■ Promote and supervise colleagues to follow the information security policy. ■ Provide ad voc Information security education trainings. 	<ul style="list-style-type: none"> ■ Build information management and usage guidelines. ° ■ Implementation of Personal information protection mechanism ■ Optimize information security assessment and implementation process. 	<ul style="list-style-type: none"> ■ Build information leakage prevention mechanism ° ■ Use of next-generation firewalls ■ Use of intrusion detection system. ■ Use of Intrusion Protection Systems

Information Security Maintenance Fees in 2021

Items	NTD(in thounds)
Anti-virus software	35
Firewall Maintenance Fees	70
System maintenance (including backup) Fees	22

VII. Important contracts

Nature of contract	Parties involved	Contract start and end date	Main content	Restricted clauses
Terminal Service Agreement	A	2018.03.16~2021.12.31	Petrochemical shore tank storage services	None
Terminal Service Agreement	B	2017.02.01~2021.10.30	Petrochemical shore tank storage services	None
Terminal Service Agreement	C	2020.07.01~2022.06.30	Petrochemical shore tank storage services	None
Solar power generation system lease contract	R	2017.11.14~2037.11.14	Power Purchase Agreement	None
Solar power generation system lease contract		2020.04.08~2040.04.08		None
Solar power generation system lease contract		2020.04.08~2040.04.08		None
Solar power generation system lease contract		2020.04.08~2040.04.08		None

Six. Financial overview

I. Condensed Balance Sheets and Statements of Comprehensive Income for the last five Years - Consolidated

(I) Condensed Balance Sheets - IFRS

Unit: Thousand NTD

Item	Year	Financials for the last 5 years (Note)				
		2017	2018	2019	2020	2021
Current assets		282,213	252,279	228,460	222,362	212,698
Property, Plant and Equipment		640,023	693,991	930,979	1,151,499	1,179,274
Intangible asset		-	-	4,008	5,408	4,241
Other assets		280,746	319,521	261,617	258,759	239,267
Total assets		1,202,982	1,265,791	1,425,064	1,638,028	1,635,480
Current liabilities	Before distribution	162,746	194,267	241,805	364,186	318,434
	After distribution	245,587	298,819	355,712	502,255	Not yet distributed
Non-current liabilities		101,559	97,286	179,771	235,404	354,566
Total liabilities	Before distribution	264,305	291,553	421,576	599,590	673,000
	After distribution	347,146	396,105	535,483	737,659	Not yet distributed
Equity attributable to shareholders of the parent company		933,616	969,173	998,413	1,037,949	962,007
Share capital		690,344	690,344	690,344	690,344	690,344
Additional paid-in capital		3,494	3,494	4,233	4,233	4,233
Retained earnings	Before distribution	237,253	280,983	311,451	356,436	286,208
	After distribution	154,412	176,431	197,544	218,367	Not yet distributed
Other equity interests		2,525	(5,648)	(7,615)	(13,064)	(18,778)
Treasury stock		-	-	-	-	-
Non-controlling interests		5,061	5,065	5,075	489	473
Total equity	Before distribution	938,677	974,238	1,003,488	1,038,438	962,480
	After distribution	855,836	869,686	889,581	900,369	Not yet distributed

* If the Company prepares standalone financial statements, it should also prepare standalone condensed balance sheets and statements of comprehensive income for the most recent five years.

* If the financial data using IFRSs is less than five years, the following schedule should be prepared separately: (2) Financial information using ROC SFASs.

Note 1: Any year that has not been audited and attested by CPAs should be noted.

Note 2: If an asset revaluation has been performed in the current year, the date of the revaluation and the amount of revaluation surplus should be listed.

Note 3: TWSE or TPEX listed companies should disclose the financial information of the most recent period that has been attested or reviewed by CPA as of the publication date of the annual report,

Note 4: The above mentioned figures after distribution are based on the resolution of the shareholders' meeting in the following year.

Note 5: If the competent authority notifies the Company that it should correct or restate the financial information, it should present the corrected or restated figures and indicate the circumstances and reasons.

Condensed Statements of Comprehensive Income -IFRS

Unit: Thousand NTD

Year Item	Financial data for the last 5 years (Note)				
	2017	2018	2019	2020	2021
Operating income	442,440	475,680	505,225	540,837	466,109
Operating gross profits	176,709	206,388	233,567	254,848	155,131
Operating profits or losses	113,058	142,088	164,744	181,537	88,475
Non-operating income and expenses	3,208	6,151	2,793	3,252	998
Profit before income tax	116,266	148,239	167,537	184,789	89,473
Net profits from continuing operations for the period	95,891	118,793	134,901	159,718	71,412
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	95,891	118,793	134,901	159,718	71,412
Other comprehensive income for the period (net of income tax)	1,092	(391)	(1,838)	(6,281)	(9,301)
Total comprehensive income in the current period	96,983	118,402	133,063	153,437	62,111
Net profits attributable to shareholders of the parent company	95,889	118,789	134,891	159,724	71,428
Net profits attributable to non-controlling interests	2	4	10	(6)	(16)
Total comprehensive income attributable to shareholders of the parent company	96,981	118,398	133,053	153,443	62,127
Total comprehensive income attributable to attributable to non-controlling interests	2	4	10	(6)	(16)
Earnings per share	1.39	1.72	1.96	2.31	1.03

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Note 1: Any year that has not been audited and attested by CPAs should be noted.

Note 2: TWSE or TPEx listed companies should disclose the financial information of the most recent period that has been attested or reviewed by CPA as of the publication date of the annual report,

Note 3: Losses from discontinued operations are shown net income taxes.

Note 4: If the competent authority notifies the Company that it should correct or restate the financial information, it should present the corrected or restated figures and indicate the circumstances and reasons.

(II) Name and opinion of CPAs for the last five years

Year	CPA firm	CPA name	CPAs' audit opinion
2017	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2018	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2019	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2020	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2021	PwC, Taiwan	Huang, Pei-Chuan, Pan, Hui-Ling,	Unqualified opinion

Condensed Balance Sheets and Statements of Comprehensive Income for the last five Years - Standalone

(I) Condensed Balance Sheets - IFRS

Unit: Thousand NTD

Item	Year	Financials for the last 5 years (Note)				
		2017	2018	2019	2020	2021
Current assets		262,937	232,859	198,137	201,800	184,486
Property, Plant and Equipment		532,141	531,537	522,575	769,211	818,659
Intangible asset		-	-	4,008	5,408	4,241
Other assets		334,524	373,445	574,266	554,913	531,579
Total assets		1,129,602	1,137,841	1,298,986	1,531,332	1,538,965
Current liabilities	Before distribution	94,427	88,714	138,348	272,268	233,386
	After distribution	177,268	193,266	252,255	410,337	Not yet distributed
Non-current liabilities		101,559	79,954	162,225	221,115	343,572
Total liabilities	Before distribution	195,986	168,668	300,573	493,383	576,958
	After distribution	278,827	273,220	414,480	631,452	Not yet distributed
Equity attributable to shareholders of the parent company		933,616	969,173	998,413	1,037,949	962,007
Share capital		690,344	690,344	690,344	690,344	690,344
Additional paid-in capital		3,494	3,494	4,233	4,233	4,233
Retained earnings	Before distribution	237,253	280,983	311,451	356,436	286,208
	After distribution	154,412	176,431	197,544	218,367	Not yet distributed
Other equity interests		2,525	(5,648)	(7,615)	(13,064)	(18,778)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	933,616	969,173	998,413	1,037,949	962,007
	After distribution	850,775	864,621	884,506	899,880	Not yet distributed

* If the Company prepares standalone financial statements, it should also prepare standalone condensed balance sheets and statements of comprehensive income for the most recent five years.

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Note 4: The above mentioned figures after distribution are based on the resolution of the shareholders' meeting in the following year.

Note 5: If the competent authority notifies the Company that it should correct or restate the financial information, it should present the corrected or restated figures and indicate the circumstances and reasons.

Condensed Statements of Comprehensive Income -IFRS

Unit: Thousand NTD

Item	Year	Financials for the last 5 years (Note)				
		2017	2018	2019	2020	2021
Operating income		430,413	456,503	472,632	505,193	434,328
Operating gross profits		170,985	196,709	213,715	241,538	144,732
Operating profits or losses		107,896	132,903	146,137	169,072	78,753
Non-operating income and expenses		7,867	15,071	21,297	15,238	10,356
Profit before income tax		115,763	147,974	167,434	184,310	89,109
Net profits from continuing operations for the period		95,889	118,789	134,891	159,724	71,428
Losses from discontinued operations		-	-	-	-	-
Net profits (losses) for the period		95,889	118,789	134,891	159,724	71,428
Other comprehensive income for the period (net of income tax)		1,092	(391)	(1,838)	(6,281)	(9,301)
Total comprehensive income in the current period		96,981	118,398	133,053	153,443	62,127
Net profits attributable to shareholders of the parent company		95,889	118,789	134,891	159,724	71,428
Net profits attributable to non-controlling interests		-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent company		96,981	118,398	133,053	153,443	62,127
Total comprehensive income attributable to attributable to non-controlling interests		-	-	-	-	-
Earnings per share		1.39	1.72	1.96	2.31	1.03

* If the Company prepares standalone financial statements, it should also prepare standalone condensed balance sheets and statements of comprehensive income for the most recent five years.

* If the financial data using IFRSs is less than five years, the following schedule should be prepared separately: (2) Financial information using ROC SFASs.

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Note 3: Losses from discontinued operations are shown net income taxes.

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(II) Name and opinion of CPAs for the last five years

Year	CPA firm	CPA name	CPAs' audit opinion
2017	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2018	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2019	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2020	PwC, Taiwan	Pan, Hui-Ling, Chang, Shu-Chiung	Unqualified opinion
2021	PwC, Taiwan	Huang, Pei-Chuan, Pan, Hui-Ling,	Unqualified opinion

II. Financial analysis for the last 5 years - Consolidated

(I) Financial analysis - IFRS

Analysis item (Note 3)		Financial analysis for the last 5 years				
		2017	2018	2019	2020	2021
Capital structure (%)	Debt to assets ratio	21.97	23.03	29.58	36.60	41.15
	Long-term capital to property, plant and equipment ratio	162.53	154.40	127.09	110.62	111.68
Solvency (%)	Current ratio	173.40	129.86	94.48	61.05	66.79
	Quick ratio	152.37	115.13	86.77	56.72	64.14
	Interests coverage multiplier	6190.41	13889.67	3760.41	5703.06	4385.10
Operating performance	Accounts receivable turnover rate (times)	10.61	12.12	13.18	13.32	10.53
	Average collection days	34.40	30.11	27.69	27.42	34.66
	Inventory turnover rate (times)	-	-	-	-	-
	Accounts payable turnover rate (times)	-	-	-	-	-
	Average sales days	-	-	-	-	-
	Property, plant and equipment turnover rate (times)	0.81	0.71	0.62	0.51	0.40
	Total assets turnover rate (times)	0.37	0.38	0.37	0.35	0.28
Profitability	Return on assets (%)	8.21	9.69	10.29	10.60	4.47
	Return on equity (%)	10.23	12.42	13.64	15.64	7.14
	Net profits before tax to paid-in capital (%) (Note 7)	16.84	21.47	24.26	26.76	12.96
	Net profit margin (%)	21.67	24.97	26.70	29.53	15.32
	Earnings per share (NTD)	1.39	1.72	1.96	2.31	1.03
Cash flow	Cash flow ratio (%)	115.16	109.94	121.44	88.45	75.74
	Cash flow adequacy ratio (%)	78.31	71.22	76.19	73.92	80.87
	Cash reinvestment ratio (%)	4.58	6.03	7.78	7.95	5.40
Leverage	Operating leverage	1.81	1.78	1.67	1.67	2.41
	Financial leverage	1.01	1.00	1.02	1.01	1.02

Please explain the reasons for the changes in the financial ratios for the most recent two years (Analysis is exempted if the change is less than 20%)

1. Increase in debt to assets ratio: The increase in long-term liabilities in the current period, resulting in higher debt to assets ratio than the previous period.
2. Decrease in interests coverage multiplier: The decrease in the interest coverage multiplier was mainly due to the decline in revenue, the decrease in net income before tax compared to the previous period, and the decrease in interest expense due to capitalization of interest in the current period compared to the previous period.
3. Decrease in accounts receivable turnover rate: The decrease in the Accounts receivable turnover rate was mainly due to the decrease in rental income from chemical and oil tanks in the current period.
4. Increase in average collection days: The Increase in average collection days was mainly due to decrease in accounts receivable turnover rate.
5. Decrease in property, plant and equipment turnover rate: The decrease in property, plant and equipment turnover rate was mainly due to the decrease in revenue and the increase in solar energy equipment and chemical tank storage equipment, resulting in a lower turnover of property, plant and equipment compared to the previous period.
6. Decrease in profitability ratio: The decrease in profitability ratio was mainly due to the decrease in revenue

and net income before tax, resulting in a decrease in profitability ratio for the period compared to the previous period.

7. Decrease in cash reinvestment ratio: The decrease was mainly due to the decrease in net cash flow from operating activities and the increase in cash dividends, the combined effect of which resulted in a lower cash reinvestment ratio for the period compared to the previous period.
8. Increase in Operating leverage: The decrease in operating income was mainly due to the increase in operating leverage compared to the previous period.

* If the Company prepares standalone financial statements, it should also prepare standalone financial analysis.

* If the financial data using IFRSs is less than five years, the following schedule should be prepared separately: (2) Financial information using ROC SFASs.

Note 1: Any year that has not been audited and attested by CPAs should be noted.

Note 2: TWSE or TPEX listed companies should analyze the financial information of the most recent period that has been attested or reviewed by CPA as of the publication date of the annual report,

Note 3: The following calculation formula should be shown at the end of this schedule in the annual report.

1. Capital structure

(1) Debt to assets ratio = total liabilities/total assets

(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment

2. Solvency

(1) Current ratio = current assets/current liabilities

(2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities

(3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period

3. Operating performance

(1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).

(2) Average collection days = 365/accounts receivable turnover rate

(3) Inventory turnover rate = costs of goods sold/average inventory

(4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).

(5) Average sales days = 365/inventory turnover rate

(6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment

(7) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment

4. Profitability

(1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets

(2) Return on equity = net profits after tax/average total equity

(3) Net profit margin = net profits after tax/net sales

(4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding (Note 4)

5. Cash flow

(1) Cash flow ratio = net cash flow from operating activities/current liabilities.

(2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals). (Note 5)

6. Leverage

(1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profits. (Note 6)

(2) Financial leverage = operating profits / (operating profits - interest expense).

Note 4: Special attention should be paid to the following when measuring earnings per share with the above calculation formula:

1. Based on the weighted-average number of common shares rather than the number of shares outstanding at the end of the year.

2. Where there are cash capital increase or treasury stock transactions, the weighted average number of shares should be used considering the period of circulation.

3. Where there is a capital increase by retained earnings or capital surplus, when calculating the annual or semi-annual earnings per share for previous years, retrospective adjustments should be made in proportion to the capital increase, regardless of the issuance period of such capital increase.

4. If the preferred shares are non-convertible and cumulative, their dividends for the current year (whether paid or not) should be deducted from the net profits after tax, or added to the net losses after tax. If the preferred shares are non-cumulative, their dividends should be deducted from net profits after tax if there are net profits after tax; if there are net losses, no adjustment is required.

Note 5: Special attention should be paid to the following in performing cash flow analysis.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures represent the annual cash outflows from capital investments.
3. Increase in inventory is included only if the ending balance is greater than the beginning balance, or zero if inventory decreases at the end of the year.
4. Cash dividends include cash dividends on common stock and preferred stock.
5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 6: The issuer should distinguish between fixed and variable operating costs and operating expenses according to their nature. Where estimates or subjective judgments are involved, pay attention to the reasonableness and maintain consistency.

Note 7: If the Company's stock has no face value or the face value per share is not NT\$10, the ratios related to paid-in capital in the preceding paragraph should be replaced with the ratio of equity attributable to shareholders of the parent in the balance sheet.

II. Financial analysis for the last 5 years - Standalone

(I) Financial analysis - IFRS

Analysis item (Note 3)		Financial analysis for the last 5 years				
		2017	2018	2019	2020	2021
Capital structure (%)	Debt to assets ratio	17.35	14.82	23.13	32.21	37.49
	Long-term capital to property, plant and equipment ratio	194.53	197.37	222.10	163.68	159.48
Solvency (%)	Current ratio	278.45	262.48	143.21	74.11	79.05
	Quick ratio	243.57	233.20	131.63	68.93	75.55
	Interests coverage multiplier	10002.73	220956.71	5584.24	9659.64	9610.03
Operating performance	Accounts receivable turnover rate (times)	10.81	12.13	13.43	13.75	10.68
	Average collection days	33.76	30.09	27.17	26.54	34.21
	Inventory turnover rate (times)	-	-	-	-	-
	Accounts payable turnover rate (times)	-	-	-	-	-
	Average sales days	-	-	-	-	-
	Property, plant and equipment turnover rate (times)	0.98	0.85	0.89	0.78	0.55
	Total assets turnover rate (times)	0.38	0.40	0.38	0.35	0.28
Profitability	Return on assets (%)	8.71	10.48	11.27	11.39	4.70
	Return on equity (%)	10.29	12.48	13.71	15.68	7.14
	Net profits before tax to paid-in capital (%) (Note 7)	16.76	21.43	24.25	26.69	12.91
	Net profit margin (%)	22.27	26.02	28.54	31.61	16.45
	Earnings per share (NTD)	1.39	1.72	1.96	2.31	1.03
Cash flow	Cash flow ratio (%)	185.71	233.65	198.71	110.39	95.01
	Cash flow adequacy ratio (%)	78.44	73.65	77.47	76.49	80.75
	Cash reinvestment ratio (%)	4.02	5.85	7.16	7.29	4.56
Leverage	Operating leverage	1.84	1.83	1.62	1.59	2.51
	Financial leverage	1.01	1.00	1.02	1.01	1.01

Please explain the reasons for the changes in the financial ratios for the most recent two years (Analysis is exempted if the change is less than 20%)

1. Decrease in accounts receivable turnover rate: The decrease in the Accounts receivable turnover rate was mainly due to the decrease in rental income from chemical and oil tanks in the current period.
2. Decrease in property, plant and equipment turnover rate: The decrease in property, plant and equipment turnover rate was mainly due to the decrease in revenue and the increase in solar energy equipment and chemical tank storage equipment, resulting in a lower turnover of property, plant and equipment compared to the previous period.
3. Decrease in profitability ratio: The decrease in profitability ratio was mainly due to the decrease in revenue and net income before tax, resulting in a decrease in profitability ratio for the period compared to the previous period.
4. Decrease in cash reinvestment ratio: The decrease was mainly due to the decrease in net cash flow from operating activities and the increase in cash dividends, the combined effect of which resulted in a lower cash reinvestment ratio for the period compared to the previous period.
5. Increase in Operating leverage: The decrease in operating income was mainly due to the increase in operating leverage compared to the previous period.

* If the Company prepares standalone financial statements, it should also prepare standalone financial analysis.

* If the financial data using IFRSs is less than five years, the following schedule should be prepared separately: (2) Financial information using ROC SFASs.

Note 1: Any year that has not been audited and attested by CPAs should be noted.

Note 2: TWSE or TPEX listed companies should analyze the financial information of the most recent period that has been attested or reviewed by CPA as of the publication date of the annual report,

Note 3: The following calculation formula should be shown at the end of this schedule in the annual report.

1. Capital structure

(1) Debt to assets ratio = total liabilities/total assets

(2) Long-term capital to property, plant, and equipment ratio = (total equity + non-current liabilities)/net property, plant, and equipment

2. Solvency
 - (1) Current ratio = current assets/current liabilities
 - (2) Quick ratio = (current assets - inventory - prepaid expenses)/current liabilities
 - (3) Interests coverage multiplier = net profits before tax and interest expense/interest expense for the period
 3. Operating performance
 - (1) Receivable (including accounts receivable and notes receivable from business operations) turnover rate = net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).
 - (2) Average collection days = 365/accounts receivable turnover rate
 - (3) Inventory turnover rate = costs of goods sold/average inventory
 - (4) Payable (including accounts payable and notes payable from business operations) turnover rate = costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).
 - (5) Average sales days = 365/inventory turnover rate
 - (6) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
 - (7) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
 4. Profitability
 - (1) Return on assets = [net profits after tax + interest expense x (1 - tax rate)]/average total assets
 - (2) Return on equity = net profits after tax/average total equity
 - (3) Net profit margin = net profits after tax/net sales
 - (4) Earnings per share = (net profits attributable to shareholders of the parent - preferred stock dividend)/weighted average number of shares outstanding (Note 4)
 5. Cash flow
 - (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
 - (2) Cash flow adequacy ratio = sum of net cash flow from operating activities for the most recent 5 years / sum of capital expenditures, inventory additions, and cash dividend for the most recent 5 years
 - (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capitals). (Note 5)
 6. Leverage
 - (1) Operating leverage = (net operating revenues - variable operating costs and expenses) / operating profits. (Note 6)
 - (2) Financial leverage = operating profits / (operating profits - interest expense).
- Note 4: Special attention should be paid to the following when measuring earnings per share with the above calculation formula:
1. Based on the weighted-average number of common shares rather than the number of shares outstanding at the end of the year.
 2. Where there are cash capital increase or treasury stock transactions, the weighted average number of shares should be used considering the period of circulation.
 3. Where there is a capital increase by retained earnings or capital surplus, when calculating the annual or semi-annual earnings per share for previous years, retrospective adjustments should be made in proportion to the capital increase, regardless of the issuance period of such capital increase.
 4. If the preferred shares are non-convertible and cumulative, their dividends for the current year (whether paid or not) should be deducted from the net profits after tax, or added to the net losses after tax. If the preferred shares are non-cumulative, their dividends should be deducted from net profits after tax if there are net profits after tax; if there are net losses, no adjustment is required.
- Note 5: Special attention should be paid to the following in performing cash flow analysis.
1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.
 2. Capital expenditures represent the annual cash outflows from capital investments.
 3. Increase in inventory is included only if the ending balance is greater than the beginning balance, or zero if inventory decreases at the end of the year.
 4. Cash dividends include cash dividends on common stock and preferred stock.
 5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.
- Note 6: The issuer should distinguish between fixed and variable operating costs and operating expenses according to their nature. Where estimates or subjective judgments are involved, pay attention to the reasonableness and maintain consistency.
- Note 7: If the Company's stock has no face value or the face value per share is not NT\$10, the ratios related to paid-in capital in the preceding paragraph should be replaced with the ratio of equity attributable to shareholders of the parent in the balance sheet.

III. Supervisors' review report for the year

Prime Oil Chemical Service Corporation Supervisors' review report

Hereby

The Company's 2021 standalone and consolidated financial statements, which were prepared by the Board of Directors, have been audited by CPA Huang, Pei-Chuan and Pan, Hui-Ling which, together with a business report and earnings distribution proposal have been reviewed by the supervisors and are found to be in conformity with the Article 219 of the Company Act. Please review.

To

2022 annual general meeting of shareholders of Prime Oil Chemical Service Corporation

Supervisor: COHERENCE INTERNATIONAL
CORP

Representative: Zen, Hong-Tzeng



Supervisor: COHERENCE INTERNATIONAL
CORP

Representative: Lin, Chung-Cheng



May 24, 2022

IV. Financial statements for the most recent year:

Please refer to Attachment I

V. The Company's standalone financial statements audited by CPAs for the most recent year: But the schedule of important accounting items is not included: please refer to Appendix II

VI. If the Company or any of its affiliates had, in the recent year up to the publication of this annual report, experienced financial distress, the impacts to the Company's financials: None.

VII. Others:

1. Property, Plant and Equipment

- (1) The acquisition cost is used as the basis of accounting entry and the related interest is capitalized during the period of purchase and construction.
- (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 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) Equipment is subsequently measured at cost and is depreciated on a straight-line basis over its estimated useful life. 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.

Terminal Service equipment 2 years~35 years	Leasehold improvement 3 years~10 years
Transportation vehicle 5 years~10 years	Leased assets 2 years~15 years
Office equipment 3 years~5 years	Others 15 years~25 years

2. Evaluation rationale and basis of the recognition of asset and liability valuation accounts

Item Number	Asset and liability valuation accounts	Evaluation rationale	Evaluation basis
1	Impairment of financial assets	Objective evidence	At each balance sheet date, for financial assets measured at fair value through other comprehensive income and receivables or contract assets that contain significant financial components, the Group measures the allowance for losses at the expected credit loss amount over 12 months, taking into account all reasonable and probable information, including forward-looking information, for those financial assets whose credit risk has not increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the allowance for loss is measured at the expected credit loss over the remaining period. For accounts receivable or contract assets that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the period.
2	Impairment of non-financial assets	Estimated recoverable amount	The recoverable amount of an asset with an indication of impairment is estimated at the balance sheet date. If the recoverable amount is less than the carrying amount, an impairment loss is recognized. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Except for goodwill, when no impairment loss exists or decreases in prior years, the impairment loss is reversed, provided that the carrying amount of the asset increased by the reversal of the impairment loss does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized for the asset.



Seven. Review of financial position and financial performance, and risks

I. Financial position

(I) Review and analysis of financial position - Consolidated

Unit: Thousand NTD

Item	Year	2021	2020	Difference.	
				Amount	%
Current assets		212,698	222,362	(9,664)	(4.35)
Property, Plant and Equipment		1,179,274	1,151,499	27,775	2.41
Intangible asset		4,241	5,408	(1,167)	(21.58)
Other assets		239,267	258,759	(19,492)	(7.53)
Total assets		1,635,480	1,638,028	(2,548)	(0.16)
Current liabilities		318,434	364,186	(45,752)	(12.56)
Non-current liabilities		354,566	235,404	119,162	50.62
Total liabilities		673,000	599,590	73,410	12.24
Equity attributable to shareholders of the parent company		962,007	1,037,949	(75,942)	(7.32)
Share capital		690,344	690,344	-	-
Additional paid-in capital		4,233	4,233	-	-
Retained earnings		286,208	356,436	(70,228)	(19.70)
Other equity interests		(18,778)	(13,064)	(5,714)	(43.74)
Treasury stock shares		-	-	-	-
Non-controlling interests		473	489	(16)	(3.27)
Total shareholders' equity		962,480	1,038,438	(75,958)	(7.31)

Note: If the percentage of change does not reach 20% or the amount of change does not reach \$10,000 or more, no analysis is provided.

(II) Change analysis

1. Increase in property, plant and equipment: Mainly due to the increase in other equipment - photovoltaic power generation equipment as a result of the continued acceptance of the photovoltaic power generation equipment field cases during the period compared to last year.
2. Decrease in intangible assets: The amortized intangible assets were removed from the property directory, resulting in a decrease in intangible assets in the current period compared to the last year.

3. Decrease in other assets: The decrease in the carrying value of the right-of-use assets was mainly due to the recognition of depreciation expense constantly.
4. Decrease in current liabilities: As a result, the current liabilities decreased compared to last year due to a decrease in the estimated compensation of employees, directors and supervisors, and employee bonuses, as well as a decrease in income tax liabilities.
5. Increase in non-current liabilities: The increase in non-current liabilities was mainly due to the increase in long-term loans for operating purposes.
6. Increase in total liabilities: As a result of the aforementioned net increase in current liabilities and non-current liabilities, total liabilities increased by approximately \$73,410 thousand from the previous period.
7. Decrease in equity and retained earnings attributable to shareholders of the parent company: Mainly due to the decrease in net income after tax in the current period compared with the previous period.
8. Decrease in other equity: Mainly due to the recognition of translation differences in the financial statements of foreign operations, which resulted in a decrease in other equity in the current period compared to last year.
9. Decrease in total shareholders' equity: Combining the aforementioned decrease in equity and retained earnings attributable to the shareholders of the parent company, total shareholders' equity decreased by approximately \$75,958 thousand from the previous period.



II. Review and analysis of financial performance

(I) Review and analysis of financial performance - Consolidated

Unit: Thousands of NTD, unless otherwise specified

Item	2021	2020	Increase (decrease) amount	Change percentage (%)
Net operating revenue	\$466,109	\$540,837	(\$74,728)	(13.82%)
Operating cost	(310,978)	(285,989)	24,989	8.74%
Operating gross margin	155,131	254,848	(99,717)	(39.13%)
Operating expenses	(66,656)	(73,311)	(6,655)	(9.08%)
Net operating income	88,475	181,537	(93,062)	(51.26%)
Non-operating income or expenses	998	3,252	(2,254)	(69.31%)
Income before income tax	89,473	184,789	(95,316)	(51.58%)
Income tax expense	(18,061)	(25,071)	(7,010)	(27.96%)
Current period net profit	71,412	159,718	(88,306)	(55.29%)
Other comprehensive income for the year (net)	(9,301)	(6,281)	3,020	48.08%
Total comprehensive income for the period	62,111	153,437	(91,326)	(59.52%)
Basic earnings per share (NTD)	1.03	2.31	(1.28)	(55.41%)

Analysis and explanation of the increase or decrease percentage

1. Decrease in operating revenue: The decrease in revenue of the chemical and oil tank storage division by \$82,908 thousand, or 18% in 2021, due to the expiration and non-renewal of certain tank customers.
The energy division's revenue increased by approximately \$8,180 thousand, or 9.5%, compared to last year, mainly due to the continued addition of new PV field cases.
2. The increase in operating costs: The increase in operating costs was mainly due to the increase in depreciation expenses incurred by the chemical and oil tank storage division for the maintenance and replacement of various equipment and the commencement of the recognition of depreciation expenses for the new PV field cases of the energy division.
3. Decrease in operating expenses: Mainly due to the decrease in net income before income tax, the directors' and supervisors' remuneration and employees' remuneration decrease accordingly.
4. Decrease in non-operating income or expenses: The difference was mainly due to the compensation income from customers' early termination of

contracts in 2020, but not in 2021.

5. Decrease in income tax expense: Due to the decrease in net income before tax, the income tax expense decreases compared to last year.
6. Decrease in Other comprehensive income for the year (net): This is mainly due to an increase of \$5,980 thousand in the fair value change recognized in other comprehensive income from unrealized valuation loss on investments in equity instruments measured at fair value through other comprehensive income, and a decrease of \$4,640 thousand in translation differences on financial statements of foreign operating institutions due to the increase in exchange rates in 2021.

III. Review and analysis of cash flow

(I) Liquidity analysis for the last two years

Item	Year		Increase (decrease) percentage %
	December 31, 2021	December 31, 2020	
Cash flow ratio	75.74%	88.45%	(14.37)
Cash flow adequacy ratio	80.86%	73.92%	9.38
Cash reinvestment ratio	5.39%	7.95%	(32.14)
Analysis and explanation of the increase or decrease percentage change			
Decrease in cash reinvestment ratio: The decrease was mainly due to the decrease in net cash flow from operating activities and the increase in cash dividends, the combined effect of which resulted in a lower cash reinvestment ratio for the period compared to last year.			

(II) Cash flow analysis for the coming year

Unit: Thousand NTD

Cash balance at the beginning of the period	Net cash flow from operating activities for the full year	Cash outflow for the full year	Cash balance (shortfall) amount	Remedy for cash shortfall	
				Investing plan	Financing method
135,111	288,017	291,671	131,457	Not applicable	

Analysis of changes in cash flows for the year.

1. Operating activities: Expected to be net cash inflows for the full year from revenues from the chemical and oil tank business and the Energy Division.
2. Investing activities: Capital expenditures for maintenance and repair of assets and new equipment are expected to continue in the current year, so investing activities



are expected to be cash outflows for the full year.

3. Fundraising activities: Cash dividends and bank financing are expected for the year, so financing activities are expected to be net cash outflows for the year.

IV. The impact of major capital expenditures on finance and operation in the most recent year: None.

V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan and investment plan for the coming year.

As the market for our main business, chemical and oil tank leasing, is becoming saturated, the Company is actively looking for appropriate investment opportunities to expand our core business in the next phase, in addition to enhancing customer development in our core business.

The Company's investment policy for the most recent year and for the coming year are as follows:

1. In addition to the core business, we will continue to expand the operation scale of the photovoltaic power generation systems of the existing energy division and the subsidiary, POCS POWER CO., LTD., in order to fully capitalize on government policies and industry trends and to obtain stable returns.
2. Continue to evaluate environmental protection and green energy and energy saving related investment opportunities in line with the green energy policy and environmental awareness.
3. Continue to evaluate various industries other than our core business and the Energy Division that have future potential and suitable partners.

VI. Risks

(I) The impact of the changes in interest rate and exchange rate, and inflation on the Company's profitability and future corresponding measures:

1. The impact of the changes in interest rate on the Company's profitability and future corresponding measures:

Unit: Thousand NTD

Item\Year	2021	2020
Consolidated interest expenses (1)	2,088	3,298
Consolidated net income before tax (2)	89,473	184,789
(1) / (2)	2.33%	1.78%

The company and its subsidiaries' consolidated 2021 year interest expense was NT\$2,088 k, accounting for 2.33% of the year's net income before tax, which was an increase from 2020.

The Company maintains good relationships with its correspondent banks, and the company is financially sound, having good credit standing, and is able to obtain more favorable interest rates through active bargaining.

When there are major capital expenditures in the future, the Company will take the following corresponding measures, as appropriate, to hedge the impact of changes in interest rates in order to maximize the benefits.

- (1) Improve financial structure: Depending on the operating conditions and capital requirements, the Company will consider the soundness of the overall financial structure of the Company and will raise capital through bank financing or market financing.
- (2) Increase fundraising channels: Issue corporate bonds or convertible bonds to increase direct financing opportunities and appropriately reduce the cost of capital.
- (3) The Company regularly evaluates bank borrowing interest rates and obtains average market interest rates, and closely liaises with banks to obtain the most favorable borrowing interest rates.



2. The impact of the changes in exchange rate on the Company's profitability and future corresponding measures:

Unit: Thousand NTD

Item\Year	2021	2020
Consolidated exchange gain (loss) (1)	(1,855)	(3,155)
Consolidated net income before tax (2)	89,473	184,789
(1) / (2)	(2.07%)	(1.71%)

The exchange loss was NT\$1,855 thousand in 2021, accounting for (2.07%) of the net income before tax. The exchange rate fluctuations of the U.S. dollar in 2021 were less than those in 2020, resulting in a decrease in the foreign exchange loss. The increase in foreign exchange loss as a percentage of consolidated net income before income taxes was mainly due to the decrease in consolidated net income before income taxes.

3. The impact of inflation on the Company's profitability and future corresponding measures:

Affected by the outbreak of Covid-19, global economic growth momentum was significantly weakened. In addition to closely monitoring the fluctuation of market prices, the Company will adjust lease rates and strictly control costs and operating expenses to reduce the impact on operations in the event of future inflation.

- (II) The policy of engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement and guarantee, and derivative instruments, the main reasons for profit or loss, and future corresponding measures:

The Company does not engage in high-risk, highly leveraged investments or lending of funds to others.

As of April 30, 2022, the Company has provided an endorsement and guarantee to the subsidiary, POCS POWER CO., LTD. in the amount of NT\$243,000,000, which is handled in accordance with the Company's "Operating Procedures for Endorsement and Guarantee" and is announced and regularly reviewed accordingly.

(III) Future plans and the estimated investments in R&D.

The Company's chemical and oil tank storage division is part of the logistics service sector in the petrochemical industry. In order to continue to provide customers with quality tank storage services, the Company has been purchasing and upgrading various software and hardware equipment, which is recorded as operating costs.

The Company's Energy Division currently focuses on the development and construction of photovoltaic power generation systems. The supply chain of the solar power industry is complete in Taiwan, from upstream to downstream. We will make full use of this advantage to create high quality photovoltaic power generation systems with high standard, and supplemented by a power generation smart monitoring system to manage the power generation equipment at various locations in real-time to respond to the unexpected incidents of each power generation system as soon as possible, so as to generate long-term stable income from power sales or leasing.

In summary, the Company's core business is in the service sector and there are no expenses attributable to research and development.

(IV) The impact of important domestic and foreign policy and legal changes on the Company's finance and business and corresponding measures

The Company's chemical and oil tank storage service division is mainly regulated by industrial safety and environmental protection laws and regulations. In recent years, environmental protection and labor safety laws and regulations have become increasingly stringent, and the cost of compliance has continued to rise. The Company has a dedicated safety and environmental section responsible for various environmental protection and labor safety matters, and has passed ISO14001 and OHSAS18001, and hired relevant specialized consultants to assist in planning various environmental protection matters. We will continue to assess the impact of changes in environmental protection and labor safety regulations and practices on our



existing customers and new customers in the future, in order to provide customers with one-stop tank storage leasing services.

The Company's Energy Division focuses on the business opportunities created by the government's green energy policy and the international trend of energy saving and carbon reduction, but the future is not all rosy. Many companies are competing for the limited market. Some of them are competing for the market with low price strategies. At the same time, some building lessors are only interested in high rents, ignoring the fact that photovoltaic power systems require careful maintenance and operations to enjoy a return on investment of more than 20 years, resulting in varied professionalism and quality in the photovoltaic power generation system market. The Company insists on using high-quality solar modules and inverters as key components. It constructs photovoltaic power generation systems with high standards, supplemented with the monitoring and maintenance system to oversee the performance of power generation in real-time, so as to attract like-minded customers by differentiating ourselves through long-term stable power output and perfect management quality. In addition, we are also expanding into the overseas photovoltaic power generation system market, working with local strategic partners to provide integrated service solutions from the selection of key components to construction and after-sales maintenance management, diversifying our revenue streams to stabilize our business growth base.

(V) The impact of changes in technology or industry on the Company's finance and business and corresponding measures

Given the existing business model is by and large in the service industry, whether it is the chemical and oil tank storage service or the installation of photovoltaic power generation systems to obtain long-term income from electricity sales or leasing for more than 20 years, they are all capital-intensive and have long payback periods. These industries are not as fast changing as the consumer technology products industry. The Company will gradually implement new gadgets and technology applications into the service process in response to technological changes in order to maintain stable service quality over the long term, and to increase the added value of

services or reduce operating costs. Therefore, The impact of changes in technology on the Company's finance and business should be gradual and can be reasonably estimated.

As for changes in the industry, the on-shore tank storage service industry is an important midstream logistics service provider for petrochemicals, and is actually a gateway to domestic and international resources, especially in the context of Taiwan's foreign trade oriented economic structure. As long as the petrochemical industry continues to exist in the country and there are no major negative factors impeding the inter-regional trade of oil and chemicals, there will be no significant impact or change in the value of existence and basic service type of the on-shore tank storage service industry.

In order to strengthen information security management, the Company has formulated the "Information Security Policy" and implemented the information work plan based on it. At the same time, the Company has formulated the "Personal Data Protection Management Measures" to strictly manage the use and security maintenance of data, and established a firewall and an electronic data storage platform to control the access rights of staff and reduce the Company's information security risks.

The Company makes an evaluation based on the "Information Security Policy" once a year to reflect the current development of governmental laws and regulations, technology and business changes to ensure the reliability of information security practices.

The Company has successively implemented ERP system, knowledge management platform, online sign-off management system and BI reporting system to shorten operation time, improve operational efficiency through data analysis, strengthen the Company's competitiveness and enhance operational efficiency.

In the future, it is expected that the plant patrol inspection/maintenance and repair system will be implemented to reduce the patrol inspection time with the help of technology, and to effectively ensure that the personnel will perform inspection, maintenance and repair in place, and to understand the



current status of the plant equipment in real-time to reduce the chance of equipment abnormality.

(VI) The impact of change in the corporate image on corporate crisis management and corresponding measures

The Company has been in the chemical and oil tank storage sector for many years and is a benchmark company in the industry. We operate based on the principle of equality and mutual benefit and create a win-win situation for all, and have good long-term cooperation and interaction with customers and suppliers. We also comply with environmental protection and industrial safety regulations, pay attention to the physical and mental health of our employees, and handle disputes properly. We also run the energy division based on the same principle of solidity. Therefore, our corporate image has not changed much.

(VII) Expected benefits and possible risks of mergers and acquisitions and corresponding measures: Not applicable.

(VIII) Expected benefits and possible risks of plant expansion and corresponding measures: No such situation:

The Company chemical and oil tank storage service division regularly evaluates the suitability of the existing facilities and continues to add, maintain or upgrade various hardware and software. The expected benefits are to provide high-quality tank storage services in a sustainable manner, to extend the useful life of the hardware and software appropriately, and to reduce operational risks such as leakage or contamination caused by equipment errors or failures.

If there are appropriate development opportunities and customer demand, the Company will assess the investment or development of a new tank storage terminal, which is expected to expand the Company's business scale and customer base, with the same potential business risks associated with the current terminals. The Company will focus on training professional staff in order to provide the same high quality tank storage services.

The Company's Energy Division is mainly engaged in the development and construction of photovoltaic power generation systems. The expansion of

new field cases will effectively increase the scale of business and customer base and improve the stability of revenues, with the potential risks generally the same as the risks at present, and some of the photovoltaic power systems may require adjustment of maintenance and operation methods due to different local environmental conditions. The Company will focus on training professional staff and integrating resources, such as commissioning professional photovoltaic power system maintenance providers, in order to obtain long-term stable revenues from electricity sales or leasing.

(IX) Risks of concentrations of purchases or sales and corresponding measures:

Under the existing sales revenues structure, the Company has continued to adjust the customer portfolio and upgrade various software and hardware in recent years to increase the flexibility and develop new types of tank storage demands, while actively developing the photovoltaic power generation system business in order to diversify revenue sources and reduce the risk of sales concentration.

(X) The impact on the Company and risks of the massive transfer or change of shares by directors, supervisors or major shareholders with 10% stake or more and corresponding measures:

There was no massive transfer of shares by the Company's directors, supervisors or major shareholders with a 10% stake or more in 2021.

(XI). The impact on the Company and risks of change in management rights and corresponding measures: Not applicable.

(XII). For litigious and non-litigious matters, please list major litigious, non-litigious or administrative disputes that have been resolved or are still proceeding involving the Company and/or any director, supervisor, the general manager, any person with actual responsibility for the Company and any major shareholder holding a more than 10% of the shares, and the affiliates. Moreover, where such a dispute could materially affect shareholders' equity or the prices of the securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the publication date of the annual report:



On December 22, 2016, the Company signed the “Construction of a solar power generation system” with Chunghwa Telecom Vietnam Co., LTD. to construct a solar power generation system in Cambodia. However, Chunghwa Telecom Vietnam Co., Ltd. refused to perform the obligations under the above "Construction Contract" in the third quarter of 2017. In view of the aforementioned situation, the Company sent a letter to Chunghwa Telecom Vietnam to demand it to perform the obligations under the "Construction Contract" within the deadline. However, after the expiration of the reminder period, Chunghwa Telecom Vietnam still failed to perform the contract obligations. 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.

In December 2020, the Company received a notice of judgment from the TDC denying the Company's request. After consulting with the attorney, the Company filed an appeal with the Taiwan High Court in January 2021.

(XIII) Other major risks and corresponding measures: None.

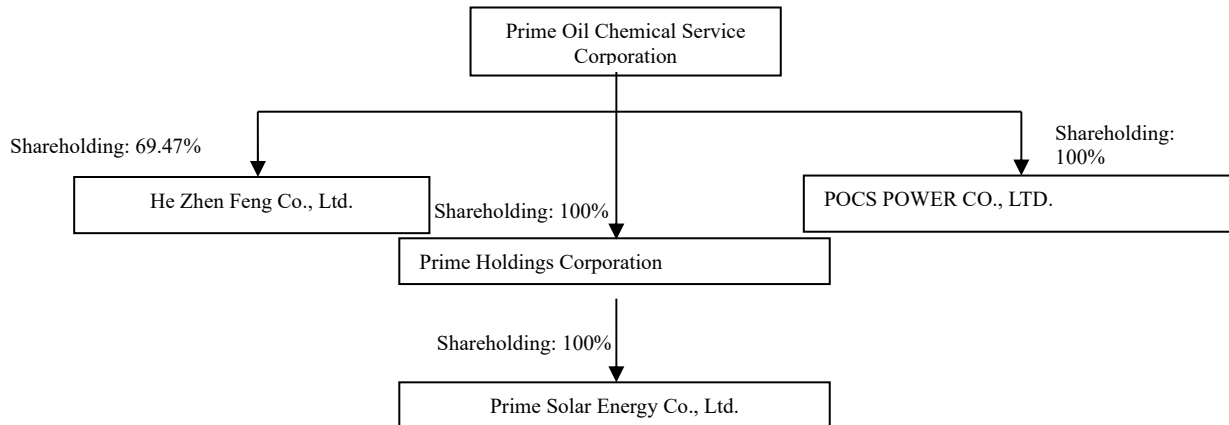
VII. Other important matters: None.

Eight. Special matters

I. Information on affiliates:

(I) Consolidated business report of affiliates

1. Organizational chart of affiliates :



2. Basic information on affiliates

Company name	Date of establishment	Paid-in capital	Main business or business model
He Zhen Feng Co., Ltd.	2010.07.02	1,000,000	Real Estate Leasing
POCS POWER CO., LTD.	2014.10.29	40,000,000	Solar Power
Prime Holdings Corporation	2019.02	US\$6,298,770	Holding and Trading
Prime Solar Energy Co., Ltd	2019.09	US\$1,700,000	Real Estate Development

3. Information on directors and supervisors and general managers of affiliates (2022/4/30)

Company name	Title	Name or representative	Shareholding	
			Shares	Shareholding Percentage
He Zhen Feng Co., Ltd.	Chairperson	Prime Oil Chemical Service Corporation Representative: Liao, Shu-Chun	69,468	69.47%
	Director	Prime Oil Chemical Service Corporation Representative: Su, Kun-Ming		
	Director	Prime Oil Chemical Service Corporation Representative: Wang, Shi-Ming		
	Supervisor	Yeh, Tang-Jung	0	0%
POCS POWER CO., LTD.	Chairperson	Prime Oil Chemical Service Corporation Representative: Yeh, Tang-Jung	4,000,000	100%
	Director	Prime Oil Chemical Service Corporation Representative: Liao, Shu-Chun		
	Director	Prime Oil Chemical Service Corporation Representative: Su, Kun-Ming		
	Supervisor	Wang, Shi-Ming	0	0%
Prime Holdings Corporation	Chairperson	Prime Oil Chemical Service Corporation Representative: Liao, Shu-Chun	6,298,770	100%
Prime Solar Energy Co., Ltd.	Chairperson	Prime Holdings Corporation Representative: Liao, Shu-Chun	1,700,000	100%

4. 2021 operation overview of affiliates

Unit: Thousands of NTD; EPS in NTD

Enterprise name	Capital	Total Assets	Total Liabilities	Net worth	Operating Revenue	Operating income	Net income or loss for the period (After Tax)	Earnings Per Share
Ho Chen Feng Co., Ltd.	1,000	1,551	0	1,551	0	-53	-51	-0.51
POCS POWER CO., LTD.	40,000	143,519	97,438	46,081	20,683	2,488	959	0.24
Prime Holdings Corporation	US\$6,298,770	US\$6,902,838.66	US\$11,466	US\$6,891,372.66	US\$396,251.44	US\$116,904.40	US\$114,263.38	US\$0.0181
Prime Solar Energy Co., Ltd	US\$1,700,000	US\$1,694,036.79	0	US\$1,694,036.79	0	US\$-3,457.62	US\$-3,425.55	US\$-0.0020

(II) Consolidated financial statements of affiliates.

For 2021 (from January 1, 2021 to December 31, 2021), 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. 7 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.

(III) Affiliation report: Not applicable.

II. Private placement of securities during the most recent year or the current year up to the date of publication of the annual report: None.

III. Holding or disposal of shares in the Company by the Company’s subsidiaries during the most recent year or the current year up to the date of publication of the annual report: None.

Unit: Thousands of NTD; Shares; %

Investee (Note 1)	Paid-in capital	Source of capital	The Company’s shareholding percentage	Date of acquisition or disposal	Number and amount of shares acquired (Note 2)	Number and amount of shares disposed (Note 2)	Investment gains and losses	Number and amount of shares as of the publication of the annual report (Note 3)	Circumstances of setting pledge	Amount of endorsement and guarantee by the Company for its subsidiaries	Amount lent by the Company to its subsidiaries
Not applicable											

Note 1: Please list separately by subsidiary.
 Note 2: The amount mentioned refers to the actual amount acquired or disposed.
 Note 3: The holding and disposal should be listed separately.
 Note 4: The impact on the Company’s financial performance and financial position is also described.

IV. Other matters that require additional explanation: None.

V. Any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholder equity or the price of the Company’s securities, which has occurred during the most recent year or the current year up to the date of publication of the annual report: None.

VI. Disclosure of financial instruments

(I) Categories of financial instruments

	December 31, 2021	December 31, 2020
<u>Financial asset</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	\$ 83,109	\$ 67,074
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	\$ 36,214	\$ 42,980
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 135,111	\$ 142,716
Other financial assets - current	\$ 26,026	\$ 16,489
Note receivable	717	244
Trade receivable	42,387	45,164
Other receivables		1,960
Other financial assets – non-current	2,301	-
Refundable deposits	64,026	58,896
	<u>\$ 270,568</u>	<u>\$ 265,469</u>
 Financial liability		
Financial assets measured at amortized cost		
Short-term borrowings	\$ 103,600	\$ 98,800
Short-term bills payable	38,500	45,500
Notes payable	6,881	6,881
Other payables	60,518	76,996
Long-term borrowings (including portions due within one year or one operating cycle)	364,243	227,214
Guarantee deposits received	6,450	6,450
	<u>\$ 580,192</u>	<u>\$ 461,841</u>
lease liabilities	<u>\$ 39,325</u>	<u>\$ 77,848</u>

A. 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.

B. 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 business transactions in the future 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.

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

		December 31, 2020					
		Sensitivity Analysis					
		Foreign currency (Thousands of NTD)	Exchange rate	Carrying amount (NTD)	Change range	Impact on profit or loss	Impact on comprehensive income
Financial asset							
Non-monetary items							
USD: NTD	\$	8,814	28.43	\$ 250,586	1%	\$ -	\$ -

C. The total amount of exchange losses (both realized and unrealized) recognized in 2021 and 2020 was \$1,855 and \$3,155 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, and financial assets are available for sale. To manage the price risk of equity securities, the Group diversifies its investment portfolio in a manner that is based on the limits set by the Group.

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

(3) Cash flow and fair value interest rate risk

A. The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For 2021 and 2020, the 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, 2021 and 2020, if the interest rate on borrowings had increased by 1%, all other factors remaining constant, net profits after tax would have decreased by \$3,511 and \$2,229 for the years ended December 31 2021 and 2020, respectively, mainly due to the increase in interest expense as a result of floating rate borrowings.

(4) Credit risk

A. The Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on payment terms.

B. For receivables arising from operating activities, the Group has established relevant credit risk management mechanisms and regularly evaluates the financial position, credit limits and other factors of the related debtors, and the current creditworthiness of the receivables is good and there was no significant credit risk according to the assessment. The cash and cash equivalents have been assessed to be free of material risk.

C. The Group assumes that a default is deemed to have occurred when payments are more than 60 days overdue in accordance with the contractual payment terms.

D. The Group categorizes accounts receivable from customers according to the characteristics of revenue types and estimates expected credit losses based on the loss ratio method on a simplified basis.

E. The Group has estimated the allowance for losses on accounts receivable by incorporating forward-looking adjustments to the loss rate established based on historical and current information for a specific period, as the Group's customers are in good credit standing and the overdue accounts receivable

and the overdue loss rate were not material as of December 31, 2021 and December 31, 2020.

(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, and maintains sufficient borrowing facilities to adjust for future funding shortfalls.

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

Non-derivative financial liabilities:

December 31, 2021	Less than 1 year	Less than 1 to 2 years	More than 2 years
Short-term borrowings	\$ 103,839	\$ -	\$ -
Short-term bills payable	38,545	-	-
Notes payable	6,881	-	-
Other payables	60,518	-	-
lease liabilities	29,137	8,991	9,062
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	74,810	73,045	234,706
Total	<u>\$ 313,730</u>	<u>\$ 82,036</u>	<u>\$ 250,218</u>

Non-derivative financial liabilities:

December 31, 2020	Less than 1 year	Less than 1 to 2 years	More than 2 years
Short-term borrowings	\$ 98,903	\$ -	\$ -
Short-term bills payable	45,566	-	-
Notes payable	6,881	-	-
Other payables	76,996	-	-
lease liabilities	58,941	21,294	3,968
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	58,560	52,697	124,822
Total	<u>\$ 345,847</u>	<u>\$ 73,991</u>	<u>\$ 135,240</u>

(II) Fair value information

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

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

Level 2: Inputs other than quoted prices within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The Group's investments in non-listed stocks belong to this.

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

December 31, 2021	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$ 83,109	\$ 83,109
Financial assets at fair value through other comprehensive income				
Equity security	-	-	36,214	36,214
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 119,323</u>	<u>\$ 119,323</u>
December 31, 2020	Level 1	Level 2	Level 3	Total
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$ 67,074	\$ 67,074
Financial assets at fair value through other comprehensive income				
Equity security	-	-	42,980	42,980
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,054</u>	<u>\$ 110,054</u>

3. The methods and assumptions used by the Group to measure fair value are described as follows.

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.

4. The following schedule shows the changes in Level 3 for 2021 and 2020:

	<u>2021</u>	<u>2020</u>
	Non-derivative equity security	Non-derivative equity security
January 1	\$ 110,054	\$ 80,439
Gain recognized in profit or loss	2,533	2,765
Gain recognized in other comprehensive Income	(3,346)	2,634
The valuation gain or loss was realized as a transfer to undistributed earnings	2,003	-
Purchase in the period	28,141	31,877
Refund of share price due to capital deduction during the period	(20,062)	(7,661)
December 31	<u>119,323</u>	<u>\$ 110,054</u>

5. For 2021 and 2020, there were no transfers in or out of Level 3.

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.

	December 31, 2021 Fair value	Valuation technique	Significant unobservable input value	Range (weighted average)	Relationship between input value and fair value
Non-derivative equity security: Non TWSE or TPEX listed stock	\$ 5,324	Discounted benefit 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
			Adjustment to discount for lack of controlling interests	30%	
Venture capital company stock	\$ 30,890	Net asset value method	Net asset value		The higher the net asset value, the higher the fair value
Investment in private equity	830,109	Net asset value method	Net asset value		The higher the net asset value, the higher the fair value
					-
Non-derivative equity security: Non TWSE or TPEX listed stock	\$ 15,010	Comparable TWSE or TPEX company 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
			Adjustment to discount for lack of controlling interests	30%	
Venture capital company stock	27,970	Net asset value method	Net asset value		The higher the net asset value, the higher the fair value
Investment in private equity	67,074	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.

				December 31, 2021			
				Recognized in profit or loss		Recognized in other comprehensive income	
				Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial asset		Input value	Change				
Equity instruments	The discount for lack of marketability and the discount for lack of controlling interests	±1%	\$	-	\$	-	\$ 53 (\$ 53)
Equity instruments	Net asset value	±1%		-	-	309	(309)
Investment in private equity	Net asset value	±1%		831	(831)	-	-
Total			\$	831	(\$ 831)	\$ 362	(\$ 362)

				December 31, 2020			
				Recognized in profit or loss		Recognized in other comprehensive income	
				Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial asset		Input value	Change				
Equity instruments	Discount for lack of marketability	±1%	\$	-	\$	-	\$ 150 (\$ 150)
Equity instruments	Net asset value	±1%		-	-	280	(280)
Investment in private equity	Net asset value	±1%		671	(671)	-	-
Total			\$	671	(\$ 671)	\$ 430	(\$ 430)

Prime Oil Chemical Service Corporation and its
subsidiaries
Consolidated Financial Statements and
Independent Auditor's Review Report
for the Years Ended December 31, 2021 and 2020
(Stock Code: 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
Statement of Consolidated Financial Statements of Affiliated Companies

For 2021 (from January 1, 2021 to December 31, 2021), 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.

Prime Oil Chemical Service Corporation and its
subsidiaries

Representative: Liao, Shu-Chun

March 24, 2022

Independent Auditors' Report
(2022) Cai-Shen-Bao-Zi #21005445

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, 2021 and 2020 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, 2021 and 2020, 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 2021. 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 2021 are as follows:

Evaluation of other equipment impairment

Description

For property, plant and equipment, please refer the Note 6(6) 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(16) 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\$815,482 thousand, accounting for 50% 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 judgement of changes due to variations of economic environment or climate conditions and uncertainties to the future due to changes in estimation results brought by the conditions, which could have a significant impact on the recoverable amount measurement and in turn affects the assessment of impairment amount, we consider the impairment assessment of other equipment a key inspection item.

Audit procedure in response

The audit procedures we performed are set out below:

1. Review management's estimates of recoverable amounts of other equipment at the balance sheet date and reassess the correctness of the related calculations.

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

Others - Standalone Financial Reports

Prime Oil Chemical Service Corporation has prepared its financial statements for the years ended December 31, 2021 and 2020, 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 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 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 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 2021 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

Financial Supervisory Commission

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

Previously Securities and Futures Commission, Ministry of
Finance

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

March 24, 2022

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated balance sheets
December 31, 2021 and December 31, 2020

Unit: Thousand NTD

Assets	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 135,111	8	\$ 142,716	9
1136	Financial assets measured at amortized cost - current	6 (4)	26,026	2	16,489	1
1150	Notes receivable, net	6 (5)	717	-	244	-
1170	Accounts receivable, net	6(5) and 12(2)	42,387	3	45,164	3
1200	Other receivables		-	-	1,960	-
1410	Prepayments		8,457	-	15,789	1
11XX	Total current assets		<u>212,698</u>	<u>13</u>	<u>222,362</u>	<u>14</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	83,109	5	67,074	4
1517	Financial assets at fair value through other comprehensive income - noncurrent	6(3)	36,214	2	42,980	3
1535	Financial assets measured at amortized cost - non-current	6(4) and 8	2,301	-	-	-
1600	Property, Plant and Equipment	6(6) and 8	1,179,274	72	1,151,499	70
1755	Right-of-use assets	6 (7)	47,957	3	84,557	5
1780	Intangible asset		4,241	-	5,408	-
1840	Deferred tax assets	6 (22)	5,660	1	5,252	-
1920	Refundable deposits	8	64,026	4	58,896	4
15XX	Total non-current assets		<u>1,422,782</u>	<u>87</u>	<u>1,415,666</u>	<u>86</u>
1XXX	Total Assets		<u>\$ 1,635,480</u>	<u>100</u>	<u>\$ 1,638,028</u>	<u>100</u>

(Continued)

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated balance sheets
December 31, 2021 and December 31, 2020

Unit: Thousand NTD

Liabilities and Stockholders' Equity	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6 (9)	\$ 103,600	6	\$ 98,800	6
2110	Short-term bills payable	6 (9)	38,500	2	45,500	3
2150	Notes payable		6,881	-	6,881	-
2200	Other payables	6 (11)	60,518	4	76,996	5
2230	Current income tax liabilities		15,617	1	27,143	2
2280	Current lease liabilities		23,363	2	53,070	3
2300	Other current liabilities	6 (10)	69,955	4	55,796	3
21XX	Total current liabilities		<u>318,434</u>	<u>19</u>	<u>364,186</u>	<u>22</u>
Non-current liabilities						
2540	Long-term borrowings	6 (10)	294,365	18	171,492	11
2550	Provisions for liabilities - non-current	6 (13)	25,185	2	21,923	1
2570	Deferred tax liabilities	6 (22)	4,052	-	2,905	-
2580	Non-current lease liabilities		15,962	1	24,778	2
2640	Net defined benefit liabilities - noncurrent	6 (12)	8,552	1	7,856	1
2645	Guarantee deposits received		6,450	-	6,450	-
25XX	Total non-current liabilities		<u>354,566</u>	<u>22</u>	<u>235,404</u>	<u>15</u>
2XXX	Total liabilities		<u>673,000</u>	<u>41</u>	<u>599,590</u>	<u>37</u>
Equity attributable to shareholders of the parent company						
Share capital						
3110	Common stock	6 (14)	690,344	42	690,344	42
Additional paid-in capital						
3200	Additional paid-in capital	6 (15)	4,233	-	4,233	-
Retained earnings						
3310	Legal reserve	6(16)	187,193	12	171,221	11
3320	Special reserve		13,064	1	-	-
3350	Unappropriated retained earnings		85,951	5	185,215	11
Other equity interests						
3400	Other equity interests		(18,778)	(1)	(13,064)	(1)
31XX	Total equity attributable to shareholders of the parent company		<u>962,007</u>	<u>59</u>	<u>1,037,949</u>	<u>63</u>
36XX	Non-controlling interests		<u>473</u>	<u>-</u>	<u>489</u>	<u>-</u>
3XXX	Total equity		<u>962,480</u>	<u>59</u>	<u>1,038,438</u>	<u>63</u>
Significant contingent liabilities and unrecognized contract commitments						
		9				
Significant events after the balance sheet date						
		11				
3X2X	Total liabilities and equity		<u>\$ 1,635,480</u>	<u>100</u>	<u>\$ 1,638,028</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated income statements
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD
(Except for earnings per share)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating income	6 (8) (17)	\$ 466,109	100	\$ 540,837	100
5000 Operating cost	6 (20)				
	(21)	(310,978)	(67)	(285,989)	(53)
5900 Operating gross profits		<u>155,131</u>	<u>33</u>	<u>254,848</u>	<u>47</u>
Operating expenses	6 (20)				
	(21)				
6100 Selling and marketing expenses		(6,241)	(1)	(5,486)	(1)
6200 General and administrative expenses		(60,415)	(13)	(67,825)	(13)
6000 Total operating expenses		(66,656)	(14)	(73,311)	(14)
6900 Operating profit		<u>88,475</u>	<u>19</u>	<u>181,537</u>	<u>33</u>
Non-operating income and expenses					
7100 Interest income		261	-	389	-
7010 Other income		2,021	-	6,130	1
7020 Other gains or losses	6 (18)	804	-	31	-
7050 Financial costs	6 (19)	(2,088)	-	(3,298)	-
7000 Total non-operating income and expenses		<u>998</u>	<u>-</u>	<u>3,252</u>	<u>1</u>
7900 Profit before income tax		89,473	19	184,789	34
7950 Income tax expense	6 (22)	(18,061)	(4)	(25,071)	(5)
8200 Current period net profit		<u>\$ 71,412</u>	<u>15</u>	<u>\$ 159,718</u>	<u>29</u>

(Continued)

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated income statements
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD
(Except for earnings per share)

Item	Note	2021		2020		
		Amount	%	Amount	%	
Other comprehensive income for the year (net)						
Items that will be reclassified to profit or loss						
8311		Re-measurements of the defined benefit liability	(\$ 1,980)	-	(\$ 1,040)	-
8316	6(3)	Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	(3,346)	(1)	2,634	-
8349	6 (22)	Income tax related to components of other comprehensive income that is not reclassified to profit or loss	396	-	208	-
8310		Total amount of items that will not be reclassified to profit or loss	(4,930)	(1)	1,802	-
Items that may be reclassified subsequently to profit or loss:						
8361		Exchange Differences in Translating the Financial Statements of Foreign Operations	(5,464)	(1)	(10,104)	(2)
8399	6 (22)	Income taxes related to items that may be reclassified	1,093	-	2,021	1
8360		Total of Items that may be reclassified to profit or loss	(4,371)	(1)	(8,083)	(1)
8300		Other comprehensive income for the year (net)	<u>(\$ 9,301)</u>	<u>(2)</u>	<u>(\$ 6,281)</u>	<u>(1)</u>
8500		Total comprehensive income in the current period	<u>\$ 62,111</u>	<u>13</u>	<u>\$ 153,437</u>	<u>28</u>
Net income attributable to:						
8610		Shareholders of the parent company	\$ 71,428	15	\$ 159,724	29
8620		Non-controlling interests	(16)	-	(6)	-
			<u>\$ 71,412</u>	<u>15</u>	<u>\$ 159,718</u>	<u>29</u>
Total comprehensive income attributable to:						
8710		Shareholders of the parent company	\$ 62,127	13	\$ 153,443	28
8720		Non-controlling interests	(16)	-	(6)	-
			<u>\$ 62,111</u>	<u>13</u>	<u>\$ 153,437</u>	<u>28</u>
Earnings per share 6 (23)						
9750		Basic	\$ 1.03		\$ 2.31	
9850		Diluted	\$ 1.03		\$ 2.30	

The accompanying notes are an integral part of the consolidated financial statements and should be read in conjunction.

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated statements of changes in equity
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD

Note	Equity attributable to shareholders of the parent company							Total	Non-controlling interests	Total equity
	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements of foreign operations Table conversion of exchange differences	Other equity interests			
						Unrealized gains or losses on financial assets	measured at fair value through other comprehensive income			
2020										
Balance at January 1, 2020	\$ 690,344	\$ 4,233	\$ 157,731	\$ -	\$ 153,720	(\$ 2,909)	(\$ 4,706)	\$ 998,413	\$ 5,075	\$ 1,003,488
Current period net profit	-	-	-	-	159,724	-	-	159,724	(6)	159,718
Other comprehensive income recognized for the period	-	-	-	-	(832)	(8,083)	2,634	(6,281)	-	(6,281)
Total comprehensive income in the current period	-	-	-	-	158,892	(8,083)	2,634	153,443	(6)	153,437
Appropriation and distribution of retained earnings for FY2020										
Legal reserve allocated	-	-	13,490	-	(13,490)	-	-	-	-	-
Cash dividends	-	-	-	-	(113,907)	-	-	(113,907)	-	(113,907)
Non-controlling interests	-	-	-	-	-	-	-	-	(4,580)	(4,580)
Balance as of December 31, 2020	\$ 690,344	\$ 4,233	\$ 171,221	\$ -	\$ 185,215	(\$ 10,992)	(\$ 2,072)	\$ 1,037,949	\$ 489	\$ 1,038,438
2021										
Balance at January 1, 2021	\$ 690,344	\$ 4,233	\$ 171,221	\$ -	\$ 185,215	(\$ 10,992)	(\$ 2,072)	\$ 1,037,949	\$ 489	\$ 1,038,438
Current period net profit	-	-	-	-	71,428	-	-	71,428	(16)	71,412
Other comprehensive income recognized for the period	-	-	-	-	(1,584)	(4,371)	(3,346)	(9,301)	-	(9,301)
Total comprehensive income in the current period	-	-	-	-	69,844	(4,371)	(3,346)	62,127	(16)	62,111
Appropriation and distribution of retained earnings for FY2021										
Legal reserve allocated	-	-	15,972	-	(15,972)	-	-	-	-	-
Allocated special reserve	-	-	-	13,064	(13,064)	-	-	-	-	-
Cash dividends	-	-	-	-	(138,069)	-	-	(138,069)	-	(138,069)
Disposal of equity instruments at fair value through other comprehensive profit or loss	-	-	-	-	(2,003)	-	2,003	-	-	-
Balance at December 31, 2021	\$ 690,344	\$ 4,233	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007	\$ 473	\$ 962,480

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, 2021 and 2020

Unit: Thousand NTD

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
Cash flow from operating activities			
Profit before income tax for the year		\$ 89,473	\$ 184,789
Adjustment for:			
Income and expenses having no effect on cash flows			
depreciation expense	6 (6)(7)(20)	178,424	157,516
Allocations	6 (20)	1,328	1,130
Gain on valuation of financial assets at fair value through profit or loss	6 (2)(18)	(2,533)	(2,765)
Exchange differences in Financial assets measured at amortized cost	6 (4)	463	2,593
Financial costs	6 (19)	2,088	3,298
Interest income		(261)	(389)
Dividends income		(445)	(650)
Disposal of property, plant and equipment	6 (18)	(95)	(359)
Gain on lease modification	6 (7)	(31)	(474)
Change in assets/liabilities related to operating activities			
Changes in operating assets			
Notes receivable, net		(473)	(111)
Accounts receivable, net		2,777	(9,498)
Other receivables		1,960	(1,786)
Prepayments		7,332	2,858
Changes in operating liabilities			
Notes payable		-	(511)
Other payables		(8,798)	4,516
Other current liabilities		3	(22)
Net defined benefit liabilities		(1,284)	(1,173)
Cash flow from operating activities		269,928	338,962
Interest paid		(2,088)	(3,298)
Interest received		261	389
Income tax paid		(27,359)	(14,546)
Dividend received		445	650
Net cash generated by operating activities		<u>241,187</u>	<u>322,157</u>
Cash Flow from Investing Activities			
Acquisition of financial assets at fair value through profit or loss	12 (3)	(28,141)	(31,877)
Refund of share price due to capital reduction of financial assets at fair value through profit or loss	12 (3)	14,639	7,661
Return of capital from financial assets at fair value through other comprehensive profit or loss	12 (3)	3,420	-
Acquisition of financial assets measured at amortized cost		(12,301)	-
Purchase of property, plant and equipment	6 (24)	(157,629)	(304,542)
Disposal of property, plant and equipment		95	1,271
Acquisition of intangible assets		(161)	(1,861)
Increase in refundable deposits		(5,130)	(12,461)
Net cash used in investing activities		<u>(185,208)</u>	<u>(341,809)</u>
Cash Flow from Financing Activities			
Increase (decrease) in short-term bills payable	6(25)	(7,000)	34,500
Increase in short-term borrowings		509,000	722,800
Decrease in short-term borrowings		(504,200)	(707,600)
Borrowing of long-term loans (including portions due within one year or one operating cycle)	6(25)	200,400	165,000
Repayment of long-term loans (including portions due within one year or one operating cycle)		(63,371)	(29,003)
Amount of principal payments on lease liabilities	6(7)(25)	(59,830)	(59,058)
Cash dividends paid	6(16)	(138,069)	(113,907)
Non-controlling interests		-	(4,580)
Net cash (outflow) inflow from financing activities		<u>(63,070)</u>	<u>8,152</u>
Effects of exchange rate changes on the balance of cash held in foreign currencies		(514)	(542)
Decrease in cash and cash equivalents		(7,605)	(12,042)
Beginning of year cash and cash equivalents		142,716	154,758
Cash and cash equivalents at the end of the year		<u>\$ 135,111</u>	<u>\$ 142,716</u>

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation and its subsidiaries
Notes to consolidated financial statements
for the Years Ended December 31, 2021 and 2020

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 24, 2022.

III. Newly-released and amended standards and interpretations

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2021:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 4 "Extension of Provisional Exemption for Application of IFRS 9"	January 1, 2021
Amendments to the IFRS 9, IAS 39, and IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase II."	January 1, 2021
Amendment to IFRS 16 "Rent Reduction associated with the COVID-19 pandemic after June 30, 2021."	April 1, 2021

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

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards for 2022 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 3 "Update the index of the conceptual framework."	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: price before reaching the intended state of use"	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Performing Contracts"	January 1, 2022
"Annual Improvements 2018 - 2020 Cycle"	January 1, 2022

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

(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>
IFRS 10 and IAS 28 amendments, Sale or contribution of assets between an investor and its associate or joint venture	Pending IASB decision
IFRS 17 - Insurance contracts	January 1, 2023
Amendment to IFRS 17 "Insurance contracts."	January 1, 2023
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 —Comparative Information."	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies."	January 1, 2023
Amendment to IAS 8 "Disclosure of Accounting Policies."	January 1, 2023
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

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

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 preparation of the Consolidated Financial Statements conforms to the International Financial Reporting Standards, International Accounting Standards, explanations and announcements of explanations (“IFRSs”) that are recognized by FSC.

(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, 2021</u>	<u>December 31, 2020</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	100.00	
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	Note

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.

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 in which they arise.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are adjusted at the prevailing exchange rates at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at

fair value through other comprehensive income are adjusted at the prevailing exchange rates at the balance sheet date; differences resulting from such translations are recognized in other comprehensive income; for those that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

- (4) All foreign exchange gains and losses are presented in the Statements of Comprehensive Income under "other gains and losses."

2. Translation of foreign operations

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

- (1) Assets and liabilities of each balance sheet presented are translated at the closing exchange rate at 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 Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at the initial investment amount as the effect of discounting is immaterial.

(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

At each balance sheet date, for financial assets measured at fair value through other comprehensive income and receivables or contract assets that contain significant financial

components, the Group measures the allowance for losses at the expected credit loss amount over 12 months, taking into account all reasonable and probable information, including forward-looking information, for those financial assets whose credit risk has not increased significantly since initial recognition. If the credit risk has increased significantly since initial recognition, the allowance for loss is measured at the expected credit loss over the remaining period. For accounts receivable or contract assets that do not contain significant financial components, the allowance for loss is measured at the expected credit loss over the period.

(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) 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 Corporate 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.

Warehouse facilities	2~35 years	Lease improvement	3~10 years
Transport Equipment	5~10 years	Lease assets	2~15 years
Office Equipment	3~5 years	Other Equipment	15~25 years

(XV) 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.

(XVI) 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.

(XVII) 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.

(XVIII) De-recognition of financial liabilities

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

(XIX) 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.

(XX) 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.

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

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

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

(XXI) 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.

(XXII) 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.

(XXIII) 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.

(XXIV) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXV) Revenue recognition

1. Rental income

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 operations 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.

(XXVI) 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, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working capital	\$ 210	\$ 217
Checking accounts and demand deposits	101,251	83,849
Time deposits	<u>33,650</u>	<u>58,650</u>
	<u>\$ 135,111</u>	<u>\$ 142,716</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 not pledged the above cash and cash equivalents.

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

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Financial assets at fair value through profit and loss		
Investment in private equity	\$ 70,196	\$ 56,694
Valuation adjustment	<u>12,913</u>	<u>10,380</u>
Total	<u>\$ 83,109</u>	<u>\$ 67,074</u>

1. Gain and loss recognized for financial assets at fair value through profit or loss held by the Corporate Group was \$2,533 and \$2,765 in 2021 and 2020, respectively.
2. The Group has not pledged any financial assets at fair value through profit or loss.

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

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Equity instruments		
Stock not listed on TWSE, TPEX or the emerging market	\$ 33,440	\$ 36,879
Valuation adjustment	<u>2,774</u>	<u>6,101</u>
Total	<u>\$ 36,214</u>	<u>\$ 42,980</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 \$36,214 and \$42,980 as of December 31, 2021 and December 31, 2020, respectively.
2. As of 2021, the Corporate Group derecognized stocks with a carrying value of \$5,423 due to a capital reduction by the target company and reclassified the cumulated loss of \$2,003 to unappropriated earnings. No such situation occurred in 2020.
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>2021</u>	<u>2020</u>
Change in fair value recognized in other comprehensive Income	<u>(\$ 3,346)</u>	<u>\$ 2,634</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ 2,003</u>	<u>\$ -</u>
Dividends income recognized in profit or loss and still held at the end of the period	\$ 223	\$ 650
De-recognized during the period	<u>222</u>	<u>-</u>
	<u>\$ 445</u>	<u>\$ 650</u>

4. 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 \$36,214 and \$42,980 as of December 31, 2021 and December 31, 2020, respectively.
5. The Company has not pledged any financial assets at fair value through other comprehensive income.

(IV) Financial assets measured at amortized cost

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
The term deposit with original maturity over three months	\$ 10,000	\$ -
Trust account	<u>16,026</u>	<u>16,489</u>
Total	<u>\$ 26,026</u>	<u>\$ 16,489</u>
Non-current items:		
Restricted asset	<u>\$ 2,301</u>	<u>\$ -</u>

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

	<u>2021</u>	<u>2020</u>
Interest income	\$ 6	\$ 13
loss on valuation	<u>(463)</u>	<u>(2,593)</u>
	<u>(\$ 457)</u>	<u>(\$ 2,580)</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 \$28,327 and \$16,489 as of December 31, 2021 and December 31, 2020, respectively.
3. Information about the financial assets measured at amortized cost that were pledged to others as collaterals is provided in Note 8.
4. Risk information about the relative financial assets measured at amortized cost is provided in Note 12(2)
5. On December 22, 2016, the Corporate Group entered into a contract for the construction of a solar power generation system (hereinafter referred to as the "construction contract") and a contract for the purchase of solar power generation system equipment (hereinafter referred to as the "purchase contract") with Chunghwa Telecom Vietnam Co. Ltd. to construct a solar power generation system in Cambodia. The total construction price was US\$7,750 thousand. On December 28, 2016, the Company trusted US\$6,010 thousand by wire transfer to a third-party financial institution; as of December 31, 2021, and December 31, 2020, the balance of

the trust account was US\$580 thousand, which is shown as "financial assets measured at amortized cost - current" due to the restricted use.

6. According to the construction contract, the construction of the solar power generation system in the preceding paragraph should be completed within one year and the amount in trust account has been paid to Chunghwa Telecom Vietnam Co. Ltd. However, Chunghwa Telecom Vietnam Co., Ltd. refused to fulfill its obligations under the above "construction contract" in the third quarter of 2017. In view of the aforementioned situation, the Company sent a formal letter to Chunghwa Telecom Vietnam to urge Chunghwa Telecom Vietnam to perform its obligations under the construction contract within the deadline, however after the expiration of the reminder period, Chunghwa Telecom Vietnam's contract obligations remained unfulfilled. Hence the Company legally terminated the construction contract. The Company has filed a lawsuit for civil damages with the Taiwan Taipei District Court (TDC) in April, 2018.
7. In December 2020, the Company received a notice of judgment from the TDC denying the Company's request. After consulting with the attorney, the Company filed an appeal with the Taiwan High Court in January 2021.

(V) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Note receivable	<u>\$ 717</u>	<u>\$ 244</u>
Trade receivable	<u>\$ 42,387</u>	<u>\$ 45,164</u>

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Trade receivable</u>	<u>Note receivable</u>	<u>Trade receivable</u>	<u>Note receivable</u>
Not Past Due	<u>\$ 42,387</u>	<u>\$ 717</u>	<u>\$ 45,164</u>	<u>\$ 244</u>

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

2. As of December 31, 2021, and December 31, 2020, the balance of receivables (including notes receivables) are generated from the contracts between the Corporate Group and its customers. And as of January 1, 2020, the balance of receivables generated from such contracts was \$35,799.
3. The Corporate Group does not hold any collateral.
4. 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 \$717 and \$244 as of December 31, 2021 and December 31, 2020, respectively; the amount of accounts receivables that best represented the Corporate Group's maximum exposure to credit risk was \$42,387 and \$45,164 as of December 31, 2021 and December 31, 2020, respectively.
5. Please refer to Note 12, (2) for the related credit risk information of accounts receivable.

(VI) Property, Plant and Equipment

	<u>Land</u>	<u>Warehousing equipment</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Lease improvement</u>	<u>Lease assets</u>	<u>2021 Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
January 1 Cost	\$45,278	\$ 629,277	\$ 8,161	\$ 1,648	\$ 1,037	\$909,441	\$864,658	\$ 41,258	\$2,500,758
Accumulated depreciation and impairments	-	(363,858)	(3,945)	(1,278)	(750)	(878,773)	(100,655)	-	(1,349,259)
	<u>\$45,278</u>	<u>\$ 265,419</u>	<u>\$ 4,216</u>	<u>\$ 370</u>	<u>\$ 287</u>	<u>\$ 30,668</u>	<u>\$764,003</u>	<u>\$ 41,258</u>	<u>\$1,151,499</u>
January 1 Addition	\$45,278	\$ 265,419	\$ 4,216	\$ 370	\$ 287	\$ 30,668	\$764,003	\$ 41,258	\$1,151,499
Number of Transfers	-	52,724	2,611	54	-	-	78,393	19,429	153,211
depreciation expense	-	14,019	100	-	-	-	20,328	(34,447)	-
Net exchange difference	-	(64,445)	(1,185)	(85)	(139)	(11,066)	(43,566)	-	(120,486)
December 31	(1,274)	-	-	-	-	-	(3,676)	-	(4,950)
	<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>
December 31 Cost	\$44,004	\$ 650,880	\$ 10,001	\$ 521	\$ 884	\$ 86,132	\$959,531	\$ 26,240	\$1,778,193
Accumulated depreciation and impairment	-	(383,163)	(4,259)	(182)	(736)	(66,530)	(144,049)	-	(598,919)
	<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>

	<u>Land</u>	<u>Warehousing equipment</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Lease improvement</u>	<u>Lease assets</u>	<u>2020 Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
January 1									
Cost	\$ 47,667	\$ 567,780	\$ 7,127	\$ 1,648	\$ 1,037	\$ 909,441	\$ 634,198	\$ 13,952	\$ 2,182,850
Accumulated depreciation and impairments	-	(315,860)	(5,041)	(1,200)	(687)	(866,025)	(63,058)	-	(1,251,871)
	<u>\$ 47,667</u>	<u>\$ 251,920</u>	<u>\$ 2,086</u>	<u>\$ 448</u>	<u>\$ 350</u>	<u>\$ 43,416</u>	<u>\$ 571,140</u>	<u>\$ 13,952</u>	<u>\$ 930,979</u>
January 1									
Addition	\$ 47,667	\$ 251,920	\$ 2,086	\$ 448	\$ 350	\$ 43,416	\$ 571,140	\$ 13,952	\$ 930,979
Amount transferred due to disposal	-	61,497	4,162	-	-	-	237,660	27,975	331,294
Amount transferred due to disposal (Note)	-	-	(912)	-	-	-	-	-	(912)
depreciation expense	-	(47,998)	(1,120)	(78)	(63)	(12,748)	(37,624)	-	(99,631)
Net exchange difference	(2,389)	-	-	-	-	-	(7,173)	-	(9,562)
December 31	<u>\$ 45,278</u>	<u>\$ 265,419</u>	<u>\$ 4,216</u>	<u>\$ 370</u>	<u>\$ 287</u>	<u>\$ 30,668</u>	<u>\$ 764,003</u>	<u>\$ 41,258</u>	<u>\$ 1,151,499</u>
December 31									
Cost	\$ 45,278	\$ 629,277	\$ 8,161	\$ 1,648	\$ 1,037	\$ 909,441	\$ 864,658	\$ 41,258	\$ 2,500,758
Accumulated depreciation and	-	(363,858)	(3,945)	(1,278)	(750)	(878,773)	(100,655)	-	(1,349,259)

impairment

\$ 45,278 \$265,419 \$ 4,216 \$ 370 \$ 287 \$ 30,668 \$764,003 \$41,258 \$ 1,151,499

Note: Transfers during the period represents \$669 transferred to intangible assets.

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

	<u>2021</u>	<u>2020</u>
Capitalized amount	<u>\$ 6,678</u>	<u>\$ 3,569</u>
Capitalized interest rate range	1.00%~1.54%	0.95%~1.76%

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, 2021 and 2020.
4. Please refer to Note 8 for information on the guarantees provided by the Group on property, plant and equipment.

(VII) Leasing arrangements - lessee

1. The subject assets of the Group's leases include land use rights, buildings and other equipment. Except for the land use rights, which have a period of 20 years, the remaining lease agreements normally have a period of 2 to 9 years.

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

2. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights	\$ 9,245	\$ 9,754
Buildings	20,399	6,392
Other Equipment	<u>18,313</u>	<u>68,411</u>
	<u>\$ 47,957</u>	<u>\$ 84,557</u>

	<u>2021</u>	<u>2020</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 509	\$ 423
Buildings	6,975	6,974
Other Equipment	<u>50,454</u>	<u>50,488</u>
	<u>\$ 57,938</u>	<u>\$ 57,885</u>

3. The additions to the Corporate Group's right-of-use assets were \$21,338 and \$10,434 as of 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 937	\$ 1,928
Expenses for leases of low-value assets	359	329
Expenses for variable lease payments	6,941	5,535
Gain on lease modification	31	474

5. The Corporate Group's total lease cash outflows were \$68,067 and \$66,850 as of 2021 and 2020, respectively, (of which \$59,830 and \$59,058 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.

(VIII) 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 6 years and are negotiated on an individual basis and contain various terms and conditions.
2. The Corporate Group recognized rental income of \$292,527 and \$375,100 in 2021 and 2020, 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, 2021</u>	<u>December 31, 2020</u>
2021	\$ -	\$ 268,477
2022	259,841	29,270
2023	27,680	5,860
2024~2027	<u>40,000</u>	<u>-</u>
Total	<u>\$ 327,521</u>	<u>\$ 303,607</u>

(IX) Short-term borrowings and bills payable

<u>Nature of borrowings</u>	<u>December 31, 2021</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 103,600</u>	1.00%~1.3%	None
Short-term bills payable	<u>\$ 38,500</u>	0.53%~0.78%	None
<u>Nature of borrowings</u>	<u>December 31, 2020</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 98,800</u>	0.95%~2.06%	None
Short-term bills payable	<u>\$ 45,500</u>	0.78%	None

(X) Long-term borrowings

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Credit borrowings				
Land Bank of Taiwan	2017.7.7~2022.7.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) August 7, 2018.	1.51%	None	\$ 7,496
Land Bank of Taiwan	2018.5.7~2023.5.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) June 7, 2019.	1.51%	None	3,466
Land Bank of Taiwan	2018.3.26~2025.3.26 The principal and interest shall be repaid in 84 equal installments commencing from (inclusive) April 26, 2018.	1.51%	None	10,893
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	1.50%	None	9,306
Chinatrust Commercial Bank	2020.6.30~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity	1.20%	None	28,000

Chinatrust Commercial Bank	2020.9.18~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity	1.20%	None	28,000
Chinatrust Commercial Bank	2021.12.29~2031.12.29 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) January 29, 2022. (Note)	1.50%	None	38,000
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	1.50%	Other Equipment	67,243
Mega International Commercial Bank.	2018.12.26~2028.12.26 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) March 26, 2019. (Note)	1.54%	Other Equipment	10,500
Mega International Commercial Bank.	2019.12.4~2028.12.26 The principal and interest shall be repaid in 37 equal installments commencing from (inclusive) December 26, 2019. (Note)	1.54%	Other Equipment	15,135
Mega International Commercial Bank.	2020.3.31~2028.12.26 The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) March 31, 2020. (Note)	1.54%	Other Equipment	68,000

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2021</u>
Mega International Commercial Bank.	2021.3.31~2031.3.31 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 30, 2021. (Note)	1.515%	Other Equipment	4,750
Mega International Commercial Bank.	2021.9.29~2031.3.31 The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) September 29, 2021.	1.515%	Other Equipment	14,615
Mega International Commercial Bank.	2021.12.29~2031.3.31 The principal and interest shall be repaid in 34 equal installments commencing from (inclusive) December 29, 2021.	1.515%	Other Equipment	42,400
Far Eastern International Bank	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	1.501%	Other Equipment	16,439
				364,243
Less: Portions due within one year or one operating cycle (recorded as other current liabilities)				(69,878)
				<u>\$ 294,365</u>

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Credit borrowings				
Land Bank of Taiwan	2017.7.7~2022.7.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) August 7, 2018.	1.51%	None	\$ 20,195
Land Bank of Taiwan	2018.5.7~2023.5.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) June 7, 2019.	1.51%	None	5,869

Land Bank of Taiwan	2018.3.26~2025.3.26 The principal and interest shall be repaid in 84 equal installments commencing from (inclusive) April 26, 2018.	1.51%	None	14,139
Chinatrust Commercial Bank	2020.6.30~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity	1.20%	None	40,000
Chinatrust Commercial Bank	2020.9.18~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity	1.20%	None	40,000

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Secured borrowings				
Mega International Commercial Bank.	2018.12.26~2028.12.26 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) March 26, 2019. (Note)	1.44%	Other Equipment	12,000
Mega International Commercial Bank.	2019.12.4~2028.12.26 The principal and interest shall be repaid in 37 equal installments commencing from (inclusive) December 26, 2019. (Note)	1.44%	Other Equipment	17,297
Mega International Commercial Bank.	2020.3.31~2028.12.26 The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) March 31, 2020. (Note)	1.44%	Other Equipment	
				77,714
				<u>227,214</u>
Less: Portions due within one year or one operating cycle (recorded as other current liabilities)				(55,722)
				<u>\$ 171,492</u>

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

(XI) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equipment payables	\$ 34,582	\$ 42,262
Employees' bonuses and directors' and supervisors' remuneration payable	5,788	11,974
Salary payables	7,582	9,607
Others	<u>12,566</u>	<u>13,153</u>
	<u>\$ 60,518</u>	<u>\$ 76,996</u>

(XII) Pensions

1. Defined benefit plan

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, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 25,423	\$ 32,450
Fair value of the plan asset	<u>(16,871)</u>	<u>(24,594)</u>
Net liabilities recognized in balance sheet	<u>\$ 8,552</u>	<u>\$ 7,856</u>

(3) changes of net liabilities are as follows:

	Present value of defined benefit obligation	Fair value of the plan asset	Net defined benefit liabilities
2021			
Balance as of January 1	\$ 32,450	(\$ 24,594)	\$ 7,856
Current service cost	186	-	186
Interest expense (revenue)	88	(67)	21
	<u>32,724</u>	<u>(24,661)</u>	<u>8,063</u>
Remeasurements:			
Return of plan asset (excluding amounts attributable to interest income or expense)	-	(230)	(230)
Effect of changes in financial assumptions	(1,178)	-	(1,178)
Effect of changes in demographic assumptions	24	-	24
Experience adjustment	3,367	-	3,367
	<u>2,213</u>	<u>(230)</u>	<u>1,983</u>
Pension paid	(9,514)	9,514	-
Pension fund contribution	-	(1,494)	(1,494)
Balance at December 31	<u>\$ 25,423</u>	<u>(\$ 16,871)</u>	<u>\$ 8,552</u>
2020			
Balance as of January 1	\$ 30,447	(\$ 22,458)	\$ 7,989
Current service cost	254	-	254
Interest expense (revenue)	192	(141)	51
	<u>30,893</u>	<u>(22,599)</u>	<u>8,294</u>
Remeasurements:			
Return of plan asset (excluding amounts attributable to interest income or expense)	-	(517)	(517)
Effect of changes in demographic assumptions	1,265	-	1,265
Experience adjustment	292	-	292
	<u>1,557</u>	<u>(517)</u>	<u>1,040</u>
Pension fund contribution	-	(1,478)	(1,478)
Balance at December 31	<u>\$ 32,450</u>	<u>(\$ 24,594)</u>	<u>\$ 7,856</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, 2021 and 2020 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>2021</u>	<u>2020</u>
Discount rate	<u>0.70%</u>	<u>0.30%</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, 2021				
Effect on the present value of defined benefit obligation	<u>(\$ 709)</u>	<u>\$ 738</u>	<u>\$ 498</u>	<u>(\$ 482)</u>
December 31, 2020				
Effect on the present value of defined benefit obligation	<u>(\$ 800)</u>	<u>\$ 834</u>	<u>\$ 589</u>	<u>(\$ 570)</u>

of defined benefit obligation

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 2022 amount to \$1,458.
- (7) As of December 31, 2021, the weighted average duration of the retirement plan is 11 years. The maturity analysis of pension payments is as follows:

In less than 1 year	\$	861
1-2 years		793
2-5 years		4,092
In more than 5 years		<u>21,817</u>
	<u>\$</u>	<u>27,563</u>

2. Defined contribution plan

the Company has established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. The Company contributes monthly no less than 6% of salaries as labor pensions to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to apply the labor pension system under the "Labor Pension Act." Payments of employee pensions are made in the form of monthly pensions or one-time lump-sum, depending on the amount of the employees' personal accounts and accumulated earnings. The Company recognized pension costs of \$2,352 and \$2,383 as of 2021 and 2020, respectively, based on the above pension plan.

(XIII) Provision

	<u>2021</u>	<u>2020</u>
Balance as of January 1	\$ 21,923	\$ 17,640
Provision added this period	<u>3,262</u>	<u>4,283</u>
Balance at December 31	<u>\$ 25,185</u>	<u>\$ 21,923</u>

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

1. The Group entered into a lease agreement with the Taiwan International Ports Corporation, Ltd. in November 2016 for a period ending on April 30, 2022. According to the agreement, the Corporate Group should restore the leased terminal base to its original condition by demotion at the end of the lease period. Therefore, the provision for liabilities based on the expected cost of dismantling, removing or restoring the site was \$9,886 as of December 31, 2021 and December 31, 2020.
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 \$15,299 and \$12,037 as of December 31, 2021 and December 31, 2020, respectively.

(XIV) Share capital

As of December 31, 2021, the Corporate Group's authorized capital was NT\$2,000,000 and the paid-in capital was NT\$690,344, divided into 69,034 thousand shares with a par value of NT\$10 per share.

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

	<u>2021</u>	<u>2020</u>
Number at the beginning of the period		
(i.e. Number at the end of the period)	<u>69,034 thousand shares</u>	<u>69,034 thousand shares</u>

(XV) 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.

(XVI) Retained earnings

1. In accordance with the Company Act, the capital surplus from premium from issuance of shares in excess of par value and the capital surplus from donations may be used to cover losses, and new shares or cash may be issued in proportion to the shareholders' original shareholding percentages when the Company has no accumulated losses. In addition, in accordance with the Securities and Exchange Act, the above capital surplus can be capitalized to the extent that the total amount does not exceed 10% of the paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.
2. In accordance with the Company Act, the legal reserve may not be used except to cover losses or to issue new shares or cash in proportion to the shareholders' original shareholding percentages, but it is limited to the portion of the legal reserve over 25% of the paid-in capital.
3. On August 18, 2021 and June 16, 2020, the Shareholders' Meeting of the Company approved the distribution of earnings for 2020 and 2019 respectively. The resolution is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserve allocated	\$ 15,972		\$ 13,490	
Allocated special reserve	13,064		-	
Cash dividends paid	<u>138,069</u>	\$ 2.00	<u>113,907</u>	\$ 1.65
Total	<u>\$167,105</u>		<u>\$127,397</u>	

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

4. On March 24, 2022, the Board of Directors proposed and approved the distribution of earnings for 2021. The resolution is as follows:

	<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserve allocated	\$ 6,984	
Allocated special reserve	5,714	
Cash dividends paid	<u>55,227</u>	\$ 0.80
Total	<u>\$ 67,925</u>	

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

(XVII) Operating income

	<u>2021</u>	<u>2020</u>
Operating lease		
Rental incomes	\$ 292,527	\$ 375,100
Revenue from Customer Contract (External revenue)		
Tank operation revenue	79,460	79,795
Electricity sales revenue	<u>94,122</u>	<u>85,942</u>
Total	<u>\$ 466,109</u>	<u>\$ 540,837</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.

(XVIII) Other gains or losses

	<u>2021</u>		<u>2020</u>
Disposal of property, plant and equipment	\$ 95	\$	359
Gain on lease modification	31		474
Net foreign currency exchange loss	(1,855)	(	3,155)
Gain on financial assets at fair value through profit or loss	2,533		2,765
Others	-	(	412)
	<u>\$ 804</u>	\$	<u>31</u>

(XIX) Financial costs

	<u>2021</u>		<u>2020</u>
Interest expenses			
Bank borrowings	\$ 7,829	\$	4,939
Less: The amount of asset capital that meets the requirements	(6,678)	(	3,569)
	1,151		1,370
Interest expenses on lease liabilities	937		1,928
	<u>\$ 2,088</u>	\$	<u>3,298</u>

(XX) Expenses by nature

	<u>2021</u>		<u>2020</u>
Employee benefits expense	\$ 75,663	\$	81,353
depreciation expense	178,424		157,516
Amortization expenses	1,328		1,130
Terminal administrative expenses	29,409		28,756
Miscellaneous purchases	11,711		12,046
Low-value asset rents	359		329
Expenses for variable lease payments	6,941		5,535
Other expenses	73,799		72,635
Operating costs and operating expenses	<u>\$ 377,634</u>	\$	<u>359,300</u>

(XXI) Employee benefits expense

	<u>2021</u>	<u>2020</u>
Salary expenses	\$ 61,273	\$ 64,773
Labor and health insurance expenses	5,558	4,902
Pension costs	2,559	2,688
Directors' remuneration	2,233	4,465
Other employee expenses	4,040	4,525
	<u>\$ 75,663</u>	<u>\$ 81,353</u>

1. In accordance with the Company's Articles of Incorporation, if the Company has a surplus in earnings after deducting the accumulated losses based on the profitability of the current year, the Company shall appropriate no less than 3% as employees' profit sharing remuneration and no more than 5% as directors' and supervisors' profit sharing remuneration.
2. The estimated profit sharing amount for employees for the year ended December 31, 2021 and 2020 were \$2,894 and \$5,987, respectively; the estimated profit sharing amount for directors' and supervisors' were \$2,894 and \$5,987, respectively. The aforementioned amounts were recorded as salary expenses.

For the years ended December 31, 2021 and 2020, the remuneration to employees and directors and supervisors were estimated at 3% based on the profitability of the year then ended.

3. The profit sharing for employees and the profit sharing for directors and supervisors resolved by the Board of Directors for 2020 were both \$5,987 and were consistent with the amounts recognized in the 2020 financial statements.

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

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2021</u>	<u>2020</u>
Current tax:		
Income taxes arising from incomes for the current period	\$ 15,779	\$ 36,592
Amount of income tax overestimated for prior years	(25)	(12,206)
Tax on undistributed surplus earning	79	14
Total current tax	<u>15,833</u>	<u>24,400</u>
Deferred income tax:		

Origination and Reversal of Temporary Differences	<u>2,228</u>	<u>671</u>
Deferred tax:	<u>2,228</u>	<u>671</u>
Income tax expense	<u>\$ 18,061</u>	<u>\$ 25,071</u>

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

	<u>2021</u>	<u>2020</u>
Translation differences of foreign operations	\$ 1,093	\$ 2,021
Remeasurements of defined benefit obligation	<u>396</u>	<u>208</u>
	<u>\$ 1,489</u>	<u>\$ 2,229</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2021</u>	<u>2020</u>
Income tax expense at the statutory rate	\$ 18,092	\$ 37,309
Effect from receiving dividend from investee accounted for using the equity method and income	-	2,084
Effect from tax-exempt income under the tax law	216	(2,614)
Effect from exclusion of expenses according to the tax law	521	484
Tax on undistributed surplus earning	79	14
Amount of income tax overestimated for prior years	(25)	(12,206)
Others	<u>(822)</u>	<u>-</u>
Income tax expense	<u>\$ 18,061</u>	<u>\$ 25,071</u>

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

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

	<u>January 1</u>	<u>2020</u>		<u>December 31</u>
		<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive net profit</u>	
Temporary difference:				
- Deferred income tax assets				
Bonus for employees not taking leave	\$ 410	\$ -	\$ -	\$ 410
Pension liability	1,598	(234)	208	1,572
Unrealized exchange gains or loss	-	522	-	522
Cumulative translation adjustment	<u>727</u>	<u>-</u>	<u>2,021</u>	<u>2,748</u>
	<u>\$ 2,735</u>	<u>\$ 288</u>	<u>\$ 2,229</u>	<u>\$ 5,252</u>
- Deferred income tax liabilities				
Gain on investment	<u>(\$ 1,946)</u>	<u>(\$ 959)</u>	<u>\$ -</u>	<u>(\$ 2,905)</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:

December 31, 2021

<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

December 31, 2020

<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. Except for the year ended December 31, 2019, the Corporate Group's income tax has been approved by the tax authorities for the year ended December 31, 2020. The income tax of the subsidiaries, POCS Power Co., Ltd. and He Zhen Feng Co., Ltd. was approved by the tax authorities until 2020.

(XXIII) Earnings per share

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

	<u>After-tax amount</u>	<u>2020</u> <u>Weighted average</u> <u>Number of shares in</u> <u>circulation</u> <u>(thousands of shares)</u>	<u>Earnings per share</u> <u>(NTD)</u>
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$159,724	69,034	<u>\$ 2.31</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	=	<u>314</u>	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$159,724</u>	<u>69,348</u>	<u>\$ 2.30</u>

(XXIV) Supplemental cash flow information

1. Investing activities that are only partially paid in cash:

	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment	\$ 153,211	\$ 331,294
Add: Equipment payable at the beginning of the period	42,262	19,793
Add: Equipment payable at the end of the period	(34,582)	(42,262)
Less: Provision for liabilities - non-current added during the period	<u>(3,262)</u>	<u>(4,283)</u>
Cash paid during the period	<u>\$ 157,629</u>	<u>\$ 304,542</u>

(XXV) Changes in liabilities arising from financing activities

	<u>2021</u>			
	<u>Lease liabilities</u>	<u>Short-term borrowings and bills payable</u>	<u>Long-term borrowings (including portions due within one year or one operating cycle)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 77,848	\$ 144,300	\$ 227,214	\$ 449,362
Changes in cash flows from financing activities	(59,830)	(2,200)	137,029	74,999
Other non-cash transactions	<u>21,307</u>	<u>-</u>	<u>-</u>	<u>21,307</u>
December 31	<u>\$ 39,325</u>	<u>\$ 142,100</u>	<u>\$ 364,243</u>	<u>\$ 545,668</u>

	<u>2020</u>			
	<u>Lease liabilities</u>	<u>Short-term borrowings and bills payable</u>	<u>Long-term borrowings (including portions due within one year or one operating cycle)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 126,946	\$ 94,600	\$ 91,217	\$ 312,763
Changes in cash flows from financing activities	(59,058)	49,700	135,997	126,639
Other non-cash transactions	<u>9,960</u>	<u>-</u>	<u>-</u>	<u>9,960</u>
December 31	<u>\$ 77,848</u>	<u>\$ 144,300</u>	<u>\$ 227,214</u>	<u>\$ 449,362</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>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 22,197	\$ 25,582
Post-employment benefits	<u>1,099</u>	<u>1,095</u>
Total	<u>\$ 23,296</u>	<u>\$ 26,677</u>

VIII. Pledged assets

Asset type	December 31, 2021	December 31, 2020	Purpose
Refundable deposits (time deposits)	\$ 2,850	\$ 2,400	Customs duty
Refundable deposits (time deposits)	36,008	36,118	Lease deposits
Refundable deposits (time deposits)	18,316	13,771	Performance guarantee deposits
Financial assets measured at amortized cost			
Non-current assets	2,301	-	Long-term borrowings
Other Equipment	313,884	130,805	Long-term borrowings
	<u>\$ 373,359</u>	<u>\$ 183,094</u>	

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Contingencies

Not applicable.

(II) Capital expenditures contracted for but not yet incurred

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, Plant and Equipment	<u>\$ 191,297</u>	<u>\$ 110,739</u>

X. Losses due to major disasters

Not applicable.

XI. Significant events after the balance sheet date

On March 24, 2022, the Board of Directors passed the distribution of FY2021 earnings. Please refer to Note 6(16) for details.

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 2021 to pin the debt-to-equity ratio in between 0% and 30% remains unchanged from that in 2020. The calculation of the Corporate Group's debt-to-equity ratio as of December 31, 2021 and December 31, 2020 was as follows

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total loans	\$ 506,343	\$ 371,514
Less: Cash and cash equivalents	(135,111)	(142,716)
Net debt	<u>\$ 371,232</u>	<u>\$ 228,798</u>
Total equity	<u>\$ 962,007</u>	<u>\$ 1,037,949</u>
Debt-to-equity ratio	<u>39%</u>	<u>22%</u>

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial asset</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 83,109</u>	<u>\$ 67,074</u>
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	<u>\$ 36,214</u>	<u>\$ 42,980</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 135,111	\$ 142,716
Financial assets measured at amortized cost - current	26,026	16,489
Note receivable	717	244
Trade receivable	42,387	45,164
Other receivables	-	1,960
Financial assets measured at amortized cost - non-current	2,301	-
Refundable deposits	<u>64,026</u>	<u>58,896</u>
	<u>\$ 270,568</u>	<u>\$ 265,469</u>
	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial liability</u>		
Financial assets measured at amortized cost		
Short-term borrowings	\$ 103,600	\$ 98,800
Short-term bills payable	38,500	45,500
Notes payable	6,881	6,881
Other payables	60,518	76,996
Long-term borrowings (including portions due within one year or one operating cycle)	364,243	227,214
Guarantee deposits received	<u>6,450</u>	<u>6,450</u>
	<u>\$ 580,192</u>	<u>\$ 461,841</u>
Lease liabilities	<u>\$ 39,325</u>	<u>\$ 77,848</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, 2021</u>					
	<u>Sensitivity Analysis</u>					
<u>Financial asset</u>	<u>Foreign currency</u> <u>(Thousands</u> <u>of NTD)</u>	<u>Exchange</u> <u>rate</u>	<u>Carrying</u> <u>amount</u> <u>(NTD)</u>	<u>Change</u> <u>range</u>	<u>Impact on</u> <u>profit or</u> <u>loss</u>	<u>Impact on</u> <u>comprehens</u> <u>ive income</u>
<u>Monetary items</u>						
USD: NTD	\$ 587	27.63	\$16,219	1%	\$ 162	\$ -
<u>Non-monetary</u> <u>items</u>						
USD: NTD	\$ 8,897	27.63	\$245,822	1%	\$ -	\$ -

December 31, 2020

Sensitivity Analysis

<u>Financial asset</u>	<u>Foreign</u>	<u>Exchange</u>	<u>Carrying</u>	<u>Change</u>	<u>Impact on</u>	<u>Impact on</u>
<u>Non-monetary</u>	<u>currency</u>	<u>rate</u>	<u>amount</u>	<u>range</u>	<u>profit or</u>	<u>comprehens</u>
<u>items</u>	<u>(Thousands</u>	<u>rate</u>	<u>(NTD)</u>	<u>range</u>	<u>loss</u>	<u>ive income</u>
<u>USD: NTD</u>	<u>of NTD)</u>	<u>rate</u>	<u>(NTD)</u>	<u>range</u>	<u>loss</u>	<u>ive income</u>
USD: NTD	\$ 8,814	28.43	\$ 250,586	1%	\$ -	\$ -

C. The total amount of exchange losses (both realized and unrealized) recognized in 2021 and 2020 was \$1,855 and \$3,155, respectively, due to the significant impact of exchange rate fluctuations on the Corporate 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 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 2021 and 2020, 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, 2021 and December 31, 2020, if the interest rate of all borrowings increased by 1% with all other factors held constant, net profits after tax would have decreased by \$3,511 and \$2,229 for 2021 and 2020, 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, 2021 and December 31, 2020.
- F. There was no sign of impairment of the Group's notes receivable.
- G. The Corporate Group's allowance for losses on accounts receivable on a simplified basis has not changed for FY2021 and FY2020, and the allowance for losses on accounts receivable was \$0 as of December 31, 2021 and 2020.

(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.

<u>Non-derivative financial liabilities:</u>			
December 31, 2021	<u>Less than 1</u> <u>year</u>	<u>Less than 1 to 2</u> <u>years</u>	<u>More than 2</u> <u>years</u>
Short-term borrowings	\$ 103,839	\$ -	\$ -
Short-term bills payable	38,545	-	-
Notes payable	6,881	-	-
Other payables	60,518	-	-
Lease liabilities	29,137	8,991	9,062
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	74,810	73,045	234,706
Total	<u>\$ 313,730</u>	<u>\$ 82,036</u>	<u>\$ 250,218</u>

Non-derivative financial liabilities:

December 31, 2020	<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	\$ 98,903	\$ -	\$ -
Short-term bills payable	45,566	-	-
Notes payable	6,881	-	-
Other payables	76,996	-	-
Lease liabilities	58,941	21,294	3,968
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	58,560	52,697	124,822
Total	<u>\$ 345,847</u>	<u>\$ 73,991</u>	<u>\$ 135,240</u>

(III) Fair value information

- The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:
 - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair values of the Group's investments in TWSE and TPEx listed stocks belong to this.
 - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
 - Level 3: Unobservable inputs for the asset or liability. The Group's investments in unlisted over-the-counter stocks and beneficiary certificates are classified as such.
- 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, 2021	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$ 83,109	\$ 83,109
Financial assets at fair value through other comprehensive income				

Equity security	-	-	36,214	36,214
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$119,323</u>	<u>\$119,323</u>

December 31, 2020	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Assets</u>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$67,074	\$ 67,074
Financial assets at fair value through other comprehensive income				
Equity security	-	-	42,980	42,980
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$110,054</u>	<u>\$110,054</u>

The following table shows the changes in Level 3 for 2021 and 2020.

	<u>2021</u>	<u>2020</u>
	<u>Non-derivative equity security</u>	<u>Non-derivative equity security</u>
January 1	\$ 110,054	\$ 80,439
Gain recognized in profit or loss	2,533	2,765
Profit (loss) recognized in other comprehensive income	(3,346)	2,634
Realized gains or losses on valuation reclassified to unappropriated earnings	2,003	-
Purchase in the period	28,141	31,877
Refund of share price due to capital deduction during the period	<u>(20,062)</u>	<u>(7,661)</u>
December 31	<u>\$ 119,323</u>	<u>\$ 110,054</u>

4. In 2021 and 2020 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, 2021</u>	<u>Valuation</u>	<u>Significant</u>	<u>Interval</u>	<u>Relationship</u>
	<u>Fair value</u>	<u>technique</u>	<u>unobservable</u>	<u>(Weighted</u>	<u>between input value</u>
			<u>input value</u>	<u>average)</u>	<u>and fair value</u>
Non-derivative equity security:					
Non TWSE or TPEX listed stock	\$ 5,324	Discounted benefit flow method	Discount for lack of marketability Adjustment to discount for lack of controlling interests	20% 30%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Venture capital company stock	30,890	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Investment in private equity	830,109	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value

	<u>December 31, 2020</u>	<u>Valuation</u>	<u>Significant</u>	<u>Interval</u>	<u>Relationship</u>
	<u>Fair value</u>	<u>technique</u>	<u>unobservable</u>	<u>(Weighted</u>	<u>between input value</u>
			<u>input value</u>	<u>average)</u>	<u>and fair value</u>
Non-derivative equity security:					
Non TWSE or TPEX listed stock	\$ 15,010	Discounted benefit flow method	Discount for lack of marketability Adjustment to discount for lack of controlling interests	20% 30%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Venture capital company stock	27,970	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Investment in private equity	67,074	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, 2021</u>					
				<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive Income</u>	
		<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>
Financial asset							
Equity instruments	The discount for lack of marketability and the discount for lack of controlling interests	±1%	\$ -	\$ -	\$ 53	(\$ 53)	
Equity instruments	Net asset value	±1%	-	-	309	(309)	
Investment in private equity	Net asset value	±1%	831	(831)	-	-	
Total			<u>\$ 831</u>	<u>(\$ 831)</u>	<u>\$ 362</u>	<u>(\$ 362)</u>	

		<u>December 31, 2020</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%	\$ -	\$ -	\$ 150	(\$ 150)	
Equity instruments	Net asset value	±1%	-	-	280	(280)	
Investment in private equity	Net asset value	±1%	671	(671)	-	-	
Total			<u>\$ 671</u>	<u>(\$ 671)</u>	<u>\$ 430</u>	<u>(\$ 430)</u>	

XIII. Additional disclosures

(I) Significant transactions information

- Loans to others: None.
- Endorsements and guarantees for others: Table 1.
- Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Please refer to Table 2 for details.
- Marketable securities acquired and disposed amounting to at least NT\$300 million or 20% of the paid-in capital. None.
- Acquisition of individual real estate amounting to at least NT\$300 million or 20% of the

- paid-in capital: None
6. Disposal of individual real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None
 7. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
 9. Engagements in derivative financial instruments transactions: None.
 10. Business relationships and significant intercompany transactions and amounts between the parent company and its subsidiaries and between subsidiaries: None.

(II) Information on investees

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

(III) Investments in Mainland China

Not applicable.

(IV) Information on main investors

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

XIV. Operating Segments Information

(I) General information

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

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

(II) Measurement of segment information

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

(III) Segment information

The Group's segment operating profit reported to the chief operating decision makers is measured in a manner consistent with the revenue and expenses in the income statement. The Group does not provide the total assets and liabilities to the operating decision maker for operating decisions. The reportable segment information provided to the chief operating decision maker for FY2021 and FY2020 is as follows:

2021

	<u>Oil and chemical tank</u> <u>rental business</u>	<u>Solar power generation</u> <u>business</u>	<u>Total</u>
	\$ 371,987	\$ 94,122	\$ 466,109
Segment revenues			
Segment profits or losses (Note)	45,937	25,475	71,412
Segment profits or losses include:			
Depreciation and amortization	135,678	44,074	179,752
Interest income	252	9	261
Financial costs	937	1,151	2,088
Income tax expense	12,315	5,746	18,061

2020

	<u>Oil and chemical tank</u> <u>rental business</u>	<u>Solar power generation</u> <u>business</u>	<u>Total</u>
	\$ 454,895	\$ 85,942	\$ 540,837
Segment revenues			
Segment profits or losses (Note)	135,276	24,442	159,718
Segment profits or losses include:			
Depreciation and amortization	120,599	38,047	158,646
Interest income	341	48	389
Financial costs	1,928	1,370	3,298
Income tax expense	20,090	4,981	25,071

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 chemical tanks, and the balance of revenue is broken down as follows.

		<u>2021</u>		<u>2020</u>
Oil and chemical tank rental business	\$	292,527	\$	375,100
Tank operation revenue		79,460		79,795
Solar Power Industry		<u>94,122</u>		<u>85,942</u>
Total	\$	<u>466,109</u>	\$	<u>540,837</u>

(VI) Information by Region

		<u>2021</u>			<u>2020</u>	
		<u>Revenue</u>	<u>Non-current assets</u>		<u>Revenue</u>	<u>Non-current assets</u>
Taiwan	\$	455,011	\$ 1,010,570	\$	526,586	\$ 1,007,628
Southeast Asia		<u>11,098</u>	<u>220,902</u>		<u>14,251</u>	<u>233,836</u>
Total	\$	<u>466,109</u>	<u>\$ 1,231,472</u>	\$	<u>540,837</u>	<u>\$ 1,241,464</u>

(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, 2021 and 2020 are as follows:

		<u>2021</u>			<u>2020</u>	
		<u>Revenue</u>	<u>Department</u>	<u>Revenue</u>	<u>Department</u>	
Company G	\$ 125,058		Oil and chemical tank rental business	\$ 106,225		Oil and chemical tank rental business
Company H	79,892		Electricity Retailing Enterprise	70,715		Electricity Retailing Enterprise
Company I	43,281		Oil and chemical tank rental business	64,752		Oil and chemical tank rental business

Prime Oil Chemical Service Corporation
Standalone Financial Statements and Independent
Auditors' Report
for the Years Ended December 31, 2021 and 2020
(Stock Code: 2904)

Company Address: 5F, No. 131, Section 3, Minsheng East
Road, Taipei City
TEL: (02)2717-4347

Independent Auditors' Report

(2022) Cai-Shen-Bao-Zi #21005204

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

Opinion

We have audited the accompanying Standalone Balance sheets of Prime Oil Chemical Service Corporation as of December 31, 2021 and 2020 and the related Standalone Statements of Comprehensive Income, Standalone Statements of Changes in Equity and Standalone Statements of Cash Flows for the periods then ended and the Notes to the Standalone Financial Statements (including a summary of significant accounting policies).

Based on our review, nothing has come to our attention that causes us to believe that the financial statements of Prime Oil Chemical Service Corporation are not prepared, in all material respects, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and present fairly the standalone financial position of Prime Oil Chemical Service Corporation as of December 31, 2021 and 2020 as well as its standalone financial performance and standalone cash flow then ended.

Basis for Audit Opinion

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

Key inspection items

Key inspection items refer to those matters that, in our professional judgment, are of most significance in relation to our audit of Prime Oil Chemical Service Corporation's Standalone Financial Statements as of 2021. These matters have been addressed in the process of our audit of the Standalone Financial Statements as a whole and forming our opinion thereon and we do not express an opinion on these matters individually.

Key inspection items of Prime Oil Chemical Service Corporation's Standalone Financial Statements as of 2021 are as follows:

Evaluation of other equipment impairment

Description

For property, plant and equipment, please refer the Note 6(7) of the Standalone Financial Statements. For accounting policies of impairment assessment and significant accounting judgments, assumptions and uncertainty of Estimations, please refer to Note 4(16) and 5 of the Standalone Financial Statements, respectively.

Prime Oil Chemical Service Corporation's other equipment (under property, plant and equipment) is the major asset related to the solar power generation division with a book value of NT\$498,871 thousand, accounting for 32% of the total standalone assets. Due to the scarcity of available solar power land and difficulty of developing large sites, Prime Oil Chemical Service Corporation estimates the amount recoverable of other equipment based on the value in use and applies it as the basis of the impairment assessment. Since the value-in-use evaluation process involves judgment of changes due to variations of economic environment or climate conditions and uncertainties to the future due to changes in estimation results brought by the conditions, which could have a significant impact on the recoverable amount measurement and in turn affects the assessment of impairment amount, we consider the impairment assessment of other equipment, a key inspection item.

Audit procedure in response

The audit procedures we performed are set out below:

1. Review management's estimates of recoverable amounts of other equipment at the balance

sheet date and reassess the correctness of the related calculations.

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

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

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

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

Prime Oil Chemical Service Corporation's governance unit is responsible for overseeing the financial reporting process.

Independent Auditors' responsibilities to auditing the Standalone Financial Statements.

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

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

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

disclosures in the Standalone Financial Statements or amend our audit opinion when such disclosures are inappropriate. Our conclusion is based on the audit evidence obtained up to the date of the audit report. However, future events or circumstances may cause Prime Oil Chemical Service Corporation to cease to have the ability of continuing operations.

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

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

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

From the matters communicated with the governance unit, we determine the key inspection items for Prime Oil Chemical Service Corporation's 2021 Standalone Financial Statements. We describe these matters in our audit report unless law or regulation precludes public disclosure about such matters or when, in extremely rare circumstances, we determine that a matter would not be communicated in our report since the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

PwC, Taiwan

Huang, Pei-Chuan

Accountant

Pan, Hui-Ling

Financial Supervisory Commission

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

Previously Securities and Futures Commission, Ministry of
Finance

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

March 24, 2022

Prime Oil Chemical Service Corporation
Standalone Balance Sheets
December 31, 2021 and December 31, 2020

Unit: Thousand NTD

Assets	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current assets						
1100	Cash and cash equivalents	6 (1)	\$ 109,317	7	\$ 125,413	8
1136	Financial assets measured at amortized cost - current	6 (4)	26,026	2	16,489	1
1150	Notes receivable, net	6 (5)	717	-	244	-
1170	Accounts receivable, net	6 (5)	38,559	2	41,849	3
1200	Other receivables		-	-	1,960	-
1210	Other receivables – related parties:	7 (3)	1,713	-	1,722	-
1410	Prepayments		8,154	1	14,123	1
11XX	Total current assets		<u>184,486</u>	<u>12</u>	<u>201,800</u>	<u>13</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6 (2)	83,109	6	67,074	5
1517	Financial assets at fair value through other comprehensive income - noncurrent	6(3)	36,214	2	42,980	3
1535	Financial assets measured at amortized cost - non-current	6(4) and 8	2,301	-	-	-
1550	Investments accounted for using equity method	6 (6)	292,980	19	296,822	19
1600	Property, Plant and Equipment	6(7) and 8	818,659	53	769,211	50
1755	Right-of-use assets	6(8)	47,957	3	84,557	6
1780	Intangible asset		4,241	-	5,408	-
1840	Deferred tax assets	6(25)	5,660	1	5,252	-
1920	Refundable deposits	8	63,358	4	58,228	4
15XX	Total non-current assets		<u>1,354,479</u>	<u>88</u>	<u>1,329,532</u>	<u>87</u>
1XXX	Total Assets		<u>\$ 1,538,965</u>	<u>100</u>	<u>\$ 1,531,332</u>	<u>100</u>

(Continued)

Prime Oil Chemical Service Corporation
Standalone Balance Sheets
December 31, 2021 and December 31, 2020

Unit: Thousand NTD

Liabilities and Stockholders' Equity	Note	December 31, 2021		December 31, 2020		
		Amount	%	Amount	%	
Current liabilities						
2100	Short-term borrowings	6 (10)	\$ 42,000	3	\$ 30,000	2
2110	Short-term bills payable	6 (10)	20,000	1	27,000	2
2150	Notes payable		6,881	-	6,881	-
2200	Other payables	6 (12)	59,005	4	76,072	5
2230	Current income tax liabilities		15,478	1	26,696	2
2280	Current lease liabilities		23,363	2	53,070	4
2300	Other current liabilities	6 (11)	66,659	4	52,549	3
21XX	Total current liabilities		<u>233,386</u>	<u>15</u>	<u>272,268</u>	<u>18</u>
Non-current liabilities						
2540	Long-term borrowings	6 (11)	286,766	19	160,598	10
2550	Provisions for liabilities - non-current	6 (14)	21,790	1	18,528	1
2570	Deferred tax liabilities	6(25)	4,052	-	2,905	-
2580	Non-current lease liabilities		15,962	1	24,778	2
2640	Net defined benefit liabilities - noncurrent	6 (13)	8,552	1	7,856	1
2645	Guarantee deposits received		6,450	-	6,450	-
25XX	Total non-current liabilities		<u>343,572</u>	<u>22</u>	<u>221,115</u>	<u>14</u>
2XXX	Total liabilities		<u>576,958</u>	<u>37</u>	<u>493,383</u>	<u>32</u>
Equity						
Share capital						
3110	Share capital - common stock	6 (15)	690,344	45	690,344	45
Additional paid-in capital						
3200	Additional paid-in capital	6(16)	4,233	-	4,233	1
Retained earnings						
3310	Legal reserve	6(17)	187,193	12	171,221	11
3320	Special reserve		13,064	1	-	-
3350	Unappropriated retained earnings		85,951	6	185,215	12
Other equity interests						
3400	Other equity interests		(18,778)	(1)	(13,064)	(1)
3XXX	Total equity		<u>962,007</u>	<u>63</u>	<u>1,037,949</u>	<u>68</u>
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 1,538,965</u>	<u>100</u>	<u>\$ 1,531,332</u>	<u>100</u>

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation
Standalone Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD
(Except for earnings per share)

Item	Note	2021		2020	
		Amount	%	Amount	%
4000 Operating income	6 (18)	\$ 434,328	100	\$ 505,193	100
5000 Operating cost	6 (23) (24)	(289,596)	(67)	(263,655)	(52)
5900 Operating gross profits		<u>144,732</u>	<u>33</u>	<u>241,538</u>	<u>48</u>
Operating expenses	6 (23) (24)				
6100 Selling and marketing expenses		(6,163)	(1)	(5,411)	(1)
6200 General and administrative expenses		(59,816)	(14)	(67,055)	(14)
6000 Total operating expenses		<u>(65,979)</u>	<u>(15)</u>	<u>(72,466)</u>	<u>(15)</u>
6900 Operating profit		<u>78,753</u>	<u>18</u>	<u>169,072</u>	<u>33</u>
Non-operating income and expenses					
7100 Interest income	6 (19)	252	-	341	-
7010 Other income	6(20) and 7 (3)	8,615	2	12,765	3
7020 Other gains or losses	6(21)	(1,696)	(1)	(2,469)	(1)
7050 Financial costs	6 (22)	(937)	-	(1,928)	-
7070 Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method		<u>4,122</u>	<u>1</u>	<u>6,529</u>	<u>1</u>
7000 Total non-operating income and expenses		<u>10,356</u>	<u>2</u>	<u>15,238</u>	<u>3</u>
7900 Profit before income tax		<u>89,109</u>	<u>20</u>	<u>184,310</u>	<u>36</u>
7950 Income tax expense	6(25)	(17,681)	(4)	(24,586)	(5)
8200 Current period net profit		<u>\$ 71,428</u>	<u>16</u>	<u>\$ 159,724</u>	<u>31</u>
Other comprehensive income for the year (net)					
Items that will be reclassified to profit or loss					
8311 Re-measurements of the defined benefit liability	6 (13)	(\$ 1,980)	-	(\$ 1,040)	-
8316 Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	6(3)	(3,346)	(1)	2,634	-
8349 Income tax related to components of other comprehensive income that is not reclassified to profit or loss	6(25)	<u>396</u>	<u>-</u>	<u>208</u>	<u>-</u>
8310 Total amount of items that will not be reclassified to profit or loss		<u>(4,930)</u>	<u>(1)</u>	<u>1,802</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:					

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation
Standalone Statements of Comprehensive Income
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD
(Except for earnings per share)

8361	Exchange Differences in Translating the Financial Statements of Foreign Operations	6 (6)								
			(	5,464	(	1	(	10,104	(	2)
8399	Income taxes related to items that may be reclassified	6(25)		1,093	-			2,021	1	
8360	Total of Items that may be reclassified to profit or loss		(	4,371	(	1	(	8,083	(	1)
8300	Other comprehensive income for the year (net)		(\$	9,301	(	2)	(\$	6,281	(	1)
8500	Total comprehensive income in the current period		\$	62,127	14		\$	153,443	30	
	Earnings per share	6(26)								
9750	Basic		\$	1.03	\$	2.31				
9850	Diluted		\$	1.03	\$	2.30				

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation
Standalone Statements of Changes in Equity
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD

	Note	Retained earnings			Other equity interests			Total equity	
		Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations		Differences in Unrealized gain or loss on financial assets at fair value through other comprehensive income
2020									
Balance at January 1, 2020		\$ 690,344	\$ 4,233	\$ 157,731	\$ -	\$ 153,720	(\$ 2,909)	(\$ 4,706)	\$ 998,413
Current period net profit		-	-	-	-	159,724	-	-	159,724
Other comprehensive income recognized for the period		-	-	-	-	(832)	(8,083)	2,634	(6,281)
Total comprehensive income in the current period		-	-	-	-	158,892	(8,083)	2,634	153,443
Appropriation and distribution of retained earnings for FY 2019	6(17)	-	-	-	-	-	-	-	-
Legal reserve allocated		-	-	13,490	-	(13,490)	-	-	-
Cash dividends		-	-	-	-	(113,907)	-	-	(113,907)
Balance as of December 31, 2020		\$ 690,344	\$ 4,233	\$ 171,221	\$ -	\$ 185,215	(\$ 10,992)	(\$ 2,072)	\$ 1,037,949
2021									
Balance at January 1, 2021		\$ 690,344	\$ 4,233	\$ 171,221	\$ -	\$ 185,215	(\$ 10,992)	(\$ 2,072)	\$ 1,037,949
Current period net profit		-	-	-	-	71,428	-	-	71,428
Other comprehensive income recognized for the period		-	-	-	-	(1,584)	(4,371)	(3,346)	(9,301)
Total comprehensive income in the current period		-	-	-	-	69,844	(4,371)	(3,346)	62,127
Appropriation and distribution of retained earnings for FY 2020	6(17)	-	-	-	-	-	-	-	-
Legal reserve allocated		-	-	15,972	-	(15,972)	-	-	-
Allocated special reserve		-	-	-	13,064	(13,064)	-	-	-
Cash dividends		-	-	-	-	(138,069)	-	-	(138,069)
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	-	-	-	-	(2,003)	-	2,003	-
Balance at December 31, 2021		\$ 690,344	\$ 4,233	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang, Yi-Yin

Prime Oil Chemical Service Corporation
Standalone Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
<u>Cash flow from operating activities</u>			
Profit before income tax for the year		\$ 89,109	\$ 184,310
Adjustment for:			
Income and expenses having no effect on cash flows			
depreciation expense	6(7) (8)	(24)	140,634
Allocations	6 (24)	1,328	1,130
Gain on valuation of financial assets at fair value through profit or loss	6(2)(21)	(2,533)	(2,765)
Financial costs	6 (22)	937	1,928
Interest income	6 (19)	(252)	(341)
Dividends income	6 (20)	(445)	(650)
Exchange differences in Financial assets measured at amortized cost		463	2,593
Share of profits and losses of affiliated companies and joint ventures recognized under the equity method	6 (6)	(4,122)	(6,529)
Loss on disposal of property, plant and equipment	6(21)	2,405	2,141
Gain on lease modification	6(8)(21)	(31)	(474)
Change in assets/liabilities related to operating activities			
Changes in operating assets			
Notes receivable, net		(473)	(111)
Accounts receivable, net		3,290	(10,626)
Other receivables		1,960	(1,786)
Other receivables – related parties:		9	1,756
Prepayments		5,969	1,894
Changes in operating liabilities			
Notes payable		-	(511)
Other payables		(9,387)	4,535
Other current liabilities		3	(20)
Net defined benefit liabilities		(1,284)	(1,173)
Cash flow from operating activities		248,647	315,935
Interest received		252	341
Dividend received		445	650
Interest paid		(937)	(1,928)
Income tax paid		(26,671)	(14,435)
Net cash generated by operating activities		221,736	300,563
<u>Cash Flow from Investing Activities</u>			
Acquisition of financial assets at fair value through profit or loss	12 (3)	(28,141)	(31,877)
Refund of share price due to capital reduction of financial assets at fair value through profit or loss	12 (3)	14,639	7,661
Return of capital from financial assets at fair value through other comprehensive profit or loss		3,420	-
Dividends received from associates accounted for using equity method	6 (6)	-	10,420
Acquisition of financial assets measured at amortized cost		(12,301)	-
Purchase of property, plant and equipment	6(27)	(157,629)	(299,558)
Disposal of property, plant and equipment		95	1,271
Acquisition of intangible assets		(161)	(1,861)
Increase in refundable deposits		(5,130)	(12,461)
Net cash used in investing activities		(185,208)	(326,405)
<u>Cash Flow from Financing Activities</u>			
Increase (decrease) in short-term bills payable	6(28)	(7,000)	27,000
Increase in short-term borrowings		300,000	452,000
Decrease in short-term borrowings		(288,000)	(422,000)

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation
Standalone Statements of Cash Flows
January 1 to December 31, 2021 and 2020

Unit: Thousand NTD

	Note	January 1 to December 31, 2021	January 1 to December 31, 2020
Increase in long-term borrowings (including current portion)	6(28)	200,400	165,000
Decrease in long-term borrowings (including current portion)	6(28)	(60,125)	(25,810)
Amount of principal payments on lease liabilities	6(28)	(59,830)	(59,058)
Cash dividends paid	6(17)	(138,069)	(113,907)
Net cash (outflow) inflow from financing activities		(52,624)	23,225
Decrease in cash and cash equivalents		(16,096)	(2,617)
Beginning of year cash and cash equivalents		125,413	128,030
Cash and cash equivalents at the end of the year		<u>\$ 109,317</u>	<u>\$ 125,413</u>

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

Chairperson: Liao Shu-chun

Managerial officer: Yeh Tang-jung

Accounting officer: Huang Yi-yin

Prime Oil Chemical Service Corporation
Notes to the Standalone Financial Statements
for the Years Ended December 31, 2021 and 2020

Unit: Thousand NTD
(Unless otherwise specified)

I. Company History and Business Scope

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

II. Date and Procedures for Approval of Financial Statements

The Standalone Financial Statements were approved and authorized for issuance by the Board of Directors on March 24, 2022.

III. Newly-released and amended standards and interpretations

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards recognized by the Financial Supervisory Commission in 2021:

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
Amendment to IFRS 4 "Extension of Provisional Exemption for Application of IFRS 9"	January 1, 2021
Amendments to the IFRS 9, IAS 39, and IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase II."	January 1, 2021
Amendment to IFRS 16 "Rent Reduction associated with the COVID-19 pandemic after June 30, 2021."	April 1, 2021

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

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

The following table summarizes the applicable newly released, corrected and amended standards and interpretations of the International Financial Reporting Standards for 2022 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 3 "Update the index of the conceptual framework."	January 1, 2022
Amendment to IAS 16 "Property, plant and equipment: price before reaching the intended state of use"	January 1, 2022
Amendment to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract."	January 1, 2022
"Annual Improvements 2018 - 2020 Cycle"	January 1, 2022

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

(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>
IFRS 10 and IAS 28 amendments, 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
Amendment to IFRS 17 "Initial Application of IFRS 17 and IFRS 9—Comparative Information."	January 1, 2023
Amendment to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2023
Amendment to IAS 1 "Disclosure of Accounting Policies."	January 1, 2023
Amendment to IAS 8 "Disclosure of Accounting Policies."	January 1, 2023
Amendment to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023

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

IV. Summary of significant accounting policies

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

(I) Compliance statement

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

(II) Basis of preparation

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

(III) Foreign currency translation

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

1. Foreign currency transactions and balances

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

- (4) All foreign exchange gains and losses are presented in the Statements of Comprehensive Income under "other gains and losses."

2. Translation of foreign operations

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

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

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

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

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

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

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

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

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

(V) Cash and cash equivalents

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

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

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

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

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

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

(VIII) Financial assets measured at amortized cost

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

(IX) Accounts and notes receivables

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

(X) Impairment of financial assets

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

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

(XI) De-recognition of financial assets

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

(XII) Lessor Leasing Transaction - Operating lease

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

(XIII) Investments/subsidiaries accounted for under the equity method

1. Subsidiaries are entities controlled by the Company (including structured entities). The Company controls the entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and can affect those returns through its power over the entity
2. All unrealized profit or loss resulting from transactions between the Company and its subsidiaries have been eliminated in full. Accounting policies of subsidiaries have been adjusted when necessary to be consistent with those of the Company.
3. The Company's share of profit or loss in subsidiaries after acquisition is recognized in the profit or loss, whereas its share of other comprehensive income in subsidiaries after acquisition is recognized in other comprehensive income. If the Company's recognized losses in a subsidiary equal to or exceed its equity in such subsidiary, the Company continues to recognize losses against its shareholding percentage.
4. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in the Standalone Financial Statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a standalone basis and the owners' equity presented in the Standalone Financial Statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a standalone basis.

(XIV) Property, Plant and Equipment

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

values and useful lives differ from previous estimates or patterns of consumption of the future economic benefits embodied in such assets have changed significantly, such change is handled according to IAS 8, “Accounting Policies, Changes in Accounting Estimates and Errors” from the date of such change. Useful life of each asset.

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

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

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

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

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

(XVI) Impairment of non-financial assets

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

(XVII) Loans

1. comprises of long-term and short-term bank borrowings. Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the profit or loss over the period of the loans using the effective interest method.
2. Fees paid on the establishment of loan facilities are recognized as transaction costs of the

loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fees are deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, such fees are capitalized as a pre-payment and amortized over the respective period of the facilities.

(XVIII) De-recognition of financial liabilities

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

(XIX) 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.

(XX) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

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

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

Employees' compensation and directors' and supervisors' remuneration are recognized as

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

(XXI) 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.

(XXII) Income tax

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

(XXIII) 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.

(XXIV) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities.

(XXV) Revenue recognition

1. Rental income

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

2. Tank operations revenue

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

3. Electricity sales revenue

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

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

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

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

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

VI. Statements of main accounting items

(I) Cash and cash equivalents

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Cash on hand and working capital	\$ 210	\$ 217
Checking accounts and demand deposits	76,207	67,296
Time deposits	<u>32,900</u>	<u>57,900</u>
	<u>\$ 109,317</u>	<u>\$ 125,413</u>

1. The Company associates with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

2. The Company has not pledged its cash and cash equivalents

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

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Investment in private equity	\$ 70,196	\$ 56,694
Valuation adjustment	<u>12,913</u>	<u>10,380</u>
Total	<u>\$ 83,109</u>	<u>\$ 67,074</u>

1. Gain and loss recognized for financial assets at fair value through profit or loss held by the Company was \$2,533 and \$2,765 in 2021 and 2020, respectively.

2. The Company has not pledged any financial assets at fair value through profit or loss.

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

<u>Item</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Non-current items:		
Equity instruments		
Stock not listed on TWSE, TPEX or the emerging market	\$ 33,440	\$ 36,879
Valuation adjustment	<u>2,774</u>	<u>6,101</u>
Total	<u>\$ 36,214</u>	<u>\$ 42,980</u>

1. The Company has elected to classify its strategic investments in equity stock as financial assets at fair value through other comprehensive income. The fair values of these investments

were \$36,214 and \$42,980 as of December 31, 2021 and December 31, 2020, respectively.

2. As of 2021, the Company de-recognized stocks with a carrying value of \$5,423 due to a capital reduction by the target company and reclassified the cumulated loss of \$2,003 to unappropriated earnings. No such situation occurred in 2020.
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>2021</u>	<u>2020</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Change in fair value recognized in other comprehensive Income	(\$ 3,346)	\$ 2,634
Cumulative gains (losses) reclassified to retained earnings due to derecognition	\$ 2,003	\$ -
Dividend income recognized in profit or loss		
Held at end of period	\$ 223	\$ 650
De-recognized during the period	222	-
	<u>\$ 445</u>	<u>\$ 650</u>

4. Without considering the collaterals held or other credit enhancements, the amount of financial assets at fair value through other comprehensive income that best represented the Company's maximum exposure to credit risk was \$36,214 and \$42,980 as of December 31, 2021 and December 31, 2020, respectively.
5. The Company has not pledged any financial assets at fair value through other comprehensive income.

(IV) Financial assets measured at amortized cost

<u>Items</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Current items:		
The term deposit with original maturity over three months	\$ 10,000	\$ -
Trust account	<u>16,026</u>	<u>16,489</u>
Total	<u>\$ 26,026</u>	<u>\$ 16,489</u>
Non-current items:		
Restricted asset	<u>\$ 2,301</u>	<u>\$ -</u>

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

	<u>2021</u>	<u>2020</u>
Interest income	\$ 6	\$ 13
loss on valuation	(463)	(2,593)
	<u>(\$ 457)</u>	<u>(\$ 2,580)</u>

2. Without considering the collaterals held or other credit enhancements, the amount of financial assets measured at amortized cost that best represented the Company's maximum exposure to credit risk was \$28,327 and \$16,489 as of December 31, 2021 and December 31, 2020, respectively.
3. Information about the financial assets measured at amortized cost that were pledged to others as collaterals is provided in Note 8.
4. Risk information about the relative financial assets measured at amortized cost is provided in Note 12(2).
5. On December 22, 2016, the Company entered into a contract for the construction of a solar power generation system (hereinafter referred to as the "construction contract") and a contract for the purchase of solar power generation system equipment (hereinafter referred to as the "purchase contract") with Chunghwa Telecom Vietnam Co. Ltd. to construct a solar power generation system in Cambodia. The total construction price was US\$7,750 thousand. On December 28, 2016, the Company trusted US\$6,010 thousand by wire transfer to a third-party financial institution; as of December 31, 2021, and December 31, 2020, the balance of the trust account was US\$580 thousand, which is shown as "financial assets measured at amortized cost - current" due to the restricted use.
6. According to the construction contract, the construction of the solar power generation system in the preceding paragraph should be completed within one year and the amount in trust account has been paid to Chunghwa Telecom Vietnam Co. Ltd. However, Chunghwa Telecom Vietnam Co., Ltd. refused to fulfill its obligations under the above "construction contract" in the third quarter of 2017. In view of the aforementioned situation, the Company sent a formal letter to Chunghwa Telecom Vietnam to urge Chunghwa Telecom Vietnam to perform its obligations under the construction contract within the deadline, however after the expiration of the reminder period, Chunghwa Telecom Vietnam's contract obligations remained unfulfilled. Hence the Company legally terminated the construction contract. The Company has filed a lawsuit for civil damages with the Taiwan Taipei District Court (TDC) in April, 2018.
7. In December 2020, the Company received a notice of judgment from the TDC denying the Company's request. After consulting with the attorney, the Company filed an appeal with the Taiwan High Court in January 2021. No further notice has been given as of December 31, 2021.

(V) Notes and accounts receivable

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Note receivable	<u>\$ 717</u>	<u>\$ 244</u>
Trade receivable	\$ 38,559	\$ 41,849
Less: provision	<u>-</u>	<u>-</u>
	<u>\$ 38,559</u>	<u>\$ 41,849</u>

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

	<u>December 31, 2021</u>		<u>December 31, 2020</u>	
	<u>Trade receivable</u>	<u>Note receivable</u>	<u>Trade receivable</u>	<u>Note receivable</u>
Not Past Due	<u>\$ 38,559</u>	<u>\$ 717</u>	<u>\$ 41,849</u>	<u>\$ 244</u>

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

2. As of December 31, 2021 and December 31, 2020, the balance of receivables (including notes receivables) are generated from the contracts between the Company and its customers. And as of January 1, 2020, the balance of receivables generated from such contracts was \$31,356.
3. The Company did not hold any collaterals.
4. Without considering the collaterals held or other credit enhancements, the number of notes receivables that best represented the Company's maximum exposure to credit risk was \$717 and \$244 as of December 31, 2021 and December 31, 2020, respectively; the amount of accounts receivables that best represented the Company's maximum exposure to credit risk was \$38,559 and \$41,849 as of December 31, 2021 and December 31, 2020, respectively.
5. Please refer to Note 12, (2) for the related credit risk information of accounts receivable.

(VI) Investments accounted for using equity method

January 1	<u>2021</u>	<u>2020</u>
	\$296,822	\$313,317
Unrealized (realized) loss on disposal of fixed assets between parent and subsidiaries.		
Unrealized (realized) loss on disposal of fixed assets between the parent company and subsidiaries.	(2,500)	(2,500)
Profit and loss attributable to the parent company for investments using equity method	4,122	6,529
Distribution attributable to the parent company for investments using equity method	-	(10,420)
Other changes in equity	<u>(5,464)</u>	<u>(10,104)</u>
December 31	<u>\$ 292,980</u>	<u>\$ 296,822</u>

<u>Investee companies</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Subsidiaries		
He Zhen Feng Co., Ltd.	\$ 1,077	\$ 1,113
POCS POWER CO., LTD.	46,081	45,123
Prime Holdings Corporation	<u>245,822</u>	<u>250,586</u>
	<u>\$ 292,980</u>	<u>\$ 296,822</u>

1. Information regarding the Company's subsidiaries, please refer to the Company's Consolidated Financial Statements Note. 4(3) as of 2021 and 2020.
2. On November 7, 2019, the Board of Directors resolved to increase the capital of Prime Holdings Corporation by US\$4,799 thousand (equivalent to NT\$146,171) with assets. The difference between the carrying amount of such assets and the carrying amount of property, plant and equipment has been eliminated by eliminating the net unrealized loss on disposal of property, plant and equipment arising from downstream transactions of NT\$60,413, which was recorded as an addition to the "investments accounted for using the equity method" account. The unrealized loss on disposal of property, plant and equipment as of December 31, 2021 was \$55,413.

(VII) Property, Plant and Equipment

	<u>Warehousing equipment</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Lease improvement</u>	<u>Lease assets</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
January 1, 2021								
Cost	\$ 629,277	\$ 8,161	\$ 1,648	\$ 1,037	\$ 909,441	\$ 478,714	\$ 41,258	\$ 2,069,536
Accumulated depreciation and impairment	(363,858)	(3,945)	(1,278)	(750)	(878,773)	(51,721)	-	(1,300,325)
	<u>\$ 265,419</u>	<u>\$ 4,216</u>	<u>\$ 370</u>	<u>\$ 287</u>	<u>\$ 30,668</u>	<u>\$ 426,993</u>	<u>\$ 41,258</u>	<u>\$ 769,211</u>
2021								
January 1	\$ 265,419	\$ 4,216	\$ 370	\$ 287	\$ 30,668	\$ 426,993	\$ 41,258	\$ 769,211
Addition	52,724	2,611	54	-	-	78,393	19,429	153,211
Number of Transfers	14,019	100	-	-	-	20,328	(34,447)	-
depreciation expense	(64,445)	(1,185)	(85)	(139)	(11,066)	(26,843)	-	(103,763)
December 31	<u>\$ 267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$ 498,871</u>	<u>\$ 26,240</u>	<u>\$ 818,659</u>
December 31, 2021								
Cost	\$ 650,880	\$ 10,001	\$ 521	\$ 884	\$ 86,132	\$ 577,434	\$ 26,240	\$ 1,352,092
Accumulated depreciation and impairment	(383,163)	(4,259)	(182)	(736)	(66,530)	(78,563)	-	(533,433)
	<u>\$ 267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$ 498,871</u>	<u>\$ 26,240</u>	<u>\$ 818,659</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, 2020								
Cost	\$ 567,780	\$ 7,127	\$ 1,648	\$ 1,037	\$ 909,441	\$ 241,382	\$ 13,952	\$ 1,742,367
Accumulated depreciation and impairment	(315,860)	(5,041)	(1,200)	(687)	(866,025)	(30,979)	-	(1,219,792)
	<u>\$ 251,920</u>	<u>\$ 2,086</u>	<u>\$ 448</u>	<u>\$ 350</u>	<u>\$ 43,416</u>	<u>\$ 210,403</u>	<u>\$ 13,952</u>	<u>\$ 522,575</u>
2020								
January 1	\$ 251,920	\$ 2,086	\$ 448	\$ 350	\$ 43,416	\$ 210,403	\$ 13,952	\$ 522,575
Addition	61,497	4,162	-	-	-	237,332	27,975	330,966
Amount transferred due to disposal	-	(912)	-	-	-	-	-	(912)
Amount transferred due to disposal (Note)	-	-	-	-	-	-	(669)	(669)
depreciation expense	(47,998)	(1,120)	(78)	(63)	(12,748)	(20,742)	-	(82,749)
December 31	<u>\$ 265,419</u>	<u>\$ 4,216</u>	<u>\$ 370</u>	<u>\$ 287</u>	<u>\$ 30,668</u>	<u>\$ 426,993</u>	<u>\$ 41,258</u>	<u>\$ 769,211</u>
December 31, 2020								
Cost	\$ 629,277	\$ 8,161	\$ 1,648	\$ 1,037	\$ 909,441	\$ 478,714	\$ 41,258	\$ 2,069,536
Accumulated depreciation and impairment	(363,858)	(3,945)	(1,278)	(750)	(878,773)	(51,721)	-	(1,300,325)
	<u>\$ 265,419</u>	<u>\$ 4,216</u>	<u>\$ 370</u>	<u>\$ 287</u>	<u>\$ 30,668</u>	<u>\$ 426,993</u>	<u>\$ 41,258</u>	<u>\$ 769,211</u>

Note: Transfers during the period represents \$669 transferred to intangible assets

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

	<u>2021</u>	<u>2020</u>
Capitalized amount	\$ <u>6,678</u>	\$ <u>3,569</u>
Capitalized interest rate range	1.00%~1.54%	0.95%~1.76%

2. Significant components of the Company's warehousing equipment, including tanks and pipelines are depreciated over 2 to 35 years
3. The Company's property, plant and equipment showed no signs of impairment from January 1 to December 31, 2021 and 2020.
4. Please refer to Note 8 for information on the guarantees provided by the Company's on property, plant and equipment.

(VIII) Leasing arrangements - lessee

1. The subject assets of the Company's leases include land use rights, buildings and other equipment. Except for the land use rights, which have a period of 20 years, the remaining lease agreements normally have a period of 2 to 9 years.

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

2. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights	\$ 9,245	\$ 9,754
Buildings	20,399	6,392
Other Equipment	<u>18,313</u>	<u>68,411</u>
	<u>\$ 47,957</u>	<u>\$ 84,557</u>

	<u>2021</u>	<u>2020</u>
	<u>Depreciation expense</u>	<u>Depreciation expense</u>
Land use rights	\$ 509	\$ 423
Buildings	6,975	6,974
Other Equipment	<u>50,454</u>	<u>50,488</u>
	<u>\$ 57,938</u>	<u>\$ 57,885</u>

3. The additions to the Company's right-of-use assets were \$21,338 and \$10,434 as of 2021 and 2020, respectively.

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

	<u>2021</u>	<u>2020</u>
<u>Items affecting current profit and loss</u>		
Interest expenses on lease liabilities	\$ 937	\$ 1,928
Expenses for leases of low-value assets	285	255
Expenses for variable lease payments	5,681	4,119
Gain on lease modification	31	474

5. The Company's total lease cash outflows were \$66,733 and \$65,360 as of 2021 and 2020, respectively (of which \$59,830 and \$59,058 were for the principal of lease liabilities).

6. Effect of variable lease payments on lease liabilities

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

(IX) Leasing arrangements - lessor

1. The target assets leased by the Company are warehousing equipment. The lease agreements are usually for a period of 1 to 6 years and are negotiated on an individual basis and contain various terms and conditions

2. The Company recognized rental income of \$292,527 and \$375,100 in 2021 and 2020, 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, 2021</u>	<u>December 31, 2020</u>
2021	\$ -	\$ 268,477
2022	259,841	29,270
2023	27,680	5,860
2024~2027	40,000	-
Total	<u>\$ 327,521</u>	<u>\$ 303,607</u>

(X) Short-term borrowings and bills payable

<u>Nature of borrowings</u>	<u>December 31, 2021</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 42,000</u>	1.00%	None
Short-term bills payable	<u>\$ 20,000</u>	0.53%	None

<u>Nature of borrowings</u>	<u>December 31, 2020</u>	<u>Interest Rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 30,000</u>	0.95%	None
Short-term bills payable	<u>\$ 27,000</u>	0.78%	None

(XI) Long-term borrowings

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

		June 30, 2021. The remaining principal shall be fully repaid at maturity.			
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)	1.5007%	None	38,000
Secured borrowings					
Land Bank of Taiwan	2021.2.26~2031.2.26	The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	1.50%	Other Equipment	67,243
Mega International Commercial Bank.	2018.12.26~2028.12.26	The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) March 26, 2019. (Note)	1.54%	Other Equipment	10,500
Mega International Commercial Bank.	2019.12.4~2028.12.26	The principal and interest shall be repaid in 37 equal installments commencing from (inclusive) December 26, 2019. (Note)	1.54%	Other Equipment	15,135
Mega International Commercial Bank.	2020.3.31~2028.12.26	The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) March 31, 2020. (Note)	1.54%	Other Equipment	68,000
Mega International Commercial Bank.	2021.3.31~2031.3.31	The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 30, 2021.	1.515%	Other Equipment	4,750
Mega International Commercial Bank	2021.9.29~2031.3.31	The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) September 29, 2021.	1.515%	Other Equipment	14,615
Mega International Commercial Bank.	2021.12.29~2031.3.31	The principal and interest shall be repaid in 34 equal installments commencing from	1.515%	Other Equipment	42,400

Far Eastern International Bank	(inclusive) December 29, 2021. 2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	1.5012%	Other Equipment	
				<u>16,439</u>
				353,350
Less: Current portion (other current liabilities)				<u>(66,584)</u>
				<u>\$ 286,766</u>

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Interest Rate</u>	<u>Collateral</u>	<u>December 31, 2020</u>
Credit borrowings				
Land Bank of Taiwan	2017.7.7~2022.7.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) August 7, 2018.	1.51%	None	\$ 20,195
Land Bank of Taiwan	2018.5.7~2023.5.7 The principal and interest shall be repaid in 48 equal installments commencing from (inclusive) June 7, 2019.	1.51%	None	5,869
Chinatrust Commercial Bank	2020.6.30~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity.	1.20%	None	40,000
Chinatrust Commercial Bank	2020.9.18~2023.6.30 15% of the principal shall be repaid in 5 installments commencing from (inclusive) June 30, 2021. The remaining principal shall be fully repaid at maturity.	1.20%	None	40,000
Secured borrowings				
Mega International Commercial Bank.	2018.12.26~2028.12.26 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) March 26, 2019. (Note)	1.44%	Other Equipment	12,000

Mega International Commercial Bank	2019.12.4~2028.12.26 The principal and interest shall be repaid in 37 equal installments commencing from (inclusive) December 26, 2019. (Note)	1.44%	Other Equipment	17,297
Mega International Commercial Bank.	2020.3.31~2028.12.26 The principal and interest shall be repaid in 35 equal installments commencing from (inclusive) March 31, 2020. (Note)	1.44%	Other Equipment	
				<u>77,714</u>
				213,075
Less: Current portion (other current liabilities)				<u>(52,477)</u>
				<u>\$ 160,598</u>

Note: The Company entered into a long-term loan agreement with Mega International Commercial Bank (Mega Bank) for a facility amount of \$120,000 in 2018. The financial ratio limits for the duration of the loan are that the current ratio should be maintained at 85% or more and the debt ratio should be maintained at 150% or less which was revised in 2020. The aforementioned ratios are calculated based on the annual consolidated financial statements and are reviewed annually. If the aforementioned financial review criteria are not met, the interest rate on this loan will be increased by 0.1% from the day after the violation to the day before the improvement. The Company's consolidated financial statements for 2021 did not meet this criteria, but if the bank increases the interest rate, there should be no significant impact on the Company

(XII) Other payables

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Equipment payables	\$ 34,582	\$ 42,262
Employees' bonuses and directors' and supervisors' remuneration payable	5,788	11,974
Salary payables	7,582	9,607
Others	<u>11,053</u>	<u>12,229</u>
	<u>\$ 59,005</u>	<u>\$ 76,072</u>

(XIII) 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, 2021</u>	<u>December 31, 2020</u>
Present value of defined benefit obligation	\$ 25,423	\$ 32,450
Fair value of the plan asset	<u>(16,871)</u>	<u>(24,594)</u>
Net liabilities recognized in balance sheet	<u>\$ 8,552</u>	<u>\$ 7,856</u>

(3) Changes of net liabilities are as follows:

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

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

	<u>Present value of defined benefit obligation</u>	<u>Fair value of the plan asset</u>	<u>Net defined benefit liabilities</u>
2020			
Balance as of January 1	\$ 30,447	(\$ 22,458)	\$ 7,989
Current service cost	254	-	254
Interest expense (revenue)	<u>192</u>	<u>(141)</u>	<u>51</u>
	<u>30,893</u>	<u>(22,599)</u>	<u>8,294</u>
Remeasurements:			
Return of plan asset (excluding amounts attributable to interest income or expense)	-	(517)	(517)
Effect of changes in financial assumptions	1,265	-	1,265
Experience adjustment	<u>292</u>	<u>-</u>	<u>292</u>
	<u>1,557</u>	<u>(517)</u>	<u>1,040</u>
Pension fund contribution	<u>-</u>	<u>(1,478)</u>	<u>(1,478)</u>
Balance at December 31	<u>\$ 32,450</u>	<u>(\$ 24,594)</u>	<u>\$ 7,856</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, 2021 and 2020 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>2021</u>	<u>2020</u>
Discount rate	<u>0.70%</u>	<u>0.30%</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, 2021				
Effect on the present value of defined benefit obligation	<u>(\$ 709)</u>	<u>\$ 738</u>	<u>\$ 498</u>	<u>(\$ 482)</u>
	<u>Discount rate</u>		<u>Future salary increase rate</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>	<u>0.25%</u>
December 31, 2020				
Effect on the present value of defined benefit obligation	<u>(\$ 800)</u>	<u>\$ 834</u>	<u>\$ 589</u>	<u>(\$ 570)</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 2022 amount to \$1,458.
- (7) As of December 31, 2021, the weighted average duration of the retirement plan is 11 years. The maturity analysis of pension payments is as follows:

In less than 1 year	\$	861
1-2 years		793
2-5 years		4,092
In more than 5 years		<u>21,817</u>
	<u>\$</u>	<u>27,563</u>

2. Defined contribution plan

the Company has established a defined contribution pension plan under the Labor Pension Act covering all regular employees with domestic citizenship. The Company contributes monthly no less than 6% of salaries as labor pensions to employees' personal accounts at the Bureau of Labor Insurance for employees who choose to apply the labor pension system under the "Labor Pension Act." Payments of employee pensions are made in the form of monthly pensions or one-time lump-sum, depending on the amount of the employees' personal accounts and accumulated earnings. The Company recognized pension costs of \$2,352 and \$2,383 as of 2021 and 2020, respectively, based on the above pension plan.

(XIV) Provision - non-current

	<u>2021</u>		<u>2020</u>
Balance as of January 1	\$ 18,528	\$	14,245
Provision added this period	<u>3,262</u>		<u>4,283</u>
Balance at December 31	<u>\$ 21,790</u>	\$	<u>18,528</u>

1. The company entered into a lease agreement with the Taiwan International Ports Corporation, Ltd. in November 2016 for a period ending on April 30, 2022. According to the agreement, the Company should restore the leased terminal base to its original condition by demolition at the end of the lease period. Therefore, the provision for liabilities based on the expected cost of dismantling, removing or restoring the site was \$9,886 as of December 31, 2021 and December 31, 2020.

2. The Company's solar power generation sites are built on the roof. According to the contract, the Company should restore the leased site to its original condition at the end of the lease term. Therefore, the provision for liabilities recognized for the solar power site based on the costs expected to be incurred for dismantling, removing or restoring the site were \$11,904 and \$8,642 as of December 31, 2021 and December 31, 2020, respectively.

(XV) Share capital

As of December 31, 2021, the Company's authorized capital was NT\$2,000,000 and the paid-in capital was NT\$690,344, divided into 69,034 thousand shares with a par value of NT\$10 per share.

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

	<u>2021</u>		<u>2020</u>
Number at the beginning of the period (i.e. Number at the end of the period)	<u>69,034 thousand shares</u>		<u>69,034 thousand shares</u>

(XVI) 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.

(XVII) Retained earnings

1. In accordance with the Company Act, the capital surplus from premium from issuance of shares in excess of par value and the capital surplus from donations may be used to cover losses, and new shares or cash may be issued in proportion to the shareholders' original shareholding percentages when the Company has no accumulated losses. In addition, in accordance with the Securities and Exchange Act, the above capital surplus can be capitalized to the extent that the total amount does not exceed 10% of the paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.
2. In accordance with the Company Act, the legal reserve may not be used except to cover losses or to issue new shares or cash in proportion to the shareholders' original shareholding percentages, but it is limited to the portion of the legal reserve over 25% of the paid-in capital.
3. On August 18, 2021 and June 16, 2020, the Shareholders' Meeting of the Company approved the distribution of earnings for 2020 and 2019 respectively. The resolution is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserve allocated	\$ 15,972		\$ 13,490	
Allocated special reserve	13,064		-	
Cash dividends paid	<u>138,069</u>	\$ 2.00	<u>113,907</u>	\$ 1.65
Total	<u>\$167,105</u>		<u>\$127,397</u>	

4. On March 24, 2022, the Board of Directors proposed and approved the distribution of earnings for 2021. The resolution is as follows:

	<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserve allocated	\$ 6,984	
Allocated special reserve	5,714	
Cash dividends paid	<u>55,227</u>	\$ 0.80
Total	<u>\$ 67,925</u>	

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

(XVIII) Operating income

	<u>2021</u>	<u>2020</u>
Operating lease		
Rental incomes	\$ 292,527	\$ 375,100
Revenue from Customer Contract		
Tank operation revenue	79,460	79,795
Electricity sales revenue	<u>62,341</u>	<u>50,298</u>
Total	<u>\$ 434,328</u>	<u>\$ 505,193</u>

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

(XIX) Interest income

	<u>2021</u>	<u>2020</u>
Interest income	<u>\$ 252</u>	<u>\$ 341</u>

(XX) Other income

	<u>2021</u>	<u>2020</u>
Rental income	\$ 95	\$ 114
Dividends income	445	650
Endorsement and guarantee fee income	6,610	6,250
Indemnity income	360	4,800
Other income	<u>1,105</u>	<u>951</u>
Total	<u>\$ 8,615</u>	<u>\$ 12,765</u>

(XXI) Other gains or losses

	<u>2021</u>	<u>2020</u>
Gain on financial assets at fair value through profit or loss	\$ 2,533	\$ 2,765
Gain on financial assets at fair value through profit or loss		
Loss on disposal of property, plant	(2,405)	(2,141)

and equipment		
Net foreign currency exchange loss	(1,855)	(3,155)
Gain on lease modification	31	474
Others	-	(412)
Total	<u>(\$ 1,696)</u>	<u>(\$ 2,469)</u>

(XXII) Financial costs

	<u>2021</u>	<u>2020</u>
Interest expenses		
Bank borrowings	\$ 6,678	\$ 3,569
Less: The amount of asset capital that meets the requirements	<u>(6,678)</u>	<u>(3,569)</u>
	-	-
Interest expenses on lease liabilities	<u>937</u>	<u>1,928</u>
	<u>\$ 937</u>	<u>\$ 1,928</u>

(XXIII) Expenses by nature

	<u>2021</u>	<u>2020</u>
Employee benefits expense	\$ 75,663	\$ 81,353
depreciation expense	161,701	140,634
Amortization expenses	1,328	1,130
Expenses for variable lease payments	5,681	4,119
Low-value asset rents	285	255
Terminal administrative expenses	29,409	28,756
Miscellaneous purchases	11,711	12,046
Other expenses	<u>69,797</u>	<u>67,828</u>
Operating costs and operating expenses	<u>\$ 355,575</u>	<u>\$ 336,121</u>

(XXIV) Employee benefits expense

	<u>2021</u>	<u>2020</u>
Salary expenses	\$ 61,273	\$ 64,773
Labor and health insurance expenses	5,558	4,902
Pension costs	2,559	2,688
Directors' remuneration	2,233	4,465
Other employee expenses	<u>4,040</u>	<u>4,525</u>
	<u>\$ 75,663</u>	<u>\$ 81,353</u>

1. In accordance with the Company's Articles of Incorporation, if the Company has a surplus in earnings after deducting the accumulated losses based on the profitability of the current year, the Company shall appropriate no less than 3% as employees' profit sharing remuneration and no more than 5% as directors' and supervisors' profit sharing remuneration.
2. The estimated profit sharing amount for employees for the year ended December 31, 2021 and 2020 were \$2,894 and \$5,987, respectively; the estimated profit sharing amount for directors' and supervisors' were \$2,894 and \$5,987, respectively. The aforementioned amounts were recorded as salary expenses.

For the year ended December 31, 2021 and 2020, the profit sharing remuneration to employees and profit sharing remuneration to directors and supervisors were both estimated at 3% based on the profitability of the period. The profit sharing for employees and the profit sharing for directors and supervisors resolved by the Board of Directors for 2020 were consistent with the amounts recognized in the 2020 financial statements.

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

(XXV) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2021</u>		<u>2020</u>
Current tax:			
Income taxes arising from incomes for the current period	\$ 15,478	\$	36,113
Amount of income tax overestimated for prior years	(25)	(	12,198)
Tax on undistributed surplus earning	-		-
Total current tax	<u>15,453</u>		<u>23,915</u>
Deferred income tax:			
Origination and Reversal of Temporary Differences	<u>2,228</u>		<u>671</u>
Deferred tax:	<u>2,228</u>		<u>671</u>
Income tax expense	<u>\$ 17,681</u>	\$	<u>24,586</u>

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

	<u>2021</u>		<u>2020</u>
Translation differences of foreign operations	\$ 1,093	\$	2,021
Remeasurements of defined benefit obligation	<u>396</u>		<u>208</u>
	<u>\$ 1,489</u>	\$	<u>2,229</u>

2. Reconciliation between income tax expense and accounting profit

	<u>2021</u>		<u>2020</u>
Income tax expense at the statutory rate	\$ 17,823	\$	36,862
Effect from receiving dividend from investee accounted for using the equity method and income	-		2,084
Effect from tax-exempt income under the tax law	216	(	2,614)
Effect from exclusion of expenses according to the tax law	489		452
Amount of income tax overestimated for prior years	(25)	(	12,198)
Others	<u>(822)</u>		<u>-</u>
Income tax expense	<u>\$ 17,681</u>	<u>\$</u>	<u>24,586</u>

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

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

	<u>2020</u>			
	January 1	Recognized in profit or loss	Recognized in other comprehensive net profit	December 31
Deferred income tax assets				
- temporary difference:				
Bonus for employees not taking leave	\$ 410	\$ -	\$ -	\$ 410
Pension liability	1,598	(234)	208	1,572
Unrealized exchange gains or loss	-	522	-	522
Cumulative translation adjustment	<u>727</u>	<u>-</u>	<u>2,021</u>	<u>2,748</u>
	<u>\$ 2,735</u>	<u>\$ 288</u>	<u>\$ 2,229</u>	<u>\$ 5,252</u>
- Deferred income tax liabilities				
Gain on investment	<u>(\$ 1,946)</u>	<u>(\$ 959)</u>	<u>\$ -</u>	<u>(\$ 2,905)</u>

4. Except for that of 2019, the income tax of the Company have been assessed by the tax authorities through 2020.

(XXVI) Earnings per share

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

	<u>2020</u>		
	After-tax amount	Weighted average Number of shares in circulation (thousands of shares)	Earnings per share (NTD)
<u>Basic earnings per share</u>			
Current period net profit	\$ 159,724	69,034	<u>\$ 2.31</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	<u>-</u>	<u>314</u>	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 159,724</u>	<u>69,348</u>	<u>\$ 2.30</u>

(XXVII) Supplemental cash flow information

Investing activities that are only partially paid in cash

	<u>2021</u>	<u>2020</u>
Purchase of property, plant and equipment	\$ 153,211	\$ 330,966
Add: Equipment payable at the beginning of the period	42,262	15,137
Add: Equipment payable at the end of the period	(34,582)	(42,262)
Less: Provision for liabilities - non- current added during the period	<u>(3,262)</u>	<u>(4,283)</u>
Cash paid during the period	<u>\$ 157,629</u>	<u>\$ 299,558</u>

(XXVIII) Changes in liabilities arising from financing activities

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

			<u>2020</u>	
	lease liabilities	Short-term borrowings and bills payable	Long-term borrowings (including portions due within one year or one operating cycle)	Total liabilities from financing activities
January 1	\$ 126,946	\$ -	\$ 73,885	\$ 200,831
Changes in cash flows from financing activities	(59,058)	57,000	139,190	137,132
Other non-cash transactions	9,960	-	-	9,960
December 31	<u>\$ 77,848</u>	<u>\$ 57,000</u>	<u>\$ 213,075</u>	<u>\$ 347,923</u>

VII. Related-Party Transactions

(I) Parent company and ultimate controlling party

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

(II) Names of related parties and relationship

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

(III) Significant transactions and balances with related parties

1. Receivables from related parties

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Other receivables		
- POCSPC	<u>\$ 1,713</u>	<u>\$ 1,722</u>

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

2. Other income

	<u>2021</u>	<u>2020</u>
endorsements and guarantee fees income:		
- POCSPC	\$ 6,238	\$ 6,250
Management services income:		
- POCSPC	<u>372</u>	<u>385</u>
Total	<u>\$ 6,610</u>	<u>\$ 6,635</u>

3. Endorsements and guarantees for related parties

	<u>2021</u>	<u>2020</u>
Subsidiaries- POCSPC	<u>\$ 244,300</u>	<u>\$ 250,000</u>

(IV) Compensation of key management personnel

	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 22,197	\$ 25,582
Post-employment benefits	<u>1,099</u>	<u>1,095</u>
Total	<u>\$ 23,296</u>	<u>\$ 26,677</u>

VIII. Pledged assets

<u>Asset type</u>	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>Purpose</u>
Refundable deposits (time deposits)	\$ 2,850	\$ 2,400	Customs duty
Refundable deposits (time deposits)	36,008	36,118	Lease deposits
Refundable deposits (time deposits)	18,316	13,771	Performance guarantee deposits
Financial assets measured at amortized cost – non-current	2,301	-	Long-term borrowings
Other Equipment	313,884	130,805	Long-term borrowings
	<u>\$ 373,359</u>	<u>\$ 183,094</u>	

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Contingencies

Not applicable.

(II) Capital expenditures contracted for but not yet incurred

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Property, Plant and Equipment	<u>\$ 191,297</u>	<u>\$ 110,739</u>

X. Losses due to major disasters

Not applicable.

XI. Significant events after the balance sheet date

On March 24, 2022, the Board of Directors passed the distribution of 2021 earnings. Please refer to Note 6(17).

XII. Others

(I) Capital management

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

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

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
Total loans	\$ 415,350	\$ 270,075
Less: Cash and cash equivalents	<u>(109,317)</u>	<u>(125,413)</u>
Net debt	<u>\$ 306,033</u>	<u>\$ 144,662</u>
Total equity	<u>\$ 962,007</u>	<u>\$ 1,037,949</u>
Debt-to-equity ratio	<u>31.81%</u>	<u>13.94%</u>

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2021</u>	<u>December 31, 2020</u>
<u>Financial asset</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 83,109</u>	<u>\$ 67,074</u>
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	<u>\$ 36,214</u>	<u>\$ 42,980</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 109,317	\$ 125,413
Financial assets measured at amortized cost - current	26,026	16,489
Note receivable	717	244
Trade receivable	38,559	41,849
Other receivables (including related parties)	1,713	3,682
Financial assets measured at amortized cost - non-current	2,301	-
Refundable deposits	<u>63,358</u>	<u>58,228</u>
	<u>\$ 241,991</u>	<u>\$ 245,905</u>
<u>Financial liability</u>		
Financial assets measured at amortized cost		
Short-term borrowings	\$ 42,000	\$ 30,000
Short-term bills payable	20,000	27,000
Notes payable	6,881	6,881

Other payables	59,005	76,072
Long-term borrowings (including portions due within one year or one operating cycle)	353,350	213,075
Guarantee deposits received	6,450	6,450
	<u>\$ 487,686</u>	<u>\$ 359,478</u>
lease liabilities	<u>\$ 39,325</u>	<u>\$ 77,848</u>

2. Risk management policies

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

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

3. Significant financial risks and degrees of financial risks

(1) Market risk

Exchange rate risk

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

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

<u>December 31, 2020</u>						
<u>Sensitivity Analysis</u>						
	Foreign currency (NTD thousands)	Exchange rate	Carrying amount (NTD)	Change range	Impact on profit or loss	Impact on comprehensiv e income
<u>Financial asset</u>						
<u>Non-monetary items</u>						
USD: NTD	\$8,814	28.43	\$250,586	1%	\$ -	\$ -

C. The total amount of exchange losses (both realized and unrealized) recognized in 2021 and 2020 was \$1,855 and \$3,155, respectively, due to the significant impact of exchange rate fluctuations on the Company's monetary items.

(2) Price risk

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

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

(3) Cash flow and fair value interest rate risk

A. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at floating rates expose the Company to cash flow interest rate risks which

are partially offset by cash and cash equivalents held at floating rates. For year 2021 and 2020, the Company's borrowings based on floating interest rate were denominated in NTD.

- B. The Company simulates various scenarios and analyzes interest rate risk, including consideration of refinancing, renewal of existing outstanding, and other available financing and hedging instruments, to calculate the impact of changes in specific interest rates on profit or loss. For each simulated scenario, the same interest rate change is applied to all currencies. These simulated scenarios are used only for significant interest-bearing liabilities.
- C. As of December 31, 2021 and December 31, 2020, if the interest rate of all borrowings increased by 1% with all other factors held constant, net profits after tax would have decreased by \$2,742 and \$1,376 for 2021 and 2020, primarily due to the floating rate of borrowings that increases interest expense.

(4) Credit risk

- A. The Company's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on payment terms.
- B. For receivables arising from operating activities, the Company has established relevant credit risk management mechanisms and regularly evaluates the financial position, credit limits and other factors of the related debtors, and the current creditworthiness of the receivables is good and there was no significant credit risk according to the assessment. The cash and cash equivalents have been assessed to be free of material risk.
- C. The Company assumes that a default is deemed to have occurred when payments are more than 60 days overdue in accordance with the contractual payment terms.
- D. The Company categorizes accounts receivable from customers according to the characteristics of revenue types and estimates expected credit losses based on the loss ratio method on a simplified basis.
- E. The Company has estimated the allowance for losses on accounts receivable by incorporating forward-looking adjustments to the loss rate established based on historical and current information for a specific period, as the Company's customers are of good credit and the overdue accounts receivable and the overdue loss rate were not material as of December 31, 2021 and December 31, 2020.
- F. There was no sign of impairment of the Company's notes receivable.
- G. The Company's allowance for losses on accounts receivable on a simplified basis has not changed from January 1 to December 31, 2021 and 2020. The allowance for losses on accounts receivable was \$0 as of 2021 and 2020.

(5) Liquidity risk

- A. The Company's finance department prepares future cash flow forecasts to monitor future capital needs and to ensure that sufficient funds are available for disbursement, and maintains sufficient borrowing facilities to adjust for future funding shortfalls.
- B. The following schedule shows the Company's non-derivative financial liabilities, grouped by the relevant maturity date. Non-derivative financial liabilities are analyzed based on the remaining tenor from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the Table below are undiscounted amounts.

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

December 31, 2020	<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	\$ 30,042	\$ -	\$ -
Short-term bills payable	27,025	-	-
Notes payable	6,881	-	-
Other payables	76,072	-	-
lease liabilities	58,941	21,294	3,968
Guarantee deposits received	-	-	6,450
Long-term borrowings (including portions due within one year or one operating cycle)	<u>55,123</u>	<u>49,260</u>	<u>117,089</u>
Total	<u>\$ 197,017</u>	<u>\$ 70,554</u>	<u>\$ 127,507</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 Company's investments in non-listed stocks belong to this.

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

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

December 31, 2020	<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	\$ -	\$ -	\$ 67,074	\$ 67,074
Financial assets at fair value through other comprehensive income				
Equity security	<u>-</u>	<u>-</u>	<u>42,980</u>	<u>42,980</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$110,054</u>	<u>\$110,054</u>

The following table shows the changes in Level 3 for 2021 and 2020.

	<u>2021</u>	<u>2020</u>
	<u>Non-derivative equity security</u>	<u>Non-derivative equity security</u>
January 1	\$ 110,054	\$ 80,439
Gain recognized in profit or loss	2,533	2,765
Profit (loss) recognized in other comprehensive income	(3,346)	2,634
Realized gains or losses on valuation reclassified to unappropriated earnings	2,003	-
Purchase in the period	28,141	31,877
Refund of share price due to capital deduction during the period	(20,062)	(7,661)
December 31	<u>\$ 119,323</u>	<u>\$ 110,054</u>

4. In 2021 and 2020 there were no transfers in or out of Level 3.
5. The Company's valuation process for fair value classification in Level 3 is conducted by the finance and accounting department, which is responsible for conducting independent fair value verification of financial instruments, using independent sources of information to make the valuation results approximate market conditions, confirming that the sources of information are independent, reliable, consistent with other resources and representative of executable prices, and regularly updating the input values and information required by the valuation models and any other necessary fair value adjustments to ensure that the valuation results are reasonable.
6. Quantitative information regarding the significant unobservable input values of the valuation models used for Level 3 fair value measurements and sensitivity analysis of changes in significant unobservable input values are described below.

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

Venture capital company stock	30,890	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Investment in private equity	83,109	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value

	<u>December 31, 2020 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	\$ 15,010	Discounted benefit flow method	Discount for lack of marketability Adjustment to 30% discount for lack of controlling interests	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Venture capital company stock	27,970	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
Investment in private equity	67,074	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value

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

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

Total			<u>\$ 831</u>	<u>(\$ 831)</u>	<u>\$ 362</u>	<u>(\$ 362)</u>
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		<u>December 31, 2020</u>					
				<u>Recognized in profit or loss</u>		<u>Recognized in other</u>	
		<u>Input</u>	<u>Change</u>	<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
		<u>value</u>		<u>change</u>	<u>change</u>	<u>change</u>	<u>change</u>
Financial asset							
Equity instruments	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 150	(\$ 150)	
Equity instruments	Net asset value	±1%	-	-	280	(280)	
Investment in private equity	Net asset value	±1%	<u>671</u>	<u>(671)</u>	<u>-</u>	<u>-</u>	
Total			<u>\$ 671</u>	<u>(\$ 671)</u>	<u>\$ 430</u>	<u>(\$ 430)</u>	

XIII. Additional disclosures

(I) Significant transactions information

- Loans to others: None.
- Endorsements and guarantees for others: Please refer to Table 1.
- Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Please refer to Table 2.
- Marketable securities acquired and disposed amounting to at least NT\$300 million or 20% of the paid-in capital. None.
- Acquisition of individual real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None
- Disposal of individual real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None
- Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

Engagements in derivative financial instruments transactions: None

- Business relationships and significant intercompany transactions and amounts between the parent company and its subsidiaries and between subsidiaries: None.

(II) Information on investees

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

(III) Investments in Mainland China

- Basic information: None

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

(IV) Information on main investors

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

XIV. Operating Segments Information

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

Prime Oil Chemical Service
Corporation



Chairperson: Liao, Shu-Chun

