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2023 Annual Report

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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

※2023 operating results

I. Results of 2023 business plan execution

Revenue for the year was NT\$425,053 k, decreased 7% over the previous year (2022), and net profit for the period was NT\$65,233 k, decreased 39% over the previous year. Chemical and oil tank storage leasing revenue in Taichung Port approximately accounted for 76% of the revenue and the Energy Division's electricity revenue accounted for 24%.

II. Budget execution

The Company did not disclose its 2023 financial forecasts to the public.

III. Financial analysis

Unit: Thousands of NTD, unless otherwise specified

Standalone statements Unit: Thousands of NTD, unless otherwise specified items	2023	2022	Increased (decreased) amount	Change percentage (%)
Net operating revenue	\$425,053	\$454,885	(29,832)	(6.56%)
Operating cost	(301,895)	(286,555)	15,340	5.35%
Operating gross margin	123,158	168,330	(45,172)	(26.84%)
Operating expenses	(64,716)	(67,663)	2,947	(4.36%)
Net operating income	58,442	100,667	(42,225)	(41.95%)
Non-operating income or expenses	22,415	35,258	(12,843)	(36.43%)
Income before income tax	80,857	135,925	(55,068)	(40.51%)
Income tax expense	(15,624)	(28,881)	(13,257)	(45.90%)
Current period net income	65,233	107,044	(41,811)	(39.06%)
Other comprehensive income for the year (net)	(63)	22,024	(22,087)	(100.29%)
Total comprehensive income for the period	65,170	129,068	(63,898)	(49.51%)
Basic earnings per share (NTD)	0.84	1.50	(0.66)	(44.00%)

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 \$42.3 million, or 12%, mainly due to (1) There were more changes in the oil tank customers because of significant changes in the oil trading market affected by the international situation. Some customers did not renew their leases when the contracts expired and some customers leased more tanks for a certain period of time, resulting in a successive decrease in sales revenue. However, there was a significant

increase in the overall throughput volume, compared to last year; (2) There were increase and decrease among chemical tank customers. The sales revenue and throughput volume ramped up a bit.

The Energy Division's revenue increased by approximately \$12.47 million, or 14%, compared with the previous period due to the addition of new solar power generation sites.

2. The increase in operating costs was mainly from (1) increase in the Chemical and Oil Tank Storage Division of approximately \$6.37million, which includes the increase in travelling expenses (due to the gradual resumption of travelling after the waning of the Covid-19), utilities expenses (due to the increase in electricity unit prices), nitrogen expenses (due to the addition of new customers' products requiring nitrogen and the increase in the unit price of nitrogen resulting from the increase of electricity unit prices), and import/export expenses (due to an increase in the throughput volume); while the decreases were due to the decrease in the fuel expenses - palm oil (due to the decrease of products requiring heating and insulation) and repair and maintenance expenses (due to cost-cutting management measures), etc. (2) The increase of approximately \$8.97 million in the Energy Division was mainly due to the recognition of depreciation expenses for the new solar power generation sites, and a slight increase in repair expenses
3. The decrease in operating expenses was mainly due to Selling expenses decreased by \$0.9 million due to there was no donations associated with business development in 2023. Administrative expenses decreased approximately by \$2.05 million primarily due to the salary expense recognized for share-based payment agreement compensation fees in connection with a cash capital increase in 2022, compared to none in 2023.
4. Decrease in non-operating income and expenses:
 - (1) The increase in other income was mainly due to the increase of cash dividends received from financial asset at fair value through profit or loss and financial assets at fair value through other comprehensive income;
 - (2) The decrease in other gains and losses was mainly due to the aggregate effect of decrease in valuation adjustments on financial assets at fair value through profit or loss compared to the previous period and the gain on disposal of subsidiary.
 - (3) The increase in finance costs was not only affected by the increase in financing interest rates, but also by the reduction in capital expenditure on projects and the relatively significant decrease in the amount of interest capitalized during the period, which resulted in an increase in directly expensed finance costs as compared to 2022;
 - (4) The increase in the share of profits and losses of affiliates and joint ventures recognized under the equity method was mainly due to the improving of operating income of the investee company.
5. The decrease in income tax expense was due to the decrease in net income before income tax resulting from all the factors mentioned above.
6. Decrease in other comprehensive income(net): Mainly due to the decrease in the cumulative translation adjustment of foreign currencies, with the decrease in the U.S. dollar exchange rate compared to the previous period.



Consolidated financial statements

Unit: Thousands of NTD, unless otherwise specified

Item	2023	2022	Increase (decrease) amount	Change percentage (%)
Net operating revenue	\$441,518	\$475,513	(33,995)	(7.15%)
Operating cost	(314,567)	(305,360)	9,207	(3.02%)
Operating gross profits	126,951	170,153	(43,202)	(25.39%)
Operating expenses	(64,980)	(68,330)	(3,350)	(4.90%)
Net operating profit	61,971	101,823	(39,852)	(39.14%)
Non-operating income or expenses	18,876	34,801	(15,925)	(45.76%)
Profit before income tax	80,847	136,624	(55,777)	(40.83%)
Income tax expense	(15,624)	(29,592)	(13,968)	(47.20%)
Current period net profit	65,223	107,032	(41,809)	(39.06%)
Other comprehensive income for the year (net)	(63)	22,024	(22,087)	(100.29%)
Total comprehensive income for the period	65,160	129,056	(63,896)	(49.51%)
Basic earnings per share (NTD)	0.84	1.50	(0.66)	(44.00%)

Analysis and explanation of the increase or decrease percentage:

1. The Decrease in sales revenue: The tank storage business unit experienced a significant change in the current period due to (1) the oil products trading market was affected by the international situation, resulting in more changes in tanker customers during the period. Some customers did not renew their leases upon expiration, while some customers increased their leases on a temporary basis, resulting in a decline in the revenues of the tanker customers, but the loading and unloading volume increased significantly compared to the previous period.; (2) Chemical customers showed mixed results, with slight increase in revenue and loading/unloading volume. The combined revenue decreased by approximately 42.3 million or 12%.
On the other hand, the energy business unit mainly increased its revenue by approximately 8.31 million or 8% from the previous period due to the continuous addition of new sites.
2. Increase in operating costs: the Chemical Tank Division increased by approximately \$6.37 million, with increases in travel expenses (due to the gradual resumption of travel activities after the easing of the COVID-19), utilities (due to the increase in electricity prices), nitrogen (due to the addition of new products requiring nitrogen sealing by customers and an increase in the unit price of nitrogen due to the increase in electricity prices), and import/export (due to an increase in the volume of loading and unloading); and decreases in fuel expenses - palm oil (due to the decrease in the number of products requiring heating by customers to keep warm), and repair and maintenance (due to

cost-saving management measures).

The energy business increased by approximately 2.84 million due to the start of depreciation expenses for newly installed equipment, which was associated with the addition of new operational sites.

3. Decrease in operating expenses:

The decrease in marketing expenses was primarily due to donations to match business needs in 2022, but not in 2023.

The decrease in administrative expenses was mainly due to salary expense recognized for share-based payment agreement compensation for the cash capital increase processed in 2022, but not in 2023.

4. Decrease in non-operating income or expenses:

(1) The increase in other income was mainly due to the increase in cash dividends paid through financial assets at fair value through profit or loss and through other consolidated financial assets at fair value through profit or loss.

(2) The decrease in other gains and losses was mainly due to the combined effect of a decrease in valuation adjustments on financial assets at fair value through profit or loss compared to the prior period and a gain on disposal of a subsidiary.

(3) The increase in finance costs was not only affected by the increase in financing rates, but also by the reduction in capital expenditure on projects during the period and the relatively significant decrease in the amount of interest capitalized, which led to an increase in directly expensed finance costs as compared to 2022

(4) The share of profit or loss from equity method accounted for by associated companies and joint ventures increased, mainly due to the operating profit of newly invested companies in the current period.

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: The decrease in cumulative translation adjustments was mainly due to the decrease in cumulative translation adjustments of foreign currency translation adjustments as a result of the decrease in the U.S. dollar exchange rate during the period.

※2024 business plan outline

1. Boost Revenue Generation

(1) The Chemical and Oil Tank Storage Division to build storage services that respond quickly to customer and market needs, becoming the best storage service partner in the customer's trading and manufacturing value chain, and to be a pioneer in developing new storage service markets.

(2) The Energy Division to become a small but beautiful renewable energy service provider, pooling resources and networking to develop new forms of renewable energy projects, aligning the direction of government policy, flexibly adjusting the portfolio of projects, and optimizing the rate of return on investment.

2. Human Resource Optimization and Re-evolution

(1) Train middle- and high-level managerial successors.

(2) Promote internal communication with the concept of One Team, so that the top and bottom of the team can work together as one to serve customers and respond to market changes.

(3) Challenge sustainably to cultivate motivated and positive attitudes colleagues with



new ideas and practices.

3. Process Improvement and Innovation
 - (1) Management system integration and optimization
 - (2) Application of automation, digitalization, and intelligence technologies.
 - (3) Developing new business models to open up new business opportunities.

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

I. Variables of external competitive, regulatory and overall business environment

1. The Russian-Ukrainian war broke out in early 2022 and has not yet stopped, with various countries imposing economic sanctions on Russia, the world's third-largest oil producer, accounting for 10% of the world's oil market turmoil caused by the war has not only caused the international oil price to hover at a high level, but has also affected the supply and demand landscape of oil products. In addition, the Israeli-Palestinian conflict in the fourth quarter of 2023 and the turmoil in the Middle East, if it affects neighboring countries, will become one of the major uncertainties in the stability of international crude oil supply.
2. Russia-Ukraine war triggered a global energy crisis, the cost of various types of energy soaring, resulting in huge price increases and fluctuations in oil, electricity and natural gas in various countries. In addition, Ukraine is an important global food exporter, and Russia is also an important exporter of food and chemical fertilizers. The supply of wheat and other staple foods has been severely impacted by the war, driving up the prices of various foodstuffs. The inflation brought about by these factors has caused a great deal of damage to the finances and livelihoods of people in different countries and has led to a significant shrinkage in purchasing power, resulting in a sluggish demand for consumption.
3. As a result of the increasingly fierce inflation, countries have begun a cycle of interest rate spike. Although some countries have gradually entered the end of the interest rate hike, it has led to an increase in the interest rates of various tenors, which has made it difficult for enterprises to raise funds and increased their financing costs significantly.
4. Although the Covid-19 has gradually tapered off, and consumption, tourism and manufacturing activities in various countries have mostly returned to normal, all sectors are facing varying degrees of labor shortages due to drastic changes in the job market as a result of the pandemic, as well as the aging of the population and sub-replacement fertility in the country. It remains to be seen when industrial output and consumer spending can be boosted, so as to enable the various supply chains and consumer demand to return to the pre-pandemic level in a slow manner.
5. The tension across the Taiwan Strait keeps going on, which will affect the confidence of international oil traders to rent storage tanks in Taiwan.
6. 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.

7. The operating costs of petrochemical-related industries have been increasing as a result of highly stressed environmental protection issues such as extreme climate and global warming, like fossil fuel reduction, carbon reduction, and net-zero carbon emissions.
8. As a result of the aforementioned effects of an aging population and sub-replacement fertility in Taiwan, various sectors are facing a major labor shortage, and it is not easy to recruit skilled personnel; coupled with the high cost of housing and goods, the overall salary cost is increasing.
9. With the scarcity of land for solar energy in Taiwan, it is not easy to develop new sites, and the conversion of agricultural or fishery land to photovoltaic sites has been controversial, there will still be a period of friction between environmental sustainability and economic development.
10. Environmental protection and labor safety regulations are becoming stricter, which will continue to increase operating costs.

II. Future development strategies

1. Strengthen the relationship with international oil product traders and continue to deepen the professional capacity and talent development in the tank storage sector in order to fully satisfy the needs of customers and become the best tank storage service partner in the value chain of customers' trade and manufacturing, and thus enhance the stability of revenues.
2. Continuously develop new forms of renewable energy projects, go with the government policy, and flexibly adjust the portfolio of projects to optimize the rate of return on investment.
3. Continuously strengthen internal communication and inter-departmental cooperation, along with appropriate human resource development programs, to enhance resilience to external changes and to serve as a foundation for new business development.

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, 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 accompanying greenfield in 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\$1,230Million; 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\$689.955Million. 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\$690,344,320. In October 2022, in order to strengthen the financial structure and reduce the debt ratio, a cash capital increase of NT\$88 million was arranged, and the paid-in capital amounted to NT\$778,344,320.

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, and in March of 2021, we completed the ISO 45001 and CNS 45001 management system transition verification. By integrating the existing ISO management system, we continue to provide customers with high-quality on-shore tank storage and transfer services while also improving operational service quality, 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.

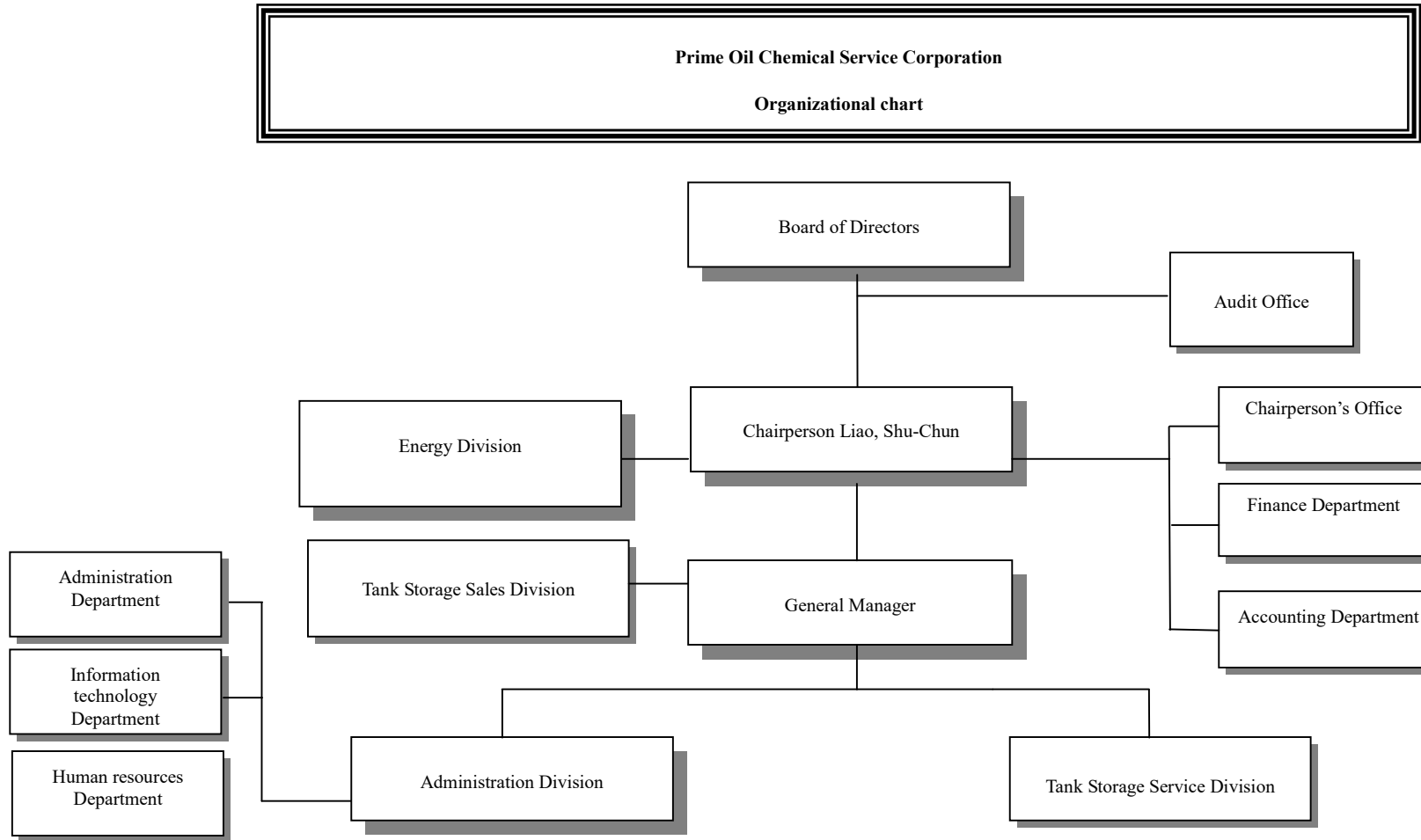
On July 2, 2010, the subsidiary, He Zhen Feng Co., Ltd., was established to invest in commercial real estate, and obtained outstanding results in the investment case of the Shou-Te Building in the Taipei Railway Station business district, and firmly took the first step in commercial real estate investment.

On May 16, 2016, the Company established its Energy Division, whose primary business model is to identify suitable sites for the construction of solar power generation systems in order to receive long-term income from the sale or lease of electricity. The Company has expanded from domestic private enterprises to Southeast Asian markets, and its business performance has expanded from traditional rooftop and ground-mounted systems, including parking lots and covered playgrounds, to floating PV systems. 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, 2024

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	2022.06.23	3 years	2003.06.20	0	0%	0	0%	-	-	-	-	Paris-Sorbonne University Chairperson of Prime Oil Chemical Service Corporation	Chairperson of He Zhen Feng Co., Ltd., ABACUS DISPLAY INFINITY CORPORATION, Hong Bang Assets Management Co., Ltd. and Chang Fu Feng Co., Ltd., director of Prime Holdings Corporation, Prime Solar Energy Co., Ltd.	None	None	None	No such situation
Director	Taiwan	Chen, Yung-Chin	Male/over 70 years old	2022.06.23	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: Zen, Hong-Tzeng	Male/over 70 years old	2022.06.23	3 years	2013.06.28	26,593,949 *0	38.52% *0%	32,171,849 *0	41.33% *0%	-	-	-	-	-Chinese Culture University -Business Administration Department -Manager of Taiwan Cooperative Bank	Director of THE TRUSTLAND CO., LTD.	None	None	None	
Director	Taiwan	ABACUS DISPLAY INFINITY CORPORATION * Representative: Yeh, Tang-Jung	Male/51~60 years old	2022.06.23	3 years	2003.06.20	26,593,949 *0	38.52% *0	32,171,849 *30,165	41.33% *0.0387%	*40,000	*0.0514%	-	-	National Taiwan University Accounting Department	General manager of the Company, 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	2022.06.23	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 and the Audit Committee.	None	None	None	
Independent director	Taiwan	Jang, Jr-Yan	Male/51~60 years old	2022.06.23	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 and the Audit Committee.	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)
Independent director	Taiwan	Chen, Lung-Tai	Male/51~60 years old	2022.06.23	3 years	2022.06.23	0	0%	0	0%	-	-	-	-	Nanya Industrial Technical Institute, Department of Textile Engineering	Supervisor of Chao Qing Investment Co., Ltd and Auditing Manager of Reliance Securities Co., Ltd. Member of the Company's the Audit Committee.	None	None	None	

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, 2024

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%

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, 2024

Name of corporation (Note 1)	Major shareholders of corporation (Note 2)	Shares Ratio
Core International Limited	Annecy Investment 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, 2024

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
Liao, Shu-Chun	For professional qualification and experiences of directors, 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 professional qualification and experiences of directors, 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.	2
ABACUS DISPLAY INFINITY CORPORATION * Representative: Zen, Hong-Tzeng	For professional qualification and experiences of supervisors, 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.	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	For professional qualification and experiences of directors, 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 0.0901% of issued shares.	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
Ho, Kuo-Chen	For professional qualification and experiences of Directors, 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 professional qualification and experiences of directors, 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
Chen, Lung-Tai	For professional qualification and experiences of directors, 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.	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



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			Concurrently employed as an employee of this company	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: Zen, Hong-Tzeng			over 70 years old		√	√	√	√	√	√	√	√
ABACUS DISPLAY INFINITY CORPORATION Representative: Yeh, Tang-Jung			51~60 years old	√	√	√	√	√	√	√	√	√
Ho, Kuo-Chen			over 70 years old		√	√	√	√	√	√	√	√
Jang, Jr-Yan			51~60 years old		√	√	√	√	√	√	√	√
Chen, Lung-Tai			51~60 years old		√	√	√	√	√	√	√	√

II. Independence of Board of Directors :

The current board of directors of the Company consists of 7 members, including 3 independent directors, and the number of independent directors accounts for 42.86% of the total number of directors. As of the end of 2023. 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 in 2023

Title	Name	Training date	Course organizer	Topic of Course
Chairperson	Liao, Shu-Chun	2023/12/1	Accounting Research and Development Foundation	How to Apply Robotic Process Automation (RPA) to Enhance Internal Control Performance
Director	Chen, Yung-Chin	2023/8/10	Taiwan Institute of Directors	Thinking Outside the Box - Organizational Strategy and Key Talent Development
		2023/5/11	Taiwan Institute of Directors	ChatGPT Sparks AI Boom Industry Opportunities
Director	ABACUS DISPLAY INFINITY CORPORATION * Representative: Zen, Hong-Tzeng	2023/6/8	Securities and Futures Institute	Trends in Global Economic and Industrial Technology Development
		2023/6/8	Securities and Futures Institute	Exploration of Post-M&A Integration Issues and Establishment of Management Mechanisms
Director	ABACUS DISPLAY INFINITY CORPORATION * Representative: Yeh, Tang-Jung	2023/9/1	Securities and Futures Institute	How to Apply Robotic Process Automation to Enhance Internal Control Effectiveness
		2023/6/29	Securities and Futures Institute	Supply Chain Security Threat Hunting-Taiwan's New Innovation Opportunity
Independent director	Ho, Kuo-Chen	2023/11/16	Securities and Futures Institute	Opportunities and Challenges of Taiwan's Industrial Transformation under Geopolitics - PMI / NMI Exclusive Analysis
		2023/8/16	Securities and Futures Institute	2030/2050 Green Industrial Revolution
Independent director	Jang, Jr-Yan	2023/5/31	Accounting Research and Development Foundation	Building ESG Sustainability Strategies to Enhance Competitiveness
		2023/5/25	Accounting Research and Development Foundation	Business Tax Laws and Practices
Independent director	Chen, Lung-Tai	2023/9/6	Taiwan Securities Association	The New Era of Artificial Intelligence
		2023/9/6	Taiwan Securities Association	ESG Investment Principles and Strategies
		2023/7/7	Securities and Futures Institute	Emerging Fintech Crime and Anti-Money Laundering from a Corporate Perspective

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

April 30, 2024

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	30,165	0.0387%	40,000	0.0514%	-	-	National Taiwan University Accounting Department	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	12,223	0.0157%	143	0.0002%	-	-	Chienkuo Institute of Technology Department of Electronics	None	None	None	None	
Senior manager		Hsu, Chien		2012.11.07	1,000	0.0013%	-	-	-	-	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	0.0013%	-	-	-	-	Feng Chia University Master, Institute of Accounting and Taxation	None	None	None	None	
Senior manager		Sun, Li-Min	Female	2023.04.01	4,000	0.0051%	-	-	-	-	National Chengchi University EMBA, Department of Marketing	None	None	None	None	
Finance supervisor		Lee, Ming-Guen		2016.07.12	5,917	0.0076%	-	-	-	-	Tamkang University Department of Finance,	None	None	None	None	
Accounting supervisor		Huang, Yi-Yin		2021.04.01	5,000	0.0064%	-	-	-	-	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: 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)				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	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	
Chairperson	Liao, Shu-Chun	5,953	5,953	487	487	438	438	30	30	10.59%	10.59%	-	-	None	None	-	-	-	-	10.59%	10.59%	None
Director	Chen, Yung-Chin	-	-	-	-	348	348	30	30	0.58%	0.58%	-	-			-	-	-	-	0.58%	0.58%	
	ABACUS DISPLAY INFINITY CORPORATION* Representative: Zen, Hong-Tzeng	-	-	-	-	374	374	30	30	0.62%	0.62%	-	-			-	-	-	-	0.62%	0.62%	
	ABACUS DISPLAY INFINITY CORPORATION Yeh, Tang-Jung	-	-	164	164	374	374	30	30	0.87%	0.87%	2,323	2,323			212	212	4.76%	4.76%			
Independent director	Ho, Kuo-Chen	-	-	-	-	364	364	30	30	0.60%	0.60%	-	-	-	-	-	-	0.60%	0.60%			
	Jang, Jr-Yan	-	-	-	-	328	328	24	24	0.54%	0.54%	-	-	-	-	-	-	0.54%	0.54%			
	Chen, Lung-Tai	-	-	-	-	369	369	30	30	0.61%	0.61%	-	-	-	-	-	-	0.61%	0.61%			

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 (The company set up the audit committee on 111/06/23)

(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			
General manager	Yeh, Tang-Jung	1,910	1,910	164	164	413	413	212	0	212	0	4.14%	4.14%	None
Deputy general manager	Su, Kun-Ming	1,443	1,443	95	95	349	349	132	0	132	0	3.10%	3.10%	None
Deputy general manager	Jiang, Shu-Kai	1,538	1,538	125	125	302	302	151	0	151	0	3.24%	3.24%	None

* 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, Jiang, Shu-Kai, Su, Kun-Ming	Yeh, Tang-Jung, Jiang, Shu-Kai, Su, Kun-Ming
\$3,500,000 (inclusive) ~ \$5,000,000 (exclusive)		
\$5,000,000 (inclusive) ~ \$10,000,000 (exclusive)		
\$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			
General manager	Yeh, Tang-Jung	1,910	1,910	164	164	413	413	212	None	212	None	4.14%	4.14%	None
Deputy general manager	Su, Kun-Ming	1,444	1,444	95	95	349	349	132		132		3.10%	3.10%	
Deputy general manager	Jiang, Shu-Kai	1,538	1,538	125	125	302	302	151		151		3.24%	3.24%	
Senior manager	Hsu, Chien	1,416	1,416	95	95	164	164	90		90		2.71%	2.71%	
Senior manager	Liang, Shyh-Chuan	1,050	1,050	66	66	197	197	102		102		2.17%	2.17%	

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	975	975	1.49%
	Deputy general manager	Su, Kun-Ming				
	Deputy general manager	Jiang, Shu-Kai				
	Senior manager	Hsu, Chien				
	Senior manager	Lin Zhi-long				
	Senior manager	Liang, Shyh-Chuan				
	Senior manager	Sun, Li-Ming				
	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	2023		2022	
Title	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)	9,403	14.41%	10,666	9.96%
Supervisor	-	-	605	0.57%
General manager and deputy general manager	6,834	10.48%	7,274	6.80%

- 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 5 times in 2023 (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	5	0	100%	There were 5 Board meetings in 2023
Director	Chen, Yung-Chin	5	0	100%	
	ABACUS DISPLAY INFINITY CORPORATION * Representative: Zen, Hong-Tzeng	3	2	60%	
	ABACUS DISPLAY INFINITY CORPORATION * Representative: Yeh, Tang-Jung	5	0	100%	There were 5 Board meetings in 2023
Independent director	Ho, Kuo-Chen	5	0	100%	There were 4 Board meetings in 2023
	Jang, Jr-Yan	4	1	80%	
	Chen, Lung-Tai	5	0	100%	There were 5 Board meetings in 2023
Other matters recorded:					
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:					
(I). Matters referred to in Article 14-3 of the Securities and Exchange Act: None.					
(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.					
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					
III. Please refer to the Board of Directors' evaluation on page 30 for the Company's Board of Directors' evaluation.					
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.					
1. The Company discloses adequate financial information in its annual report, corporate website and the Market Observation Post System.					
2. The Company has established the "Rules of 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.					
3. 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.
4. The Company established the Remuneration Committee at the end of 2011.
5. The Company established the Audit Committee at the end of 2022.

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	Board of Directors', Individual Board Members, Audit Committee and Remuneration Committee's: 2023/1/1-2023/12/31	The Board, Individual Board Members, Audit Committee and Remuneration Committee	Internal self-evaluation by the Board of Directors, Board members, Audit Committee 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.
Audit Committee	Participation in company operations, awareness of functional committee duties and responsibilities, quality of functional committee decision making, composition and	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



	selection of functional committee members, internal control.	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, 2023 to December 31, 2023.

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) Operation of the Audit Committee

The board of directors met 5 times in 2023 (A, Note 2), and the attendance of independent directors in the meetings is as follows:

Title	Name	Number of attendance in person (B)	Percentage of attendance in person (%) [B/A] (Note 1)	Remarks
Independent directors	Ho, Kuo-Chen	5	100%	There were 5 meetings in 2023
	Jang, Jr-Yan	4	80%	There were 4 meetings in 2023
	Chen, Lung-Tai (took office on 2022/6/23)	5	100%	There were 5 meetings in 2023

Other matters recorded:

I. Where any of the following circumstances occurs with respect to the operations of the Audit Committee, the date on which the Audit Committee holds a meeting, the session, the details of the motions, the dissenting or qualified opinions, or details of major suggestions by Independent Directors, the resolutions from the Audit Committee, and the Company's measures in accordance with the Audit Committee's recommendations, shall be specified:
(I). Items specified in Article 14-5 of the Securities and Exchange Act: See the table below for detail

Type/Motion date	Motion content	Resolution	The Company's handling of Audit Committee members' opinions
1th term 5th meeting 2023.03.23	1.The Company's "evaluation of the effectiveness of the Company's internal control system" and the "statement of internal control system" for 2022 2.The Company's standalone financial statements and consolidated financial statements for 2022 3. To discuss the distribution of cash dividends for the earnings of fiscal year 111 in our company 4. Distribution of earnings for the fiscal year 2022 of our company 5. The Company's 2022 business report 6. Proposed disposal of AB VALUE BRIDGE VII, L.P. and acquisition of securities of Anxin No.1 Limited Partnership, a private equity fund	Passed by the approval of all attendant members	Submitted to the Board of Directors for discussion
1th term 6th meeting 2023.05.15	1. The Company's consolidated financial statements for 1Q2023 2. Appointment and Remuneration of the Company's 2023th Annual Certified Public	Passed by the approval of all attendant members	Submitted to the Board of Directors for discussion



	Accountants and Evaluation of Their Independence and Suitability		
1th term 7th meeting 2023.08.11	1. The Company's consolidated financial statements for 2Q2023	Passed by the approval of all attendant members	Submitted to the Board of Directors for discussion
1th term 8th meeting 2023.11.14	1. The Company's consolidated financial statements for 3Q2023 2. The Company intends to pre-approve the appointment of a list of non-confirmation services to be provided by the Certified Public Accounting firms 3. The Company's internal audit plan for 2024 4. Proposed Appointment of Ares Sustainability Corporation to Provide Consulting Services for the Preparation of a Sustainability Report for the Years 2024 to 2026, for Consideration	Passed by the approval of all attendant members	Submitted to the Board of Directors for discussion
1th term 9th meeting 2023.12.18	1. Amendment of the Company's Internal Control System and Implementation Rules of Internal Audit	Passed by the approval of all attendant members	Submitted to the Board of Directors for discussion
1th term 10th meeting 2024.03.14	1. The Company's "evaluation of the effectiveness of the Company's internal control system" and the "statement of internal control system" for 2023 2. The Company's standalone financial statements and consolidated financial statements for 2023 3. The Company changed its	Passed by the approval of all attendant members	Submitted to the Board of Directors for discussion

	<p>certified public accountants to meet the needs of the internal organizational restructuring of AICPA.</p> <p>4.Appointment and Remuneration of the Company's 2024th Annual Certified Public Accountants and Evaluation of Their Independence and Suitability</p> <p>5.To discuss the distribution of cash dividends for the earnings of fiscal year 2023 in our company</p> <p>6.Distribution of earnings for the fiscal year 2023 of our company</p> <p>7.The Company's 2023 business report</p>		
<p>(II). In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire board of directors: none</p> <p>II. In the implementation of an independent director's recusal for being an interested party in a proposal, the independent director's name, the proposal content, the recusal reasons and his or her participation in voting should be stated: None</p> <p>III. Communication between independent directors and the chief internal auditor and CPAs (must include material matters of communication, methods, results relating to the Company's financial position and business performance).</p> <p>(I). The chief auditor prepares monthly audit reports that are submitted to independent directors for review, and independent directors have not held any dissenting opinions.</p> <p>(II) The accountants regularly communicate financial statement audit results with independent directors, and the independent directors have not held any dissenting opinions</p>			

Note 1: (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 Audit 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 and the Audit Committee. No difference.
(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.	
(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 6th meeting of the 19th Board of Directors on 2023/5/15 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		<div>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.).</div> <div>Education and training for the corporate governance officer in2023</div> <table><tr><th>Course organizer</th><th>Course name</th><th>Training date</th></tr><tr><td rowspan="3">Securities and Futures Institute</td><td>ChatGPT Technology Development and Application Opportunities for Chat Robots</td><td>2023/11/02</td></tr><tr><td>Introduction to Corporate Governance Disputes and Commercial Matters Adjudication Law</td><td>2023/11/08</td></tr><tr><td>Opportunities and Challenges of Taiwan's Industrial Transformation under Geopolitics - PMI / NMI Exclusive Analysis</td><td>2023/11/16</td></tr></table>	Course organizer	Course name	Training date	Securities and Futures Institute	ChatGPT Technology Development and Application Opportunities for Chat Robots	2023/11/02	Introduction to Corporate Governance Disputes and Commercial Matters Adjudication Law	2023/11/08	Opportunities and Challenges of Taiwan's Industrial Transformation under Geopolitics - PMI / NMI Exclusive Analysis	2023/11/16	No difference.
Course organizer	Course name	Training date												
Securities and Futures Institute	ChatGPT Technology Development and Application Opportunities for Chat Robots	2023/11/02												
	Introduction to Corporate Governance Disputes and Commercial Matters Adjudication Law	2023/11/08												
	Opportunities and Challenges of Taiwan's Industrial Transformation under Geopolitics - PMI / NMI Exclusive Analysis	2023/11/16												

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				
			<table><tr><td></td><td>Sustainable Supply Chain and Circular Economy</td><td>2023/11/22</td></tr></table>		Sustainable Supply Chain and Circular Economy	2023/11/22	
	Sustainable Supply Chain and Circular Economy	2023/11/22					
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.			
VII. Information disclosure (I). Has the Company set up a website to disclose finance and business matters and corporate governance information? (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.)? (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	V 						

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	
operating status before the prescribed deadline?				
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 and supervisors, etc.)?	V		Labor Relations: Please refer to page 111. Continuing educations of directors and supervisors: Please refer to page 20 Implementation of risk management policies and risk measurement standards: Please refer to Risks on page 142.	No difference.
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, 2024

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 13.	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 13.	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 13.	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

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.
5th 3rd 2023.3.17	The Company's 2023 managerial officers promotion and salary increase.	None
	The amount of bonus remuneration for directors and supervisors and the amount of bonus remuneration for employees for 2022, and the distribution measure rules of bonus remuneration for employees for 2022.	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 present agreed.	
5th 4th 2023.12.21	The Company's 2023 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 3 members in the Remuneration Committee of the Company.

(2) Members' terms of office: 23 June, 2022 to 22 June, 2025, the most recent Remuneration Committee met four 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	2	0	100%	
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 specify 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): Not applicable.					
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 applicable.					
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)			The differences from the “Corporate Social Responsibility Best Practice Principles for TWSE or TPEx Listed Companies”, and the reason
	Yes	No	Summary description	
I. 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
II. 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.
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		<ol style="list-style-type: none"> 1. In 1997, the Company introduced an environmental management system (ISO 14001) and established a department to monitor, check and evaluate the performance of environmental management implementation. Not only do we regularly identify and review the significant environmental impacts and potential changes in our existing operations every year to further control them, but we also develop energy saving plans and monitor the rational use of resources as a target for improvement in the following year. 2. The scope of our quality management system (ISO 9001) certification includes Taipei Company (5F, No. 131, Sec. 3, Minsheng East Road, Songshan District, Taipei City, Taiwan), Taichung Port West Tank 2 (No. 298, Sec. 3, Nandi Road, Wuqi District, Taichung City, Taiwan), and Taichung Port West Tank 5 (No. 295, Sec. 3, Nandi Road, Wuqi District, Taichung City, Taiwan). 3. The environmental (ISO 14001) and occupational safety and health (ISO 45001 & CNS 45001) management systems are 	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) Is the Company committed to improving resource utilization efficiency and using recycled materials with low impact on the environment?	V		<p>certified to cover the West 2 and West 5 tanks of Taichung Port.</p> <p>Our company is committed to the spirit of continuous improvement to reduce pollution and improve the utilization of resources, and is subject to regular and irregular audits by the competent authorities and external parties to ensure the implementation of our environmental management system.</p> <ol style="list-style-type: none"> 1. Based on the characteristics of the petroleum and chemical warehousing industry, the Environmental Safety Division continuously identifies fixed sources of pollution, toxic and chemical substances of concern, soil and groundwater, waste and other applicable regulations, and collects and compiles a list of organizational situation analysis (including: identification of regulations, stakeholders and internal and external issues) from each department, and the departments plan and implement environmental safety and health management programs for compliance, external unit requirements or high-risk operations. We plan and execute environmental safety and health management programs for compliance, external requirements, and high-risk operations. The concept of continuous improvement is based on a cycle of planning, implementation, inspection, and action, with the aim of complying with regulatory compliance or external requirements and reducing operational risks. 2. From FY2019, the Company will gradually improve the West 2 and West 5 boilers and their ancillary equipment (storage tanks and pipelines), and replace the existing heavy fuel oil (No. 4-6) with industrial low sulfur fuel oil (palm oil) from FY2020, and complete the test run of the boilers in West 2 and West 5 in FY2021, and continue to implement the test run in FY2023, we will continue to conduct self-assessment tests of air pollutants from boilers in the West 2 and West 5 tank areas, and the test results in previous years have all met the air pollutant emission standards for boilers (particulate matter: 30 mg/Nm³, sulfur oxides: 50 ppm, nitrogen oxides: 100 ppm). 	No difference.
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now		V	The Company is gradually incorporating climate change issues into the organization's scenario analysis matrix and assessing related risks and opportunities, and the subsequent	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																																									
and in the future, and take corresponding measures to respond to climate related issues?			planning measures are described below: 1. In accordance with the climate-related financial disclosures (TCFD) officially released by the Financial Stability Board (FSB) of the G20 International Economic Cooperation Forum in 2017, our company had engaged a professional consulting team to assist in the implementation of TCFD by the end of 2021 and updated the relevant information in the annual report of 2023. 2. Following the Financial Supervisory Commission’s official launch of the Sustainable Development Roadmap for listed companies in March 2021, our company plans to introduce the Greenhouse Gas Inventory Management System (ISO 14064-1) in 2024. We expect to complete the verification of the greenhouse gas inventory by 2028 and disclose the results in subsequent annual reports.	The study and planning are in progress.																																								
(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	1. The results of direct emissions of air pollutant emissions from the West 2 and West 5 Troughs of Taichung Port for the years 2022 to 2023 are reported in the following table: Taichung Port West 2 terminal <table><tr><th>Category \ Year</th><th>2022</th><th>2023</th><th>Units</th></tr><tr><td>Particulate matter</td><td>0.13</td><td>0.02</td><td rowspan="4">tons</td></tr><tr><td>Sulfur oxides</td><td>0.06</td><td>0.01</td></tr><tr><td>Nitrogen oxides</td><td>2.16</td><td>0.40</td></tr><tr><td>Volatile organic matter</td><td>14.53</td><td>17.12</td></tr></table> Taichung Port West 5 terminal <table><tr><th>Category \ Year</th><th>2022</th><th>2023</th><th>Units</th></tr><tr><td>Particulate matter</td><td>0.00</td><td>0.00</td><td rowspan="4">tons</td></tr><tr><td>Sulfur oxides</td><td>0.00</td><td>0.00</td></tr><tr><td>Nitrogen oxides</td><td>0.00</td><td>0.00</td></tr><tr><td>Volatile organic matter</td><td>34.11</td><td>20.77</td></tr></table> 2. The following table shows the disposal of business waste in Taichung Port West 2 and West 5 terminals for the years 2022 to 2023: Taichung Port West 2 terminal <table><tr><th>Category \ Year</th><th>2022</th><th>2023</th><th>Units</th></tr><tr><td>Hazardous business waste</td><td>20.68</td><td>55.38</td><td>tons</td></tr></table>	Category \ Year		2022	2023	Units	Particulate matter	0.13	0.02	tons	Sulfur oxides	0.06	0.01	Nitrogen oxides	2.16	0.40	Volatile organic matter	14.53	17.12	Category \ Year	2022	2023	Units	Particulate matter	0.00	0.00	tons	Sulfur oxides	0.00	0.00	Nitrogen oxides	0.00	0.00	Volatile organic matter	34.11	20.77	Category \ Year	2022	2023	Units	Hazardous business waste	20.68	55.38
Category \ Year	2022	2023	Units																																									
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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			
			General business waste	3.24	6.25	
			General business waste (waste oil-water mixture)	2.38	0	
			Waste solvent recycling (Note)	9.34	3.21	
			Note: The waste solvents collected in Taichung Port West 2 terminal from 2022 to 2023 will be delivered to customers for reuse in the plant to achieve the benefit of resource recycling.			
			Taichung Port West 5 terminal			
			Year Category	2022	2023	Units
			Hazardous business waste	0	1.73	tons
			General business waste	5.9	4.68	
			General business waste (waste oil-water mixture)	6.97	0	
			3. The following table shows the statistical information of water and electricity consumption in Taichung Port West 2and West 5 terminals from 2022 to 2023:			
			Taichung Port West 2 terminal			
			Year Category	2022	2023	Units
			Water consumption	10,459	8,029	tons
			Electricity consumption	1,139,560	946,760	Kw/hr.
			Taichung Port West 5 terminal			
			Year Category	2022	2023	Units
			Water consumption	7,318	6,521	tons
			Electricity consumption	804,600	1,287,200	Kw/hr.
			For indirect energy emissions, the Company plans to introduce the greenhouse gas inventory management system (ISO 14064-1) in 2024 and complete the validation of the greenhouse gas inventory in 2027, as well as to study and adjust the Company's quality, environmental and occupational safety and health policies to include relevant policies or targets for greenhouse gas, energy, resource and waste reduction.			
			IV. Social issues			



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	
(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?	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 and maintain equipment regularly to ensure workplace safety. 2. Conduct regular inspections and replacements of drinking water, lighting and fire-fighting equipment in the workplace. 3. Provide labor safety and health education training courses regularly to enhance employee's safety awareness. 4. To ensure compliance with labor laws and gender work equality regulations and setup breastfeeding rooms to meet the needs of employees. 5. Regular employee health checkups. 6. Provide health education seminars from time to time to promote physical and mental health of employees; contracting medical staff to provide health consultation services on-site. 7. Labor laws and regulations are followed, and are clearly defined in the work rules and related personnel regulations. 8. We record employees' attendance and overtime work in the IT system, and pay overtime according to the law. 	No difference.
(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		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.	No difference.
(III) Does the Company provide employees with a safe and healthy working environment and related education?	V		The Company attaches great importance to the health and safety of employees, and has signed a contract with the Tungs' Taichung Metro Harbor Hospital, a medical association, for contracted medical treatment and health checkups for current employees; and has entrusted ShengMeil-Health Management Consulting Co.	No difference.
(IV) Has the Company established an effective career development training program for employees?	V		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;	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	
(V) Does the Company comply with relevant laws and regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of products and services, and establish relevant customer rights protection policies and complaint procedures?	V		<p>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> <ol style="list-style-type: none"> 1. The company is mainly engaged in providing warehousing services and solar power sales services. We follow the requirements of environmental protection and occupational safety and health related laws and regulations, and have implemented quality, environmental and occupational safety and health management systems (ISO 9001, ISO 14001, ISO 45001 & CNS 45001) in order to improve service quality, environmental protection and create a safe working environment. 2. The company has established policies such as the "Code of Conduct with Integrity" and "Code of Ethical Conduct", and a stakeholder area on the Company's website to respond appropriately to customer complaints and their concerns about related rights and interests. 3. The Company complies with the laws and regulations related to stationary sources, toxic and chemical substances of concern, etc. If the operation permit for stationary sources is changed, extended or changed, the hazard prevention and contingency plan for toxic chemical substances of categories 1 to 3 will be disclosed on the website system of the Taichung Municipal Government for customers and the general public to inquire. 	In line with the sustainable development best practices, with no significant discrepancies.
(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?	V		<p>The Company has established a supplier management policy that requires suppliers to comply with relevant regulations on environmental protection, occupational safety and health, or labor human rights, which is posted on the Company's website.</p> <ol style="list-style-type: none"> 1. The Company has established procurement and supplier management procedures, and has defined the principles of contractor selection, including environmental protection and occupational safety and health related regulations, and complies with the relevant regulations of the Occupational Safety and Health Act to ensure that each contractor complies with occupational safety and health and labor related issues. 2. The Company has established procurement and supplier management procedures, and plans to conduct supplier evaluation on a 	In line with the sustainable development best practices, with no significant discrepancies.



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	
			regular basis every year, and to classify and manage suppliers according to the evaluation results, and to temporarily or permanently cancel the supplier qualifications of contractors with poor evaluation results (D and E grades). In the supplier evaluation for the year 2023, no suppliers were rated as grade C or below.	
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	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.	The study and planning are in progress.
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, ISO45001 and ISO14001, and always focus 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) Climate-Related Information

1.Implementation of Climate-Related Information

ITEM	The Status of operations
1. Describe the board of directors' and management's oversight and governance of climate-related risks and	In order to identify and properly manage the company's climate-related risks and opportunities, the company's Sustainability Committee is chaired by the Chairman of the Board of Directors and has an executive unit of the Climate Change Group. The executive unit of the Climate Change Group is responsible for identifying and managing climate change risks and opportunities and reporting the results of risk and opportunity identified and developing control measures to the Chairman of the Board of Directors at the annual Senior Management Meeting of

<u>opportunities.</u> 2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	the Sustainability Committee. The Sustainability Committee regularly reports to the Board of Directors on the climate risks faced by the company and the measures taken to address them, so that the Board of Directors can adequately monitor climate risk issues, decide on relevant management policies and review the implementation status. In May 2023, the Company reported to the Board of Directors on the climate risk and response measures faced.					
	<u>Risks and Opportunities</u>		<u>Issues</u>	<u>Description of company impact</u>	<u>Period</u>	<u>Response</u>
	<u>Risk of switching business</u>	<u>Market</u>	<u>Uncertainty</u> <u>Market</u>	Customers demand products and services that exceed the requirements of established environmental standards and ask companies to tighten environmental requirements. If we are unable to provide or meet these requirements, we may lose some of our market share.	<u>Long-term</u>	We keep an eye on market information, industry dynamics and new technology development in order to grasp the market trend dynamic and direction, so as to develop a response plan.
	<u>Risk of switching business</u>	<u>Market</u>	<u>Changes in customer behavior</u>	In the future, customers may require the company to set energy saving and carbon reduction targets, disclose environmental performance data and strategies (e.g. greenhouse gas emissions, deforestation and water security risks, etc.) or adjust operational	<u>Mid-term</u>	Through annual customer satisfaction survey at the end of each year, and regular / irregular customer audits, we keep in touch with our customers in order to grasp their requirements on emerging issues and communicate fully to reach a practical consensus.



				<u>processes and upgrade equipment/services as a basis for supplier evaluation, which may lead to changes in procurement policies and may result in increased operating costs or reduced profit margins for the company.</u>			
	<u>Risk of switching business</u>	<u>Government Policy and regulations</u> <u>Risks</u>	<u>Carbon Pricing</u>	<u>The Company is a service industry, not a manufacturing industry and has no manufacturing process, so the amount of greenhouse gas emissions should be limited, and the actual amount will be confirmed by inventory. The current government policy is to include those who emit more than 25,000 tons of carbon per year as the first wave of carbon levy targets, which is expected to be implemented in 2026.</u>	<u>Long-term</u>	<u>Continued to monitor regulatory progress (size and cost of businesses to be levied). Designing GHG monitoring procedures, hiring GHG monitoring & recording staff, and planning carbon inventory and third-party verification schedules.</u>	
	<u>Physical Risk</u>	<u>Emergent</u>	<u>Enhanced wind</u>	<u>Due to high wind speed, there is a</u>	<u>Long-term</u>	<u>Review the weather resistance of the</u>	

		<u>cy</u> <u>Risk</u>	<u>speed</u> <u>under</u> <u>normal</u> <u>weather</u> <u>conditio</u> <u>ns</u>	<u>risk that the</u> <u>luminaires/shades</u> <u>and trunking</u> <u>covers may be</u> <u>damaged and fall</u> <u>down, causing</u> <u>delays in the</u> <u>progress of</u> <u>existing</u> <u>maintenance work</u> <u>or an increased</u> <u>risk of crashes</u> <u>when personnel</u> <u>are engaged in</u> <u>operations.</u>		<u>equipment, make</u> <u>engineering</u> <u>improvements, or upgrade</u> <u>the equipment to improve</u> <u>the toughness of the tank</u> <u>facilities.</u> <u>Prohibit or suspend</u> <u>contractors from engaging</u> <u>in elevated operations</u> <u>when wind speed exceeds</u> <u>force 8 on the Beaufort</u> <u>scale.</u>
	<u>Opportuni</u> <u>ties</u>	<u>Prod</u> <u>ucts</u> <u>and</u> <u>Serv</u> <u>ices</u>	<u>Renewa</u> <u>ble</u> <u>Energy</u> <u>demand</u> <u>Increase</u> <u>d</u>	<u>If the company</u> <u>partially uses</u> <u>renewable energy</u> <u>or lower carbon</u> <u>emission fuels in</u> <u>its operation, it</u> <u>should be able to</u> <u>mitigate the</u> <u>impact of</u> <u>increasing energy</u> <u>prices due to</u> <u>carbon taxes/fees</u> <u>in the future.</u>	<u>Long-</u> <u>term</u>	<u>The company will assess</u> <u>what renewable energy or</u> <u>low-carbon fuels can be</u> <u>used in the operation</u> <u>process after the carbon</u> <u>inventory.</u>
			<u>Develop</u> <u>or</u> <u>expand</u> <u>low-car</u> <u>bon</u> <u>products</u> <u>and</u> <u>services</u>	<u>At present, there</u> <u>is no other</u> <u>Taichung port</u> <u>storage industry</u> <u>that has carried</u> <u>out carbon</u> <u>inventory and</u> <u>other actions. If</u> <u>the company is</u> <u>the first to</u> <u>introduce it, it</u> <u>means that the</u> <u>added value of</u> <u>our services to</u> <u>customers will be</u> <u>enhanced and our</u>	<u>Mid-te</u> <u>rm</u>	<u>The ISO 14064</u> <u>greenhouse gas inventory</u> <u>management system is</u> <u>expected to be</u> <u>implemented by 2026.</u>



3. Describe the financial impact of extreme weather events and transformative actions.			<u>competitiveness will increase.</u>		
	<u>Risks or Opportunities Issue</u>	<u>Operating Impact</u>		<u>Financial Impact</u>	
	<u>Uncertainty Market & Changes in customer behavior</u>	<u>We are unable to provide products and services that exceed the requirements of established environmental standards in a timely manner.</u>		<u>Decline in operating revenue</u>	
		<u>Our customers use special chemical raw materials that require more stringent material storage and transfer requirements.</u>		<u>Rising Operating Costs</u>	
		<u>Reduced demand for petrochemical storage tanks in response to climate change and reduced use of petrochemical products.</u>		<u>Decline in operating revenue</u>	
	<u>Carbon Pricing</u>	<u>The fee is payable annually.</u>		<u>Rising Operating Costs</u>	
	<u>Enhanced wind speed under normal weather conditions</u>	<u>The wind speed was too strong to close the port, causing customers to lose material.</u>		<u>Decline in operating revenue</u>	
		<u>Damage to equipment caused by excessive wind speed.</u>		<u>Rising Operating Costs</u>	
		<u>High wind speed causes environmental pollution or casualties</u>		<u>Rising Operating Costs</u>	
<u>Renewable Energy demand Increased</u>	<u>Some of electricity will be generated from renewable energy sources in the future.</u>		<u>Decline in operating Costs</u>		
	<u>Renewable energy sales.</u>		<u>Rising Operating revenue</u>		
<u>Develop or expand low-carbon products and services</u>	<u>The company has introduced carbon inventory and energy saving and carbon reduction measures to enhance the value of its services.</u>		<u>Rising Operating revenue</u>		
4. Describe how climate risk identification, assessment, and management processes are integrated into the	<u>In 2022, the Company introduced the Climate Risk and Opportunity Identification Mechanism, which provides a comprehensive inventory and assessment of the impact of climate change risk and opportunity issues on the Company's operations based on different time horizons, the likelihood of occurrence of the issues and the degree of impact on operations through the Climate Change Risk and Opportunity Matrix.</u>				

<p><u>overall risk management system.</u></p> <p><u>5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.</u></p>	<p><u>Business as Usual (BAU) Scenario</u></p> <p><u>Climate Change Risk - Uncertainty Market & Changes in customer behavior :</u></p> <p><u>In response to climate change, more and more investors or competitors are entering new markets or technology, leading to increased competition in the market or less profitable product sales than expected. With climate change or increased awareness of climate change, customers' preferences for products/services may change, resulting in a change in purchasing policies, and if we did not available or compliant, may lose some market share. The above potential impact costs represent approximately 96.69% of the total financial impact.</u></p> <p><u>Climate Change Risk - Carbon Pricing : Under the BAU scenario, the financial impact of the carbon fee required to comply with the regulation under the future Taiwan Climate Change Act is simulated for the expected business development in 2025, and the potential impact cost is about 0.60% of the total financial impact.</u></p> <p><u>Climate Change Risk - Stronger wind speed under normal weather conditions :</u></p> <p><u>The closure of the port due to strong winds caused customers to lose materials and caused damage to plant equipment, resulting in an increase in operating costs, and the above potential impact costs accounted for approximately 2.71% of the total financial impact</u></p> <p><u>Net Zero Scenario</u></p> <p><u>Climate Change Risk - Uncertainty Market & Changes in customer behavior : In response to climate change, more and more investors or competitors are entering new markets or technology, leading to increased competition in the market or less profitable product sales than expected. With climate change or increased awareness of climate change, customers' preferences for products/services may change, resulting in a change in purchasing policies, and if they are not available or compliant, they may lose some market share. The above potential impact costs represent approximately 95.23% of the total financial impact.</u></p> <p><u>Climate Change Risk - Carbon Pricing :</u></p> <p><u>In the Net Zero scenario, assuming future global warming is limited to 1.5°C to 2°C. The financial impact of the carbon fee required to comply with regulatory requirements under the Net Zero scenario, simulating expected business development in 2025, the potential impact cost of the above is approximately 2.09% of the total financial impact</u></p> <p><u>Climate Change Risk - Stronger wind speed under normal weather conditions :</u></p>
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<p>6. If there is a <u>transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.</u></p>	<p><u>The above potential impact costs represent approximately 2.67% of the total financial impact due to the closure of the port due to strong winds, which may cause customers to lose materials and cause damage to plant equipment.</u></p> <p><u>The boilers in West 2 and West 5 have been implemented the boiler energy saving plan, which is to use palm oil instead of heavy oil from 2020, and have been fully replaced in 2021.</u></p> <p><u>We are planning the schedule of carbon inventory and external verification, and also plan to implement ISO14064 greenhouse gas inventory management system by 2026, and will set carbon reduction targets after completing the carbon inventory verification.</u></p>
<p>7. If internal carbon pricing is used as a <u>planning tool, the basis for setting the price should be stated.</u></p>	<p><u>Non-use of internal carbon pricing as a planning tool.</u></p>
<p>8. If climate-related <u>targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</u></p>	<p><u>The study and planning are in progress.</u></p>
<p>9. <u>Greenhouse gas</u></p>	<p><u>The study and planning are in progress.</u></p>

<u>inventory and assurance status</u> (separately fill out in point 1-1 below).	
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1-1. Inventory and Verification of Greenhouse Gas Emissions<< The provisions are not applicable as the time limit set forth in Article 10, paragraph 2 has not been reached yet>>

1-2 Greenhouse Gas Reduction Targets, Strategies and Specific Action Plans<< The provisions are not applicable as the time limit set forth in Article 10, paragraph 2 has not been reached yet>>

(VII) 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 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	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	
Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"? (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?	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.
II. The implementation of ethical corporate management (I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?	V		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.	No significant differences.
(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?	V		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.	No significant differences
(III) Does the Company have a policy to prevent conflict of interest, provide appropriate channels for explanation, and implement it?	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.
(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?	V		The Company has established an effective accounting system and internal control system, which are regularly audited by the internal audit.	No significant differences.
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		The Company does not yet hold regular internal and external education and training on ethical corporate management, but promotes it from time to time at appropriate meetings.	No significant differences.
III. The Company's whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and	V		The company has "Employee Time", a complaint hotline, and a complaint	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	
reward system, a convenient reporting channel, and designated appropriate personnel to deal with the reported matters?			mailbox, which are administered by the General Manager's Office. Administration Division and the Human Resources Department. All whistleblower reports are encrypted and managed by human resources electronic file records.	
(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			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.

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

It has been disclosed in the Public Information Observation Post System and the company website.

(IX) 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.



(X) Implementation of internal control systems

1. Statement of internal control system

The Company states the following for its 2023 internal control systems based on the results of self-evaluation:

- I. The Company is aware 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, 2023 (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 14, 2024. Of the 7 directors present, with no objections, and all agreed with the content of this statement and declared here.

Prime Oil Chemical Service Corporation

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.

(XI) 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.

(XII) 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 2023 shareholders' meeting and its update.

(1) The Company's 2022 annual financial statements.

(2) The Company's 2022 earnings distribution proposal:

On June 13, 2023, the Board of Directors set July 12, 2023 as the ex-dividend date. In accordance with Article 165 of the Company Act, the registration of stock transfers was suspended from July 8, 2023 to July 12, 2023, and the cash dividends were paid on August 3, 2023.

(3) Adoption of the amendment of the Company's "Articles of Association".

update:

It has been announced on the Company's website.



2. Board of directors

Type	Motion date	Motion content
19th term 5th meeting	2023.03.23	<ol style="list-style-type: none"> Minutes of the last meeting and the its implementation Important financial and business reports Internal audit work reports Other important reporting matters The Company's "evaluation of the effectiveness of the Company's internal control system" and the "statement of internal control system" for 2022 The distribution of 2022 bonus remuneration for employees and bonus remuneration for directors and supervisors The Company's standalone financial statements and consolidated financial statements for 2022 To discuss the distribution of cash dividends for the earnings of fiscal year 111 in our company Distribution of earnings for the fiscal year 111 of our company The Company's 2022 business report The Company's application for credit facility to financial institutions Resolution of the 3rd meeting of the 5th Compensation Committee of our company Self-evaluation report on the performance of the Remuneration Committee, the Audit Committee, the Board of Directors and the members of the Board of Directors for 2022 Amendment to the Company's Articles of Incorporation Amendment to the Company's "Code of Corporate Governance Practices" Amendment to the Company's " Code of Practice on Sustainable Development" Matters related to the convening of the Company's 2023 regular shareholders' meeting Announcement of acceptance of written proposals from shareholders for the 2023 regular shareholders' meeting Progress report on the greenhouse gas inventory of our company and its subsidiaries. We kindly request the board of directors to discuss and monitor it quarterly Proposed disposal of AB VALUE BRIDGE VII, L.P. and acquisition of securities of Anxin No.1 Limited Partnership, a private equity fund
19th term 6th meeting	2023.05.15	<ol style="list-style-type: none"> Minutes of the last meeting and the its implementation Important financial and business reports Internal audit work reports Other important reporting matters The Company's consolidated financial statements for 1Q2023 Appointment and Remuneration of the Company's 2023th Annual Certified Public Accountants and Evaluation of Their

Type	Motion date	Motion content
		<p>Independence and Suitability</p> <p>7. The Company's 2022th Annual Task Force on Climate-Related Financial Disclosures (TCFD) Report</p> <p>8. Progress report on the Company's greenhouse gas inventory to be submitted to the Board of Directors for discussion and control on a quarterly basis</p> <p>9. Report on matters related to shareholder proposals and the nomination of director candidates (including independent directors) received in writing by the 2023 Annual Shareholders' Meeting of our company</p> <p>10. The Company's application for credit facility to financial institutions</p>
19th term 7th meeting	2023.08.11	<p>1. Minutes of the last meeting and the its implementation</p> <p>2. Important financial and business reports</p> <p>3. Internal audit work reports</p> <p>4. Other important reporting matters</p> <p>5. The Company's consolidated financial statements for 2Q2023</p> <p>6. The Company's plan to take out liability insurance for the directors, supervisors and managerial officers</p> <p>7. Progress report on the Company's greenhouse gas inventory to be submitted to the Board of Directors for discussion and control on a quarterly basis</p> <p>8. The Company's application for credit facility to financial institutions</p>
19th term 8th meeting	2023.11.14	<p>1. Minutes of the last meeting and the its implementation</p> <p>2. Important financial and business reports</p> <p>3. Internal audit work reports</p> <p>4. Other important reporting matters</p> <p>5. The Company's consolidated financial statements for 3Q2023</p> <p>6. The Company intends to pre-approve the appointment of a list of non-confirmation services to be provided by the Certified Public Accounting firms</p> <p>7. The Company's internal audit plan for 2024</p> <p>8. Proposed Appointment of Ares Sustainability Corporation to Provide Consulting Services for the Preparation of a Sustainability Report for the Years 2024 to 2026, for Consideration</p> <p>9. Progress report on the Company's greenhouse gas inventory to be submitted to the Board of Directors for discussion and control on a quarterly basis</p> <p>10. The Company's application for credit facility to financial institutions</p>
19th term 9th meeting	2023.12.28	<p>1. Communication Report between the Accountant and the Corporate Governance Unit and Management Team</p> <p>2. Minutes of the last meeting and the its implementation</p> <p>3. Important financial and business reports</p>



Type	Motion date	Motion content
		4. Internal audit work reports 5. Other important reporting matters 6. The Company's 2024 business plan 7. Resolution of the 4rd meeting of the 5th Compensation 8. The Company's application for credit facility to financial institutions 9. Amendment of the Company's Internal Control System and Implementation Rules of Internal Audit
19th term 10th meeting	2024.03.14	1. Communication Report between the Accountant and the Corporate Governance Unit and Management Team 2. Minutes of the last meeting and the its implementation 3. Important financial and business reports 4. Internal audit work reports 5. Other important reporting matters 6. The Company's "evaluation of the effectiveness of the Company's internal control system" and the "statement of internal control system" for 2023 7. The distribution of 2023 bonus remuneration for employees and bonus remuneration for directors 8. The Company's standalone financial statements and consolidated financial statements for 2023 9. The Company changed its certified public accountants to meet the needs of the internal organizational restructuring of AICPA. 10. Appointment and Remuneration of the Company's 2024th Annual Certified Public Accountants and Evaluation of Their Independence and Suitability 11. To discuss the distribution of cash dividends for the earnings of fiscal year 2023 in our company 12. Distribution of earnings for the fiscal year 2023 of our company 13. The Company's 2023 business report 14. Resolution of the 5rd meeting of the 5th Compensation 15. Self-evaluation report on the performance of the Remuneration Committee, the Audit Committee, the Board of Directors and the members of the Board of Directors for 2023 16. Amendment to the Company's Articles of Incorporation 17. Amendment to the Company's "Rules of Procedure for Shareholders' Meeting" 18. Amendment to the Company's "Rules of Procedure for Board of Directors Meetings" 19. Amendment to the Company's "Audit Committee Charter" 20. Amendment to the Company's "Rules for Performance Evaluation of Board of Directors" 21. Matters related to the convening of the Company's 2024 regular shareholders' meeting 22. Announcement of acceptance of written proposals from shareholders for the 2024 regular shareholders' meeting

Type	Motion date	Motion content
		23. Progress report on the Company's greenhouse gas inventory to be submitted to the Board of Directors for discussion and control on a quarterly basis

(XIII) 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.

(XIV) 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:

April 30, 2024

Title	Name	Date of taking office	Date of discharge	Reasons for resignation or discharge
None				

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	Huang, Pei-Chuan	2023.01.01~	1,578	2,584 (Note 1)	4,162	
	Pan, Hui-Ling	2023.12.31				

Note 1: Including TCFD consulting program, tax visa service and other tax services, etc.

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	March. 14, 2024		
Reason for Replacement	Due to accounting firm’s job rotation in accordance to relevant regulations, the CPA Huang,Pei-Chuan & Pan, Hui-Ling replaced by Huang,Pei-Chuan & Lin, Yung-Chih since Q1 2024.		
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 & Lin, Yung-Chih
Date of appointment	March. 14, 2024
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	2023		2024 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%)	-	-	-	-
	Zen, Hong-Tzeng	-	-	-	-
	Yeh, Tang-Jung (The Company's general manager)	(6,000)	-	-	-
	Ho, Kuo-Chen	-	-	-	-
	Jang, Jr-Yan	-	-	-	-
	Chen, Lung-Tai	-	-	-	-
Deputy general manager	Su, Kung-Ming	-	-	-	-
Deputy general manager	Jia, Shu-Kai	(47,000)	-	-	-
Senior manager	Hsu, Chien	(4,000)	-	1,000	-
Senior manager	LIN, Chih-Lung	-	-	-	-
Senior manager	Liang, Shyh-Chuan	-	-	-	-
Senior manager	Sun, Li-Min	-	-	-	-
Finance supervisor	Lee, Ming-Guen	(14,000)	-	-	-
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 23, 2024

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	32,171,849	41.33%	-	-	-	-	-
Tai Yu Investment Co., Ltd. Representative: Change, Bao-Luo	3,812,345	4.90%	-	-	-	-	-
COHERENCE INTERNATIONAL CORP Representative: CRAWFORD INVESTMENT LIMITED	3,082,591	3.96%	-	-	-	-	-
I,Hao-Chun	763,000	0.98%	-	-	-	-	-
Wu, Jun-Ze	661,179	0.85%	-	-	-	-	-
Road Mine Co., Ltd. Representative: Cai, Lu-Fa	614,487	0.79%	-	-	-	-	-
MINYU MACHINERY CORP. Representative: : Cheng,Ming-I	600,000	0.77%	-	-	-	-	MINYU MACHINERY CORP. Representative: : Cheng,Ming-I
Cheng,Ming-I	520,000	0.67%	-	-	-	-	MINYU MACHINERY CORP. Representative: : Cheng,Ming-I
Chiao,Yu-Chung	385,000	0.49%	-	-	-	-	-
Chang,Chien-Chun	332,650	0.43%	-	-	-	-	-

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, 2024

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%
Prime Holdings Corporation	30,000	100%	-	-	30,000	100%
Prime Solar Energy Co. Ltd	1,700,000	100%	-	-	1,700,000	100%
ABZBRIDGE CORPORATION	2,066,435	28.35%	-	-	2,066,435	28.35%

Four. Capital Raising

I. Source of capital:

April 30, 2024

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
2022.08	10	200,000,000	2,000,000,000	77,834,432	778,344,320	Cash capital increase \$88,000,000	None	Approved with letter Jin-Guan-Zheng-Fa No. 1110350278

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	77,834,432	0	77,834,432	122,165,568	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 23, 2024

Shareholders structure	Governance agency	Financial institution	Other corporation	Individual	Foreign institution or foreigner	Total
Quantity						
Number of people	0	4	204	19,381	28	19,617
No. of shares held	0	20,131	41,482,445	36,064,668	267,188	77,834,432
Shares Ratio	0%	0.03%	53.30%	46.33%	0.34%	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 23, 2024

Shareholding range	Number of shareholders	No. of shares held	Shareholding percentage %
1 to 999	13,844	838,524	1.08%
1,000 to 5,000	4,322	9,171,265	11.78%
5,001 to 10,000	773	5,886,610	7.56%
10,001 to 15,000	277	3,384,581	4.35%
15,001 to 20,000	134	2,401,807	3.09%
20,001 to 30,000	97	2,418,611	3.11%
30,001 to 40,000	50	1,732,373	2.22%
40,001 to 50,000	29	1,325,463	1.7%
50,001 to 100,000	58	3,688,567	4.74%
100,001 to 200,000	16	2,141,864	2.75%
200,001 to 400,000	9	2,619,316	3.36%
400,001 to 600,000	2	1,120,000	1.44%
600,001 to 800,000	3	2,038,666	2.62%
800,001 to 1,000,000	0	0	0
More than 1,000,000	3	39,066,785	50.20%
Total	19,617	77,834,432	100%

Preferred stock

April 23, 2024

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 23, 2024

Name of major shareholder	Shares	No. of shares held	Shareholding percentage %
ABACUS DISPLAY INFINITY CORPORATION Representative: Liao, Shu-Chun		32,171,849	41.33%
Tai Yu Investment Co., Ltd. Representative: Change, Bao-Luo		3,812,345	4.90%
COHERENCE INTERNATIONAL CORP Representative: CRAWFORD INVESTMENT LIMITED		3,082,591	3.96%
I,Hao-Chun		763,000	0.98%
Wu, Jun-Ze		661,179	0.85%
Road Mine Co., Ltd. Representative: Cai, Lu-Fa		614,487	0.79%
MINYU MACHINERY CORP. Representative: : Cheng,Ming-I		600,000	0.77%
Cheng,Ming-I		520,000	0.67%
Chiao, Yu-Chung		385,000	0.49%
Chang,Chien-Chun		332,650	0.43%

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

Item \ Year		2023	2022	The current year up to April 30, 2024 (Note 8)
Market price per share (Note 1)	Highest	23.90	25.75	19.15
	Lowest	18.10	17.20	17.95
	Average	19.94	21.48	18.38
Net worth per share (Note 2)	Before distribution	15.57	15.26	As of 2024/4/30, the financial statements for the first quarter have not been reviewed by CPAs.
	After distribution	14.97	14.61	
Earnings per share	Weighted average number of shares	77,834,432	71,131,966	
	Earnings per share (before retrospective adjustment) (Note 3)	0.84	1.50	
	Earnings per share (after retrospective adjustment) (Note 3)	0.84	1.50	
Dividends per share	Cash dividends		0.60	0.65
	Stock dividends	-	-	-
		-	-	-
	Accumulated unpaid dividends (Note 4)		-	-
Return on investment analysis	Price to earning ratio (Note 5)		23.74	14.32
	Price to dividend ratio (Note 6)		33.23	33.05
	Cash dividend yield (Note 7)		3.01%	3.03%

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 27 of the Articles of Association:

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. However, if the Company still has accumulated losses, it should cover the amount in advance.

The aforementioned employees' remuneration can be paid 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 there is net profit after tax for the current period in the Company's annual final accounts, the following order shall apply:

(I) Cover amount of losses.

(II) Appropriating 10% as the legal reserve, except when the legal reserve has reached the paid in capital of the Company,

(III) If a special reserve is set aside or reversed in accordance with other laws and regulations, the balance and the undistributed earnings at the beginning of the same period will be distributable earnings, and the Board of Directors shall, in accordance with the dividend policy set forth in Article 28 of these Articles of Association, prepare an earnings distribution plan and submit it to the shareholders' meeting for resolution of distribution.

The Company authorizes the Board of Directors to distribute the distributable dividends and bonuses, and all or part of the capital reserve or legal reserve in cash via a resolution in a Board of Directors with the presence of more than two-thirds of the directors and the consent of more than half of the directors present; the provisions of the preceding paragraph requiring a resolution by a shareholders' meeting shall not apply.

Article 28 of the Articles of Association:

The Corporation is currently in the maturity stage of its industry. The dividend policy takes into account the Corporation's operational growth, long-term financial planning, capital requirements for investment activities, and consideration of shareholders' rights and interests, as well as the sound financial structure and the possible dilutive effect of earnings per share.

Shareholders' dividends are allocated from the accumulated distributable earnings, and shall not be less than 10% of the distributable earnings of the current fiscal year, with cash dividends not less than 30% of the total cash and stock dividends distributed in the year. However, in case the distributable earnings per share for the current fiscal year are less than NT\$0.5, dividends may not be distributed.

2. The proposed dividend distribution at the shareholders' meeting: Cash dividend of NT\$0.60 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		2024 (Estimated)
Paid-in capital at the beginning of the period		778,344,320
Stock and cash dividends for the year	Cash dividends per share	0.60
	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 14, 2024 .

Note 2: The 2024 financial forecast is not disclosed to the public, so there is no need to disclose 2024 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) Article 27 of the Articles of Association:

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. However, if the Company still has accumulated losses, it should cover amount in advance.

The aforementioned employees' remuneration can be paid 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 there is net profit after tax for the current period in the Company's annual final accounts, the following order shall apply:

(I) Cover amount of losses.

(II) Appropriating 10% as the legal reserve, except when the legal reserve has reached the paid in capital of the Company,

(III) If a special reserve is set aside or reversed in accordance with other laws and regulations, the balance and the undistributed earnings at the beginning of the same period will be distributable earnings, and the Board of Directors shall, in accordance with the dividend policy set forth in Article 28 of these Articles of Association, prepare an earnings distribution plan and submit it to the shareholders' meeting for resolution of distribution.

The Company's Board of Directors is authorized to distribute all or a portion of the dividends and bonuses, capital surplus or legal reserve in the form of cash by a resolution of the Board of Directors with two-thirds of the Board of Directors present and a majority of the Board of Directors in attendance, without regard to the foregoing requirement for a resolution by the shareholders in a 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 14, 2024 approved the following proposed distribution: distribution of employees' bonus remuneration of NT\$2,595,096 and directors' bonus remuneration of NT\$2,595,096, which is not different from the estimated amount in the 2023 financial statement.

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

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

2023	Unit: NTD
Bonus remuneration for employees (cash)	2,595,096
Bonus remuneration for directors (cash)	2,595,096

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.

2022	Unit: NTD
Employee bonus (cash)	4,415,024
Bonus remuneration for directors and supervisors (cash)	4,415,024

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 30, 2024

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, 2024

	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, 2024

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, 2024

	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 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.

(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 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, making the petrochemical shore tank storage service market 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 meet the needs of the central and northern part of the island but also attract many petrochemical companies to set up their plants around this area. After 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 complexes 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 environmental protection and industrial safety issues in Taiwan have also created an outward push on the domestic petrochemical industry. Additionally, 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 focus 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. Some constructions are completed and started operating. 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 increasing the proportion of renewable energy in order to reduce the dependence on energy imports has become the focus of attention of various sectors. 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 Lun Wei 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)		
	2023	2025
Photovoltaic power	12,418	20,000
Onshore wind power	911	1,200
Offshore wind power	1,763	3,000
Geothermal Energy	7	200
Biomass and Waste	714	813
Hydroelectric power	2,104	2,150
Total	17,917	27,363

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 by 2025
	Short term: Set renewable energy promotion targets every two years.
Encourage electricity liberalization	New buildings, additions or alterations should be equipped with a certain capacity of solar photovoltaic equipment.
Offshore Wind Power	Expanding Potential Offshore Wind Power Installations
Micro Hydropower	Encourage the inclusion of water conservancy facilities in the overall planning of micro hydroelectricity generation.
Biomass	Return of biomass plant sites to land use regulations.
Geothermal Power Generation Formulates Specific Rules and Regulations	The term of the water right has been increased from 2 to 3 years to 20 years, so that the water right matches the operating life of the power plant and reduces the uncertainty of development. After the developer applies for the right, the central government, together with local authorities and other relevant ministries, will set up a joint review mechanism to speed up the administrative procedures.
<p>* FiT system: A contract between Taipower and renewable energy generators to acquire renewable energy generation at a fixed, preferential price guaranteed for 20 years.</p> <p>Source : https://www.ly.gov.tw/Pages/Detail.aspx?nodeid=33324&pid=229668</p>	



(III) Technology and Research & Development overview:

In terms of the petrochemical tank storage service industry, the management technology and related ancillary equipment are well-established. To maintain the high quality of services, reduce the risk of occupational safety, minimize unnecessary loss of customer goods, and 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, ISO14001, ISO45001 & CNS45001, 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.

Furthermore, 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 micro hydropower and energy storage system, 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 goals
 - (1) Achieve the company's annual revenue target.
 - (2) Maintain customer satisfaction and the relationship with existing loyal customers.
 - (3) Attend related industry activities both domestically and overseas to approach new business opportunities.
 - (4) Optimize the storage tank configuration with the plan of the terminal.
 - (5) Implement the successor project to strengthen management efficiency and effectiveness.
- Medium term goals
 - (1) Continuously improve 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 goals
 - (1) Stabilize Tank Storage Service Division's revenue to meet Prime Oil Chemical Service Corporation 50-year target.
 - (2) Continue to deepen the relationships with quality customers and establish a long term cooperation model.
 - (3) Enhance and improve organizational capabilities to meet future development.

Energy division:

- Short term plan
 - (1) Cooperate with EPC corporation to jointly develop large photovoltaic power generation systems to accelerate the business



and revenue 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) Work closely with strategic partners, continue to focus on key technologies for developing the renewable energy industry, such as energy storage 、micro hydro-power plant, 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)

Unit:Thousand NTD

Year	2023		2022	
Region	Sales amount	Percentage %	Sales amount	Percentage %
Taiwan	\$324,088	100	\$366,393	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 operations earlier and have a larger scale. In contrast, the Port of Taipei has just been commissioned 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 terminals. Moreover, some tank farms at the new Petrochemical and Oil Storage and Transportation Center in the Port of Kaohsiung Intercontinental Container Terminal Project Phase 2 have commenced their operations. There may be shifts in dynamics within the domestic petrochemical shore tank storage service market.

Recently, many factors have affected the global oil market, and the market situation has become more complicated. Primarily,



energy saving and carbon emission reduction are the most important topics in the world now. The phase-out of fossil fuels has directly impacted the petrochemical industry. Implementing Carbon Taxes and Emission Trading Schemes will also be a new challenge to enterprises.

Secondly, the Russia-Ukraine War and the Israel-Palestine Conflict have completely changed the game rules of the global oil and energy market. The balance of supply and demand between regions has been broken, and the new order is building. Petrochemical tank storage operators globally are subject to varying influence.

The petrochemical industry in Taiwan has been in a downturn since the second half of 2022. Weakened demand on the consumer side has led to an oversupply of local petrochemical products. The import and export volume of related cargoes declined significantly in 2023. China's military drills in Taiwan Strait in the past two years have affected the demand for storage from foreign companies. China has announced the termination of tariff reduction arrangements on some products under the Cross-Strait Economic Cooperation Framework Agreement (ECFA). It will intensify the uncertainty looming Taiwan's petrochemical industry prospect.

POCS has long been dedicating 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. In recent years, we have not only improved our storage and operation capacity, strengthened the functions and the competencies of our staff, and obtained international certifications, aiming to become the first choice of our customers when they need petrochemical tank storage services, but also adequately adjusted our customer structure and actively sought opportunities to cooperate with well-known domestic and foreign petrochemical companies and traders.

We will continue to optimize the management system and increase the flexibility of storage and operation to meet the different needs of customers. This will ensure us to have a long-term and stable development in our core business. Additionally, we will closely monitor the development of renewable energy and explore new business opportunities to reduce the impact of changes in a single industry.

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 experiences and a 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 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 global oil market has undergone significant changes in the past two years. Oil traders became more conservative in tank renting and were shortening the lease terms of tanks.
- (2) Tightening regulations related to the environment, labor, firefighting, and work safety have driven up the costs of tank storage operations and new project development.
- (3) The petrochemical industry in Taiwan has been in a downturn since the second half of 2022. The weakened demand on the consumer side led to a significant decline in the import and export volume of petrochemical cargoes.
- (4) The tense situation between Taiwan and China has affected foreign companies' willingness to rent storage tanks in Taiwan.
- (5) The storage tanks and peripheral equipment are aging, leading to rising maintenance costs of terminals.

C. Countermeasures

- (1) Enhance the competencies of employees and management,



and encourage accepting challenges to be ready for future market changes.

- (2) Optimize management systems and utilize intellectualized technologies to improve operating standards to meet future regulatory requirements.
- (3) Strengthen internal communication processes to provide our service to customers with an integrated “One Team” concept.
- (4) Increase the flexibility and capacity of our facilities to pursue opportunities for collaboration with global clients.
- (5) Actively liaise with relevant government agencies and actively participating in relevant public associations, such as Tank Storage Association, in order to report industry issues and seek solutions.
- (6) Monitor the development of renewable energy and leverage the company's resources to explore potential business opportunities.
- (7) Continue approaching new business opportunities 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	2023		2022	
Region	Amount(in NTD thousand)	Percent age %	Amount(in NTD thousand)	Percentage %
Taiwan	\$100,965	86	\$99,512	91
Cambodia	\$16,465	14	\$9,608	9

2023 – Taiwan	
Total photovoltaic power installation capacity of the Energy Division (kW)	18,111
Total FiT photovoltaic power installation capacity in each county and city (Note)	12,418,000
Installation capacity market share	0.146%

Estimated total photovoltaic power generation of Energy Division (kWh)	21,245,630
Total kWh of photovoltaic power purchased by each county and city (Note)	12,908,690,000
Power generation market share	0.165%

2023 – Cambodia	
Total photovoltaic power installation capacity (kW)	5,200
Estimated total photovoltaic power generation (kWh)	6,605,920

Note: 1. Information source: <https://www.taipower.com.tw/tc/page.aspx?mid=204>

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 three 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 cumulative target of 2023 is 14.00GW. However, due to the factors such as the rapid increase of raw materials costs and the covid-19, the cumulative installed capacity only reached 12.4GW in the end. 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 2024 to 2025 must reach more than 3.8GW, so large-scale ground-mounted solar power plants will become the focus of development in the next 2 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 2024 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 energy market demand was 278GW of year 2022, there was 100GW growth compare to 2021 and the annual growth rate is 56%.

In IEA(International Energy Agency) latest report. The global renewable energy installed capacity surged by nearly 50% last year. Inspired by the steep rise in solar photovoltaic power generation and newly installed capacity demand in China. The global renewable energy installed capacity will reach nearly to 510GW.

The annual growth rate of new renewable energy capacity is the fastest in Year 2023 of the past 20 years. And 2023 is the 22nd consecutive year setting new records of the renewable energy expanded productivity, said in the International Energy Agency's 《Renewable Energy report 2023》¹

By 2030, the renewable energy ratio will approach to nearly 50% of global electricity, whereas it's 30% currently. The investment of offshore wind power will be three times of the new natural gas or coal-fired power plants. In this scenario, the International Energy Agency (IEA) estimates that the share of fossil fuels in global energy supply will decrease from approximately 80%(over past decades) to 73% by 2030.²

Most industry players thought the overall demand of the solar

and energy storage market in Taiwan would recover after the presidential elections in 2024.

InfoLink estimated that the energy storage projects initiating in 2023 would accomplish the grid connections consecutively starting from Q1 2024.

We foresee there would be a batch of the players who applied the energy storage grid connection projects quit after the deadline early 2025. Only the capable contestants will survive in the overheated market. Solar projects will resume construction continuously the second quarter after the elections.

In particular, the order inquiries of solar projects with high visibility in 2025 have started from the end of 2023.

Therefore, InfoLink anticipates the significant growth of the solar energy demand in the second half this year.

Overall, both the solar and energy storage markets are expected to resume growth in 2024.³

¹ Source : Jan. 12,2024 <https://hk.investing.com/news/economy/article-438319>

² Source : Oct. 30,2023 <https://e-info.org.tw/node/237868>

³ Source : Dec. 22,2023

<https://www.infolink-group.com/energy-article/tw/insight-topic-2023review-2024outlook-for-taiwan-solar-energy-storage-market>

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) In order to best utilize the company's resources and funds. Therefore, we decided to reconfigure company's assets and sell the subsidiary- POCS POWER CO., LTD..
- (2) 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 and large field cases.
- (3) 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.
- (4) 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.
- (5) 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	2023				2022				Up to 2024 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 2023 Q1 (%).	Relationship with the issuer
1	G	125,980	29	None	G	134,562	28	None				None
2	H	100,965	23	None	H	99,513	21	None				None
												None
	Others	214,573	48		Others	241,438	51		Others			
	Net sales	441,518	100		Net sales	475,513	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	2023			2022		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
	Energy division	23,311	27,852	53,801	24,291	24,589	51,841

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	2023				2022			
		Domestic		Overseas		Domestic		Overseas	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
	Energy division	21,246	103,435	6,606	16,465	20,638	99,512	3,951	9,608

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, 2024

Year		2022	2023	The current year up to April 30, 2024
Number of employees	Management staff	18	18	18
	Sales staff	5	5	5
	Direct staff	45	46	45
	Total	68	69	68
Average age		40.5	41.9	42.6
Average years of service		9.6	11.5	12.5
Degree of Education	PhD	0	0	0
	Master	8	8	9
	College	37	38	36
	Senior high school	22	22	22
	Below senior high school	1	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.

Item \ Year	2022	2023
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 of 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.

(1) Quality Management System (ISO 9001:2015):

The Company originally introduced the ISO 9002 management system in 1996, but later terminated the certification of the management system in 1999 and introduced the quality management system (ISO 9001) instead. In order to maintain the effectiveness of this system, we continue to improve the quality of our services, optimize our operating standards and procedures, and update and maintain our management system documentation.

After obtaining the revised Quality Management System (ISO 9001:2015) certification on August 7, 2017, the external certification unit completed the recertification evaluation on March 20, 2021, and the regular follow-up audit on March, 2024. The certificate is valid until March 20, 2027.

(2) Environmental Management System (ISO 14001:2015):

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 revised Environmental Management System (ISO 14001) certification on August 7, 1997, the external certification unit completed the recertification evaluation for ISO 14001:2015 on March 21, 2021, and the regular follow-up audit on March, 2024. The certificate is valid until March 12, 2027.

(3) Occupational Health and Safety Management Systems (ISO 45001 & CNS 45001:2018):

The Company introduced the Occupational Safety and Health Management System (OHSAS 18001 & CNS 15506) in 2013, and since the management system was officially revised and renamed to ISO 45001 in 2018, the Company continues to optimize the standardized work processes and implement occupational safety and health management measures to maintain the effectiveness of this

management system.

The external certification body completed the transition certification for the Occupational Health and Safety Management Systems (ISO 45001 & CNS 45001:2018) on March 21, 2021, and the regular follow-up audit on March, 2024. The certificate is valid until March 21, 2027.

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

The Company has been a member of Chemical Distribution Institute - Terminal (CDI-T) since October 2011, and regularly appoints the organization designated by CDI-T to perform the management and technical questionnaire audits of the Company's petrochemical terminal storage and transfer operations every three years.

The Company obtained the CDI-T certificate on June 19, 2018 and continues to plan and develop short-, medium- and long-term improvement plans based on the results of the previous audits in order to continuously optimize the storage and transfer equipment and refine the standardized operation processes in each tank area.

The company had planned to conduct the CDI-T audit in 2021, but the process was not completed due to the impact of the COVID-19 pandemic. We commissioned a professional certification unit to complete the management and technical questionnaire inspection of the petrochemical terminal storage and transfer operations from August 22 to August 25, 2023, and obtained the CDI-T certificate, which is valid from September 1, 2023 to August 31, 2026.

The Company's expenditures on environmental protection, occupational safety and health in 2023 are shown below.

Serial number	Type	Item	Expense (NTD)
1	Government Fees	Fixed source air pollution prevention fee for Taichung Port West 2 and West 5 terminals.	626,395
2	Government Fees	Environmental License Application Data Review and Certificate Fee for Taichung Port West 2 and West 5 terminals..	95,133
3	Government Fees	External inspection fee for Taichung Port West 2 and West 5 terminals.	14,580

4	Equipment Purchase	Firefighting inspection and repair reporting and equipment maintenance and renewal fees for Taichung Port West 2and West 5 terminals.	386,991
5	Equipment Purchase	Groundwater pollution remediation plan remediation expense for Taichung Port West 2and West 5 terminals.	2,124,952
6	Equipment Purchase	Maintenance fees for storage tanks and auxiliary equipment expense for Taichung Port West 2and West 5 terminals.	2,936,549
7	Equipment Purchase	Personal protective gear and contingency equipment expense for Taichung Port West 2and West 5 terminals.	1,076,295
8	Environmental Expenditures	Tanks business waste removal and disposal expense for Taichung Port West 2and West 5 terminals.	1,364,972
9	Environmental Health Expenses	Non-destructive storage tank inspection and notarization fees for Taichung Port West 2and West 5 terminals.	3,442,563
10	Environmental Security Expenses	ISO Management System and CDI-T Audit Fee for terminals at West 2 and West 5	488,993
11	Environmental Security Expenses	Environmental safety and health inspection fees for Taichung Port West 2and West 5 terminals.	1,726,649
12	Occupational Safety and Health Expenses	Personnel health inspection fee for Taichung Port West 2and West 5 terminals.	164,957
13	Environmental Security Expenses	Instrument calibration and maintenance fees for Taichung Port West 2and West 5 terminals.	239,115
14	Environmental Security Expenses	Environmental safety and health miscellaneous expenses for Taichung Port West 2and West 5 terminals.	1,576,165
15	Environmental security expenses	Environmental protection business entrusted to the consultant fee for Taichung Port West 2and West 5 terminals.	413,000
Total:			16,677,309

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

- (1) As of 2023, the company has installed 19 internal floating roof storage tanks in Taichung Port West 2 terminal, with two sets of condensate recovery systems set up in the front and rear filling operation areas. Additionally, three sets of condensate recovery systems have been installed in the fixed roof storage tank area. In Taichung Port West 5 terminal, there are 17 internal floating roof storage tanks, with one set of condensate recovery system already in place in the filling operation area. Furthermore, one set of condensate recovery system was added to the fixed roof storage tanks in the newly established A400 storage tank area in 2023.
- (2) After the residual liquid in the storage tank is drained to a 1KL residual liquid barrel, it is entrusted to a Class A waste disposal organization for handling or is recycled and reused by the customer themselves, to prevent the residual liquid from being stored in the sewage temporary storage pool, which could indirectly cause groundwater pollution due to leakage.
- (3) 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 Taichung Port West 5 terminal. With the above, abnormal leakage of toxic chemicals can be detected in real-time.
- (4) The annual permitted regular testing of the volatile organic compounds (VOCs) reduction rate for the condensate recovery systems has reached over 85%, complying with environmental protection regulations in Taichung Port West 2 and West 5 terminals.
- (5) In accordance with the conclusions of the environmental impact statement and environmental variance analysis report, regular monitoring of air quality and groundwater wells on the east and west sides of the plant site was conducted in 2023 in Taichung Port West 2 and West 5 terminals. The monitoring results indicate that the air quality and groundwater quality have not deteriorated due to storage and transfer operations.
- (6) On September 25, 2023, the Municipal Environmental Protection Bureau approved the company's site for groundwater pollution control - the best management practices for green and sustainable remediation. We have included the related implementation results in the third progress report of the Groundwater Pollution



Control Plan (second amendment), which was submitted for revision on November 9, 2023. After the revision, the Municipal Environmental Protection Bureau agreed to file it for reference on November 16, 2023, and decided that we should carefully evaluate and improve the remediation methods and risk management, which will be incorporated into the subsequent amendment plan.

Considering the limited remaining time for remediation in the Groundwater Pollution Control Plan (second amendment) and that the remediation methods evaluated by the pilot plant trials do not meet the efficiency criteria, and since the main soil at our site has a high TPH concentration exceeding the soil pollution control standards. The area we have conducted mitigation measures were without residential and other environmentally sensitive spots, resulting the lower health risks. We plan to incorporate risk management with bioremediation methods into the subsequent amendment plan to facilitate the execution of the project.

- (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: Not applicable.

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 capacity 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 2024 are listed below:

Type of training	Number of courses	Number of participants	Training hours	Costs
Management ability	31	47	194	\$478,409
Operational skills	29	61	800	\$212,430
Languages	2	16	147.5	\$202,200
New employees	45	6	608	\$0

(2) The state of finance and accounting staff, and auditors obtaining the relevant licenses as specified by the competent authorities

- a. Accounting Supervisor Continuing Education: 1 person.
- b. Accounting Supervisor Duty Agent Course: 1 person
- c. Case study on the operation of board of directors and shareholders' meeting: 1 person
- d. ESG confirms the best practice of auditing and writes effective audit report: 1 person.
- e. Audit and control practices of internal auditors on information security: 1 person.
- f. Auditing skills: 1 person.
- g. Information security protection and cloud security audit practice: 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 be a gender-equal workplace, the Company has sexual

harassment prevention and handling measure in place.

7. Work Environment and Employee Safety Protection Measures

(1) In 2023, the company implemented a behavioral safety observation and proposal improvement system, resulting in a total of 82 improvement proposals, 43 near-miss incidents, and 52 on-site behavioral safety observation records. In addition to investigating the direct, indirect, and root causes of each near-miss event and discussing subsequent improvement measures, we also planned the necessary resources for the risks identified in each improvement proposal and on-site behavioral safety observation record. This was done with the goal of reducing the frequency of disasters, minimizing disaster losses, and preventing the continuous occurrence of disasters.

(2) In accordance with Article 4(1) of the Labor Health Protection Regulations, the company has commissioned a professional medical team to execute the 2023 On-Site Health Service Plan. Measures related to the four major plans, Maternal Health Protection Plan, and Respiratory Protection Plan have been taken to promote health, as detailed below:

- Health Promotion Plan: According to the Occupational Safety and Health Act and related regulations, the company completed general physical examinations and special operation health checks on April 13, 2023.

Employee General Health Check: Nurses assessed the health check results of 2023 for health grading management. The results are as follows:

Level 1 Management: 0 employees

Level 2 Management: 19 employees (actual interviews: 1 employee)

Level 3 Management: 17 employees (actual interviews: 11 employees)

Level 4 Management: 10 employees (actual interviews: 10 employees)

The data from the 2023 general physical examination indicates that the number of employees with high blood pressure and liver dysfunction is the highest in the past three years. The possible reasons are related to the aging of personnel, rotating night shifts, and personal lifestyle habits. The recommended measures include adopting a light diet and regular exercise.

Special Hazard Health Check: Since 2021, our company has

been gradually adjusting colleagues under level 4 health management to regular day shifts and suspending tank truck loading and unloading operations until the examination results return to normal the following year, and then gradually resuming shift work. As of 2023, the number of employees under level 4 management for DMF special health checks has been reduced to zero.

The company also continues to strengthen the advocacy and management of the use of personal protective equipment by colleagues involved in on-site chemical operations, thereby reducing the operational hazards of toxic chemicals and special chemical substances.

- **Overload Prevention Plan:** Based on the overload questionnaire, the risk of cardiovascular disease within ten years, and work patterns, an assessment of employee overload was conducted. Among them, 43 employees did not require an interview (actual interviews: 20 employees), 3 employees were recommended for an interview (actual interviews: 2 employees), and 0 employees were required to have an interview.
- **Human Factor Hazard Prevention Plan:** Based on the musculoskeletal injury and illness survey questionnaire, human factor hazards were assessed. Among them, 25 employees were found to have no hazards (actual interviews: 10 employees), 19 employees were suspected of having hazards (actual interviews: 10 employees), no employee was confirmed to have hazards, and 2 employees were suspected of having diagnosed diseases (both were actually interviewed).
- **Workplace Illegal Infringement Prevention Plan:** All departments in Taichung Port West 2 and West 5 terminals jointly conducted a hazard identification for workplace illegal infringement in 2022. As of 2023, there have been no reported cases of workplace illegal infringement.
- **Maternal Health Protection Plan:** Since October 7, 2022, an occupational medicine specialist has assessed the risk of workplace hazards in Taichung Port West 2 and West 5 terminals. The assessment level has been classified as Level 1 management, and as of now, there are no pregnant female workers.
- **Respiratory Protection Plan:** In October 2023, the on-site

supervisors, occupational safety and health personnel, and the on-site health service doctors and nurses jointly conducted an assessment of the environment for wearing respiratory protection equipment.

During the on-site health service interviews in 2023, a random test of the use of respiratory protection equipment was conducted on 12 individuals. It was discovered that one person's half-face respirator mask was damaged, and it was immediately replaced.

- (3) The Company's 2023 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: Providing a safe and hygienic workplace to prevent injuries and illnesses among staff.	Maintain equipment integrity.	Reduce the leakage of hazards caused by tank corrosion. Occurrence rate ≤ 1 time/year.	Water jet rust removal and painting for storage tanks.
		Reduce hazardous material leaks caused by pipeline corrosion. Occurrence rate ≤ 1 time/year.	Above-ground pipeline erosion replacement project in the plant area.
		Avoid personnel accidents and injuries due to falls. Occurrence rate ≤ 1 time/year.	New factory lighting LED lamps.
	Reduce personnel injuries and lost time.	Avoid falling and smashing accidents. Occurrence rate ≤ 1 time/year.	Pump area vehicle access to the elevated work activity platform
Satisfy customer's needs: Storage and transfer safety and quality 100% and respond to customer's needs quickly.	Reduce the risk of product leakage and modernize the equipment.	Reduce the number of hazardous material leakage and contamination due to old equipment interface ≤ 3 times/year.	Replace the T-tank hot water circulation pipeline.
		Increase on-site control equipment to reduce the number of equipment failures ≤ 2 times/year.	Replacement of fuseless switch in receiving room.
		Reduce the number of equipment failures due to the failure of electrical wiring system ≤ 2 times/year.	Replacement and modernization of electrical piping in filling island and warehouse.
		On-site additional control equipment to reduce the number of equipment	Installation of new pipe racks from electrical room to pumping area

Policy	Objective	Target	Program
		failures ≤ 2 times/year.	power supply line.
Environmental Pollution Prevention: To reduce the abuse of resources, pollution and energy consumption.	Reduces VOCs fugitive and increases safety and quality of stored goods in tanks.	Reduce cargo contamination in storage tank, higher than the standard ≤ 2 times/year.	Add 3 new bag filters.
		Hazardous material leakage and air pollution occurs ≤ 2 times/year.	Replace the condensation recovery system piping.
	Reduce the risk of pipeline leaks.	Reduce the frequency of hazardous material leakage ≤ 2 times/year.	Replace the unloading hose.
	Increase operational safety and reduce environmental pollution.	Ensure that the tank breathing valve VOCs escape operation function is normal, breathing valve abnormal leakage ≤ 1 time/year.	Replacement of storage tank breathing valve.
Social Responsibility: Aim for zero pollution and zero accidents. Compliance with applicable laws and regulations:	Maintain equipment integrity.	Reduce the number of product leakage ≤ 1 time/year.	Replacement of double shaft seal pumps.
Comply with environmental safety and health laws and regulations and their requirements.	Comply with regulatory requirements.	Comply with firefighting regulations to avoid firefighting equipment being too old and abnormal.	Maintenance and refurbishment of firefighting equipment.
	Maintain the integrity of the equipment.	Comply with regulatory requirements to avoid excessive ageing of grounding equipment.	Phase out tank area grounding reconfiguration.

Taichung Port West 5 terminal:

Policy	Objective	Target	Program
Social Responsibility: Aiming for zero pollution and zero accidents	Enhance the safety of tanker equipment.	Reduce the risk of oil tank storage and rotation, oil tank leakage ≤ 2 times/year.	Rust removal and painting of oil tanks.
	Comply with the quality of goods storage and tank safety.	Ensure the tank equipment is normal, annual test and calibration abnormalities ≤ 2 times/year.	Replacement of chemical tank fire hose support frame.
Satisfy customers' needs: storage safety and quality 100% and respond to customers' needs quickly.	Ensure the safety of tank loading and unloading operations.	Reduce the hazard of cargo leakage in storage tanks, cargo leakage contamination ≤ 4 times/year.	Renew oil pipeline support.

Policy	Objective	Target	Program
Environmental pollution prevention: Reduce leakage incidents.	Ensure normal operation of tank equipment.	Ensure normal operation of tank equipment, monthly inspection of detectors, annual testing and calibration of abnormalities ≤ 2 times/year.	Renewal of fire-fighting electric pumps.
	Ensure the safety of tank loading and unloading operation.	Reduce the risk of tank operation, hazardous incident ≤ 1 time/year.	Rust removal and painting of oil pipelines in the terminal and central pipe rack.
Implementation of continuous improvement: Continuous maintenance and improvement of working environment, implementation of environmental safety and hygiene management system.	Ensure the safety of tank loading and unloading operations.	Reduce the hazard of cargo leakage in storage tanks, cargo leakage pollution ≤ 4 times/year.	Radar wave level meter, thermometer, temperature card.
	Ensure the safety of personnel working in the tank area.	Reduce the risk of personnel injury in the tank area from falling objects, hazardous incidents ≤ 1 time/year.	A404 tank insulation refurbishment or demolition.
	Reduce the leakage caused by abnormal equipment.	an truck filling operation safety, pump leakage ≤ 2 times/year.	Gradually replace the filling pumps with double shaft seal or shaft seal-less pumps.

(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.

	2022	2023	April 30, 2024
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.

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. To research, develop and evaluate information security policies, plans and technical specifications.
 2. Data and information system security requirements are appropriately reviewed, managed and protected.
 3. To conduct Information security maintenance and security audits.
- IV. The scope of this policy showed below. 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. To 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 as it is supposed to be.

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 on website.

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 quit his/her job, 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 through remote sign in, 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. To 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 scope of the audit 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 3 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 virus 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 Expenses in 2023

Items	NTD(in thousands)
Anti-virus software	35
Firewall Maintenance Expenses	120
System maintenance (including backup) Expenses	38
Personal information inventory	45

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 cannot reasonably estimable the losses, describe the incidents of losses: Not Applicable.

VII. Important contracts

Nature of contract	Parties involved	Contract start and end date	Main content	Restricted clauses
Terminal Service Agreement	G	2018.03.16~2024.12.31	Petrochemical shore tank storage services	None
Terminal Service Agreement	I	2020.07.01~2024.06.30	Petrochemical shore tank storage services	None
Terminal Service Agreement	K	2022.01.01~2024.12.31	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	Year	Financials for the last 5 years (Note)				
		2019	2020	2021	2022	2023
Current assets		228,460	222,362	212,698	268,342	173,136
Property, Plant and Equipment		930,979	1,151,499	1,179,274	1,309,677	1,251,778
Intangible asset		4,008	5,408	4,241	4,230	2,890
Other assets		261,617	258,759	239,267	612,090	499,935
Total assets		1,425,064	1,638,028	1,635,480	2,194,339	1,927,739
Current liabilities	Before distribution	241,805	364,186	318,434	464,582	208,299
	After distribution	355,712	502,255	373,662	515,174	255,000
Non-current liabilities		179,771	235,404	354,566	541,793	507,399
Total liabilities	Before distribution	421,576	599,590	673,000	1,006,375	715,698
	After distribution	535,483	737,659	728,228	1,056,967	762,399
Equity attributable to shareholders of the parent company		998,413	1,037,949	962,007	1,187,503	1,211,590
Share capital		690,344	690,344	690,344	778,344	778,344
Additional paid-in capital		4,233	4,233	4,233	67,888	77,397
Retained earnings	Before distribution	311,451	356,436	286,208	338,304	352,430
	After distribution	197,544	218,367	230,980	287,712	305,729
Other equity interests		(7,615)	(13,064)	(18,778)	2,967	3,419
Treasury stock		-	-	-	-	-
Non-controlling interests		5,075	489	473	461	451
Total equity	Before distribution	1,003,488	1,038,438	962,480	1,187,964	1,212,041
	After distribution	889,581	900,369	907,252	1,137,372	1,165,340

* 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

Item \ Year	Financial data for the last 5 years (Note)				
	2019	2020	2021	2022	2023
Operating income	505,225	540,837	466,109	475,513	441,518
Operating gross profits	233,567	254,848	155,131	170,153	126,951
Operating profits or losses	164,744	181,537	88,475	101,823	61,971
Non-operating income and expenses	2,793	3,252	998	34,801	18,876
Profit before income tax	167,537	184,789	89,473	136,624	80,847
Net profits from continuing operations for the period	134,901	159,718	71,412	107,032	65,223
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	134,901	159,718	71,412	107,032	65,223
Other comprehensive income for the period (net of income tax)	(1,838)	(6,281)	(9,301)	22,024	(63)
Total comprehensive income in the current period	133,063	153,437	62,111	129,056	65,160
Net profits attributable to shareholders of the parent company	134,891	159,724	71,428	107,044	65,233
Net profits attributable to non-controlling interests	10	(6)	(16)	(12)	(10)
Total comprehensive income attributable to shareholders of the parent company	133,053	153,443	62,127	129,068	65,170
Total comprehensive income attributable to attributable to non-controlling interests	10	(6)	(16)	(12)	(10)
Earnings per share	1.96	2.31	1.03	1.50	0.84

* 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: 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
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
2022	PwC, Taiwan	Huang,Pei-Chuan, Pan, Hui-Ling,	Unqualified opinion
2023	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)				
		2019	2020	(Adjusted) 2021	2022	2023
Current assets		198,137	201,800	184,486	210,872	138,760
Property, Plant and Equipment		522,575	769,211	879,414	1,068,527	1,020,072
Intangible asset		4,008	5,408	4,241	4,230	2,890
Other assets		574,266	554,913	485,498	873,273	764,765
Total assets		1,298,986	1,531,332	1,553,639	2,156,902	1,926,487
Current liabilities	Before distribution	138,348	272,268	233,386	427,606	207,498
	After distribution	252,255	410,337	288,614	478,198	254,199
Non-current liabilities		162,225	221,115	358,246	541,793	507,399
Total liabilities	Before distribution	300,573	493,383	591,632	969,399	714,897
	After distribution	414,480	631,452	646,860	1,019,991	761,598
Equity attributable to shareholders of the parent company		998,413	1,037,949	962,007	1,187,503	1,211,590
Share capital		690,344	690,344	690,344	778,344	778,344
Additional paid-in capital		4,233	4,233	4,233	67,888	77,397
Retained earnings	Before distribution	311,451	356,436	286,208	338,304	352,430
	After distribution	197,544	218,367	230,980	287,712	305,729
Other equity interests		(7,615)	(13,064)	(18,778)	2,967	3,419
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	998,413	1,037,949	962,007	1,187,503	1,211,590
	After distribution	884,506	899,880	906,779	1,136,911	1,164,889

* 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.

Note 6: Subsidiary partially transferred its solar energy business to our company. This business transfer is considered a restructuring of the organization under joint control, and therefore the individual financial statements for the year 2021 were restated.

Condensed Statements of Comprehensive Income -IFRS

Unit: Thousand NTD

Item \ Year	Financials for the last 5 years (Note)				
	2019	2020	(Adjusted) 2021	2022	2023
Operating income	472,632	505,193	443,922	454,885	425,053
Operating gross profits	213,715	241,538	150,068	168,330	123,158
Operating profits or losses	146,137	169,072	84,089	100,667	58,442
Non-operating income and expenses	21,297	15,238	5,020	35,258	22,415
Profit before income tax	167,434	184,310	89,109	135,925	80,857
Net profits from continuing operations for the period	134,891	159,724	71,428	107,044	65,233
Losses from discontinued operations	-	-	-	-	-
Net profits (losses) for the period	134,891	159,724	71,428	107,044	65,233
Other comprehensive income for the period (net of income tax)	(1,838)	(6,281)	(9,301)	22,024	(63)
Total comprehensive income in the current period	133,053	153,443	62,127	129,068	65,170
Net profits attributable to shareholders of the parent company	134,891	159,724	71,428	107,044	65,233
Net profits attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to shareholders of the parent company	133,053	153,443	62,127	129,068	65,170
Total comprehensive income attributable to attributable to non-controlling interests	-	-	-	-	-
Earnings per share	1.96	2.31	1.03	1.5	0.84

* 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.

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.

Note 5: Subsidiary partially transferred its solar energy business to our company. This business transfer is considered a restructuring of the organization under joint control, and therefore the individual financial statements for the year 2021 were restated.

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

Year	CPA firm	CPA name	CPAs' audit 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
2022	PwC, Taiwan	Huang, Pei-Chuan, Pan, Hui-Ling,	Unqualified opinion
2023	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				
		2019	2020	2021	2022	2023
Capital structure (%)	Debt to assets ratio	29.58	36.60	41.15	45.86	37.13
	Long-term capital to property, plant and equipment ratio	127.09	110.62	111.68	132.08	137.36
Solvency (%)	Current ratio	94.48	61.05	66.79	57.76	83.12
	Quick ratio	86.77	56.72	64.14	52.99	76.59
	Interests coverage multiplier	3760.41	5703.06	4385.10	3232.14	698.64
Operating performance	Accounts receivable turnover rate (times)	13.18	13.32	10.53	10.95	9.09
	Average collection days	27.69	27.42	34.66	33.36	40.15
	Inventory turnover rate (times)	-	-	-	-	-
	Accounts payable turnover rate (times)	-	-	-	-	-
	Average sales days	-	-	-	-	-
	Property, plant and equipment turnover rate (times)	0.62	0.51	0.40	0.38	0.34
	Total assets turnover rate (times)	0.37	0.35	0.28	0.25	0.21
Profitability	Return on assets (%)	10.29	10.60	4.47	5.77	3.69
	Return on equity (%)	13.64	15.64	7.14	9.95	5.44
	Net profits before tax to paid-in capital (%) (Note 7)	24.26	26.76	12.96	17.55	10.39
	Net profit margin (%)	26.70	29.53	15.32	22.51	14.77
	Earnings per share (NTD)	1.96	2.31	1.03	1.50	0.84
Cash flow	Cash flow ratio (%)	121.44	88.45	75.74	57.21	115.88
	Cash flow adequacy ratio (%)	76.19	73.92	80.87	85.91	94.18
	Cash reinvestment ratio (%)	7.78	7.95	5.40	8.42	7.33
Leverage	Operating leverage	1.67	1.67	2.41	1.97	2.75
	Financial leverage	1.02	1.01	1.02	1.04	1.28

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 debt to assets ratio: The decrease in total liabilities was mainly due to the repayment of short-term bank loans, resulting in a decrease in the debt-to-asset ratio from the previous period.
2. Increase in long-term capital to property, plant and equipment ratio: The increase was mainly attributable to the increase in stockholders' equity due to the decrease in the appropriation rate of earnings in the prior period and the decrease in property, plant and equipment, resulting in the increase in the ratio of capital to property, plant and equipment in the current period.
3. Increase in Solvency: Mainly due to the significant decrease in current liabilities, resulting in an increase in debt service coverage.
4. Decrease in profitability ratio: The decrease in profitability ratio was mainly due to a decrease in operating income and a decrease in non-operating income, which resulted in a decrease in net income before income tax.
5. Increase in cash flow ratio: The increase in cash flow ratio was mainly due to the decrease in current liabilities as compared to the previous period as a result of the repayment of short-term bank loans in line with the general operating conditions.

* 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				
		2019	2020	(Adjusted) 2021	2022	2023
Capital structure (%)	Debt to assets ratio	23.13	32.21	38.08	44.94	37.11
	Long-term capital to property, plant and equipment ratio	222.10	163.68	150.13	161.84	168.52
Solvency (%)	Current ratio	143.21	74.11	79.05	49.32	66.87
	Quick ratio	131.63	68.93	75.55	44.18	60.55
	Interests coverage multiplier	5584.24	9659.64	9610.03	4398.70	698.72
Operating performance	Accounts receivable turnover rate (times)	13.43	13.75	10.91	11.40	9.55
	Average collection days	27.17	26.54	33.46	32.05	38.26
	Inventory turnover rate (times)	-	-	-	-	-
	Accounts payable turnover rate (times)	-	-	-	-	-
	Average sales days	-	-	-	-	-
	Property, plant and equipment turnover rate (times)	0.89	0.78	0.54	0.47	0.41
	Total assets turnover rate (times)	0.38	0.35	0.29	0.25	0.21
Profitability	Return on assets (%)	11.27	11.39	4.70	5.91	3.72
	Return on equity (%)	13.71	15.68	7.14	9.96	5.44
	Net profits before tax to paid-in capital (%) (Note 7)	24.25	26.69	12.91	17.46	10.39
	Net profit margin (%)	28.54	31.61	16.09	23.53	15.35
	Earnings per share (NTD)	1.96	2.31	1.03	1.50	0.84
Cash flow	Cash flow ratio (%)	198.71	110.39	95.01	60.22	110.66
	Cash flow adequacy ratio (%)	77.47	76.49	80.75	81.93	86.07
	Cash reinvestment ratio (%)	7.16	7.29	4.52	8.57	6.99
Leverage	Operating leverage	1.62	1.59	2.41	1.95	2.75
	Financial leverage	1.02	1.01	1.01	1.03	1.30
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 Solvency: Mainly due to the significant decrease in current liabilities, resulting in an increase in debt service coverage.						
2. Decrease in profitability ratio: The decrease in profitability ratio was mainly due to a decrease in operating income and a decrease in non-operating income, which resulted in a decrease in net income before income tax.						
3. Increase in cash flow ratio: The increase in cash flow ratio was mainly due to the decrease in current liabilities as compared to the previous period as a result of the repayment of short-term bank loans in line with the general operating conditions.						
4. Increase in operating leverage: The increase in operating leverage was mainly due to the decrease in operating income as 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
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 - (5) Average sales days = 365/inventory turnover rate
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 - (7) Property, plant, and equipment turnover rate = net sales/average property, plant, and equipment
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 - (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. Audit Committee's Review Report for the year

Prime Oil Chemical Service Corporation Audit Committee's Review Report

Approval of

The Board of Directors has issued the 2023 Business Report, Financial Statements and Earnings Distribution Proposal. Among these, the Financial Statements were audited by Huang, Pei-Chuan and Pan, Hui-Lin, Certified Public Accountants of PWC, and this Audit Report is duly issued. The aforementioned Business Report, Financial Statements and Earnings Distribution Proposal have been examined and determined to be correct and accurate by the Audit Committee. This Report is hereby duly submitted in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Submitted to

The Company's 2024 General Shareholders' Meeting

Prime Oil Chemical Service Corporation
Chair of the Audit Committee : Ho, Kuo-Chen

March 14, 2024

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 Attachment 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 10 years
Transportation vehicle 5 years~10 years	Leased assets 7 years~35 years
Office equipment 3 years~5 years	Others 10 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	For debt instruments measured at fair value through other comprehensive income, financial assets at amortized cost, and accounts receivable containing a significant financing component, the Group measures, at each balance sheet date, the impairment provision at 12 months expected credit losses if there has no significant increase in credit risk since initial recognition or measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for ECLs over the lifetime.
2	Impairment of non-financial assets	Estimated recoverable amount	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.

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	2023	2022	Difference.	
			Amount	%
Current assets	173,136	268,342	(95,206)	(35.48)
Property, Plant and Equipment	1,251,778	1,309,677	(57,899)	(4.42)
Intangible asset	2,890	4,230	(1,340)	(31.68)
Other assets	499,935	612,090	(112,155)	(18.32)
Total assets	1,927,739	2,194,339	(266,600)	(12.15)
Current liabilities	208,299	464,582	(256,283)	(55.16)
Non-current liabilities	507,399	541,793	(34,394)	(6.35)
Total liabilities	715,698	1,006,375	(290,677)	(28.88)
Equity attributable to shareholders of the parent company	1,211,590	1,187,503	24,087	2.03
Share capital	778,344	778,344	0	0.00
Additional paid-in capital	77,397	67,888	9,509	14.01
Retained earnings	352,430	338,304	14,126	4.18
Other equity interests	3,419	2,967	452	15.23
Treasury stock shares	-	-	-	-
Non-controlling interests	451	461	(10)	(2.17)
Total shareholders' equity	1,212,041	1,187,964	24,077	2.03

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. Decrease in current assets: The main reason was that the Company intended to sell all the shares of its subsidiaries in the previous period, so its equity in subsidiaries (accounted for under the equity method) was reclassified as assets held for sale.
2. Decrease in property, plant and equipment: The decrease in property, plant and equipment was mainly due to lower capital expenditures for maintenance and



repairs of assets and solar energy equipment.

3. Decrease in other assets: The decrease was mainly due to the decrease in the carrying value of right-of-use assets as depreciation expense, and the decrease in other noncurrent assets due to the withdrawal of guarantee deposits.
4. Decrease in current liabilities: Repayment of short-term bank borrowings in line with operating conditions resulted in a decrease in current liabilities as compared to the previous period.
5. Increase in equity and retained earnings attributable to shareholders of the parent company: It was mainly due to the increase of retained earnings that resulted from lower payout ratio of cash dividends.

II. Review and analysis of financial performance

(I) Review and analysis of financial performance - Consolidated

Unit: Thousands of NTD, unless otherwise specified

Item	2023	2022	Increase (decrease) amount	Change percentage (%)
Net operating revenue	441,518	475,513	(33,995)	(7.15%)
Operating cost	(314,567)	(305,360)	9,207	(3.02%)
Operating gross margin	126,951	170,153	(43,202)	(25.39%)
Operating expenses	(64,980)	(68,330)	(3,350)	(4.90%)
Net operating income	61,971	101,823	(39,852)	(39.14%)
Non-operating income or expenses	18,876	34,801	(15,925)	(45.76%)
Income before income tax	80,847	136,624	(55,777)	(40.83%)
Income tax expense	(15,624)	(29,592)	(13,968)	(47.20%)
Current period net profit	65,223	107,032	(41,809)	(39.06%)
Other comprehensive income for the year (net)	(63)	22,024	(22,087)	(100.29%)
Total comprehensive income for the period	65,160	129,056	(63,896)	(49.51%)
Basic earnings per share (NTD)	0.84	1.50	(0.66)	(44.00%)

Analysis and explanation of the increase or decrease percentage

1. Decrease in sales revenue: The tank storage business unit experienced a significant change in the current period due to (1) the oil products trading market was affected by the international situation, resulting in more changes in tanker customers during the period. Some customers did not renew their leases upon expiration, while some customers increased their leases on a temporary basis, resulting in a decline in the revenues of the tanker customers, but the loading and unloading volume increased significantly compared to the previous period.; (2) Chemical customers showed mixed results, with slight increase in revenue and loading/unloading volume. The combined revenue decreased by approximately 42.3 million or 12%.
On the other hand, the energy business unit mainly increased its revenue by approximately 8.31 million or 8% from the previous period due to the continuous addition of new sites.
2. Increase in operating costs: the Chemical Tank Division increased by approximately \$6.37 million, with increases in travel expenses (due to the gradual resumption of travel activities after the easing of the COVID-19), utilities (due to the increase in electricity prices), nitrogen (due to the addition of new products requiring nitrogen sealing by customers and an increase in the unit price of nitrogen due to the increase in electricity prices), and import/export (due to an increase in the volume of loading and unloading); and decreases in fuel expenses - palm oil (due to the decrease in the number of products



requiring heating by customers to keep warm), and repair and maintenance (due to cost-saving management measures).

The energy business increased by approximately 2.84 million due to the start of depreciation expenses for newly installed equipment, which was associated with the addition of new operational sites.

3. Decrease in operating expenses:

The decrease in marketing expenses was primarily due to donations to match business needs in 2022, but not in 2023.

The decrease in administrative expenses was mainly due to salary expense recognized for share-based payment agreement compensation for the cash capital increase processed in 2022, but not in 2023.

4. Decrease in non-operating income or expenses:

(1) The increase in other income was mainly due to the increase in cash dividends paid through financial assets at fair value through profit or loss and through other consolidated financial assets at fair value through profit or loss.

(2) The decrease in other gains and losses was mainly due to the combined effect of a decrease in valuation adjustments on financial assets at fair value through profit or loss compared to the prior period and a gain on disposal of a subsidiary.

(3) The increase in finance costs was not only affected by the increase in financing rates, but also by the reduction in capital expenditure on projects during the period and the relatively significant decrease in the amount of interest capitalized, which led to an increase in directly expensed finance costs as compared to 2022

(4) The share of profit or loss from equity method accounted for by associated companies and joint ventures increased, mainly due to the operating profit of newly invested companies in the current period.

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: The decrease in cumulative translation adjustments was mainly due to the decrease in cumulative translation adjustments of foreign currency translation adjustments as a result of the decrease in the U.S. dollar exchange rate during the period.

III. Review and analysis of cash flow

(I) Liquidity analysis for the last two years

Item \ Year	December 31, 2023	December 31, 2022	Increase (decrease) percentage %
Cash flow ratio	115.88%	57.21%	102.56
Cash flow adequacy ratio	94.18%	85.91%	9.62
Cash reinvestment ratio	7.33%	8.42%	(13.01)
Analysis and explanation of the increase or decrease percentage change			
Increase in cash flow ratio: The increase in cash flow ratio was mainly due to the decrease in current liabilities as compared to the previous period as a result of the repayment of short-term bank loans in line with the general operating conditions.			

(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
85,546	218,797	185,592	118,751	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: Major repairs and maintenance of assets 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. Continuously develop new forms of renewable energy projects, go with the government policy, and flexibly adjust the portfolio of projects to optimize the rate of return on investment.
2. Continuously strengthen internal communication and inter-departmental cooperation, along with appropriate human resource development programs, to enhance resilience to external changes and to serve as a foundation for new business development.

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	2023	2022
Consolidated interest expenses (1)	13,505	4,362
Consolidated net income before tax (2)	80,847	136,624
(1) / (2)	16.70%	3.19%

The company and its subsidiaries' consolidated 2023-year interest expense was NT\$13,505 thousand, accounting for 16.70% of the year's net income before tax, which was higher than 2022.

In 2023, the Russian-Ukrainian war continued, oil prices soared, and competition between the U.S. and China was getting tense, which led to the worsening of U.S. inflation and the start of the Fed's interest rate hike. And the Company's cost of borrowing was therefore affected by the rise in interest rates, which increased significantly compared with 2022. 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	2023	2022
Consolidated exchange gain (loss) (1)	564	2,010
Consolidated net income before tax (2)	80,847	136,624
(1) / (2)	0.70%	1.47%

The exchange gain was NT\$564 thousand in 2023, accounting for 0.70% of the net income before tax, which resulted mainly from the exchange gain recognized from partial return of capital of AB VALUE BRIDGE VI, L.P. 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.

(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 ISO 45001, 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 2023.

(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. The Taiwan High Court ruled on August 23, 2022 that our company should pay Chunghwa Telecom Vietnam \$2,284,000 USD, plus interest calculated at an annual rate of 5% from September 24, 2019 until the date of payment. After consultation with lawyers, our company filed an appeal to the Supreme Court in September 2022 and deposited \$69,120 thousand as collateral to prevent execution of the judgment, with the collateral amount recorded as other non-current assets. On March 1, 2023, our company received a notice from the Supreme Court that the original judgment was overturned and sent back to the Taiwan High Court. On March 10, 2023, the Company applied to retrieve the guaranteed deposit of \$69,120, and on March 13, 2023, received a notice from the Taiwan District Court Depositary notifying that the claim of false execution is nullified, and the deposit is allowed to be returned. The Company had retrieved the guarantee deposit on August 14, 2023. The case is currently on trial at Taiwan High Court.

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

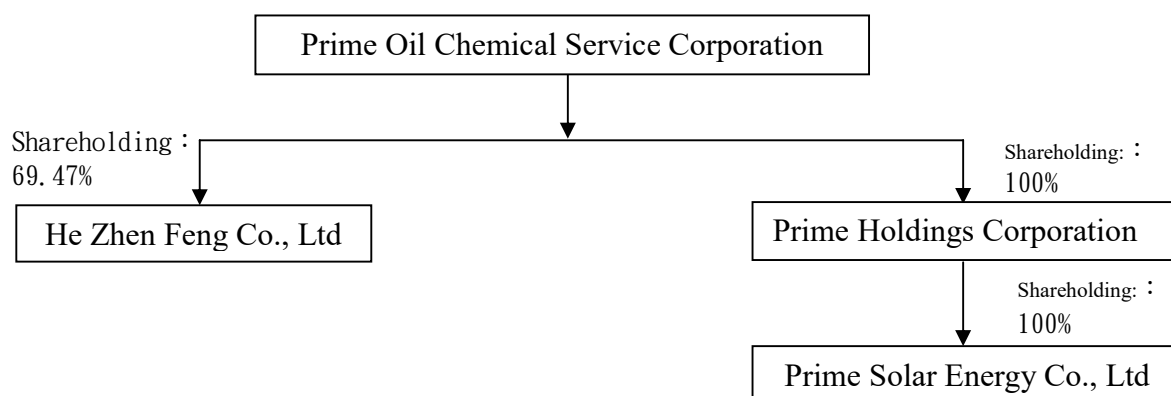
VII. Other important matters: None.

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
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 (2024/4/30)

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%
Prime Holdings Corporation	Chairperson	Prime Oil Chemical Service Corporation Representative: Liao, Shu-Chun	30,000	100%
Prime Solar Energy Co., Ltd.	Chairperson	Prime Holdings Corporation Representative: Liao, Shu-Chun	1,700,000	100%

4. 2023 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	1,512	30	1,482	0	-42	-31	-0.31
Prime Holdings Corporation	US\$6,298,770	US\$6,984,445.91	US\$23,512	US\$6,960,933.91	US\$528,473.57	US\$197,922.73	US\$202,329.73	US\$0.0321
Prime Solar Energy Co., Ltd	US\$1,700,000	US\$1,690,171.09	1,577.49	US\$1,688,593.60	0	US\$ -3,453.68	US\$-2,397.69	US\$-0.0014

(II) Consolidated financial statements of affiliates.

For 2023 (from January 1, 2023 to December 31, 2023), the entities that should be included in the consolidated financial reports of affiliated enterprises based on "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises" and the entities that should be included in the consolidated financial reports of subsidiaries based on "Consolidated and separate financial statements" of International Financial Reporting Standards No. 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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 102,210</u>	<u>\$ 104,538</u>
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	<u>\$ 5,111</u>	<u>\$ 5,108</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 85,546	\$ 99,347
Financial assets measured at amortized cost - current	20,680	17,783
Note receivable	346	351
Trade receivable	52,961	43,438
Financial assets measured at amortized cost – non-current	3,571	2,305
Other non-current assets	<u>47,405</u>	<u>116,720</u>
	<u>\$ 210,509</u>	<u>\$ 279,944</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 30,000	\$ 207,000
Short-term bills payable	-	34,800
Notes payable	6,881	6,908
Other payables	47,439	58,805
Long-term borrowings (including portions due within one year or one operating cycle)	344,092	310,251
Guarantee deposits received	<u>440</u>	<u>6,450</u>
	<u>\$ 428,852</u>	<u>\$ 624,214</u>
lease liabilities	<u>\$ 225,800</u>	<u>\$ 279,567</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 future business transactions and recognized assets. Exchange rate risk arises when future business transactions and recognized assets are denominated in the functional currency of the entity

B. The Group has no significant foreign currency financial liabilities. An analysis of foreign currency assets subject to significant exchange rate fluctuations and foreign currency market risk due to significant exchange rate fluctuations is as follows.

<u>December 31, 2023</u>			<u>Sensitivity Analysis</u>			
	<u>Foreign currency (NTD in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>	<u>Change range</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehensive income</u>
<u>Financial asset</u>						
<u>Monetary items</u>						
USD: NTD	\$ 653	30.66	\$ 20,021	1%	\$ 200	\$ -
<u>Non-monetary items</u>						
USD: NTD	\$ 12,027	30.66	\$368,714	1%	\$ -	\$ -

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

C. The total amount of exchange gain (losses) (both realized and unrealized) recognized in 2023 and 2022 was \$564 and \$2,010, respectively, due to the significant impact of exchange rate fluctuations on the Group's monetary items.

(2) Price risk

- A. The Group's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity securities, the Group diversifies its investment portfolio in a manner that is based on the limits set by the Group.
- B. The Corporate Group invests mainly in equity instruments and beneficiary certificates that are not listed on the TWSE or TPEX or foreign markets. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments.

(3) Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is

partially offset by cash and cash equivalents held at variable rates. For 2023 and 2022, the Corporate Group's borrowings based on floating interest rates were denominated in NTD.

- B. The Group simulates various scenarios and analyzes interest rate risk, including consideration of refinancing, renewal of existing positions, other available financing and hedging, in order to calculate the impact of changes in specific interest rates on profit or loss. For each simulated scenario, the same interest rate change is applied to all currencies. These simulated scenarios are used only for significant interest-bearing liabilities.
- C. As of December 31, 2023 and December 31, 2022, if the interest rate of all borrowings increased by 1% with all other factors held constant, net profits after tax would have decreased by \$2,993 and \$4,354 for 2023 and 2022, primarily due to the floating rate of borrowings that increases interest expense.

(4) Credit risk

- A. The Corporate Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on payment terms.
- B. For receivables arising from operating activities, the Group has established relevant credit risk management mechanisms and regularly evaluates the financial position, credit limits and other factors of the related debtors, and the current creditworthiness of the receivables is good and there was no significant credit risk according to the assessment. Cash, cash equivalents and financial assets measured at amortized cost that have been assessed to have no significant risk.
- C. The Group assumes that a default is deemed to have occurred

when payments are more than 60 days overdue in accordance with the contractual payment terms.

- D. The Group categorizes accounts receivable from customers according to the characteristics of revenue types and estimates expected credit losses based on the loss ratio method on a simplified basis.
- E. The Corporate Group has estimated the allowance for losses on accounts receivable by incorporating forward-looking adjustments to the loss rate established based on historical and current information for a specific period, as the Group's customers are in good credit standing and the overdue accounts receivable and the overdue loss rate were not material as of December 31, 2023 and December 31, 2022.
- F. There was no sign of impairment of the Group's notes receivable.

(5) Liquidity risk

- A. The Group's finance department prepares future cash flow forecasts to monitor future funding requirements and to ensure that sufficient funds are available for disbursement, and maintains sufficient borrowing facilities to adjust for future funding shortfalls.
- B. The following table presents the Group's non-derivative financial liabilities, grouped by the relevant maturity date, which are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the Table below are undiscounted amounts.

Non-derivative financial liabilities:

December 31, 2023	<u>Less than 1 year</u>	<u>Less than 1 to 2 years</u>	<u>More than 2 years</u>
Short-term borrowings	\$ 30,097	\$ -	\$ -
Notes payable	6,881	-	-
Other payables	47,439	-	-
lease liabilities	59,724	53,080	126,969

Guarantee deposits received	-	-	440
Long-term borrowings (including portions due within one year or one operating cycle)	<u>65,521</u>	<u>66,420</u>	<u>238,797</u>
Total	<u>\$ 209,662</u>	<u>\$ 119,500</u>	<u>\$ 366,206</u>

Non-derivative financial liabilities:

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

(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.

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

Level 3: Unobservable inputs for the asset or liability. The Group's investments in unlisted over-the-counter stocks and beneficiary certificates are classified as such.

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

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

Financial assets at fair value through other comprehensive income				
Equity security	<u>-</u>	<u>-</u>	<u>5,108</u>	<u>5,108</u>
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$109,646</u>	<u>\$109,646</u>

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

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

4. In 2023 and 2022 there were no transfers in or out of Level 3.

5. The Group's valuation process for fair value classification in Level 3 is conducted by the finance and accounting department, which is responsible for conducting independent fair value verification of financial instruments, using independent sources of information to make the valuation results approximate market conditions, confirming that the sources of information are independent, reliable, consistent with other resources and representative of executable prices, and regularly updating the input values and information required by the valuation models and any other necessary fair value adjustments to ensure that the valuation results are reasonable. performing back-testing, updating input values used to be the valuation model and making any other necessary adjustments to the fair value.
6. Quantitative information regarding the significant unobservable input values of the valuation models used for Level 3 fair value measurements and sensitivity analysis of changes in significant unobservable input values are described below.

	<u>December 31, 2023 fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input value</u>	<u>Interval (Weighted average)</u>	<u>Relationship between input value and fair value</u>
Non-derivative equity security:					
Non-TWSE or TPEX listed stock	\$ 5,111	Discounted benefit flow method	Discount for lack of marketability	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Investment in private equity	102,210	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
	<u>December 31, 2022 fair value</u>	<u>Valuation technique</u>	<u>Significant unobservable input value</u>	<u>Interval (Weighted average)</u>	<u>Relationship between input value and fair value</u>
Non-derivative equity security:					
Non-TWSE or TPEX listed stock	\$ 5,108	Discounted benefit flow method	Discount for lack of marketability	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower

Investment in private equity	104,538	Net asset value method	Net asset value	-	the fair value The higher the net asset value, the higher the fair value
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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.

Independent Auditors' Report

(2024) PWCR 23005286

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

Opinion

We have reviewed the accompanying consolidated balance sheets of Prime Oil Chemical Service Corporation and its subsidiaries (hereinafter referred to as the “Corporate Group”) as of December 31, 2023 and 2022 and the related consolidated comprehensive income statements, consolidated statements of changes in equity and consolidated cash flow statements for the periods then ended, and notes to the consolidated financial statements (including a summary of the significant accounting policies).

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

Basis for Audit Opinion

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

Key inspection items

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

Key inspection items of Prime Oil Chemical Service Corporation's Consolidated Financial

Statements as of 2023 are as follows:

Evaluation of other equipment impairment

Description

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

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

Audit procedure in response

The audit procedures we performed are set out below:

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

Others - Standalone Financial Reports

Prime Oil Chemical Service Corporation has prepared its financial statements for the years

ended December 31, 2023 and 2022, and we have issued an unqualified audit report thereon for reference.

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

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

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

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

Independent Auditors' responsibilities to auditing the Consolidated Financial Statements.

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

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

1. Identify and assess risk of material misstatements resulting from fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidences as the basis of our audit opinion. Since fraud may involve conspiracy, forgery, intentional omission, misrepresentation or a breach of internal control, the risk of not detecting a material misstatement due to fraud is higher than what is due to error.
2. Obtain the necessary understanding of internal control relevant to the audit to design audit

procedures that are appropriate in the circumstances, provided that the objective is not to express an opinion on the effectiveness of Prime Oil Chemical Service Corporation's internal control.

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

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

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

From the matters communicated with the governance unit, we determine the key inspection items for Prime Oil Chemical Service Corporation's 2023 Consolidated Financial Statements. We describe these matters in our audit report unless law or regulation precludes public disclosure about such matters or when, in extremely rare circumstances, we determine that a matter would not be communicated in our report since the adverse consequences of doing so would reasonably be expected to outweigh the public benefits of such communication.

PwC, Taiwan

Huang, Pei-Chuan

Accountant

Pan, Hui-Ling

March 14, 2024

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

Unit: Thousand NTD

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

(Continued)

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

Unit: Thousand NTD

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

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

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

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

(Continued)

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

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

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

Prime Oil Chemical Service Corporation and its subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

Equity attributable to shareholders of the parent company												
Common stock	Additional paid-in capital				Retained earnings			Other equity interests		Total	Non-controlling interests	Total equity
	Issuance premium	Treasury stock transactions	Changes in net equity of affiliated companies and joint ventures under the equity method	Employee share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized valuation gains or losses on financial assets at fair value through other comprehensive income			
\$ 690,344	\$ -	\$ 4,233	\$ -	\$ -	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007	\$ 473	\$ 962,480
-	-	-	-	-	-	-	107,044	-	-	107,044	(12)	107,032
-	-	-	-	-	-	-	1,569	22,851	(2,396)	22,024	-	22,024
-	-	-	-	-	-	-	108,613	22,851	(2,396)	129,068	(12)	129,056
-	-	-	-	-	6,984	-	(6,984)	-	-	-	-	-
-	-	-	-	-	-	5,714	(5,714)	-	-	-	-	-
-	-	-	-	-	-	-	(55,227)	-	-	(55,227)	-	(55,227)
88,000	61,000	-	-	-	-	-	-	-	-	149,000	-	149,000
-	1,280	-	-	1,375	-	-	-	-	-	2,655	-	2,655
-	-	-	-	-	-	-	(1,290)	-	1,290	-	-	-
\$ 778,344	\$ 62,280	\$ 4,233	\$ -	\$ 1,375	\$ 194,177	\$ 18,778	\$ 125,349	\$ 7,488	(\$ 4,521)	\$ 1,187,503	\$ 461	\$ 1,187,964
\$ 778,344	\$ 62,280	\$ 4,233	\$ -	\$ 1,375	\$ 194,177	\$ 18,778	\$ 125,349	\$ 7,488	(\$ 4,521)	\$ 1,187,503	\$ 461	\$ 1,187,964
-	-	-	-	-	-	-	65,233	-	-	65,233	(10)	65,223
-	-	-	-	-	-	-	(515)	449	3	(63)	-	(63)
-	-	-	-	-	-	-	64,718	449	3	65,170	(10)	65,160
-	-	-	-	-	10,861	-	(10,861)	-	-	-	-	-
-	-	-	-	-	-	(18,778)	18,778	-	-	-	-	-
-	-	-	-	-	-	-	(50,592)	-	-	(50,592)	-	(50,592)
-	-	-	9,509	-	-	-	-	-	-	9,509	-	9,509
\$ 778,344	\$ 62,280	\$ 4,233	\$ 9,509	\$ 1,375	\$ 205,038	\$ -	\$ 147,392	\$ 7,937	(\$ 4,518)	\$ 1,211,590	\$ 451	\$ 1,212,041

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

Unit: Thousand NTD

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

(Continued)

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

Unit: Thousand NTD

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

Prime Oil Chemical Service Corporation and its subsidiaries
Notes to the Consolidated Financial Statements
for the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD
(Unless otherwise specified)

I. Company History and Business Scope

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

II. Date and Procedures for Approval of Financial Statements

The Consolidated Financial Statements were approved and authorized for issuance by the Board of Directors on March 14, 2024.

III. Newly-released and amended standards and interpretations

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

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

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

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

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

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

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

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

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

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

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

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

IV. Summary of significant accounting policies

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

(I) Compliance statement

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

(II) Basis of preparation

1. The consolidated financial statements have been prepared on a historical cost basis, except for the following significant items.
 - (1) Financial assets at fair value through profit or loss are measured at fair value.
 - (2) Financial assets at fair value through other comprehensive income are measured at fair value.
 - (3) The defined benefit liability is recognized as the net of the present value of the pension fund assets less the defined benefit obligation.
2. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Corporate Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(III) Basis of consolidation

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

2. Subsidiaries included in consolidated financial statements:

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

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

Note 2: The Company, in order to improve the overall operating efficiency and return on investment of its energy business, decided at a board meeting on December 27, 2022, to sell all the shares (4,000,000 common shares) of its subsidiary, POCS POWER Co., Ltd. The share sale agreement was signed on February 8, 2023 and on March 31, 2023, the equity transaction was completed. For further details, please refer to Note 6(11).

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

(IV) Foreign currency translation

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

1. Foreign currency transactions and balances

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

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

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

2. Translation of foreign operations

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

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

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

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

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

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

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

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

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

(VI) Cash and cash equivalents

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

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

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

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

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

(IX) Financial assets measured at amortized cost

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

(X) Accounts and notes receivables

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

(XI) Impairment of financial assets

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

(XII) De-recognition of financial assets

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

(XIII) Lessor Leasing Transaction - Operating lease

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

(XIV) Non-current assets held for sale

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

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

1. Affiliated companies refer to entities over which the Company exerts significant influence but does not have control, typically by directly or indirectly holding more than 20% of voting rights. The Company uses the equity method to account for its investments in affiliated companies, recognizing them at cost upon acquisition.
- 2.. After the acquisition of an equity interest in an associated company, the Group recognizes its share of the associated company's profit or loss as a current period expense, while its share of the associated company's other comprehensive income is recognized in other comprehensive income. If this company's share of losses in an associated company equals or exceeds its interest in the associated company's equity (including any other unsecured receivables), no further losses are recognized unless this company has a legal or constructive obligation or has made payments on behalf of the associated company.
3. When an equity change occurs in an associated enterprise that is not related to profit or other comprehensive income and does not affect the percentage of ownership in the associated enterprise, the Company recognizes all equity changes in "Capital Surplus"

based on its ownership percentage.

4. The unrealized gains and losses resulting from transactions between the Group and its affiliated companies have been eliminated based on their respective ownership interests, unless evidence indicates that the transferred assets have been impaired, in which case unrealized losses are also eliminated. The accounting policies of the affiliated companies have been adjusted as necessary to be consistent with those adopted by the Company.

(XVI) Property, Plant and Equipment

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

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

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

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

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

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

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

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

(XVIII) Impairment of non-financial assets

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

(XIX) Loans

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

(XX) De-recognition of financial liabilities

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

(XXI) Provision

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

(XXII) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

3. Employees' compensation and directors' remuneration

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

(XXIII) Employee share-based payment

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

(XXIV) Income tax

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

(XXV) Share capital

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

(XXVI) Dividends

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

(XXVII) Revenue recognition

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

2. Tank operation revenue

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

3. Electricity sales revenue

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

(XXVIII) Business Operations Department

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

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

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

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

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

VI. Statements of main accounting items

(I) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 198	\$ 231
Checking accounts and demand deposits	48,139	64,679
Time deposits	<u>37,209</u>	<u>43,650</u>
	85,546	108,560
Less: Non-current assets held for sale	<u>-</u>	<u>(9,213)</u>

\$ 85,546 \$ 99,347

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

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

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

1. Gain and loss recognized for financial assets at fair value through profit or loss held by the Corporate Group was (\$16,480) and \$28,830 in 2023 and 2022, respectively.
2. The Group has not pledged any financial assets at fair value through profit or loss.
3. Please refer to Note 12 (2) for information on the credit risk of financial assets measured at fair value through profit or loss.

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

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

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

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

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

(IV) Financial assets measured at amortized cost

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

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

	<u>2023</u>	<u>2022</u>
Interest income	\$ 249	\$ 53
Valuation interest	(3)	1,757
	<u>\$ 246</u>	<u>\$ 1,810</u>

2. Without considering the collaterals held or other credit enhancements, the amount of financial assets measured at amortized cost that best represented the Corporate Group's maximum exposure to credit risk was \$24,251 and \$20,088 as of December 31, 2023 and December 31, 2022, respectively.
3. Information about the financial assets measured at amortized cost that were pledged to others as collaterals is provided in Note 8.
4. Risk information about the relative financial assets measured at amortized cost is provided in Note 12(2).
5. On December 22, 2016, the Company entered into a contract for the construction of a solar power generation system (hereinafter referred to as the "construction contract") and a contract for the purchase of solar power generation system equipment (hereinafter referred to as the "purchase contract") with Chunghwa Telecom Vietnam Co. Ltd. to construct a solar power generation system in Cambodia. The total construction price was US\$7,750 thousand. On December 28, 2016, the Company trusted US\$6,010 thousand by wire transfer to a third-party financial institution; as of December 31, 2023 and December 31, 2022, the balance of the trust account was US\$580 thousand, which is shown as "financial assets measured at amortized cost - current" due to the restricted use.
6. According to the construction contract, the construction of the solar power generation system in the preceding paragraph should be completed within one year and the amount in trust account has been paid to Chunghwa Telecom Vietnam Co., Ltd. However, Chunghwa Telecom Vietnam Co., Ltd. refused to fulfill its obligations under the above "construction contract" in the third quarter of 2017. In view of the aforementioned situation, the Company sent a formal letter to Chunghwa Telecom Vietnam to urge Chunghwa Telecom Vietnam to perform its obligations under the construction contract within the deadline, however after the expiration of the reminder period, Chunghwa Telecom Vietnam's contract obligations remained unfulfilled. Hence the Company legally terminated the construction contract. The Company has filed a lawsuit for civil damages with the Taiwan Taipei District Court (TDC) in April, 2018.
7. In December 2020, the Company received a notification of judgement from the Taipei District Court rejecting the Company's claim. After consultation with legal counsel, the Company appealed to the Taiwan High Court in January 2021. The Taiwan High Court ruled on August 23, 2022, that the Company should pay Chunghwa Telecom Vietnam USD 2,284 thousand and interest calculated at an annual rate of 5% from September 24, 2019 until the date of payment. After further consultation with legal counsel, the Company appealed to the Supreme Court in September 2022 and deposited \$69,120 as collateral to prevent false execution. The collateral amount was recorded as other non-current assets. On March 1, 2023, the Company received a notice from the Supreme Court that the original judgement was overturned, and the case was remanded to the Taiwan High Court. On March 10, 2023, the Company applied for the return of the guaranteed deposit of \$69,120 (presented in other current assets in the table) and on March 13, received a notice from the Taiwan District Court's depositary informing that the declaration of false execution has been rendered invalid and allowing the return of the deposited item. The Company had retrieved the guarantee deposit on August 14, 2023. The case is currently on trial at Taiwan High Court.

(V) Notes and accounts receivable

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

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

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

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

2. As of December 31, 2022, and December 31, 2021, the balance of receivables (including notes receivables) are generated from the contracts between the Corporate Group and its customers. And as of January 1, 2021, the balance of receivables generated from such contracts was \$43,104.
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 \$346 and \$351 as of December 31, 2023 and December 31, 2022, respectively; the amount of accounts receivables that best represented the Corporate Group's maximum exposure to credit risk was \$52,961 and \$44,670 as of December 31, 2023 and December 31, 2022, respectively.
5. Please refer to Note 12, (2) for the related credit risk information of accounts receivable.

(VI) Investments accounted for using equity method

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

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

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

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

(VII) Property, Plant and Equipment

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

	<u>2022</u>								
	<u>Land</u>	<u>Warehousing equipment</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Lease improvement</u>	<u>Lease assets</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
January 1									
Cost	\$ 44,004	\$650,880	\$ 10,001	\$ 521	\$ 884	\$ 86,132	\$ 959,531	\$26,240	\$ 1,778,193
Accumulated depreciation and impairment		<u>-(383,163)</u>	<u>(4,259)</u>	<u>(182)</u>	<u>(736)</u>	<u>(66,530)</u>	<u>(144,049)</u>	<u>-</u>	<u>(598,919)</u>
	<u>\$ 44,004</u>	<u>\$267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$ 815,482</u>	<u>\$26,240</u>	<u>\$ 1,179,274</u>
January 1	\$ 44,004	\$267,717	\$ 5,742	\$ 339	\$ 148	\$ 19,602	\$ 815,482	\$26,240	\$ 1,179,274
Addition	-	61,678	-	196	-	-	168,317	84,753	314,944
Number of Transfers	-	3,140	-	-	-	-	21,627	(24,767)	-
depreciation expense	-(68,118)	(1,159)	(140)	(74)	(7,623)	(51,333)	-	-	(128,447)
Net exchange difference	<u>4,826</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,150</u>	<u>-</u>	<u>17,976</u>
December 31	<u>\$ 48,830</u>	<u>\$264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 967,243</u>	<u>\$86,226</u>	<u>\$ 1,383,747</u>
December 31									
Cost	\$ 48,830	\$704,188	\$ 10,001	\$ 718	\$ 212	\$ 78,588	\$ 1,152,714	\$86,226	\$ 2,081,477
Accumulated depreciation and impairment		<u>-(439,771)</u>	<u>(5,418)</u>	<u>(323)</u>	<u>(138)</u>	<u>(66,609)</u>	<u>(185,471)</u>	<u>-</u>	<u>(697,730)</u>
	<u>48,830</u>	<u>264,417</u>	<u>4,583</u>	<u>395</u>	<u>74</u>	<u>11,979</u>	<u>967,243</u>	<u>86,226</u>	<u>1,383,747</u>
Less: Reclassification of non-current assets held for sale	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(74,070)</u>	<u>-</u>	<u>(74,070)</u>
	<u>\$ 48,830</u>	<u>\$264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 893,173</u>	<u>\$86,226</u>	<u>\$ 1,309,677</u>

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

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

2. Significant components of the Group's warehousing equipment, including tanks and pipelines, are depreciated over 2 to 35 years.
3. The Corporate Group's property, plant and equipment showed no signs of impairment from January 1 to December 31, 2023 and 2022.
4. Please refer to Note 8 for information on the guarantees provided by the Group on property, plant and equipment.

(VIII) Leasing arrangements - lessee

1. The subject assets of the Group's leases include land use rights, buildings and other equipment. Except for the land use rights, which have a period of 20 years, the remaining lease agreements normally have a period of 3 to 6 years.

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

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

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

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

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

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

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

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

5. The Corporate Group’s total lease cash outflows were \$67,308 and \$75,878 as of 2023 and 2022, respectively, (of which \$53,767 and \$63,527 were for the principal of lease liabilities).
6. Effect of variable lease payments on lease liabilities

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

(IX) Leasing arrangements - lessor

- The target assets leased by the Corporate Group are warehousing equipment. The lease agreements are usually for a period of 1 to 5 years and are negotiated on an individual basis and contain various terms and conditions.
- The Corporate Group recognized rental income of \$250,584 and \$293,201 in 2023 and 2022, respectively, based on operating lease agreements, in which no variable lease payments were included.
- The maturity analysis of the lease payments under the operating leases is as follows:

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

(X) Other non-current assets

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

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

(XI) Non-current assets held for sale

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

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

3. Liabilities directly associated with assets held for sale:

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

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

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

(XII) Short-term borrowings and bills payable

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

(XIII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Credit borrowings				
Land Bank of Taiwan	2023.6.6~2025.3.7 Repayable in full upon maturity on March 7, 2025	2.43%	None	\$ 19,668
Chinatrust Commercial Bank	2021.12.29~2031.12.29 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) January 29, 2022.	2.49%	None	30,400
Chinatrust Commercial Bank	2022.6.30~2024.12.30 20% of the principal shall be repaid in 5 installments commencing from (inclusive) December 30, 2022. The remaining principal shall be fully repaid at maturity.	2.20%	None	17,600
Shin Kong Bank	2022.11.4~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) December 4, 2022.	2.39%	None	19,805
Shin Kong Bank	2022.12.19~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) January 19, 2023.	2.39%	None	\$ 20,125
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.25%	Other Equipment	53,605
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.25%	Other Equipment	7,418
Mega International Commercial Bank	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.27%	Other Equipment	27,638
Mega International Commercial Bank	2022.6.10~2032.3.29 The principal and interest shall	2.27%	Other Equipment	1,238

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
	be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.			
Mega International Commercial Bank	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.27%	Other Equipment	23,100
Mega International Commercial Bank	2022.9.7~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.27%	Other Equipment	31,136
Mega International Commercial Bank	2022.9.26~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.27%	Other Equipment	11,520
Mega International Commercial Bank	2023.5.12~2032.3.29 The principal and interest shall be repaid in 36 equal installments commencing from (inclusive) June 29, 2023.	2.27%	Other Equipment	4,587
Mega International Commercial Bank	2023.6.9~2032.3.29 The principal and interest shall be repaid in 36 equal installments commencing from (inclusive) June 29, 2023.	2.27%	Other Equipment	3,282
Mega International Commercial Bank	2023.6.19~2020.6.19 The principal and interest shall be repaid in 28 equal installments commencing from (inclusive) September 19, 2023.	2.27%	Other Equipment	9,284
Far Eastern International Bank	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	2.57%	Other Equipment	\$ 14,195

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

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

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

(XIV) Other payables

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

(XV) Pensions

1. Defined benefit plan

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

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

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

(3) Changes of net liabilities are as follows:

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

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

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

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

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

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

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

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

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

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

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

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

2. Defined contribution plans

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

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

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

(XVI) Share-based payments

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

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

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

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

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

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

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

(XVII) Provision

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

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

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

(XVIII) Share capital

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

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

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

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

(XIX) Additional paid-in capital

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

(XX) Retained earnings

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

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>Dividends per share (NTD)</u>	<u>Amount</u>	<u>Dividends per share (NTD)</u>
Legal reserve allocated	\$10,861		\$ 6,984	
(Reversal) Special reserve allocated	(18,778)		5,714	

Cash dividends paid	<u>50,592</u>	\$	0.65	<u>55,227</u>	\$	0.80
Total	<u>\$42,675</u>			<u>\$67,925</u>		

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

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

(XXI) Other equity interest

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

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

(XXII) Operating revenue

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

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

(XXIII) Other income

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

(XXIV) Other gains or losses

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

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

(XXV) Financial costs

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

(XXVI) Expenses by nature

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

(XXVII) Employee benefits expense

	<u>2023</u>	<u>2022</u>
Salary expenses	\$ 62,498	\$ 66,577
Labor and health insurance expenses	5,881	5,574
Pension costs	2,861	2,826
Directors' remuneration	2,799	3,918
Other employee expenses	4,217	4,874
	<u>\$ 78,256</u>	<u>\$ 83,769</u>

1. In accordance with the Company's Articles of Incorporation, if the Company has a surplus in earnings after deducting the accumulated losses based on the profitability

of the current year, the Company shall appropriate no less than 3% as employees' profit sharing remuneration and no more than 5% as directors' and supervisors' profit sharing remuneration.

2. In 2023 and 2022, the employees' compensation and directors' and supervisors' remuneration were both estimated by the Company at 3% of the profit until the current period. The estimated amounts of employees' compensations were \$2,595 and \$4,415, respectively; the estimated amounts of directors' and supervisors' remuneration were \$2,595 and \$4,415, respectively, and the aforementioned amounts were recognized as salaries.

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

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

(XXVIII) Income tax

1. Income tax expense

(1) Components of income tax expense:

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

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

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

2. Reconciliation between income tax expense and accounting profit

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

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

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

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

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

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

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

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

(XXIX) Earnings per share

	<u>2023</u>		
	<u>Weighted average</u>		
	<u>Number of shares in</u>		
	<u>circulation</u>		
	<u>(thousands of</u>		
	<u>shares)</u>		
	<u>After-tax</u>		<u>Earnings per</u>
	<u>amount</u>		<u>share</u>
			<u>(NTD)</u>
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$ 65,233	77,834	<u>\$ 0.84</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	<u>-</u>	<u>181</u>	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$ 65,233</u>	<u>78,015</u>	<u>\$ 0.84</u>
<u>2022</u>			
<u>Weighted average</u>			
<u>Number of shares in</u>			
<u>circulation</u>			
<u>(thousands of</u>			
<u>shares)</u>			
	<u>After-tax</u>		<u>Earnings per</u>
	<u>amount</u>		<u>share</u>
			<u>(NTD)</u>
<u>Basic earnings per share</u>			
Net profits for the period attributable to shareholders of parent company	\$107,044	71,132	<u>\$ 1.50</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares			
Employee compensation	<u>-</u>	<u>235</u>	
Net profits for the period attributable to shareholders of common stock of parent company plus the effect of potential common stock	<u>\$107,044</u>	<u>71,367</u>	<u>\$ 1.50</u>

(XXX) Supplemental cash flow information

Investing activities that are only partially paid in cash:

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

(XXXI) Changes in liabilities arising from financing activities

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

	<u>lease liabilities</u>	<u>Short-term borrowings and bills payable</u>	<u>2022 Long-term borrowings (including portions due within one year or one operating cycle)</u>	<u>Total liabilities from financing activities</u>
January 1	\$ 39,325	\$ 142,100	\$ 364,243	\$ 545,668
Changes in cash flows from financing activities	(63,527)	129,700	(53,992)	12,181
Other non-cash transactions	303,769	-	-	303,769
Less: liabilities directly associated with assets held for sale	-	(30,000)	-	(30,000)
December 31	<u>\$ 279,567</u>	<u>\$ 241,800</u>	<u>\$ 310,251</u>	<u>\$ 831,618</u>

VII. Related-Party Transactions

(I) Parent company and ultimate controlling party

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

(II) Compensation of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 22,296	\$ 23,404
Post-employment benefits	<u>1,238</u>	<u>1,189</u>
	<u>\$ 23,534</u>	<u>\$ 24,593</u>

VIII. Pledged assets

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

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

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

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

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Contingencies

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

(II) Capital expenditures contracted for but not yet incurred

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

X. Losses due to major disasters

Not applicable.

XI. Significant events after the balance sheet date

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

XII. Others

(I) Capital management

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

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

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

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 102,210</u>	<u>\$ 104,538</u>
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	<u>\$ 5,111</u>	<u>\$ 5,108</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 85,546	\$ 99,347
Financial assets measured at amortized cost - current	20,680	17,783
Note receivable	346	351
Trade receivable	52,961	43,438
Financial assets measured at amortized cost – non-current	3,571	2,305
Other non-current assets	<u>47,405</u>	<u>116,720</u>
	<u>\$ 210,509</u>	<u>\$ 279,944</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 30,000	\$ 207,000
Short-term bills payable	-	34,800
Notes payable	6,881	6,908
Other payables	47,439	58,805
Long-term borrowings (including portions due within one year or one operating cycle)	344,092	310,251
Guarantee deposits received	<u>440</u>	<u>6,450</u>
	<u>\$ 428,852</u>	<u>\$ 624,214</u>
lease liabilities	<u>\$ 225,800</u>	<u>\$ 279,567</u>

2. Risk management policies

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

The Group's significant financial risk management is controlled with review by the Board of Directors in accordance with relevant regulations and internal control systems.

The financial risk management plan has been established to identify and analyze the financial risks faced by the Company and assess their impact, and to implement relevant policies to avoid financial risks, and to regularly review the financial risk policy to reflect changes in market conditions and the Group's operations.

3. Significant financial risks and degrees of financial risks

(1) Market risk

Exchange rate risk

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

<u>December 31, 2023</u>						
<u>Sensitivity Analysis</u>						
<u>Financial asset</u>	<u>Foreign currency (NTD in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>	<u>Change range</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehens ive income</u>
<u>Monetary items</u>						
USD: NTD	\$ 653	30.66	\$ 20,021	1%	\$ 200	\$ -
<u>Non-monetary items</u>						
USD: NTD	\$ 12,027	30.66	\$368,714	1%	\$ -	\$ -

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

- C. The total amount of exchange gain (losses) (both realized and unrealized) recognized in 2023 and 2022 was \$564 and \$2,010, respectively, due to the

significant impact of exchange rate fluctuations on the Group's monetary items.

(2) Price risk

- A. The Group's equity instruments exposed to price risk are financial assets held at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage the price risk of equity securities, the Group diversifies its investment portfolio in a manner that is based on the limits set by the Group.
- B. The Corporate Group invests mainly in equity instruments and beneficiary certificates that are not listed on the TWSE or TPEX or foreign markets. The prices of these equity instruments are affected by the uncertainty of the future value of the underlying investments.

(3) Cash flow and fair value interest rate risk

- A. The Group's interest rate risk arises from short-term and long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. For 2023 and 2022, the Corporate Group's borrowings based on floating interest rates were denominated in NTD.
- B. The Group simulates various scenarios and analyzes interest rate risk, including consideration of refinancing, renewal of existing positions, other available financing and hedging, in order to calculate the impact of changes in specific interest rates on profit or loss. For each simulated scenario, the same interest rate change is applied to all currencies. These simulated scenarios are used only for significant interest-bearing liabilities.
- C. As of December 31, 2023 and December 31, 2022, if the interest rate of all borrowings increased by 1% with all other factors held constant, net profits after tax would have decreased by \$2,993 and \$4,354 for 2023 and 2022, primarily due to the floating rate of borrowings that increases interest expense.

(4) Credit risk

- A. The Corporate Group's credit risk is the risk of financial loss arising from the failure of customers or counterparties to financial instruments to meet their contractual obligations, mainly from the failure of counterparties to settle accounts receivable on payment terms.
- B. For receivables arising from operating activities, the Group has established relevant credit risk management mechanisms and regularly evaluates the financial position, credit limits and other factors of the related debtors, and the current creditworthiness of the receivables is good and there was no significant credit risk according to the assessment. Cash, cash equivalents and financial assets measured at amortized cost that have been assessed to have no significant risk.
- C. The Group assumes that a default is deemed to have occurred when payments are more than 60 days overdue in accordance with the contractual payment terms.
- D. The Group categorizes accounts receivable from customers according to the characteristics of revenue types and estimates expected credit losses based on the loss ratio method on a simplified basis.
- E. The Corporate Group has estimated the allowance for losses on accounts receivable by incorporating forward-looking adjustments to the loss rate established based on historical and current information for a specific period, as

the Group's customers are in good credit standing and the overdue accounts receivable and the overdue loss rate were not material as of December 31, 2023 and December 31, 2022.

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

(5) Liquidity risk

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

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

Non-derivative financial liabilities:

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

Non-derivative financial liabilities:

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

(III) Fair value information

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

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

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

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

4. In 2023 and 2022 there were no transfers in or out of Level 3.

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

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

	<u>December 31,</u> <u>2023 fair value</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input value</u>	<u>Interval</u> <u>(Weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input value</u> <u>and fair value</u>
Non-derivative equity security:					
Non-TWSE or TPEX listed stock	\$ 5,111	Discounted benefit flow method	Discount for lack of marketability	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Investment in private equity	102,210	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value
	<u>December 31,</u> <u>2022 fair value</u>	<u>Valuation</u> <u>technique</u>	<u>Significant</u> <u>unobservable</u> <u>input value</u>	<u>Interval</u> <u>(Weighted</u> <u>average)</u>	<u>Relationship</u> <u>between input value</u> <u>and fair value</u>
Non-derivative equity security:					
Non-TWSE or TPEX listed stock	\$ 5,108	Discounted benefit flow method	Discount for lack of marketability	20%	The higher the discount for lack of marketability and the higher the discount for lack of controlling interests, the lower the fair value
Investment in private equity	104,538	Net asset value method	Net asset value	-	The higher the net asset value, the higher the fair value

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

		<u>December 31, 2023</u>			
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive Income</u>	
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial asset					
Equity instruments	The discount for lack of marketability and the discount±1% for lack of controlling interests		\$ -	\$ -	\$ 51 (\$ 51)
Investment in private equity	Net asset value ±1%		<u>1,022</u>	<u>(1,022)</u>	<u>-</u> <u>-</u>
Total			<u>\$ 1,022</u>	<u>(\$ 1,022)</u>	<u>\$ 51</u> <u>(\$ 51)</u>
		<u>December 31, 2022</u>			
		<u>Recognized in profit or loss</u>		<u>Recognized in other comprehensive Income</u>	
	<u>Input value</u>	<u>Change</u>	<u>Favorable change</u>	<u>Unfavorable change</u>	
Financial asset					
Equity instruments	The discount for lack of marketability and the discount±1% for lack of controlling interests		\$ -	\$ -	\$ 51 (\$ 51)
Investment in private equity	Net asset value ±1%		<u>1,045</u>	<u>(1,045)</u>	<u>-</u> <u>-</u>
Total			<u>\$ 1,045</u>	<u>(\$ 1,045)</u>	<u>\$ 51</u> <u>(\$ 51)</u>

(IV) Financial Soundness Plan

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

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

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

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

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

XIII. Additional disclosures

(I) Significant transactions information

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

(II) Information on investees

Name, locations, and other related information of investees. Please refer to Table 2.

(III) Investments in Mainland China

Not applicable.

(IV) Information on main investors

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

XIV. Operating Segments Information

(I) General information

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

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

(II) Measurement of segment information

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

(III) Segment information

The Group's segment operating profit reported to the chief operating decision makers is measured in a manner consistent with the revenue and expenses in the income statement. The Group does not provide the total assets and liabilities to the operating decision maker for operating decisions. The reportable segment information provided to the chief operating decision maker for FY2023 and FY2022 is as follows:

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

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

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

(IV) Reconciliation of departmental profit and loss information

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

(V) Product and service information

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

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

(VI) Information by Region

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

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

(VII) Important Customer Information

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

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

Independent Auditors' Report

(2024) PWCR 23005091

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, 2023 and 2022 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, 2023 and 2022 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 2023. 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 2023 are as follows:

Evaluation of other equipment impairmentDescription

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



Prime Oil Chemical Service Corporation's other equipment (under property, plant and equipment) is the major asset related to the solar power generation division with a book value of NT\$715,623 thousand, accounting for 37% 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 (including the audit committee) is responsible for overseeing the financial reporting process.

Independent Auditors' responsibilities to auditing the Standalone Financial Statements.

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

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

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

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

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

From the matters communicated with the governance unit, we determine the key inspection items for Prime Oil Chemical Service Corporation's 2023 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

March 14, 2024

Prime Oil Chemical Service Corporation
Standalone Balance Sheets
December 31, 2023 and 2022

Unit: Thousand NTD

Assets		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current assets					
1100	Cash and cash equivalents	\$ 56,455	3	\$ 81,794	4
1136	Financial assets measured at amortized cost - current	20,680	1	17,783	1
1150	Notes receivable, net	346	-	351	-
1170	Accounts receivable, net	48,156	2	40,191	2
1410	Prepayments	13,123	1	21,939	1
1460	Net assets held for sale	-	-	48,814	2
11XX	Total current assets	<u>138,760</u>	<u>7</u>	<u>210,872</u>	<u>10</u>
Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	102,210	6	104,538	5
1517	Financial assets at fair value through other comprehensive income - noncurrent	5,111	-	5,108	-
1535	Financial assets measured at amortized cost - non-current	3,571	-	2,305	-
1550	Investments accounted for using equity method	369,743	19	349,135	16
1600	Property, Plant and Equipment	1,020,072	53	1,068,527	50
1755	Right-of-use assets	235,341	12	293,591	14
1780	Intangible asset	2,890	-	4,230	-
1840	Deferred tax assets	1,384	-	1,876	-
1900	Other non-current assets	47,405	3	116,720	5
15XX	Total non-current assets	<u>1,787,727</u>	<u>93</u>	<u>1,946,030</u>	<u>90</u>
1XXX	Total Assets	<u>\$ 1,926,487</u>	<u>100</u>	<u>\$ 2,156,902</u>	<u>100</u>

(Continued)

Prime Oil Chemical Service Corporation
Standalone Balance Sheets
December 31, 2023 and 2022

Unit: Thousand NTD

Liabilities and Stockholders' Equity		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
Current liabilities					
2100	Short-term borrowings	\$ 30,000	2	\$ 207,000	10
2110	Short-term bills payable	-	-	34,800	2
2150	Notes payable	6,881	-	6,881	-
2200	Other payables	46,638	2	58,315	3
2230	Current income tax liabilities	15,437	1	20,648	1
2280	Current lease liabilities	50,351	3	47,436	2
2320	Long-term liabilities, current portion	58,117	3	52,452	2
2399	Other current liabilities - others	74	-	74	-
21XX	Total current liabilities	<u>207,498</u>	<u>11</u>	<u>427,606</u>	<u>20</u>
Non-current liabilities					
2540	Long-term borrowings	285,975	15	257,799	12
2550	Provisions for liabilities - non-current	27,998	1	27,174	1
2570	Deferred tax liabilities	12,675	1	12,871	1
2580	Non-current lease liabilities	175,449	9	232,131	11
2640	Net defined benefit liabilities - noncurrent	4,862	-	5,368	-
2645	Guarantee deposits received	440	-	6,450	-
25XX	Total non-current liabilities	<u>507,399</u>	<u>26</u>	<u>541,793</u>	<u>25</u>
2XXX	Total liabilities	<u>714,897</u>	<u>37</u>	<u>969,399</u>	<u>45</u>
Equity					
Share capital					
3110	Common stock	778,344	40	778,344	36
Additional paid-in capital					
3200	Additional paid-in capital	77,397	4	67,888	3
Retained earnings					
3310	Legal reserve	205,038	11	194,177	9
3320	Special reserve	-	-	18,778	1
3350	Unappropriated retained earnings	147,392	8	125,349	6
Other equity interests					
3400	Other equity interests	3,419	-	2,967	-
3XXX	Total equity	<u>1,211,590</u>	<u>63</u>	<u>1,187,503</u>	<u>55</u>
Significant contingent liabilities and unrecognized contract commitments					
Significant events after the balance sheet date					
3X2X	Total liabilities and equity	<u>\$ 1,926,487</u>	<u>100</u>	<u>\$ 2,156,902</u>	<u>100</u>

Prime Oil Chemical Service Corporation
Standalone Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

	Item	2023		2022	
		Amount	%	Amount	%
4000	Operating revenue	\$ 425,053	100	\$ 454,885	100
5000	Operating cost	(301,895)	(71)	(286,555)	(63)
5900	Operating gross profits	123,158	29	168,330	37
	Operating expenses				
6100	Selling and marketing expenses	(5,221)	(1)	(6,121)	(1)
6200	General and administrative expenses	(59,495)	(14)	(61,542)	(14)
6000	Total operating expenses	(64,716)	(15)	(67,663)	(15)
6900	Operating profit	58,442	14	100,667	22
	Non-operating income and expenses				
7100	Interest income	1,161	-	427	-
7010	Other income	22,006	5	13,655	3
7020	Other gains or losses	(8,787)	(2)	28,356	6
7050	Financial costs	(13,505)	(3)	(3,162)	-
7070	Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method	21,540	5	(4,018)	(1)
7000	Total non-operating income and expenses	22,415	5	35,258	8
7900	Profit before income tax	80,857	19	135,925	30
7950	Income tax expense	(15,624)	(4)	(28,881)	(7)
8200	Current period net profit	\$ 65,233	15	\$ 107,044	23
	Other comprehensive income for the year (net)				
	Items that will be reclassified to profit or loss				
8311	Re-measurements of the defined benefit liability	(\$ 642)	-	\$ 1,961	-
8316	Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	3	-	(2,396)	-
8349	Income tax related to components of other comprehensive income that is not reclassified to profit or loss	127	-	(392)	-
8310	Total amount of items that will not be reclassified to profit or loss	(512)	-	(827)	-
	Items that may be reclassified subsequently to profit or loss:				
8361	Exchange Differences in Translating the Financial Statements of Foreign Operations	560	-	28,565	6
8399	Income taxes related to items that may be reclassified	(111)	-	(5,714)	(1)
8360	Total of Items that may be reclassified to profit or loss	449	-	22,851	5
8300	Other comprehensive income for the year (net)	(\$ 63)	-	\$ 22,024	5
8500	Total comprehensive income in the current period	\$ 65,170	15	\$ 129,068	28
	Earnings per share				
9750	Basic	\$ 0.84		\$ 1.50	
9850	Diluted	\$ 0.84		\$ 1.50	

Prime Oil Chemical Service Corporation
Standalone Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

	Additional paid-in capital					Retained earnings			Other equity interests		Total equity
	Common stock	Issuance premium	Treasury stock transactions	Changes in net equity of affiliated companies and joint ventures under the equity method	Employee share options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations	Unrealized gains or losses on financial assets at fair value through other comprehensive income	
<u>2022</u>											
Balance at January 1, 2022	\$ 690,344	\$ -	\$ 4,233	\$ -	\$ -	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007
Current period net profit	-	-	-	-	-	-	-	107,044	-	-	107,044
Other comprehensive income recognized for the period	-	-	-	-	-	-	-	1,569	22,851	(2,396)	22,024
Total comprehensive income in the current period	-	-	-	-	-	-	-	108,613	22,851	(2,396)	129,068
Appropriation and distribution of retained earnings for FY2021											
Legal reserve allocated	-	-	-	-	-	6,984	-	(6,984)	-	-	-
Special reserve allocated	-	-	-	-	-	-	5,714	(5,714)	-	-	-
Cash dividends	-	-	-	-	-	-	-	(55,227)	-	-	(55,227)
Follow-On Offering	88,000	61,000	-	-	-	-	-	-	-	-	149,000
Share-based payments	-	1,280	-	-	1,375	-	-	-	-	-	2,655
Disposal of equity instruments at fair value through other comprehensive profit or loss	-	-	-	-	-	-	-	(1,290)	-	1,290	-
Balance at December 31, 2022	<u>\$ 778,344</u>	<u>\$ 62,280</u>	<u>\$ 4,233</u>	<u>\$ -</u>	<u>\$ 1,375</u>	<u>\$ 194,177</u>	<u>\$ 18,778</u>	<u>\$ 125,349</u>	<u>\$ 7,488</u>	<u>(\$ 4,521)</u>	<u>\$ 1,187,503</u>
<u>2023</u>											
Balance at January 1, 2023	\$ 778,344	\$ 62,280	\$ 4,233	\$ -	\$ 1,375	\$ 194,177	\$ 18,778	\$ 125,349	\$ 7,488	(\$ 4,521)	\$ 1,187,503
Current period net profit	-	-	-	-	-	-	-	65,233	-	-	65,233
Other comprehensive income recognized for the period	-	-	-	-	-	-	-	(515)	449	3	(63)
Total comprehensive income in the current period	-	-	-	-	-	-	-	64,718	449	3	65,170
Appropriation and distribution of retained earnings for FY2022											
Legal reserve allocated	-	-	-	-	-	10,861	-	(10,861)	-	-	-
Reversal of special reserve	-	-	-	-	-	-	(18,778)	18,778	-	-	-
Cash dividends	-	-	-	-	-	-	-	(50,592)	-	-	(50,592)
Changes in net equity of affiliated companies and joint ventures under the equity method	-	-	-	9,509	-	-	-	-	-	-	9,509
Balance at December 31, 2023	<u>\$ 778,344</u>	<u>\$ 62,280</u>	<u>\$ 4,233</u>	<u>\$ 9,509</u>	<u>\$ 1,375</u>	<u>\$ 205,038</u>	<u>\$ -</u>	<u>\$ 147,392</u>	<u>\$ 7,937</u>	<u>(\$ 4,518)</u>	<u>\$ 1,211,590</u>

Prime Oil Chemical Service Corporation
Standalone Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

	January 1 to December 31, 2023		January 1 to December 31, 2022
<u>Cash flow from operating activities</u>			
Profit before income tax for the year	\$ 80,857	\$	135,925
Adjustment for:			
Income and expenses having no effect on cash flows			
depreciation expense	181,741		172,915
Amortization expense	1,617		1,576
Valuation loss (gain) of financial assets at fair value			
through profit or loss	16,480	(	28,830)
Gains on disposal of subsidiary	(10,196)		-
Financial costs	13,505		3,162
Interest income	(1,161 )	(	427)
Dividends income	(13,654 )	(	4,699)
Share-based payment expense	-		2,655
Shares of affiliated enterprises and joint venture			
interests recognized using the equity method	(21,540)		4,018
Exchange differences in Financial assets measured at			
amortized cost	3	(	1,757)
Loss on disposal of property, plant and equipment	2,500		2,500
Effect of organizational restructuring	-	(	5,382)
Change in assets/liabilities related to operating activities			
Changes in operating assets			
Notes receivable, net	5		366
Accounts receivable, net	(7,965 )	(	1,632)
Other receivables – related parties:	-		1,713
Prepayments	8,816	(	13,785)
Changes in operating liabilities			
Other payables	(1,031)		5,661
Other current liabilities - others	-	(	1)
Net defined benefit liabilities	(1,148 )	(	1,223)
Cash flow from operating activities	248,829		272,755
Interest received	1,161		427
Dividend received	13,654		4,699
Interest paid	(13,505 )	(	3,162)
Income tax paid	(20,523 )	(	17,214)
Net cash generated by operating activities	229,616		257,505

(Continued)

Prime Oil Chemical Service Corporation
Standalone Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

	January 1 to December 31, 2023	January 1 to December 31, 2022
<u>Cash Flow from Investing Activities</u>		
Disposal of financial assets measured at fair value through other comprehensive income	\$ -	\$ 28,710
Acquisition of financial assets measured at amortized cost	(4,166)	(4)
Disposal of financial assets measured at amortized cost	-	10,000
Refund of share price due to capital reduction of financial assets at fair value through profit or loss	23,060	-
Acquisition of financial assets at fair value through profit or loss	(50,400)	-
Disposal of financial assets at fair value through profit or loss	13,188	7,401
Acquisition of investments accounted for using equity method	-	(100,698)
Capital reduction and return of shares of invested companies using the equity method	8,501	22,914
Purchase of property, plant and equipment	(84,858)	(365,371)
Acquisition of intangible assets	(277)	(1,565)
Cash received from disposal of subsidiaries	59,010	-
Increase in refundable deposits	(114)	(53,362)
Decrease in refundable deposits	309	-
Recovered guarantee deposits	69,120	-
Net cash (outflow) inflow from investing activities	<u>33,373</u>	<u>(451,975)</u>
<u>Cash Flow from Financing Activities</u>		
Increase (decrease) in short-term bills payable	(34,800)	14,800
Increase in short-term borrowings	985,500	1,103,500
Decrease in short-term borrowings	(1,162,500)	(938,500)
Increase in long-term borrowings (including current portion)	87,739	207,420
Decrease in long-term borrowings (including current portion)	(53,898)	(250,519)
Amount of principal payments on lease liabilities	(53,767)	(63,527)
Cash dividends paid	(50,592)	(55,227)
Follow-on offering	-	149,000
Decrease in guarantee deposits received	(6,010)	-
Net cash (outflow) inflow from financing activities	<u>288,328</u>	<u>166,947</u>
Decrease in cash and cash equivalents	(25,339)	(27,523)
Beginning of year cash and cash equivalents	81,794	109,317
Cash and cash equivalents at the end of the year	<u>\$ 56,455</u>	<u>\$ 81,794</u>

Prime Oil Chemical Service Corporation
Notes to the Standalone Financial Statements
for the Years Ended December 31, 2023 and 2022

Unit: Thousand NTD
(Unless otherwise specified)

I. Company History and Business Scope

Prime Oil Chemical Service Corporation (hereinafter referred to as the “Company”) was established on October 1, 1978 and was listed on the Taiwan Stock Exchange on January 5, 1983. The Company and its subsidiaries 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 14, 2024.

III. Newly-released and amended standards and interpretations

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

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

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

The 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 2024 issued by the IASB and recognized by the Financial Supervisory Commission:

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

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

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

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

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

The 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 and issued into effect 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 when adjustments are recognized in profit or loss in the period when they arise.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are adjusted at the prevailing exchange rates at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are adjusted at the prevailing exchange rates at the balance sheet date; differences resulting from such

translations are recognized in other comprehensive income; for those that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

2. Translation of foreign operations

The operating results and financial positions of all the group entities 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 is no significant increase in credit risk since initial recognition or measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognizes the impairment provision for ECLs over the lifetime

(XI) De-recognition of financial assets

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

(XII) Lessor Leasing Transaction - Operating lease

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

(XIII) Non-current assets held for sale

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

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

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

associated company.

6. When an equity change occurs in an associated enterprise that is not related to profit or other comprehensive income and does not affect the percentage of ownership in the associated enterprise, the Company recognizes all equity changes in “Capital Surplus” based on its ownership percentage.
7. The unrealized gains and losses resulting from transactions between the Company and its affiliated companies have been eliminated based on their respective ownership interests, unless evidence indicates that the transferred assets have been impaired, in which case unrealized losses are also eliminated. The accounting policies of the affiliated companies have been adjusted as necessary to be consistent with those adopted by the Company.
8. According to Regulations Governing the Preparation of Financial Reports by Securities Issuers, the profit or loss of the period and other comprehensive income presented in the Standalone Financial Statements shall be the same as the allocations of profit or loss of the period and of other comprehensive income attributable to owners of the parent presented in the financial statements prepared on a standalone basis and the owners’ equity presented in the Standalone Financial Statements shall be the same as the equity attributable to owners of the parent presented in the financial statements prepared on a standalone basis.

(XV) Property, Plant and Equipment

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

Warehousing equipment	2~35 years	Lease improvement	10 years
Transport Equipment	5~10 years	Lease assets	7~35 years
Office Equipment	3~5 years	Other Equipment	15~25 years

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

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

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

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

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

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

(XVII) Impairment of non-financial assets

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

(XVIII) Loans

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

are capitalized as a pre-payment and amortized over the respective period of the facilities.

(XIX) De-recognition of financial liabilities

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

(XX) Provision

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

(XXI) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet with respect to the 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.

3. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under a legal or constructive

obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price on the immediate day before the board meeting resolution.

(XXII) Employee share-based payment

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

(XXIII) Income tax

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

(XXIV) Share capital

1. Ordinary shares are classified as equity.

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

(XXV) Dividends

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

(XXVI) Revenue recognition

1. Rental incomes

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 operation 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, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 198	\$ 231
Checking accounts and demand deposits	41,257	38,663
Time deposits	<u>15,000</u>	<u>42,900</u>
	<u>\$ 56,455</u>	<u>\$ 81,794</u>

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

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

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

1. The financial assets held by the Company that are measured at fair value through profit or loss were recognized in the income statement for (NT\$16,480) and NT\$28,830 in the years 2023 and 2022, respectively.
2. The Company has not pledged any financial assets at fair value through profit or loss.
3. Please refer to Note 12 (2) for information on the credit risk of financial assets measured at fair value through profit or loss.

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

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

Total	<u>\$ 5,111</u>	<u>\$ 5,108</u>
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1. The Company has elected to classify its strategic investments in equity stock as financial assets at fair value through other comprehensive income. The fair values of these investments were \$5,111 and \$5,108 as of December 31, 2023 and December 31, 2022, respectively.
2. In 2022, the Company disposed of a subsidiary's stock, except for the stock with a carrying amount of \$28,710. The accumulated disposal loss of \$1,290 was transferred to the unappropriated retained earnings.
3. The details of the financial assets measured at fair value through other comprehensive income that were recognized in comprehensive income are as follows:

	<u>2023</u>	<u>2022</u>
<u>Equity instruments at fair value through other comprehensive income</u>		
Change in fair value recognized in other comprehensive Income	<u>\$ 3</u>	<u>(\$ 2,396)</u>
Cumulative gains (losses) reclassified to retained earnings due to derecognition	<u>\$ -</u>	<u>\$ 1,290</u>
Dividends income recognized in profit or loss and still held at the end of the period	<u>\$ 5,476</u>	<u>\$ 4,107</u>
De-recognized during the period	<u>-</u>	<u>592</u>
	<u>\$ 5,476</u>	<u>\$ 4,699</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 \$5,111 and \$5,108 as of December 31, 2023 and December 31, 2022, respectively.
5. The Company has not pledged any financial assets at fair value through other comprehensive income.
6. Please refer to Note 12 (2) for information on the credit risk of financial assets measured at fair value through other comprehensive income.

(IV) Financial assets measured at amortized cost

<u>Item</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
The term deposit with original maturity over three months	<u>\$ 2,900</u>	<u>\$ -</u>
Trust account	<u>17,780</u>	<u>17,783</u>

Total	<u>\$ 20,680</u>	<u>\$ 17,783</u>
Non-current items:		
Restricted asset (The demand deposits)	<u>\$ 3,571</u>	<u>\$ 2,305</u>

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

	<u>2023</u>	<u>2022</u>
Interest income	\$ 249	\$ 53
Gain (loss) on valuation	(3)	1,757
	<u>\$ 246</u>	<u>\$ 1,810</u>

2. Without considering the collaterals held or other credit enhancements, the amount of financial assets measured at amortized cost that best represented the Company's maximum exposure to credit risk was \$24,251 and \$20,088 as of December 31, 2023 and December 31, 2022, respectively.
3. Information about the financial assets measured at amortized cost that were pledged to others as collaterals is provided in Note 8.
4. Risk information about the relative financial assets measured at amortized cost is provided in Note 12(2).
5. On December 22, 2016, the Company entered into a contract for the construction of a solar power generation system (hereinafter referred to as the "construction contract") and a contract for the purchase of solar power generation system equipment (hereinafter referred to as the "purchase contract") with Chunghwa Telecom Vietnam Co. Ltd. to construct a solar power generation system in Cambodia. The total construction price was US\$7,750 thousand. On December 28, 2016, the Company trusted US\$6,010 thousand by wire transfer to a third-party financial institution; as of December 31, 2023 and December 31, 2022, the balance of the trust account was US\$580 thousand, which is shown as "financial assets measured at amortized cost - current" due to the restricted use.
6. According to the construction contract, the construction of the solar power generation system in the preceding paragraph should be completed within one year and the amount in trust account has been paid to Chunghwa Telecom Vietnam Co., Ltd. However, Chunghwa Telecom Vietnam Co., Ltd. refused to fulfill its obligations under the above "construction contract" in the third quarter of 2017. In view of the aforementioned situation, the Company sent a formal letter to Chunghwa Telecom Vietnam to urge Chunghwa Telecom Vietnam to perform its obligations under the construction contract within the deadline, however after the expiration of the reminder period, Chunghwa Telecom Vietnam's contract obligations remained unfulfilled. Hence the Company legally terminated the construction contract. The Company has filed a lawsuit for civil damages with the Taiwan Taipei District Court (TDC) in April, 2018.
7. In December 2020, the Company received a notification of judgement from the Taipei District Court rejecting the Company's claim. After consultation with legal counsel, the Company appealed to the Taiwan High Court in January 2021. The Taiwan High Court ruled on August 23, 2022, that the Company should pay Chunghwa Telecom Vietnam USD 2,284 thousand and interest calculated at an annual rate of 5% from September 24, 2019 until the date of payment. After further consultation with legal counsel, the Company appealed to the Supreme Court in September 2022 and deposited \$69,120 as collateral to prevent false execution. The collateral amount was recorded as other non-current assets. On

March 1, 2023, the Company received a notice from the Supreme Court that the original judgement was overturned, and the case was remanded to the Taiwan High Court. On March 10, 2023, the Company applied for the return of the guaranteed deposit of \$69,120 (presented in other current assets in the table) and on March 13, received a notice from the Taiwan District Court's depositary informing that the declaration of false execution has been rendered invalid and allowing the return of the deposited item. The Company had retrieved the guarantee deposit on August 14, 2023. The case is currently on trial at Taiwan High Court.

(V) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Note receivable	<u>\$ 346</u>	<u>\$ 351</u>
Trade receivable	<u>\$ 48,156</u>	<u>\$ 40,191</u>

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

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Trade receivable</u>	<u>Note receivable</u>	<u>Trade receivable</u>	<u>Note receivable</u>
Not Past Due	\$ 45,954	\$ 346	\$ 40,191	\$ 351
Within 30 days	<u>2,202</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ 48,156</u>	<u>\$ 346</u>	<u>\$ 40,191</u>	<u>\$ 351</u>

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

- As of December 31, 2023, and December 31, 2022, the balance of receivables (including notes receivables) are generated from the contracts between the Corporate Group and its customers. As of January 1, 2022, the balance of receivables generated from such contracts was \$39,276.
- The Company did not hold any collaterals.
- 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 \$346 and \$351 as of December 31, 2023 and December 31, 2022, respectively; the amount of accounts receivables that best represented the Company's maximum exposure to credit risk was \$48,156 and \$40,191 as of December 31, 2023 and December 31, 2022, respectively.
- Please refer to Note 12, (2) for the related credit risk information of accounts receivable.

(VI) Investments accounted for using equity method

	<u>2023</u>		<u>2022</u>
January 1	\$ 349,135		\$ 233,817
Increase in investments accounted for using equity method	-		100,698
Capital reduction and return of shares of invested companies using the equity method	(8,501)	(	22,914)
Unrealized (realized) loss on disposal of fixed assets between the parent company and subsidiaries.	(2,500)	(	2,500)
Share of investment profit and loss using the equity method	21,540	(	4,018)
Effect of organizational restructuring	-		64,301
Changes in additional paid-in capital	9,509		-
Other changes in equity	<u>560</u>		<u>28,565</u>
	369,743		397,949
Less: Reclassification of non-current assets held for sale	<u>-</u>	(	<u>48,814</u>)
December 31	<u>\$ 369,743</u>		<u>\$ 349,135</u>

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

<u>Investee companies</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Subsidiaries		
He Zhen Feng Co., Ltd.	\$ 1,029	\$ 1,051
POCS POWER CO., LTD.	-	48,814
Prime Holdings Corporation	263,801	260,132
The affiliated companies		
ABZbridge Corporation	<u>104,913</u>	<u>87,952</u>
	369,743	397,949
Less: Reclassification of non-current assets held for sale	<u>-</u>	(<u>48,814</u>)
	<u>\$ 369,743</u>	<u>\$ 349,135</u>

- Information regarding the Company's subsidiaries, please refer to the Company's Consolidated Financial Statements Note 4(3) as of 2023 and 2022.
- 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, 2023 was \$50,413.

4. The Company acquired 20% equity of ABZbridge Corporation at the end of March 2022, and ABZbridge Corporation bought back the treasury shares in the third quarter of 2023. However, the Group did not return the payment for the shares proportionally to its shareholding. As of December 31, 2023, the Company’s shareholding had increased to 28.35%. As the Company is not the largest shareholder of ABZbridge Corporation, it is determined that the Company does not have control over the company, but rather has significant influence.
5. The Company’s subsidiary, POCS POWER Co., Ltd., passed a resolution at its board meeting on November 10, 2022 to transfer some of its solar power generation assets, liabilities, and operations to the Company for consideration of \$58,919. This transaction constitutes a business combination, and in accordance with the relevant interpretive letters issued by the Accounting Research and Development Foundation for Taiwan, the Company shall recognize the acquired assets and liabilities at their book values.
6. Please refer to Note 6(11) for details regarding the transfer of non-current assets held for sale.

(VII) Property, Plant and Equipment

	<u>Warehousing equipment</u>	<u>Transport Equipment</u>	<u>Office Equipment</u>	<u>Lease improvement</u>	<u>Lease assets</u>	<u>Other Equipment</u>	<u>Construction in progress</u>	<u>Total</u>
January 1, 2023								
Cost	\$ 704,188	\$ 10,001	\$ 718	\$ 212	\$ 78,588	\$ 820,670	\$ 86,226	\$1,700,603
Accumulated depreciation and impairment	(439,771)	(5,418)	(323)	(138)	(66,609)	(119,817)	-	(632,076)
	<u>\$ 264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 700,853</u>	<u>\$ 86,226</u>	<u>\$1,068,527</u>
<u>2023</u>								
January 1	\$ 264,417	\$ 4,583	\$ 395	\$ 74	\$ 11,979	\$ 700,853	\$ 86,226	\$1,068,527
Addition	51,048	1,940	-	-	-	19,610	2,438	75,036
Number of Transfers	47,300	-	-	-	-	38,926	(86,226)	-
depreciation expense	(73,917)	(956)	(157)	(19)	(4,676)	(43,766)	-	(123,491)
December 31	<u>\$ 288,848</u>	<u>\$ 5,567</u>	<u>\$ 238</u>	<u>\$ 55</u>	<u>\$ 7,303</u>	<u>\$ 715,623</u>	<u>\$ 2,438</u>	<u>\$1,020,072</u>
December 31, 2023								
Cost	\$ 800,987	\$ 11,941	\$ 718	\$ 212	\$ 62,897	\$ 879,206	\$ 2,438	\$1,758,399
Accumulated depreciation and impairment	(512,139)	(6,374)	(480)	(157)	(55,594)	(163,583)	-	(738,327)
	<u>\$ 288,848</u>	<u>\$ 5,567</u>	<u>\$ 238</u>	<u>\$ 55</u>	<u>\$ 7,303</u>	<u>\$ 715,623</u>	<u>\$ 2,438</u>	<u>\$1,020,072</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, 2022 (Adjusted) Cost	\$ 650,880	\$ 10,001	\$ 521	\$ 884	\$ 86,132	\$ 641,778	\$ 26,240	\$1,416,436
Accumulated depreciation and impairment	(383,163)	(4,259)	(182)	(736)	(66,530)	(82,152)	-	(537,022)
	<u>\$ 267,717</u>	<u>\$ 5,742</u>	<u>\$ 339</u>	<u>\$ 148</u>	<u>\$ 19,602</u>	<u>\$ 559,626</u>	<u>\$ 26,240</u>	<u>\$ 879,414</u>
<u>2022</u>								
January 1	\$ 267,717	\$ 5,742	\$ 339	\$ 148	\$ 19,602	\$ 559,626	\$ 26,240	\$ 879,414
Addition	61,678	-	196	-	-	157,266	84,753	303,893
Number of Transfers	3,140	-	-	-	-	21,627	(24,767)	-
depreciation expense	(68,118)	(1,159)	(140)	(74)	(7,623)	(37,666)	-	(114,780)
December 31	<u>\$ 264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 700,853</u>	<u>\$ 86,226</u>	<u>\$1,068,527</u>
December 31, 2022								
Cost	\$ 704,188	\$ 10,001	\$ 718	\$ 212	\$ 78,588	\$ 820,670	\$ 86,226	\$1,700,603
Accumulated depreciation and impairment	(439,771)	(5,418)	(323)	(138)	(66,609)	(119,817)	-	(632,076)
	<u>\$ 264,417</u>	<u>\$ 4,583</u>	<u>\$ 395</u>	<u>\$ 74</u>	<u>\$ 11,979</u>	<u>\$ 700,853</u>	<u>\$ 86,226</u>	<u>\$1,068,527</u>

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

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

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 in 2023 and 2022.
4. Please refer to Note 8 for information on the guarantees provided by the Company's on property, plant and equipment.

(VIII) Leasing arrangements - lessee

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land use rights	\$ 8,227	\$ 8,736
Buildings	6,411	13,405
Other Equipment	220,703	271,450
	<u>\$ 235,341</u>	<u>\$ 293,591</u>
	<u>2023</u>	<u>2022</u>
	<u>depreciation expense</u>	<u>depreciation expense</u>
Land use rights	\$ 509	\$ 509
Buildings	6,994	6,994
Other Equipment	50,747	50,632
	<u>\$ 58,250</u>	<u>\$ 58,135</u>

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

additions to the right-of-use assets for the years 2023 and 2022 were \$0 and \$303,769, respectively.

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

	<u>2023</u>		<u>2022</u>
<u>Items affecting current profit and loss</u>			
Interest expenses on lease liabilities	\$ 3,905	\$	3,162
Expenses for leases of low-value assets	371		347
Expenses for variable lease payments	9,265		8,029

6. The Company's total lease cash outflows were \$67,308 and \$75,065 as of 2023 and 2022, respectively (of which \$53,767 and \$63,527 were for the principal of lease liabilities).

7. Effect of variable lease payments on lease liabilities

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

(IX) Leasing arrangements - lessor

1. The target assets leased by the Company are warehousing equipment. The lease agreements are usually for a period of 1 to 5 years and are negotiated on an individual basis and contain various terms and conditions
2. The Company recognized rental income of \$250,584 and \$293,201 in 2023 and 2022, respectively, based on operating lease agreements, in which no variable lease payments were included
3. The maturity analysis of the lease payments under the operating leases is as follows:

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

(X) Other non-current assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Guaranteed deposit	\$ -	\$ 69,120
Refundable deposit	<u>47,405</u>	<u>47,600</u>
Total	<u>\$ 47,405</u>	<u>\$ 116,720</u>

1. Our company provides guaranteed deposit and refundable deposit as pledged collateral, please refer to Note 8 for details.
2. The collateral was withdrawn on August 14, 2023. Please refer to Note 6(4) for details.

(XI) Non-current assets held for sale

On December 27, 2022, the Board of Directors of the Company resolved to sell all of the equity interests (4,000,000 shares of common stock) of its subsidiary, POCS POWER Co., Ltd., in order to improve the overall operational efficiency, capital utilization and investment return of the energy business. As a result, the equity investment in the subsidiary (accounted for using the equity method) was reclassified as held for sale and reported as a disposal group. The transaction was completed in March 2023. The disposal price was NT\$59,010, and the disposal gain was NT\$10,196.

The assets of the disposal group held for sale:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Investments accounted for using equity method	\$ -	\$ 48,814

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

(XII) Short-term borrowings and bills payable

<u>Nature of borrowings</u>	<u>December 31, 2023</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 30,000</u>	1.75%~1.83%	None
<u>Nature of borrowings</u>	<u>December 31, 2022</u>	<u>Range of interest rate</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	<u>\$ 207,000</u>	2.00%-2.50%	None
Short-term bills payable	<u>\$ 34,800</u>	1.64%-1.70%	None

(XIII) Long-term borrowings

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Credit borrowings				
Land Bank of Taiwan	2023.6.6~2025.3.7 Repayable in full upon maturity on March 7, 2025	2.43%	None	\$ 19,668
Chinatrust Commercial Bank	2021.12.29~2031.12.29 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) January 29, 2022.	2.49%	None	30,400
Chinatrust Commercial Bank	2022.6.30~2024.12.30 20% of the principal shall be repaid in 5 installments commencing from (inclusive) December 30, 2022. The remaining principal shall be fully repaid at maturity.	2.20%	None	17,600
Shin Kong Bank	2022.11.4~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) December 4, 2022.	2.39%	None	19,805
Shin Kong Bank	2022.12.19~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) January 19, 2023.	2.39%	None	\$ 20,125
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.25%	Other Equipment	53,605
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.25%	Other Equipment	7,418

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Mega International Commercial Bank	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.27%	Other Equipment	27,638
Mega International Commercial Bank	2022.6.10~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.27%	Other Equipment	1,238
Mega International Commercial Bank	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.27%	Other Equipment	23,100
Mega International Commercial Bank	2022.9.7~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.27%	Other Equipment	31,136
Mega International Commercial Bank	2022.9.26~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.27%	Other Equipment	11,520
Mega International Commercial Bank	2023.5.12~2032.3.29 The principal and interest shall be repaid in 36 equal installments commencing from (inclusive) June 29, 2023.	2.27%	Other Equipment	4,587
Mega International Commercial Bank	2023.6.9~2032.3.29 The principal and interest shall be repaid in 36 equal installments commencing from (inclusive) June 29, 2023.	2.27%	Other Equipment	3,282
Mega International Commercial Bank	2023.6.19~2030.6.19 The principal and interest shall be repaid in 28 equal installments commencing from (inclusive) September 19, 2023.	2.27%	Other Equipment	9,284

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Secured borrowings				
Far Eastern International Bank	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	2.57%	Other Equipment	\$ 14,195
Far Eastern International Bank	2023.11.30~2028.11.30 Starting from February 29, 2024 (inclusive), 20 instalments: 2% of the principal is repaid in the 1st to 19th instalments and 62% of the principal is repaid in the 20th instalment.	2.13%	Other Equipment	
				49,491
				344,092
Less: Current portion (other current liabilities)				(58,117)
				<u>\$ 285,975</u>

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

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u>	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Shin Kong Bank	2022.11.4~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) December 4, 2022.	2.09%	None	24,604
Shin Kong Bank	2022.12.19~2027.11.4 The principal and interest shall be repaid in 60 equal installments commencing from (inclusive) January 19, 2023.	2.13%	None	25,000
Secured borrowings				
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.00%	Other Equipment	\$ 60,430
Land Bank of Taiwan	2021.2.26~2031.2.26 The principal and interest shall be repaid in 120 equal installments commencing from (inclusive) March 26, 2021.	2.00%	Other Equipment	8,363
Mega International Commercial Bank	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.14%	Other Equipment	30,988
Mega International Commercial Bank	2022.6.10~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.14%	Other Equipment	1,388
Mega International Commercial Bank	2022.3.29~2032.3.29 The principal and interest shall be repaid in 40 equal installments commencing from (inclusive) June 29, 2022.	2.14%	Other Equipment	25,900
Mega International Commercial Bank	2022.9.7~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from (inclusive) September 29, 2022.	2.14%	Other Equipment	34,912
Mega International Commercial Bank	2022.9.26~2032.3.29 The principal and interest shall be repaid in 39 equal installments commencing from	2.14%	Other Equipment	12,920

<u>Nature of borrowings</u>	<u>Borrowing Period and Repayment Method</u> (inclusive) September 29, 2022.	<u>Range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Far Eastern International Bank	2021.6.29~2026.6.29 0.55% of the principal shall be repaid in 60 installments commencing from (inclusive) July 29, 2021. The remaining principal shall be fully repaid at maturity.	2.43%	Other Equipment	
				<u>15,317</u>
				310,251
Less: Current portion (other current liabilities)				<u>(52,452)</u>
				<u>\$ 257,799</u>

(XIV) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Equipment payables	\$ 17,585	\$ 28,231
Salary payables	7,768	7,770
Employees' bonuses and directors' remuneration payable	5,190	8,830
Others	<u>16,095</u>	<u>13,484</u>
	<u>\$ 46,638</u>	<u>\$ 58,315</u>

(XV) Pensions

1. Defined benefit plan

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

balances of the pension funds before the end of each year. If the balances are not sufficient to pay the pensions based on the aforementioned calculations to eligible employees in the following year, the Company will make a one-time catch-up with the difference before the end of March of the following year.

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

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

(3) Changes of net liabilities are as follows:

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

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

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

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

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

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

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

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

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 2024 amounted to \$1,420.
- (7) As of December 31, 2023, the weighted average duration of the retirement plan is 9 years. The maturity analysis of pension payments is as follows:

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

2. Defined contribution plans

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

recognized pension costs of \$2,593 and \$2,560 as of 2023 and 2022, respectively, based on the above pension plan.

(XVI) Share-based payments

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

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

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

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

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

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

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

(XVII) Provision - non-current

	<u>2023</u>	<u>2022</u>
Balance as of January 1	\$ 27,174	\$ 23,382
Provision added this period	<u>824</u>	<u>3,792</u>
Balance at December 31	<u>\$ 27,998</u>	<u>\$ 27,174</u>

1. The Company signed a lease agreement with the Port Authority in November 2016 and renewed it in June 2022, with the lease term ending on April 30, 2028. Pursuant to the terms of the lease agreement, the Company is required to restore the leased port site to its original condition upon the expiration of the lease term. As a result, a liability reserve for the expected costs of demolition, removal or restoration of the site as necessary was recognized at \$9,886 as of December 31, 2023 and 2022.
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 \$18,112 and \$17,288 as of December 31, 2023 and December 31, 2022, respectively.

(XVIII) Share capital

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

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

	<u>2023</u>
January 1	77,834
Follow-On Offering	<u>-</u>
December 31	<u>77,834</u>

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

(XIX) Additional paid-in capital

In accordance with the Company Act, any capital surplus arising from paid-in capital in excess of the par value on issuance of common stocks can be used to cover accumulated losses or to distribute new stocks or cash to shareholders in proportion to their shareholdings, provided that the Company has no accumulated losses. Further, the

Securities and Exchange Act requires that the amount of capital surplus to be capitalized, as above, should not exceed 10% of paid-in capital each year. Capital surpluses should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(XX) Retained earnings

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

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

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

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

(XXI) Other equity interest

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

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

(XXII) Operating revenue

	<u>2023</u>	<u>2022</u>
Operating lease		
Rental incomes	\$ 250,584	\$ 293,201
Revenue from Customer Contract		
Tank operation revenue	73,504	73,192
Electricity sales revenue	<u>100,965</u>	<u>88,492</u>
Total	<u>\$ 425,053</u>	<u>\$ 454,885</u>

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

(XXIII) Other income

	<u>2023</u>	<u>2022</u>
Dividends income	\$ 13,654	\$ 4,699
Service revenue	6,533	-
Endorsement and guarantee fee income	269	7,170
Other income	<u>1,550</u>	<u>1,786</u>
Total	<u>\$ 22,006</u>	<u>\$ 13,655</u>

(XXIV) Other gains or losses

	<u>2023</u>	<u>2022</u>
Gains (losses) on financial assets at fair value through profit or loss	(\$ 16,480)	\$ 28,830
Gains on disposal of subsidiary	10,196	-
Loss on disposal of property, plant and equipment	(2,500)	(2,500)
Net foreign currency exchange gain	564	2,010
Others	<u>(567)</u>	<u>16</u>
Total	<u>(\$ 8,787)</u>	<u>\$ 28,356</u>

(XXV) Financial costs

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

(XXVI) Expenses by nature

	<u>2023</u>	<u>2022</u>
Employee benefits expense	\$ 78,256	\$ 83,769
depreciation expense	181,741	172,915
Amortization expense	1,617	1,576
Expenses for variable lease payments	9,265	8,029
Low-value asset rents	371	347
Terminal administrative expenses	18,505	12,711
Salaries and wages	7,436	13,042
Miscellaneous purchases	2,775	2,934
Other expenses	66,645	58,895
Operating costs and operating expenses	<u>\$ 366,611</u>	<u>\$ 354,218</u>

(XXVII) Employee benefits expense

	<u>2023</u>	<u>2022</u>
Salary expenses	\$ 62,498	\$ 66,577
Labor and health insurance expenses	5,881	5,574
Pension costs	2,861	2,826
Directors' remuneration	2,799	3,918
Other employee expenses	4,217	4,874
	<u>\$ 78,256</u>	<u>\$ 83,769</u>

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

2. In 2023 and 2022, the employees' compensation and directors' and supervisors' remuneration were both estimated at 3% of the profit until the current period. The estimated amounts of employees' compensations were \$2,595 and \$4,415, respectively; the estimated amounts of directors' and supervisors' remuneration were \$2,595 and \$4,415, respectively, and the aforementioned amounts were recognized as salaries.

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

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

(XXVIII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>2023</u>	<u>2022</u>
Current tax:		
Income taxes arising from incomes for the current period	\$ 15,508	\$ 20,661
Amount of income tax (overestimated) underestimated for prior years	(196)	1,723
Total current tax	<u>15,312</u>	<u>22,384</u>
Deferred income tax:		
Origination and Reversal of Temporary Differences	<u>312</u>	<u>6,497</u>
Deferred tax:	<u>312</u>	<u>6,497</u>
Income tax expense	<u>\$ 15,624</u>	<u>\$ 28,881</u>

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

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

2. Reconciliation between income tax expense and accounting profit

	<u>2023</u>	<u>2022</u>
Income tax expense at the statutory rate	\$ 16,172	\$ 27,185
Effect from tax-exempt income under the tax law	(1,095)	(940)
Effect from exclusion of expenses according to the tax law	739	845
Amount of income tax (overestimated) underestimated for prior years	(196)	1,723
Others	<u>4</u>	<u>68</u>
Income tax expense	<u>\$ 15,624</u>	<u>\$ 28,881</u>

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

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

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

4. The income tax of the Company have been assessed by the tax authorities through 2021.

(XXIX) Earnings per share

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

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

(XXX) Supplemental cash flow information

Investing activities that are only partially paid in cash:

	<u>2023</u>	<u>2022</u>
Purchase of property, plant and equipment	\$ 75,036	\$ 303,893
Acquired subsidiary's solar equipment	-	58,919
Add: Equipment payable at the beginning of the period	28,231	34,582
Less: Equipment payable at the end of the period	(17,585)	(28,231)
Less: Provision for liabilities - non-current added during the period	(824)	(3,792)
Cash paid during the period	<u>\$ 84,858</u>	<u>\$ 365,371</u>

(XXXI) Changes in liabilities arising from financing activities

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

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

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)	Subsidiary (Note)
Prime Holdings Corporation(PHC)	Subsidiaries
Prime Solar Energy Co., Ltd.(PSE)	Subsidiaries

Note: The Company and POCSPC were of parent and subsidiary relation in 2022. After the completion of the equity transaction of the sale of all shares of POCSPC on March 31, 2023, the Company and POCSPC are not related parties.

(III) Significant transactions and balances with related parties

1. Other income

	<u>2023</u>	<u>2022</u>
endorsements and guarantee fees income:		
POCSPC	\$ 225	\$ 6,808
Management services income:		
POCSPC	44	362
Total	<u>\$ 269</u>	<u>\$ 7,170</u>

2. Endorsements and guarantees for related parties

	<u>2023</u>	<u>2022</u>
Subsidiaries- POCSPC	<u>\$ -</u>	<u>\$ 219,300</u>

(IV) Compensation of key management personnel

	<u>2023</u>	<u>2022</u>
Short-term employee benefits	\$ 22,296	\$ 23,404
Post-employment benefits	1,238	1,189
Total	<u>\$ 23,534</u>	<u>\$ 24,593</u>

VIII. Pledged assets

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

<u>Asset type</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose</u>
Other non-current assets (refundable deposits)	\$ 2,400	\$ 2,400	Customs duty
Other non-current assets (refundable deposits)	25,457	24,693	Lease deposits
Other non-current assets (refundable deposits)	19,548	20,507	Performance guarantee deposits
Financial assets measured at amortized cost – non-current	3,571	2,305	Long-term borrowings
Other non-current assets (guaranteed deposits)	-	69,120	Litigation bond (note)
Other Equipment	537,511	155,597	Long-term borrowings
	<u>\$ 588,487</u>	<u>\$ 274,622</u>	

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

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

IX. Significant contingent liabilities and unrecognized contract commitments

(I) Contingencies

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

(II) Capital expenditures contracted for but not yet incurred

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

X. Losses due to major disasters

Not applicable.

XI. Significant events after the balance sheet date

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

XII. Others

(I) Capital management

The objective of the 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 2023 to pin the debt-to-equity ratio in between 0% and 30% remains unchanged from that in 2022.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Total loans	\$ 374,092	\$ 552,051
Less: Cash and cash equivalents	(56,455)	(81,794)
Net debt	<u>\$ 317,637</u>	<u>\$ 470,257</u>
Total equity	<u>\$ 1,211,590</u>	<u>\$ 1,187,503</u>
Debt-to-equity ratio	<u>26.22%</u>	<u>39.60%</u>

(II) Financial instruments

1. Categories of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial asset</u>		
Financial assets at fair value through profit and loss		
Financial assets mandatorily measured at fair value through profit or loss	<u>\$ 102,210</u>	<u>\$ 104,538</u>
Financial assets at fair value through other comprehensive income		
Investments in designated equity instrument	<u>\$ 5,111</u>	<u>\$ 5,108</u>
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 56,455	\$ 81,794
Financial assets measured at amortized cost - current	20,680	17,783
Note receivable	346	351
Trade receivable	48,156	40,191
Financial assets measured at amortized cost - non-current	3,571	2,305
Other non-current assets	<u>47,405</u>	<u>116,720</u>
	<u>\$ 176,613</u>	<u>\$ 259,144</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liability</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	\$ 30,000	\$ 207,000
Short-term bills payable	-	34,800
Notes payable	6,881	6,881
Other payables	46,638	58,315
Long-term borrowings (including portions due within one year or one operating cycle)	344,092	310,251
Guarantee deposits received	440	6,450
	<u>\$ 428,051</u>	<u>\$ 623,697</u>
lease liabilities	<u>\$ 225,800</u>	<u>\$ 279,567</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, 2023</u>			<u>Sensitivity Analysis</u>			
<u>Financial asset</u>	<u>Foreign currency (NTD in thousands)</u>	<u>Exchange rate</u>	<u>Carrying amount (NTD)</u>	<u>Change range</u>	<u>Impact on profit or loss</u>	<u>Impact on comprehens ive income</u>
<u>Monetary items</u>						
USD: NTD	\$ 653	30.66	\$ 20,021	1%	\$ 200	\$ -
<u>Non-monetary items</u>						
USD: NTD	\$ 12,027	30.66	\$368,714	1%	\$ -	\$ -

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

C. The total amount of exchange gain (losses) (both realized and unrealized) recognized in 2023 and 2022 was \$564 and \$2,010, respectively, due to the significant impact of exchange rate fluctuations on the 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 2023 and 2022, 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, 2023 and December 31, 2022, if the interest rate of all borrowings increased by 1% with all other factors held constant, net profits after tax would have decreased by \$2,993 and \$3,870 for 2023 and 2022, 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, 2023 and December 31, 2022.
- 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 2023 and 2022. The allowance for losses on accounts receivable was \$0 as of 2023 and 2022.

(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, 2023	<u>Less than 1</u> <u>year</u>	<u>Less than 1 to 2</u> <u>years</u>	<u>More than 2</u> <u>years</u>
Short-term borrowings	\$ 30,097	\$ -	\$ -
Notes payable	6,881	-	-
Other payables	46,638	-	-
lease liabilities	59,724	53,080	126,969
Guarantee deposits received	-	-	440
Long-term borrowings (including portions due within one year or one operating cycle)	65,521	66,420	238,797
Total	<u>\$ 208,861</u>	<u>\$ 119,500</u>	<u>\$ 366,206</u>

Non-derivative financial liabilities:

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

(III) Fair value information

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

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is

regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

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

Level 3: Unobservable inputs for the asset or liability. The 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, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value</u>				
Financial assets at fair value through profit and loss				
Investment in private equity	\$ -	\$ -	\$102,210	\$102,210
Financial assets at fair value through other comprehensive income				
Equity security	-	-	5,111	5,111
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$107,321</u>	<u>\$107,321</u>

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

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

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

4. In 2023 and 2022 there were no transfers in or out of Level 3.

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

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

7. The 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, 2023</u>		<u>Recognized in other</u>	
		<u>Recognized in profit or loss</u>		<u>comprehensive Income</u>	
	<u>Input value</u>	<u>Change</u>	<u>Favorable</u> <u>change</u>	<u>Unfavorable</u> <u>change</u>	<u>Favorable</u> <u>change</u>
Financial asset					<u>Unfavorable</u> <u>change</u>
Equity instruments	Discount for lack of marketability	±1%	\$ -	\$ -	\$ 51
Investment in private equity	Net asset value	±1%	1,022	(1,022)	-
Total			\$ 1,022	(\$ 1,022)	\$ 51

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

(IV) Financial Soundness Plan

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

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

1. The company works closely with financial institutions to increase fund flexibility through borrowing. As of December 31, 2023, we still have a revolving short-to-medium term loan facility of \$712,932 available for drawdown.
2. On the oil tank storage service, in recent years, in addition to gradually improving the storage and transfer capabilities of soft and hard equipment, strengthening the quality and skills of operators, and obtaining a number of international certifications, in order to explore other cooperation opportunities to expand customer source, we continue to deepen customer relations and develop high-income customers to acquire quality customers.
3. In addition to the reallocation and portfolio of the Company's assets to make optimal use of funds and resources, the Energy Business Division continues to pay attention to the trend of solar PV power generation policies and market changes, and works closely with strategic partners to jointly develop large-scale high-quality PV projects .
4. Except for the above, the cash inflows from operating activities of the Group are sufficient to support future investment in power plants and operations, as evaluated by the Group.

XIII. Additional disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Endorsements and guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investments in subsidiaries, affiliates and joint ventures): Please refer to Table 1.
4. Marketable securities acquired and disposed amounting to at least NT\$300 million or 20% of the paid-in capital. None.
5. Acquisition of individual real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None
6. Disposal of individual real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None
7. Purchase from or sale to related parties amounting to at least NT\$100 million or 20% of

the paid-in capital: None.

8. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.

9. Engagements in derivative financial instruments transactions: None

10. Business relationships and significant intercompany transactions and amounts between the parent company and its subsidiaries and between subsidiaries: None.

(II) Information on investees

Name, locations, and other related information of investees: Please refer to Table 2.

(III) Information of Investments in Mainland China

1. Basic information: None

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

(IV) Information on main investors

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

XIV. Operating Segments Information

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

Prime Oil Chemical Service Corporation
Cash and cash equivalents
December 31, 2023

Unit: Thousand NTD

Item	Abstract	Amount
Cash on hand and working capital		\$ 198
Bank deposits		
Demand deposits		39,978
Checking deposits		1,279
Term deposits	Interest rate 0.53%	
	Matured on January 23, 2024	15,000
		<hr/>
		<u>\$ 56,455</u>

Prime Oil Chemical Service Corporation
Statement of changes in financial assets at fair value through profit or loss - non-
January 1, 2023 to December 31, 2023

	Beginning of period		Increase of the period		Decrease of the period		End of
Name of financial instrument	Number of shares or lots	Fair value	Number of shares or lots	Amount	Number of shares or lots	Amount	Number of shares
AB Value Bridge VI, L.P.	-	\$ 59,203	-	\$ -	-	(\$ 13,657)	
AB Value Bridge VII, L.P.	-	45,335	-	-	-	(45,335)	
Anxin No. 1 Limited Partnership	-	-	-	56,664	-	-	
		<u>\$104,538</u>		<u>\$ 56,664</u>		<u>(\$ 58,992)</u>	

Prime Oil Chemical Service Corporation
Changes in investments accounted for under the equity method
January 1 to December 31, 2023

Unit: Thousand NTD

<u>Name</u>	<u>Beginning balance</u>		<u>Increase of the period</u>		<u>Decrease of the period</u>		<u>Ending balance</u>			<u>Provision of endorsements</u>		<u>Remark</u>
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u> <u>(Note 1)</u>	<u>Shares</u>	<u>Amount</u> <u>(Note 2)</u>	<u>Shares</u>	<u>Shares Ratio</u>	<u>Amount</u>	<u>Market value</u> <u>or net value</u> <u>of shares</u>	<u>and</u> <u>guarantees to</u> <u>others</u>	
He Zhen Feng Co., Ltd.	69,468	\$ 1,051	-	\$ -	-	(\$ 22)	69,468	69.67%	\$ 1,029	\$ 1,029	None	
Prime Holdings Corporation	30,000	260,132	-	6,304	-	(2,635)	30,000	100.00%	263,801	263,801	None	
ABZbridge Corporation	10,000	<u>87,952</u>	-	<u>25,462</u>	-	<u>(8,501)</u>	10,000	28.35%	<u>104,913</u>	104,913	None	
		<u>\$ 349,135</u>		<u>\$ 31,766</u>		<u>(\$ 11,158)</u>			<u>\$ 369,743</u>			

Note 1: The increase in current period is based on the investment gain recognized under the equity method of \$21,562, the accumulated translation adjustment of \$695 and the change in capital reserve of \$9,509.

Note 2: The current period decrease is composed of investment loss recognized under the equity method of \$22, the accumulated conversion adjustment of \$135, loss on disposal of fixed assets of \$2,500, and refund of capital reduction from ABZbridge Corporation of \$8,501.

Prime Oil Chemical Service Corporation
Property, plant and equipment
January 1 to December 31, 2023

Unit: Thousand NTD

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

Prime Oil Chemical Service Corporation
Changes in the cost of right-of-use assets and accumulated depreciation
January 1 to December 31, 2023

Unit: Thousand NTD

Item	Beginning balance	Increase for the period	Decrease for the period	Ending balance	Remark
Cost					
Land use rights	\$ 10,177	\$ -	\$ -	\$ 10,177	
Buildings	20,982	-	-	20,982	
Other Equipment	<u>303,805</u>	<u>-</u>	<u>-</u>	<u>303,805</u>	
	<u>334,964</u>	<u>\$ -</u>	<u>\$ -</u>	<u>334,964</u>	
Accumulated depreciation					
Land use rights	(\$ 1,441)	(\$ 509)	\$ -	(1,950)	
Buildings	(7,577)	(6,994)	-	(14,571)	
Other Equipment	<u>(32,355)</u>	<u>(50,747)</u>	<u>-</u>	<u>(83,102)</u>	
	<u>(41,373)</u>	<u>(\$ 58,250)</u>	<u>\$ -</u>	<u>(99,623)</u>	
	<u>\$ 293,591</u>			<u>\$ 235,341</u>	

Prime Oil Chemical Service Corporation

Lease liabilities

December 31, 2023

Unit: Thousand NTD

Item	Abstract	Lease tenor	Discount rate	Ending balance	Remark
Land use rights	Site at Gukeng Township, Yunlin County	2020.2.28~2040.2.27	1.69%	\$ 2,197	
Buildings	Office	2021.12.1~2024.11.30	1.51%	6,512	
Other Equipment	Tanks area at the Port of Taichung	2021.1.1~2028.6.30	1.51%	<u>217,091</u>	
				<u>\$ 225,800</u>	

Prime Oil Chemical Service Corporation
Other payables
December 31, 2023

Unit: Thousand NTD

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

Prime Oil Chemical Service Corporation
Short-term borrowings
December 31, 2023

Loan types	Ending balance	Contract term	Range of interest rate	Financing Amount
Short-term credit loans				
Yuanta Commercial Bank	\$ 10,000	2023.12.28~2024.01.26	1.75%	\$ 80,
Far Eastern International Bank	<u>20,000</u>	2023.11.14~2024.2.5	1.83%	50,
	<u>\$ 30,000</u>			

Prime Oil Chemical Service Corporation
Long-term borrowings
December 31, 2023

Unit: Thousand NTD

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

Prime Oil Chemical Service Corporation
Operating Revenue
January 1 to December 31, 2023

Unit: Thousand NTD

Item	Quantity	Amount	Remark
Operating revenue			
Rental incomes		\$ 250,584	
Revenue from contracts with customers			
Tank operation revenue		73,504	
Electricity sales revenue	21,245,630 KW	<u>100,965</u>	
Total		<u>\$ 425,053</u>	

Prime Oil Chemical Service Corporation

Operating costs

January 1 to December 31, 2023

Unit: Thousand NTD

Item	Amount	Remark
Cost for selling electricity		
depreciation expense	\$ 44,275	
Rental expenses	9,472	
Maintenance expenses	2,877	
Property insurance premium	942	
Other expenses	<u>224</u>	
	<u>57,790</u>	
Leasing cost		
depreciation expense	129,438	
Employee benefits expense	43,150	
Terminal administrative expenses	18,505	
Property insurance premium	14,419	
Other expenses	38,593	The balance of each fractional account does not exceed 5% of the balance of this account
Subtotal	<u>244,105</u>	
	<u>\$ 301,895</u>	

Prime Oil Chemical Service Corporation
Details of selling and marketing expenses
January 1 to December 31, 2023

Unit: Thousand NTD

Item	Amount	Remark
Employee benefits expense	\$ 3,754	
Travel expenses	483	
Entertainment expenses	395	
Other expenses	<u>589</u>	The balance of each fractional account does not exceed 5% of the balance of this account
	<u>\$ 5,221</u>	

Prime Oil Chemical Service Corporation
Details of administration expenses
January 1 to December 31, 2023

Unit: Thousand NTD

Item	Amount	Remark
Employee benefits expense	\$ 31,352	
Salaries and wages	6,548	
depreciation expense	8,028	
Other expenses	<u>13,567</u>	The balance of each fractional account does not exceed 5% of the balance of this account
	<u>\$ 59,495</u>	

Prime Oil Chemical Service Corporation
Summary of employee benefits, depreciation, depletion and amortization expenses incurred in the current period by function
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

Nature	<u>Functionality 2023</u>			<u>2022</u>		
	<u>Those of operating costs</u>	<u>Those of operating expenses</u>	<u>Total</u>	<u>Those of operating costs</u>	<u>Those of operating expenses</u>	<u>Total</u>
Employee benefits expense						
Salary expenses	\$ 35,588	\$ 26,910	\$ 62,498	\$ 37,213	\$ 29,364	\$ 66,577
Labor and health insurance expenses	3,894	1,987	5,881	3,665	1,909	5,574
Pension costs	1,699	1,162	2,861	1,677	1,149	2,826
Directors' remuneration	-	2,799	2,799	-	3,918	3,918
Other employee expenses	1,969	2,248	4,217	2,186	2,688	4,874
	<u>\$ 43,150</u>	<u>\$ 35,106</u>	<u>\$ 78,256</u>	<u>\$ 44,741</u>	<u>\$ 39,028</u>	<u>\$ 83,769</u>
depreciation expense	\$ 173,713	\$ 8,028	\$ 181,741	\$ 164,645	\$ 8,270	\$ 172,915
Amortization expense	\$ -	\$ 1,617	\$ 1,617	\$ -	\$ 1,576	\$ 1,576

1. The number of employees at the end of the current year and the previous year was 75 and 72, respectively. Among them, there were 6 and 4 Directors, respectively, who are not concurrently employees.
2. For companies whose shares are listed on the Taiwan Stock Exchange or traded over-the-counter on the Taipei Exchange, they should further disclose the following information.
 - (1) The average employee benefit expenses of the year was NT\$1,094 thousand ((total employee benefit costs of the year – total directors' remuneration)/(the number of employees of the year - number of directors who are not concurrently employed))
The average employee benefit expenses of the previous year was NT\$1,174 thousand ((total employee benefit costs of the previous year – total directors' remuneration)/(the number of employees of the previous year - number of directors who are not concurrently employed))
 - (2) The average salaries and wages expenses of the year was NT\$906 thousand (total salaries and wages of the year/(the number of employees of the

Prime Oil Chemical Service Corporation
Summary of employee benefits, depreciation, depletion and amortization expenses incurred in the current period by function
January 1 to December 31, 2023 and 2022

Unit: Thousand NTD

previous year - number of directors who are not concurrently employed))

The average salaries and wages expenses of the previous year was NT\$979 thousand (total salaries and wages of the previous year/(the number of employees of the previous year - number of directors who are not concurrently employed))

- (3) Change in average employee salary expense adjustment (7.46%) ((the average salaries and wages expenses of the year-the average salaries and wages expenses of the previous year)/ the average salaries and wages expenses of the previous year)
- (4) Supervisors' remuneration of the year was NT\$0, Supervisors' remuneration of the previous year was NT\$613 thousand.
- (5) The Company's compensation policy (including directors, independent directors, supervisors, managers and employees):
 - A. The remuneration of directors (including independent directors) and supervisors of the Company shall be provided in accordance with Article 32 of the Company's Articles of Incorporation, and the remuneration of directors and supervisors shall be distributed in accordance with the "Regulations Governing the Remuneration of Directors, Independent Directors and Supervisors of the Company" in accordance with the three categories of duties and responsibilities, the degree of participation in the Company's operations and the degree of professionalism and continuing education. The reasonableness of such compensation shall be reviewed by the Compensation Committee and approved by the Board of Directors.
 - B. The remuneration of the Company's managers and employees shall be divided into fixed salary and variable salary, with fixed salary in accordance with the Company's "Personnel Management Rules" and approved in accordance with the job description and professional competence of the position. Variable salaries include year-end bonuses to encourage employees' annual performance, based on the Company's profitability and future development and employee compensation in accordance with Article 32 of the Company's Articles of Incorporation.

Prime Oil Chemical Service Corporation

Chairperson: Liao, Shu-Chun