

Ticker Symbol: 2904



Handbook for  
2023 Annual General Meeting of  
Shareholders

Type of the Meeting : Physical Meeting

Time : 9:00 a.m., Tuesday, June 13, 2023

Venue : 2F., No. 327, Sec. 1, Tiding Blvd., Neihu Dist.,  
Taipei City, Taiwan (LILY Conference)

## Table of Contents

Agenda .....	1
Report Items.....	2
Recognition Items .....	4
Discussion Items .....	5
Extempore Motions .....	6

### Appendices

1. Rule of Procedures for Shareholders Meetings.....	43
2. Articles of Association .....	46
3. Shareholdings of All Directors .....	53
4. The effect of the stock dividend on the Company's operating performance, earnings per share and return on equity .....	54

# 2023 Annual General Meeting of Shareholders of Prime Oil Chemical Service Corporation

Time : 9:00 a.m., Tuesday, June 13, 2023

Venue : 2F., No. 327, Sec. 1, Tiding Blvd., Neihu Dist., Taipei City, Taiwan  
(R.O.C.)(LILY Conference)

1. Call the Meeting to Order
2. Chairman's Speech
3. Report Items
  - (1) 2022 business report.
  - (2) Audit Committee's review report.
  - (3) Distribution of 2022 employees' remuneration and directors' remuneration.
  - (4) Report on cash dividends distribution of 2022.
  - (5) Amendment to the Company's "Rules of Procedure for Board of Directors".
4. Recognition Items
  - (1) Recognition of the Company's 2022 financial statements.
  - (2) Earnings Distribution of 2022.
5. Discussion Items
  - (1) Amendment to the Company's Articles of Association
6. Extempore Motions
7. Meeting Adjourned

## Report Items

### 【 Motion 1 】

Topic : 2022 business report.

Explanation : The Company's 2022 business report, please refer to pp.7-10.

### 【 Motion 2 】

Topic : Audit Committee's review report.

Explanation : Audit Committee's review report, please refer to p.11.

### 【 Motion 3 】

Topic : Distribution of 2022 employees' remuneration and directors' remuneration.

Explanation : NT\$4,415,024 is appropriated as employees' remuneration, and NT\$4,415,024 as directors' remuneration, both will be paid in cash. There is no difference with the estimated amount of expenses.

### 【 Motion 4 】

Topic : Report on cash dividends distribution of 2022

Explanation : The dividend payout to shareholders is based on the total

number of issued shares of 77,834,432. NT\$50,592,381 of earnings is appropriated, and shareholders will receive a cash dividend of NT\$0.65 per share. Any amount less than one New Taiwan dollar will be rounded down to zero, and the remaining cash dividends will be recorded as other income for the company. The board of directors has resolved and authorized the chairman to determine the ex-dividend date, payment date, and other matters related to the distribution of cash dividends. If there are any changes in the number of outstanding shares due to the issuance of new shares through a cash increase, repurchase of the company's shares, transfer of treasury stock, or other circumstances that affect the distribution rate to shareholders, the chairman is authorized to handle the related matters.

**【 Motion 5 】**

Topic : Amendment to the Company's "Rules of Procedure for Board of Directors"

Explanation : In accordance with the amendment of the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" on August 5, 2022, the Company's "Rules of Procedure for Board of Directors" have been amended, please refer to pp12-14 for the Comparison Table of Revised Articles.

## Recognition Items

### 【 Motion 1 】

Proposed by the board of directors

Topic : Recognition of the Company's 2022 financial statements

Explanation : The Company's 2022 alone financial statements and consolidated financial statements have been audited by Huang,Pei-Chuan and Pan,Hui-Lin, CPAs of PwC Taiwan. Together with the business report, they were resolved and passed by the Board of Directors of the Company, and audited by the Audit Committee's, please refer to pp7-10 and 15-40.

Resolution :

### 【 Motion 2 】

Proposed by the board of directors

Topic : Earnings Distribution of 2022.

Explanation : Earnings Distribution of 2022, please refer to p41.

Resolution :

## Discussion Items

【 Motion 1 】

Proposed by the board of directors

Topic : Amendment of the Company's Articles of Association.

Explanation : The Company's Articles of Association have been amended in accordance with the business circumstances, please refer to p42 for the comparison table of revised articles.

Resolution :

# Extempore Motions



# Appendices



# 2022 business report

## 一、Results of 2022 business plan execution

Revenue for the year was NT\$454,885 k, increased 2% over the previous year (2021), and net profit for the period was NT\$107,044 k, increased 50% over the previous year. Chemical and oil tank storage leasing revenue in Taichung Port approximately accounted for 81% of the revenue and the Energy Division's electricity revenue accounted for 19%.

## 二、Budget execution

The Company did not disclose its 2022 financial forecasts to the public.

## 三、Financial analysis

Standalone statements Unit: Thousands of NTD, unless otherwise specifiedItem	2022	2021	Increased (decreased) amount	Change percentage (%)
Net operating revenue	\$454,885	\$443,922	10,963	2%
Operating cost	(286,555)	(293,854)	(7,299)	(2%)
Operating gross margin	168,330	150,068	18,262	12%
Operating expenses	(67,663)	(65,979)	1,684	3%
Net operating income	100,667	84,089	16,578	20%
Non-operating income or expenses	35,258	5,020	30,238	602%
Income before income tax	135,925	89,109	46,816	53%
Income tax expense	(28,881)	(17,681)	11,200	63%
Current period net income	107,044	71,428	35,616	50%
Other comprehensive income for the year (net)	22,024	(9,301)	31,325	337%
Total comprehensive income for the period	129,068	62,127	66,941	108%
Basic earnings per share (NTD)	1.50	1.03	0.47	46%

Analysis and explanation of the increase or decrease percentage:

1. Increase in sales revenue: The Chemical and Oil Tank Storage Division's operating revenue decreased by approximately \$5.59 million, or 2%, 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 significant decrease in the overall throughput volume; (2) chemical customers also experienced a decrease in throughput volume due to the slowdown in demand and inflation.

The Energy Division's revenue increased by approximately \$16.56 million, or 23%, compared with the previous period due to the addition of new solar power generation sites in 2022.

2. The decrease in operating costs was mainly from (1) decrease in the Chemical and Oil Tank Storage Division of approximately \$16.35 million, which includes the decrease in expenses related to lower throughput volume, and a decrease in miscellaneous expenses due to enhanced material management (2) The increase of approximately \$9.05 million in the Energy Division was mainly due to the recognition of depreciation expenses for the new solar power generation sites.
3. The increase in operating expenses was mainly due to the combined effect of the payment of civil the third instance court cost and the decrease in donations for the year.
4. Increase in non-operating income and expenses:
  - (1) The increase in other income was mainly due to the increase of approximately \$4.25 million in cash dividends distributed through financial assets at fair value through other comprehensive income;
  - (2) The increase in other gains and losses was mainly due to the increase of approximately \$26.3 million in valuation adjustments on financial assets at fair value through profit or loss compared to the previous period;
  - (3) The increase in finance costs was mainly due to the increase in bank borrowings required for operations and the increase in borrowing rates;
  - (4) The decrease in the share of profits and losses of affiliates and joint ventures recognized under the equity method was mainly due to an increase of approximately \$2.8 million in the operating loss of the investee company recognized under the equity method compared to the previous period..
5. The increase in income tax expense was due to the increase in net income before income tax compared to last year.
6. Increase in other comprehensive income(net): Mainly due to the increase in the cumulative translation adjustment of foreign currencies due to the significant increase in the U.S. dollar exchange rate compared to the previous period.

#### 四、2023 business plan outline

##### 1. Chemical and oil tank storage division

- Business development and service of customers: Swift

adjustment of terminal facility in response to market dynamics, and to strengthen relationships with oil traders to improve revenue stability and customer satisfaction.

- Human resources: Enhance the management competences of key personnel and implement succession training for key positions to improve the quality of manpower and enhance overall management effectiveness and efficiency.
- Automation and intelligent equipment application: introduce a new generation of automated equipment to improve work efficiency, ensure employee safety and enhance accuracy, and move towards intelligent terminals on a step-by-step basis.
- Management System Integration and Optimization: Continuously integrate various internal and external management systems to achieve sustainable goals such as zero occupational safety accident, caring of the physical and mental health of employees, reducing waste and emissions at beginning, and conserving energy resources.

## 2. Energy division

- Business Objective: Continuously evaluate and adjust the portfolio of existing solar power generation sites to improve overall operational efficiency and return on investment.
- Case sources and partners: Continue to develop quality EPC and maintenance providers to consolidate case sources and enhance power generation efficiency.
  - ✧ Continue to develop purchase of existing projects to shorten the lead time and construction implementation.
  - ✧ Develop new types of solar power projects, such as floating PV and energy storage equipment, to increase operational experience in different types of projects.
  - ✧ Bidding for various public housing leasing projects to strengthen risk-reward assessment and project control capabilities.
- Human Resources: We regularly review with EPCs and operators to improve site management capabilities, participate in renewable energy seminars, and monitor

renewable energy industry trends and the latest technological developments to enhance our professional capabilities and capacity.

### 3. New business opportunities exploration

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

Chairman :  
Liao, Shu-Chun



Manager :  
Yeh, Tang-Jung



Accounting officer :  
Huang, Yi-Yin



# Prime Oil Chemical Service Corporation

## Audit Committee's review report

Approval of

The Board of Directors has issued the 2022 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 2023 Annual General Meeting of Shareholders

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



March 23, 2023

**Prime Oil Chemical Service Corporation**  
**Comparison Table for the Rules of Procedure for Board of Directors**  
**Before and After Revision**

After Revision	Before Revision	Description
<p>Article 3</p> <p>The Board of Directors of the Company shall be held at least quarterly. The Board of Directors shall give seven days' notice to the Directors of the reasons for the meeting, but may be convened at any time in case of emergency. Notice of a Board call may be made in writing, by fax or by email. All matters set forth under paragraph 1, Article 12 of these Rules shall be specified in the reasons for convening a board meeting, and none of those matters may be raised by an extempore motion.</p>	<p>Article 3</p> <p>The Board of Directors of the Company shall be held at least quarterly.</p> <p>The Board of Directors shall give seven days' notice to the Directors of the reasons for the meeting, but may be convened at any time in case of emergency.</p> <p>Notice of a Board call may be made in writing, by fax or by email. <u>Except in the case of an emergency or for legitimate reasons</u>, all matters set forth under paragraph 1, Article 12 of these Rules shall be specified in the reasons for convening a board meeting, and none of those matters may be raised by an extempore motion.</p>	<p>Amendment has been made to Article 3 of the 'Regulations Governing Procedure for Board of Directors Meetings of Public Companies' in accordance with the revision dated August 5, 2022.</p>
<p>Article 12</p> <p>The following matters shall be discussed in the Company's Board of Directors:</p> <p>I. The Company's business plan.</p> <p>II. Annual and first-half financial statements. This excludes first-half financial statements that need not to be audited by a CPA according to the law.</p> <p>III. The establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act, and the assessment of the effectiveness of the internal control system.</p> <p>IV. The procedures established or amended in accordance with Article 36-1 of the Securities and</p>	<p>Article 12</p> <p>The following matters shall be discussed in the Company's Board of Directors:</p> <p>I. The Company's business plan.</p> <p>II. Annual and first-half financial statements. This excludes first-half financial statements that need not to be audited by a CPA according to the law.</p> <p>III. The establishment or amendment of the internal control system in accordance with Article 14-1 of the Securities and Exchange Act, and the assessment of the effectiveness of the internal control system.</p> <p>IV. The procedures established or amended in accordance with Article 36-1 of the Securities and Exchange</p>	<p>Amendment has been made to Article 7 of the 'Regulations Governing Procedure for Board of Directors Meetings of Public Companies' in accordance with the revision dated August 5, 2022.</p>

<p>Exchange Act for material financial or business transactions such as acquisition or disposal of assets, derivative trading, lending of funds to others, and endorsements/guarantees.</p> <p>V. Raising, issuing or private placement of equity securities.</p> <p><u>VI. If the board of directors does not have managing directors, the election or discharge of the chairman of the board of directors.</u></p> <p><u>VII.</u> Appointment and dismissal of finance, accounting or internal audit directors.</p> <p><u>VIII.</u> Donations to related parties or significant donations to non-related parties. However, public welfare donations for emergency relief due to severe natural disasters may be recognized by the next meeting of the Board of Directors.</p> <p><u>IX.</u> Significant matters which are subject to the resolution of the shareholders' meeting or the Board of Directors in accordance with Article 14-3 of the Securities and Exchange Act or other laws and regulations or the Articles of Association, or are specified by the competent authority.</p> <p>The term "related party" in subparagraph <u>8</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an any single donation, or cumulative donations within 1 year period to a single recipient, at an amount of</p>	<p>Act for material financial or business transactions such as acquisition or disposal of assets, derivative trading, lending of funds to others, and endorsements/guarantees.</p> <p>V. Raising, issuing or private placement of equity securities.</p> <p><u>VI.</u> Appointment and dismissal of finance, accounting or internal audit directors.</p> <p><u>VII.</u> Donations to related parties or significant donations to non-related parties. However, public welfare donations for emergency relief due to severe natural disasters may be recognized by the next meeting of the Board of Directors.</p> <p><u>VIII.</u> Significant matters which are subject to the resolution of the shareholders' meeting or the Board of Directors in accordance with Article 14-3 of the Securities and Exchange Act or other laws and regulations or the Articles of Association, or are specified by the competent authority.</p> <p>The term "related party" in subparagraph <u>7</u> of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an any single donation, or cumulative donations within 1 year period to a single recipient, at an amount of</p>	
---	---	--



<p>NT\$100 million or more or at an amount equal to or greater than 1% of net operating revenue or 5% of paid-in capital as stated in the CPA-attested financial statements for the most recent year.</p> <p>The term “within one year” specified in the preceding Paragraph shall be the full annual period with the convening date of the Board of Directors meeting as the final date of such period. The amount that the Board of Directors has resolved will be exempted from being included.</p> <p>At least one independent director shall attend the Board of Directors in person. For the matters in Paragraph 1 which must be decided by a board resolution, all independent directors shall attend the meeting. If an independent director is unable to attend the meeting in person, he/she shall appoint another independent director to attend the meeting as a proxy. If any of the independent directors has any objection or qualified opinion, it shall be stated in the meeting minutes of the Board of Directors; if an independent director cannot attend the meeting to express his/her objection or qualified opinion in person, he or she shall issue a written comment in advance unless there are justified reasons, which shall be recorded in the meeting minutes.</p>	<p>NT\$100 million or more or at an amount equal to or greater than 1% of net operating revenue or 5% of paid-in capital as stated in the CPA-attested financial statements for the most recent year.</p> <p>The term “within one year” specified in the preceding Paragraph shall be the full annual period with the convening date of the Board of Directors meeting as the final date of such period. The amount that the Board of Directors has resolved will be exempted from being included.</p> <p>At least one independent director shall attend the Board of Directors in person. For the matters in Paragraph 1 which must be decided by a board resolution, all independent directors shall attend the meeting. If an independent director is unable to attend the meeting in person, he/she shall appoint another independent director to attend the meeting as a proxy. If any of the independent directors has any objection or qualified opinion, it shall be stated in the meeting minutes of the Board of Directors; if an independent director cannot attend the meeting to express his/her objection or qualified opinion in person, he or she shall issue a written comment in advance unless there are justified reasons, which shall be recorded in the meeting minutes.</p>	
--	--	--

## Independent Auditors' Report

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

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

### **Opinion**

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

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

### **Basis for Audit Opinion**

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

### **Key inspection items**

Key inspection items refer to those matters that, in our professional judgment, are of most significance in relation to our audit of Prime Oil Chemical Service Corporation's Standalone Financial Statements as of 2022. These matters have been addressed in the process of our audit of the Standalone Financial Statements as a whole and forming our opinion thereon and we do not express an opinion on these matters individually.

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

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

## Description

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

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

## Audit procedure in response

The audit procedures we performed are set out below:

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

## **Emphasis Matter**

Due to operational considerations, POCS POWER Co., Ltd., a subsidiary of the Company, has transferred a portion of its solar energy business to the Company. This business transfer constitutes a reorganization of an entity under joint control. According to the IFRS FAQs published by the Foundation of Accounting Research and Development, when preparing comparative individual financial statements, the transfer should be treated as having occurred at

the beginning and the individual financial statements for the year 2021 should be restated accordingly. For further details, please refer to Note 6(6) of the individual financial statements.

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

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

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

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

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

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

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

1. Identify and assess the risk of material misstatements resulting from fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis of our audit opinion. Since fraud may involve conspiracy, forgery, intentional omission, misrepresentation or a breach of internal control,

the risk of not detecting a material misstatement due to fraud is higher than what is due to error.

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

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

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

From the matters communicated with the governance unit, we determine the key inspection items for Prime Oil Chemical Service Corporation's 2022 Standalone Financial Statements. We describe these matters in our audit report unless law or regulation precludes

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

PwC, Taiwan

Huang, Pei-Chuan

Pan, Hui-Ling

March 23, 2023

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

Unit: Thousand NTD

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

(Continued)

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

Unit: Thousand NTD

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

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

Chairperson: Liao Shu-chun



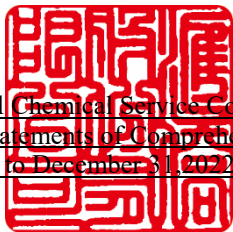
Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-yin





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

Unit: Thousand NTD  
(Except for earnings per share)

Item	2022		(Adjusted) 2021	
	Amount	%	Amount	%
4000 Operating income	\$ 454,885	100	\$ 443,922	100
5000 Operating cost	( 286,555)	( 63)	( 293,854)	( 66)
5900 Operating gross profits	168,330	37	150,068	34
Operating expenses				
6100 Selling and marketing expenses	( 6,121)	( 1)	( 6,163)	( 1)
6200 General and administrative expenses	( 61,542)	( 14)	( 59,816)	( 14)
6000 Total operating expenses	( 67,663)	( 15)	( 65,979)	( 15)
6900 Operating profit	100,667	22	84,089	19
Non-operating income and expenses				
7100 Interest income	427	-	252	-
7010 Other income	13,655	3	8,615	2
7020 Other gains or losses	28,356	6	( 1,696)	( 1)
7050 Financial costs	( 3,162)	-	( 937)	-
7070 Share of profits and losses of subsidiaries, affiliates and joint ventures recognized under the equity method	( 4,018)	( 1)	( 1,214)	-
7000 Total non-operating income and expenses	35,258	8	5,020	1
7900 <b>Profit before income tax</b>	135,925	30	89,109	20
7950 Income tax expense	( 28,881)	( 7)	( 17,681)	( 4)
8200 <b>Current period net profit</b>	<u>\$ 107,044</u>	<u>23</u>	<u>\$ 71,428</u>	<u>16</u>
<b>Other comprehensive income for the year (net)</b>				
<b>Items that will be reclassified to profit or loss</b>				
8311 Re-measurements of the defined benefit liability	\$ 1,961	-	( \$ 1,980)	-
8316 Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	( 2,396)	-	( 3,346)	( 1)
8349 Income tax related to components of other comprehensive income that is not reclassified to profit or loss	( 392)	-	396	-
8310 Total amount of items that will not be reclassified to profit or loss	( 827)	--	( 4,930)	( 1)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361 Exchange Differences in Translating the Financial Statements of Foreign Operations	28,565	6	( 5,464)	( 1)
8399 Income taxes related to items that may be reclassified	( 5,714)	( 1)	1,093	-

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

Chairperson: Liao Shu-chun

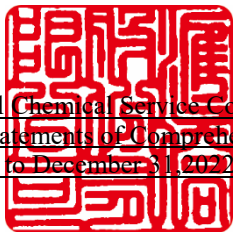


Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-jin



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

Unit: Thousand NTD  
(Except for earnings per share)

8360	Total of Items that may be reclassified to profit or loss	22,851	5	( 4,371)	( 1)
8300	<b>Other comprehensive income for the year (net)</b>	<u>\$ 22,024</u>	<u>5</u>	<u>(\$ 9,301)</u>	<u>( 2)</u>
8500	<b>Total comprehensive income in the current period</b>	<u>\$ 129,068</u>	<u>28</u>	<u>\$ 62,127</u>	<u>14</u>
	Earnings per share				
9750	Basic	\$	1.50	\$	1.03
9850	Diluted	\$	1.50	\$	1.03

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

Chairperson: Liao Shu-chun



Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-yin



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

Unit: Thousand NTD

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

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

Chairperson: Liao Shu-chun



Managerial officer: Yeh Tang-jung



Accounting officer: Huang, Yi-Yin



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

Unit: Thousand NTD

	Note	Share capital - common stock	Issue premium	Retained earnings				Other equity interests		Total equity	
				treasury stock transactions	Employee stock options	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange Differences in Translating the Financial Statements of Foreign Operations		Unrealized gain or loss on financial assets at fair value through other comprehensive income
Cash dividends		-	-	-	-	-	( 55,227 )	-	-	( 55,227 )	
Follow-On Offering		88,000	61,000	-	-	-	-	-	-	149,000	
Share-based payments	6(16)	-	1,280	-	1,375	-	-	-	-	2,655	
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	-	-	-	-	-	( 1,290 )	-	1,290	-	
<u>Balance at December 31, 2022</u>		<u>\$ 778,344</u>	<u>\$ 62,280</u>	<u>\$ 4,233</u>	<u>\$ 1,375</u>	<u>\$ 194,177</u>	<u>\$ 18,778</u>	<u>\$ 125,349</u>	<u>\$ 7,488</u>	<u>(\$ 4,521 )</u>	<u>\$ 1,187,503</u>

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

Chairperson: Liao Shu-chun



Managerial officer: Yeh Tang-jung



Accounting officer: Huang, Yi-Yin



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

Unit: Thousand NTD

	January 1 to December 31, 2022	(Adjusted) January 1 to December 31, 2021
<u>Cash flow from operating activities</u>		
Profit before income tax for the year	\$ 135,925	\$ 89,109
Adjustment for:		
Income and expenses having no effect on cash flows		
depreciation expense	172,915	165,289
Amortization expense	1,576	1,328
Gain on valuation of financial assets at fair value through profit or loss	( 28,830 )	( 2,533 )
Financial costs	3,162	937
Interest income	( 427 )	( 252 )
Dividends income	( 4,699 )	( 445 )
Share-based payment expense	2,655	-
Exchange differences in Financial assets measured at amortized cost	( 1,757 )	463
Shares of affiliated enterprises and joint venture interests recognized using the equity method	4,018	1,214
Loss on disposal of property, plant and equipment	2,500	2,405
Gain on lease modification	-	( 31 )
Effect of organizational restructuring	( 5,382 )	( 8,924 )
Change in assets/liabilities related to operating activities		
Changes in operating assets		
Notes receivable, net	366	( 473 )
Accounts receivable, net	( 1,632 )	3,290
Other receivables	-	1,960
Other receivables – related parties:	1,713	9
Prepayments	( 13,785 )	5,969
Changes in operating liabilities		
Other payables	5,661	( 9,387 )
Other current liabilities-others	( 1 )	3
Net defined benefit liabilities	( 1,223 )	( 1,284 )
Cash flow from operating activities	272,755	248,647
Interest received	427	252
Dividend received	4,699	445
Interest paid	( 3,162 )	( 937 )
Income tax paid	( 17,214 )	( 26,671 )
Net cash generated by operating activities	257,505	221,736
<u>Cash Flow from Investing Activities</u>		
Disposal of financial assets measured at fair value through other comprehensive income	28,710	
Refund of share price due to capital reduction of financial assets at fair value through profit or loss	-	3,420
Acquisition of financial assets measured at amortized cost	( 4 )	( 12,301 )
Disposal of financial assets measured at amortized cost	10,000	-
Acquisition of financial assets at fair value through profit or loss	-	( 28,141 )
Disposal of financial assets at fair value through profit or loss	7,401	14,639
Acquisition of investments using the equity method	( 100,698 )	-
Capital reduction and return of shares of invested companies using the equity method	22,914	-
Purchase of property, plant and equipment	( 365,371 )	( 157,629 )
Disposal of property, plant and equipment	-	95
Acquisition of intangible assets	( 1,565 )	( 161 )
Increase in refundable deposits	( 53,362 )	( 5,130 )
Net cash used in investing activities	( 451,975 )	( 185,208 )
<u>Cash Flow from Financing Activities</u>		
Increase (decrease) in short-term bills payable	14,800	( 7,000 )
Increase in short-term borrowings	1,103,500	300,000
Decrease in short-term borrowings	( 938,500 )	( 288,000 )

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

Chairperson: Liao Shu-chun



Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-yin





## Independent Auditors' Report

(2023) Cai-Shen-Bao-Zi #22005394

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, 2022 and 2021 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, 2022 and 2021, 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 2022. 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 2022 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\$893,173 thousand, accounting for 41% of the total consolidated assets. Due to the scarcity of available solar power land and difficulty of developing large sites, Prime Oil Chemical Service Corporation estimates the amount recoverable of other equipment based on the value in use and applies it as the basis of impairment assessment. Since the value-in-use evaluation process involves judgement of changes due to variations of economic environment or climate conditions and uncertainties to the future due to changes in estimation results brought by the conditions, which could have a significant impact on the recoverable amount measurement and in turn affects the assessment of impairment amount, we consider the impairment assessment of other equipment a key inspection item.

#### Audit procedure in response

The audit procedures we performed are set out below:

1. Review management's estimates of recoverable amounts of other equipment at the balance sheet date and reassess the correctness of the related calculations.
2. Understand and evaluate that the Company's asset impairment assessment procedures and accounting policies are complied with the accounting principles and are consistently applied, including a review of the methods adopted by the management when determining recoverable amounts.



3. Obtain assessment information used by management for determining recoverable amounts based on asset use patterns and industry characteristics and assess the reasonableness of the independent cash flows, the durable years of the assets and the potential future revenues and expenses.
4. Compare the recoverable amount with the carrying amount to examine the correctness of the impairment calculation.

### **Others - Standalone Financial Reports**

Prime Oil Chemical Service Corporation has prepared its financial statements for the years ended December 31, 2022 and 2021, and we have issued an unqualified audit report with an emphasis of matter paragraph 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 Financial Statements, such amounts are deemed material.

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

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

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

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

From the matters communicated with the governance unit, we determine the key inspection items for Prime Oil Chemical Service Corporation's 2022 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

Pan, Hui-Ling

March 23, 2023

  
Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated balance sheets  
December 31, 2022 and December 31, 2021

Unit: Thousand NTD

Assets		December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
<b>Current assets</b>					
1100	Cash and cash equivalents	\$ 99,347	4	\$ 135,111	8
1136	Financial assets measured at amortized cost - current	17,783	1	26,026	2
1150	Notes receivable, net	351	-	717	-
1170	Accounts receivable, net	43,438	2	42,387	3
1410	Prepayments	22,150	1	8,457	-
1460	Net carrying amount of non-current assets held for sale	85,273	4	-	-
11XX	<b>Total current assets</b>	<u>268,342</u>	<u>12</u>	<u>212,698</u>	<u>13</u>
<b>Non-current assets</b>					
1510	Financial assets at fair value through profit or loss - non-current	104,538	5	83,109	5
1517	Financial assets at fair value through other comprehensive income - noncurrent	5,108	-	36,214	2
1535	Financial assets measured at amortized cost - non-current	2,305	-	2,301	-
1550	Investments accounted for using equity method	87,952	4	-	-
1600	Property, Plant and Equipment	1,309,677	60	1,179,274	72
1755	Right-of-use assets	293,591	14	47,957	3
1780	Intangible asset	4,230	-	4,241	-
1840	Deferred tax assets	1,876	-	5,660	1
1900	Other non-current assets	116,720	5	64,026	4
15XX	<b>Total non-current assets</b>	<u>1,925,997</u>	<u>88</u>	<u>1,422,782</u>	<u>87</u>
1XXX	<b>Total Assets</b>	<u>\$ 2,194,339</u>	<u>100</u>	<u>\$ 1,635,480</u>	<u>100</u>

(Continued)

  
 Prime Oil Chemical Service Corporation and its subsidiaries  
 Consolidated balance sheets  
 December 31, 2022 and December 31, 2021

Unit: Thousand NTD

Liabilities and Stockholders' Equity	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>Current liabilities</b>				
2100 Short-term borrowings	\$ 207,000	9	\$ 103,600	6
2110 Short-term bills payable	34,800	2	38,500	2
2150 Notes payable	6,908	-	6,881	-
2200 Other payables	58,805	3	60,518	4
2230 Current income tax liabilities	20,648	1	15,617	1
2260 Liabilities directly associated with assets held for sale	36,459	2	-	-
2280 Current lease liabilities	47,436	2	23,363	2
2320 Long-term liabilities, current portion	52,452	2	69,878	4
2399 Other current liabilities - other	74	-	77	-
21XX <b>Total current liabilities</b>	<u>464,582</u>	<u>21</u>	<u>318,434</u>	<u>19</u>
<b>Non-current liabilities</b>				
2540 Long-term borrowings	257,799	12	294,365	18
2550 Provisions for liabilities - non-current	27,174	1	25,185	2
2570 Deferred tax liabilities	12,871	1	4,052	-
2580 Non-current lease liabilities	232,131	11	15,962	1
2640 Net defined benefit liabilities - noncurrent	5,368	-	8,552	1
2645 Guarantee deposits received	6,450	-	6,450	-
25XX <b>Total non-current liabilities</b>	<u>541,793</u>	<u>25</u>	<u>354,566</u>	<u>22</u>
2XXX <b>Total liabilities</b>	<u>1,006,375</u>	<u>46</u>	<u>673,000</u>	<u>41</u>
<b>Equity attributable to shareholders of the parent company</b>				
Share capital				
3110 Common stock	778,344	35	690,344	42
Additional paid-in capital				
3200 Additional paid-in capital	67,888	3	4,233	-
Retained earnings				
3310 Legal reserve	194,177	9	187,193	12
3320 Special reserve	18,778	1	13,064	1
3350 Unappropriated retained earnings	125,349	6	85,951	5
Other equity interests				
3400 Other equity interests	2,967	-	(18,778)	(1)
31XX <b>Total equity attributable to shareholders of the parent company</b>	<u>1,187,503</u>	<u>54</u>	<u>962,007</u>	<u>59</u>
36XX <b>Non-controlling interests</b>	<u>461</u>	<u>-</u>	<u>473</u>	<u>-</u>
3XXX <b>Total equity</b>	<u>1,187,964</u>	<u>54</u>	<u>962,480</u>	<u>59</u>
Significant contingent liabilities and unrecognized contract commitments				
Significant events after the balance sheet date				
3X2X <b>Total liabilities and equity</b>	<u>\$ 2,194,339</u>	<u>100</u>	<u>\$ 1,635,480</u>	<u>100</u>

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

Chairperson: Liao Shu-chun



Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-yin



  
Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated income statements  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD  
(Except for earnings per share)

Item	2022		2021	
	Amount	%	Amount	%
4000 Operating income	\$ 475,513	100	\$ 466,109	100
5000 Operating cost	( 305,360)	( 64)	( 310,978)	( 67)
5900 Operating gross profits	170,153	36	155,131	33
Operating expenses				
6100 Selling and marketing expenses	( 6,186)	( 2)	( 6,241)	( 1)
6200 General and administrative expenses	( 62,144)	( 13)	( 60,415)	( 13)
6000 Total operating expenses	( 68,330)	( 15)	( 66,656)	( 14)
6900 Operating profit	101,823	21	88,475	19
Non-operating income and expenses				
7100 Interest income	492	-	261	-
7010 Other income	6,485	1	2,021	-
7020 Other gains or losses	26,771	6	804	-
7050 Financial costs	( 4,362)	( 1)	( 2,088)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method.	5,415	1	-	-
7000 Total non-operating income and expenses	34,801	7	998	-
7900 <b>Profit before income tax</b>	136,624	28	89,473	19
7950 Income tax expense	( 29,592)	( 6)	( 18,061)	( 4)
8200 <b>Current period net profit</b>	\$ 107,032	22	\$ 71,412	15

(Continued)

  
Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated income statements  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD  
(Except for earnings per share)

Item	2022		2021	
	Amount	%	Amount	%
<b>Other comprehensive income for the year (net)</b>				
<b>Items that will be reclassified to profit or loss</b>				
8311 Re-measurements of the defined benefit liability	\$ 1,961	-	(\$ 1,980)	-
8316 Unrealized valuation gain or loss on equity instruments at fair value through other comprehensive income	( 2,396)	-	( 3,346)	( 1)
8349 Income tax related to components of other comprehensive income that is not reclassified to profit or loss	( 392)	-	396	-
8310 Total amount of items that will not be reclassified to profit or loss	( 827)		( 4,930)	( 1)
<b>Items that may be reclassified subsequently to profit or loss:</b>				
8361 Exchange Differences in Translating the Financial Statements of Foreign Operations	28,565	6	( 5,464)	( 1)
8399 Income taxes related to items that may be reclassified	( 5,714)	( 1)	1,093	1
8360 Total of Items that may be reclassified to profit or loss	22,851	5	( 4,371)	( 1)
8300 <b>Other comprehensive income for the year (net)</b>	(\$ 22,024)	5	(\$ 9,301)	( 2)
8500 <b>Total comprehensive income in the current period</b>	\$ 129,056	27	\$ 62,111	13
Net income attributable to:				
8610 Shareholders of the parent company	\$ 107,044	22	\$ 71,428	15
8620 Non-controlling interests	( 12)	-	( 16)	-
	\$ 107,032	22	\$ 71,412	15
Total comprehensive income attributable to:				
8710 Shareholders of the parent company	\$ 129,068	27	\$ 62,127	13
8720 Non-controlling interests	( 12)	-	( 16)	-
	\$ 129,056	27	\$ 62,111	13
Earnings per share				
9750 Basic	\$ 1.50		\$ 1.03	
9850 Diluted	\$ 1.50		\$ 1.03	

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

Chairperson: Liao Shu-chun



Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-yin



Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated statements of changes in equity  
January 1 to December 31, 2022 and 2021



Unit: Thousand NTD

Note	Equity attributable to shareholders of the parent company							Other equity interests		Total	Non-controlling interests	Total equity
	Share capital - common stock	Share Premium	Treasury Stock Transactions	Employee Stock Options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements of foreign operations Table conversion of exchange differences	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income			
<u>2021</u>												
Balance at January 1, 2021	\$ 690,344	-	\$ 4,233	\$ -	\$ 171,221	\$ -	\$ 185,215	(\$ 10,992)	(\$ 2,072)	\$ 1,037,949	\$ 489	\$ 1,038,438
Current period net profit	-	-	-	-	-	-	71,428	-	-	71,428	( 16)	71,412
Other comprehensive income recognized for the period	=	=	=	=	=	=	( 1,584)	( 4,371)	( 3,346)	( 9,301)	=	( 9,301)
Total comprehensive income in the current period	=	=	=	=	=	=	69,844	( 4,371)	( 3,346)	62,127	( 16)	62,111
Appropriation and distribution of retained earnings for FY2020	6(20)											
Legal reserve allocated	-	-	-	-	15,972	-	( 15,972)	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	13,064	( 13,064)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 138,069)	-	-	( 138,069)	-	( 138,069)
Disposal of equity instruments measured at fair value through other comprehensive income	6(3)											
	=	=	=	=	=	=	( 2,003)	=	2,003	=	=	=
Balance as of December 31, 2021	\$ 690,344	\$ -	\$ 4,233	\$ -	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007	\$ 473	\$ 962,480
<u>2022</u>												
Balance at January 1, 2022	\$ 690,344	-	\$ 4,233	\$ -	\$ 187,193	\$ 13,064	\$ 85,951	(\$ 15,363)	(\$ 3,415)	\$ 962,007	\$ 473	\$ 962,480
Current period net profit	-	-	-	-	-	-	107,044	-	-	107,044	( 12)	\$ 107,032
Other comprehensive income recognized for the period	=	=	=	=	=	=	1,569	22,851	( 2,396)	22,024	=	\$ 22,024
Total comprehensive income in the current period	=	=	=	=	=	=	108,613	22,851	( 2,396)	129,068	( 12)	\$ 129,056
Appropriation and distribution of retained earnings for FY2021	6(20)											
Legal reserve allocated	-	-	-	-	6,984	-	( 6,984)	-	-	-	-	-
Special reserve allocated	-	-	-	-	-	5,714	( 5,714)	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	( 55,227)	-	-	( 55,227)	-	( 55,227)

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

Chairperson: Liao Shu-chin



Managerial officer: Yeh Tang-jung



Accounting officer: Huang, Yi-Yin





Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated statements of changes in equity  
January 1 to December 31, 2022 and 2021



Unit: Thousand NTD

	Note	Equity attributable to shareholders of the parent company							Other equity interests		Total	Non-controlling interests	Total equity
		Share capital - common stock	Share Premium	Treasury Stock Transactions	Employee Stock Options	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements of foreign operations Table conversion of exchange differences	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income			
Follow-On Offering		88,000	61,000	-	-	-	-	-	-	-	149,000		149,000
Share-based payments	6(16)	-	1,280	-	1,375	-	-	-	-	-	2,655		2,655
Disposal of equity instruments at fair value through other comprehensive profit or loss	6(3)	=	=	=	=	=	( 1,290 )	=	1,290	=	=	=	=
Balance at December 31, 2022		<u>\$ 778,344</u>	<u>\$ 62,280</u>	<u>\$ 4,233</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>\$ 461</u>	<u>\$ 1,187,964</u>

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

Chairperson: Liao Shu-chin



Managerial officer: Yeh Tang-jung



Accounting officer: Huang, Yi-Yin



  
Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated cash flow statements  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD

	January 1 to December 31, 2022		January 1 to December 31, 2021
<u>Cash flow from operating activities</u>			
Profit before income tax for the year	\$ 136,624	\$	89,473
Adjustment for:			
Income and expenses having no effect on cash flows			
depreciation expense	186,582		178,424
Amortization expense	1,576		1,328
Gain on valuation of financial assets at fair value through profit or loss	( 28,830 )	(	2,533 )
Financial costs	4,362		2,088
Interest income	( 492 )	(	261 )
Dividends income	( 4,699 )	(	445 )
Share-based payment expense	2,655		
Exchange differences in Financial assets measured at amortized cost	( 1,757 )		463
Shares of affiliated enterprises and joint venture interests recognized using the equity method	( 5,415 )		
Disposal of property, plant and equipment	-	(	95 )
Gain on lease modification	-	(	31 )
Change in assets/liabilities related to operating activities			
Changes in operating assets			
Notes receivable, net	366	(	473 )
Accounts receivable, net	( 2,283 )		2,777
Other receivables	-		1,960
Prepayments	( 13,784 )		7,332
Changes in operating liabilities			
Notes payable	27		-
Other payables	8,733	(	8,798 )
Other current liabilities	( 3 )		3
Net defined benefit liabilities	( 1,223 )	(	1,284 )
Cash flow from operating activities	282,439		269,928
Interest received	492		261
Dividend received	4,699		445
Interest paid	( 4,362 )	(	2,088 )
Income tax paid	( 17,503 )	(	27,359 )
Net cash generated by operating activities	265,765		241,187
<u>Cash Flow from Investing Activities</u>			
Disposal of financial assets at fair value through other comprehensive income	28,710		-
Return of capital from financial assets at fair value through other comprehensive profit or loss	-		3,420
Acquisition of financial assets measured at amortized cost	( 4 )	(	12,301 )
Disposal of financial assets measured at amortized cost	10,000		-
Acquisition of financial assets at fair value through profit or loss	-	(	28,141 )
Disposal of financial assets at fair value through profit or loss	7,401		14,639
Acquisition of investments accounted for using equity method	( 97,653 )		-
Returned share funds from capital reduction of investee companies using the equity method	22,914		-
Purchase of property, plant and equipment	( 317,503 )	(	157,629 )
Disposal of property, plant and equipment	-		95
Acquisition of intangible assets	( 1,565 )	(	161 )
Increase in refundable deposits	( 53,361 )	(	5,130 )
Net cash used in investing activities	( 401,061 )	(	185,208 )
<u>Cash Flow from Financing Activities</u>			
Decrease in short-term bills payable	( 3,700 )	(	7,000 )
Increase in short-term borrowings	1,334,900		509,000
Decrease in short-term borrowings	( 1,201,500 )	(	504,200 )
Borrowing of long-term loans (including portions due within one year or one operating cycle)	207,420		200,400
Repayment of long-term loans (including portions due within one year or one operating cycle)	( 261,412 )	(	63,371 )
Amount of principal payments on lease liabilities	( 63,527 )	(	59,830 )
Follow-on offering	( 55,227 )	(	138,069 )
Cash Capital Increase	149,000		-
Net cash (outflow) inflow from financing activities	105,954	(	63,070 )

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

Chairperson: Liao Shu-chun




Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-jin



  
Prime Oil Chemical Service Corporation and its subsidiaries  
Consolidated cash flow statements  
January 1 to December 31, 2022 and 2021

Unit: Thousand NTD

	January 1 to December 31, 2022	January 1 to December 31, 2021
Effects of exchange rate changes on the balance of cash held in foreign currencies	2,791	( 514 )
Decrease in cash and cash equivalents	( 26,551 )	( 7,605 )
Beginning of year cash and cash equivalents	135,111	142,716
Cash and cash equivalents at the end of the year	\$ 108,560	\$ 135,111
Composition of cash and cash equivalents:		
Cash and cash equivalents on the balance sheet	\$ 99,347	\$ 135,111
Cash and cash equivalents classified as held-for-sale (non-current assets (or disposal groups))	9,213	-
Ending cash and equivalent cash balance	\$ 108,560	\$ 135,111

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

Chairperson: Liao Shu-chun



Managerial officer: Yeh Tang-jung



Accounting officer: Huang Yi-yin



Prime Oil Chemical Service Corporation  
2022 Earnings Distribution Table



Unit: NT\$

Unappropriated retained earnings, beginning balance		20,026,361
Plus : Net income of 2022	107,043,575	107,043,575
Plus : Remeasurements of defined benefit pension plans recognized in retained earnings	1,568,784	1,568,784
Less : Appropriation of legal reserve	(10,861,236)	(10,861,236)
Plus : Reversal of special reserve	18,778,356	18,778,356
Distributable retained earnings for 2022		136,555,840
Distribution items :		
Cash dividends to stockholders (NT\$ 0.65 per share)		(50,592,381)
Unappropriated retained earnings, ending balance		85,963,459

Chairman :  
Liao, Shu-Chun



Manager :  
Yeh, Tang-Jung



Accounting officer  
Huang, Yi-Yin



**Prime Oil Chemical Service Corporation**  
**Comparison Table for the Company's Articles of Association Before**  
**and After Revision**

After Revision	Before Revision	Description
<p>Article 28 :</p> <p>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.</p>	<p>Article 28 :</p> <p>The Corporation is currently in the growth 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 30% 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.</p>	<p>In order to be aligned with the business circumstances</p>
<p>Article 31 : The Articles of Association was established on June 30, 1978.  (Omitted )  The 35th amendment was made on June 23, 2022.  <u>The 36th amendment was made on June 13, 2023.</u></p>	<p>Article 31 : The Articles of Association was established on June 30, 1978.  (Omitted )  The 35th amendment was made on June 23, 2022.</p>	<p>Add the date of this amendment.</p>

# Appendices

# Prime Oil Chemical Service Corporation

## Rules of Procedure for Shareholders Meetings

Revised in the general shareholders' meeting on June 23, 2022

- I. The shareholders' meeting of the Company shall be conducted in accordance with these rules of procedure, except where otherwise provided in laws and regulations or the Articles of Association.
- II. Unless otherwise specified by laws and regulations, shareholder meetings of the Company are to be convened by the Board of Directors.

The Company shall, 30 days prior to the annual general meeting of shareholders or 15 days prior to the special meeting of shareholders, upload the notice of convening of the shareholders' meeting, the power of attorney, the proposals for recognition, discussion, election or dismissal of directors, etc. in electronic formats to the official site of the Market Observation Post System (MOPS). At least 21 days before the annual general meeting of shareholders or 15 days before the special meeting of shareholders, an electronic copy of the shareholder meeting handbook and supplementary information shall be prepared and posted onto MOPS. Physical copies of the shareholder meeting conference handbook and supplementary information shall be prepared at least 15 days before the meeting and made accessible to shareholders upon request. These documents must also be available at the Company's premises and at the stock transfer agent, and be available upon request on-site on the shareholder meeting day.

The notice shall specify the reason for the convening; if the counterparty consents, the notice may be transmitted in electronic formats.

The following shall be listed in the convening reasons, and shall not be proposed as an extempore motion : the election or dismissal of directors, changes to the articles of association, capital reduction, application for suspension of public offering, removal of director's non-competition restriction, capital increase from earnings, capital increase from reserve, company dissolution, merger, division, or other matters in paragraph 1, Article 185 of the Company Act, Article 26-1 and Article 43-6 of the Securities and Exchange Act, Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers. The aforesaid main contents may be put on the website designated by the securities regulatory authority or the Company, and the website address shall be specified in the notice.

Shareholders holding more than 1% of the total issued shares may submit proposals to the Company's annual general meeting of shareholders in accordance with the provisions of Article 172-1 of the Company Act.
- III. Shareholders attending the meeting shall hand in the attendance card, instead of signing in. The number of shares attending the meeting shall be included the attendance cards handed in, and the number of shares exercising voting rights in written or electronic form.

The Company shall state the time and place for the registration of shareholders, and other matters that shall be noted, in the meeting notice

The aforementioned registration of shareholders shall be at least 30 minutes prior to commencement of the meeting.
- IV. The chairman of the meeting shall call the meeting to order at the specified meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a meeting postponement, provided that the number of such postponement is no more than two, and the total time

no more than one hour. If the attending shareholders still do not represent one third of the total number of issued shares after two postponements, the chairman shall declare the meeting aborted.

If the quorum is still not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to paragraph 1, Article 175 of the Company Act, and all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month.

Before the adjournment of the current meeting, if the number of shares present reaches more than half of the total number of issued shares, the chairman may resubmit the tentative resolution for voting by the shareholders' meeting pursuant to Article 174 of the Company Act.

- V. If the shareholders' meeting is convened by the Board of Directors, the agenda shall be determined by the Board of Directors, and relevant proposals (including extempore motions and amendments to original proposals) shall be voted on a case-by-case basis. The meeting shall be proceeded in accordance with the scheduled agenda, which shall not be changed without the resolution of the shareholders' meeting.

If the shareholders' meeting is convened by a person other than the Board of Directors who has the right to convene, the provisions of the preceding Paragraph shall apply *mutatis mutandis*.

The chairman may not declare the meeting adjourned prior to completion of the meeting agenda (including extempore motions) of the preceding two paragraphs except by a resolution of the shareholders' meeting. If the chairman declares the meeting adjourned in violation of the rules of procedure, a majority of the shareholders present may elect another chairman to continue the meeting.

- VI. During the meeting, the chairman may announce a break at his/her discretion.

- VII. Before any attending shareholder gives a speech, he/she shall fill in the speech slip stating the gist of the speech, the shareholder's account number (or attendance certificate number) and account name, and the chairman will determine the order for presenting speeches. The attending shareholder who only submits the speech slip without making a speech is deemed to have not made a speech. If the content of the spoken speech is inconsistent with the record of speech slip, the content of the spoken speech shall prevail. When an attending shareholder makes a speech, other shareholders shall not interfere with the speech unless having obtained the consent of the chairman and the speaking shareholder, and the chairman shall stop anyone from violating the above.

- VIII. Each shareholder shall not make more than two statements for the same proposals without the chairman's consent, and each statement shall not exceed five minutes. If the shareholder's speech violates the rules or goes beyond the scope of the proposal, the chairman may stop the shareholder or suspend his/her speech, and other shareholders may also request the chairman to do so.

- IX. The chairman shall provide sufficient explanations and opportunities for discussion on the proposals and the amendments or extempore motions proposed by shareholders. When the chairman deems that the proposal has reached a sufficient level for voting, he/she may announce the end of the discussion and arrange a suitable time for voting.

- X. Unless otherwise stipulated in the Company Act and the Articles of Association of the Company, a resolution shall be adopted with the consent of more than half of the voting rights of the shareholders present. When voting, shareholders shall vote after the chairman or his designated person announces the total number of voting rights of



shareholders present, and after the shareholders' meeting is held, the results of voting of in favor, opposed and abstained shall be entered onto MOPS.

- XI. Voting in the shareholders' meeting shall be based on the number of shares.
- XII. The venue of the shareholders' meeting shall be where the company is located or a venue convenient for shareholders to attend, and suitable for the shareholders' meeting; the meeting start time shall be between 9 am and 3 pm.
- XIII. If the shareholders' meeting is convened by the Board of Directors, the chairman of the Board of Directors shall be the chairman of the shareholders' meeting. When the chairman asks for leave or is unable to exercise his/her capacity for any reason, the vice chairman shall act as the proxy. If there is no vice chairman or the vice chairman also asks for leave or is unable to exercise his/her capacity for any reason, the chairman shall appoint a managing director to act as the proxy; if there is no managing director, the chairperson shall appoint one director to act as the proxy. If the chairperson does not designate any proxy, the managing director or the directors shall elect one among them to act as the proxy.  
If the shareholders' meeting is convened by a person with the right to convene other than the Board of Directors, the chairperson shall be such person with the right to convene. If there are two or more persons with the right to convene meetings, one of such persons shall be elected as the chairperson.
- XIV. The Company may designate appointed lawyers, accountants or relevant personnel to attend the shareholders' meeting as attendees. Personnel handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- XV. The Company shall record in audio or video form the whole process of the shareholders' meeting, and keep it for at least one year.
- XVI. When there are several amendments or alternatives to the same proposal, the chairperson shall determine the order of voting on such proposal with the original one. If one of the proposals reaches resolution, the other proposals shall be deemed to be rejected and no further voting would be required.
- XVII. When a legal person attends the shareholders' meeting, only one representative of the legal person may attend the meeting. When a legal person shareholder appoints two or more representatives to attend the shareholders' meeting, only one of these representatives may make a speech on each of the proposals.
- XVIII. After attending shareholders' speeches, the chairperson may reply in person or designate relevant personnel for replying.
- XIX. The scrutineers and vote-counters for voting on the resolution shall be designated by the chairperson, but the scrutineers shall be one of the shareholders .  
The counting of votes for voting on proposals or election at the shareholders' meeting shall be done publicly in the meeting, and after the votes are fully counted, the results shall be announced on the spot, including the weight for statistics, and a record shall be made.  
When there is an election of directors at the shareholders' meeting, it shall be handled in accordance with the relevant election and appointment regulations set by the Company, and the election results shall be announced on the spot, including the list of elected directors and their voting rights won.
- XX. The chairperson may direct the pickets (or security personnel) to assist in maintaining order in the meeting. When the pickets (or security personnel) are present to assist in maintaining order, they shall wear an armband with the word "picket".
- XXI. These Regulations shall be implemented after being approved by the shareholders' meeting, and the same procedure shall apply to its amendments.

# Prime Oil Chemical Service Corporation

## Articles of Association

Revised by annual general meeting of shareholders on June 23, 2022

### Chapter 1 General provisions

- Article 1: The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 匯僑股份有限公司 in the Chinese language, and Prime Oil Chemical Service Corporation in the English language.
- Article 2: The scope of businesses of the Corporation shall be as follows:
1. G801010 Warehousing.
  2. JE01010 Rental and Leasing.
  3. F401010 International Trade.
  4. A102060 Grain Commerce
  5. D101060 Self-usage power generation equipment of renewable energy
  6. IG03010 Energy Technical Services.
  7. D401010 Thermal Energy Supply
  8. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The total amount of the Corporation's external reinvestment is not restricted by 40% of the paid-in capital as in Article 13 of the Company Act.
- Article 4: When necessary for its operations, the Corporation may provide endorsement and guarantee.
- Article 5: The Corporation shall have its head office in Taipei City, and may set up branch offices at various locations, locally or overseas, when necessary. The Board of directors shall resolve the inception, dissolution and change of organization of the branch offices.

### Chapter 2 Capital Stock

- Article 6: The total capital stock of the Corporation shall be in the amount of NT\$2,000,000,000, divided into 200,000,000 shares, at a par value of Ten New Taiwan Dollars (NT\$10) each, and may be issued in installments subject to the resolution of the Board of directors when necessary.
- The Corporation may issue employee stock options from time to time. A total of 5,000,000 shares among the above total capital stock shall be reserved for issuing employee stock options, at a par value of NT\$10. The issuance of employee stock options may be in installments subject to the resolution of the Board of directors.
- Article 6-1: The exercise price of employee stock option issued by the Corporation is not restricted by relevant laws and regulations. However, it shall be subject to the resolution by a shareholder's meeting and applicable laws. The issuance and declarations may be in installments within one year after the resolution made by the shareholder's meeting.
- Article 6-2: The Corporation may transfer the treasury stock to its employees at a price lower than the average buy-back cost, subject to the relevant laws and regulations and the resolution by the shareholders' meeting.
- Article 7: Registered shares issued by the Corporation shall be signed or sealed by the director representing the Corporation and be numbered, and shall be issued after being certified by a bank that may act as the certifier of shares in accordance

with the law.

Shares of the Company issued in accordance with the preceding paragraph may be exempted from physical printing, but shall be registered with the Taiwan Depository and Clearing Corporation.

Article 8: Shareholders shall fill out the signature card and submit it to the Corporation for record, and the same holds true for any further amendments. While receiving dividends, contacting the Corporation in written form, or exercising any rights, shareholder may be entitled to use either the signature or the seal of the signature card.

Article 9: The transfer, inheritance, gift, loss, destruction, creation of pledge, loss of seal or change or address change of shares shall be conducted in accordance with the “Guidelines for handling of shares for Public Companies”, unless otherwise provided by laws, and securities regulations.

Article 10: Registration for transfer of shares shall be suspended sixty (60) days before the date of annual general meeting of shareholders, and thirty (30) days before the date of any special meeting of shareholders, or within five (5) days before the day on which dividend, bonus, or any other benefit is scheduled to be paid by the Corporation.

### Chapter 3 Shareholder meetings

Article 11: There are types of shareholders’ meeting : the annual general meeting of shareholders and the special meeting of shareholders. The annual general meeting of shareholders is held within six months after the end of each fiscal year, and the special meeting of shareholders is held in accordance with the law when necessary.

The shareholders' meeting of the Corporation may be conducted by video conference or other means stipulated by the central competent authority.

Written notices shall be sent to all shareholders with the date, venue and proposals for the convening of shareholders’ meetings, at least thirty (30) days in advance, in case of annual general meeting; and at least fifteen (15) days in advance, in case of special meetings. However, a public announcement may suffice for shareholder who holds less than 1,000 registered shares.

Electronic voting shall be one of the ways for shareholders to exercise their voting rights, which relevant procedures shall be in accordance with laws and regulations of the competent authority.

Article 12: The Board of directors shall convene the shareholders’ meeting of the Corporation while the chairperson of the meeting shall be the chairperson of the Board.

If the Chairperson of the Board is absent, the vice chairperson of the Board shall act on his/her behalf. If the vice chairperson of the Board is absent, the chairperson of the Board shall appoint one director to act on his/her behalf. In the absence of such appointment, the directors shall elect one director being the chairperson of the meeting. In the event that a convener other than the Board of directors convenes the shareholders’ meeting, the convener shall preside over the meeting. In the event that there is more than one convener, such conveners shall agree and appoint one convener to preside over the meeting.

Article 13: Each shareholder shall be entitled to one voting right per share, but no voting rights shall be granted under any of the circumstances set forth in Article 179 of

the Company Act.

Article 14: If a shareholder is unable to attend the shareholders' meeting in person or by proxy, he/she shall, five days prior to the shareholders' meeting, submit a power of attorney issued by the Company stating the scope of authorization. A shareholder is entitled to appoint one representative with one proxy. If two or more shareholders appoint one representative at the same time, the voting right of the representative shall not exceed 3 percent of the issued and outstanding shares, which the exceeding shares would not be counted. If the government or legal person is a shareholder of the Corporation, and there is more than one representative of the shareholder, the exercise of the voting rights shall still be calculated based on the shares held by the shareholder.

Article 15: Unless otherwise specified in the Company Act, the shareholders' meeting of the Corporation shall be attended by shareholders who represent more than half of the issued shares, with the resolution passed by more than half of the voting rights of the attending shareholders. When the number of shareholders present does not constitute the quorum prescribed previously, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a shareholders' meeting within one month. In the aforesaid meeting of shareholders, if the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a final resolution.

Article 16: The resolutions of the shareholders' meeting shall be recorded in the minutes, and such minutes shall be signed by or sealed with the chop of the chairperson of the meeting. The meeting minutes shall be sent to each shareholder within 20 days, or shall be in public announcement. Such minutes, together with the attendance list and proxies, shall be filed and kept, which the duration of archive shall be in compliance with relevant laws.

#### Chapter 4 Board of directors

Article 17: The Board of directors of the Corporation is composed of 5 to 7 directors, and the Board of Directors is authorized to determine the number of directors. In the above-mentioned number of directors of the Company, the number of independent directors shall not be less than three and not less than one-fifth of the total number of directors. The directors shall be elected by nomination of candidate, and the shareholders' meeting shall elect among the candidate list for directors with a term of three years. The nomination of candidates for directors and independent directors and relevant regulations shall be in accordance with the Company Act and the Securities and Exchange Act. The total shareholding ratio of all directors is based on the criteria "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios in Public Companies". Additionally, the Board of directors is authorized to determine the remuneration for the board of directors (including chairperson of the Board) based on each director's participation, personal contribution, long-term business performance, operational risk, and usual practices adopted by other company of the same trade.

Article 17-1: The Corporation may purchase D&O liability insurance for the directors during their term of office in accordance with the legal liability of the duty. The Board of directors may authorize the insurance amount and the insurance

matters.

Article 17-2: Since the 19th Board of Directors, the Corporation has set up an Audit Committee which is composed of all independent directors. The relevant organizational procedures are determined by the resolution of the Board of Directors. From the date of the establishment of the Audit Committee, the provisions of the Company Act, the Securities and Exchange Act and other laws on supervisors shall apply mutatis mutandis to the Audit Committee.

Article 18:

The director shall be appointed for a term of three years and is eligible for re-election. If a re-election takes place after the current directors' term of office, the current directors' term of office shall be deemed extended until the new directors take office. When the director vacancy is up to one-third or that all the independent directors are fully discharged, the Board of directors shall convene a special shareholders' meeting for the by-election within 60 days, with the term of office is to the end of original term of former directors.

Article 19: A chairperson of the Board shall be elected by the majority of directors present at a meeting attended by more than two thirds of directors. The same approach may also be applied to elect a vice chairperson of the Board.

In general, the chairperson of the Board shall externally represent the Corporation and perform on behalf of the Corporation.

Article 20: The chairperson of the Board convenes the Board meeting of the Corporation. If the chairperson of the Board is absent, the vice chairperson of the Board shall act on his/her behalf. If the vice chairperson of the Board is absent, the chairperson of the Board shall appoint a director to act on his/her behalf. In the absence of such appointment, the directors shall elect one director being the chairperson of the meeting.

The board meeting of the Corporation shall be held at least quarterly. The notice and agenda of convening a Board meeting shall be sent to all directors 7 days prior to the meeting.

Nevertheless, in case of an emergency, the Board meeting may be convened at any time. A written letter, facsimile or e-mail may be served as a notice of a Board meeting.

Article 21:

The director shall attend in person whenever a Board meeting is convened. Except as otherwise specified by the Company Act for any director who reside in a foreign country, the absent director may issue proxy setting forth the scope of authorization for another director to present on his/her behalf. The representative shall serve as the proxy for one director only.

If the Board meeting is conducted in videoconference, the director who attends the videoconference shall be deemed as attending the Board meeting in person.

Article 22: The responsibilities of the Board of Directors are as follows:

(I) Review and approval of various rules and regulations.

- (II) Decision on business policy.
- (III) Review of budgets and financial statements.
- (IV) Proposal of appropriation of earnings and make up of loss.
- (V) Proposal of capital increase or decrease.
- (VI) Other responsibilities granted by laws and regulations and resolution by the shareholders' meeting.

Article 23: The resolutions of the Board of Directors shall be recorded in the minutes, and shall be signed or sealed by the chairperson, and permanently kept in the Company during its existence.

Article 24: Unless otherwise specified in the Company Act, the resolutions of the Board meeting shall be passed by a majority of the directors and a majority of those present shall vote in favor of such a resolution.

## Chapter 5 Managerial officer

Article 25: The Corporation may have a number of managers, whose appointments, discharge, and remunerations shall be subject to provisions in Article 29 of the Company Act.

## Chapter 6 Accounting

Article 26: The fiscal year of the Corporation shall be from January 1 to December 31 each year. After the end of each fiscal year, the following reports shall be prepared by the Board of directors, and such documents shall be submitted to the annual general meeting of shareholders for acceptance:

- (1) Business Report;
- (2) Financial Statements;
- (3) Proposal for appropriation of earnings or make up of loss.

Article 27: If the Corporation makes a profit in a fiscal year, it shall set aside not less than 3% as the remuneration for employees and not more than 5% as the remuneration for directors and supervisors. However, if the Corporation still has accumulated losses, it should reserve the make-up 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 measure for distributing employee remuneration 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 Corporation's financial statements, the following order shall apply:

- (I) Making up for losses.
- (II) Appropriating 10% as the legal reserve, except when the legal reserve has reached the paid in capital of the Company,
- (III) Then setting aside or reversing a special reserve based on applicable laws. The balance, together with the retained earnings as of the beginning of the fiscal year will be the distributable earnings. The Board of Directors shall, in accordance with the dividend policy set forth in Article 28 of the Articles of Association, prepare an earnings distribution plan and submit it to the shareholders' meeting for resolution.

The Corporation authorizes the Board of Directors to distribute the distributable dividends and bonuses, and all or part of the additional paid-in capital 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: The Corporation is currently in the growth 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 30% 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.

## Chapter 7 Supplementary Provisions

Article 29: The Board of directors shall further stipulate the internal organizational rules and regulations of the Corporation.

Article 30: In regards to any matters not provided for in the Articles of Association, the Company Act and other laws and regulations shall govern.

Article 31: The Articles of Association was enacted on June 30, 1978;

The 1st amendment was made on November 30, 1978.

The 2nd amendment was made on October 9, 1979.

The 3rd amendment was made on May 12, 1981.

The 4th amendment was made on July 5, 1982.

The 5th amendment was made on October 5, 1982.

The 6th amendment was made on April 15, 1983.

The 7th amendment was made on June 25, 1984.

The 8th amendment was made on June 25, 1985.

The 9th amendment was made on June 10, 1986.

The 10th amendment was made on June 12, 1987.

The 11th amendment was made on May 21, 1988.

The 12th amendment was made on May 17, 1991.

The 13th amendment was made on June 18, 1992.

The 14th amendment was made on May 18, 1994.

The 15th amendment was made on June 15, 1995.

The 16th amendment was made on June 14, 1996.

The 17th amendment was made on June 17, 1997.

The 18th amendment was made on June 3, 1999.

The 19th amendment was made on June 20, 2000.

The 20th amendment was made on March 29, 2001.

The 21st amendment was made on June 14, 2002.

The 22nd amendment was made on June 20, 2003.

The 23rd amendment was made on June 18, 2004.

The 24th amendment was made on June 7, 2005.

The 25th amendment was made on July 29, 2005.

The 26th amendment was made on June 14, 2006.

The 27th amendment was made on June 13, 2008.

The 28th amendment was made on June 10, 2009.

The 29th amendment was made on June 17, 2010.

The 30th amendment was made on June 22, 2012.

The 31st amendment was made on June 24, 2015.

The 32nd amendment was made on June 30, 2016.

The 33rd amendment was made on June 27, 2018.

The 34th amendment was made on June 16, 2020.  
The 35th amendment was made on June 23, 2022.



## Prime Oil Chemical Service Corporation

### Shareholdings of All Directors

- 一、The total number of shares issued by the Company is 77,834,432. In accordance with Article 2 of the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies”, the total number of registered shares held by all directors shall not be less than 6,226,755.
- 二、The number of shares held by individual and all directors as recorded in the shareholders' register on the book-closing date of the annual general shareholders' meeting of the current year (April 15, 2023) is as follows :

Title	Name	Shareholding on the book-closing date as in the shareholders' register
Director	Liao, Shu-Chun	0
Director	Chen, Yung-Chin	0
Director	Abacus Display Infinity Corporation Representative: Zen, Hong-Tzeng	32,171,849
Director	Abacus Display Infinity Corporation Representative: Yeh, Tang-Jung	32,171,849
Independent Director	Ho, Kuo-Chen	0
Independent Director	Jang, Jr-Yan	1,000
Independent Director	Chen, Lung-Tai	0
Total shareholding of all directors		32,172,849

- 三、The actual shareholdings of the directors of the Company are in compliance with the percentage prescribed by laws and regulations.

The effect of the stock dividend on the Company's operating performance, earnings per share and return on equity :

Unit : NTD

Item		Year	2023 (estimated)
Paid-in capital at the beginning of the period			778,344,320
Stock and cash dividends for the year	Cash dividends per share		NT\$0.65
	Number of stock dividends per share by capital increase from retained earnings		-
	Number of stock dividends per share by capital increase from additional paid-in capital		-
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 retained earnings, and 100% distributed in cash dividends	Pro forma earnings per share	
		Pro forma average annual return on investment	
	If there is no capital increase from additional	Pro forma earnings per share	
		Pro forma average annual return on investment	


Item		Year	2023 (estimated)
	paid-in capital		
	If there is no capital increase from additional paid-in capital but from retained earnings, and 100% distributed in 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 23, 2023.

Note 2: The 2023 financial forecast is not disclosed to the public, so there is no need to disclose 2023 forecast information.

Chairperson :   
Liao, Shu-Chun

Manager :   
Yeh, Tang-Jung

Accounting officer   
Huang, Yi-Yin