Spokesperson for the Company: Liu Chih-Yung, Deputy General Manager
Telephone:(02) 2704-7272
E-mail: george@sesoda.com.tw
Deputy Spokesperson: Chu Ching-Yun, Accounting Supervisor
Telephone:(02) 2704-7272
E-mail: ella@sesoda.com.tw

Headquarters: Southeast Industrial Co., Ltd.

Affiliated companies:	East Tender Trading Co., Ltd.	Zaifeng Motor Freight Co., Ltd.
	Yukari Group Co., Ltd.	E-Teq Venture Co., Ltd.
	Yunsheng Investment Co., Ltd.	
	Sesoda Investment (BVI) Ltd.	Sesoda Steamship Corporation
	SS Marine Holding Corporation	Southeast Marine Globe Corporation
	Southeast Shipping Corp.	Southeast Marine Transport Corporation
	SE Harmony Corporation	SE Apex Corporation
	SE Bulker Corporation	SE Marine Corporation
	SE Carrier Corporation	SE Delta Corporation
	SE Glory Corporation	SE Peace Corporation
	SE Royal Corporation	SE Evermore Corporation
	SE Fortune Corporation	SE Victory Corporation
	SE Jasmine Corporation	

Address: 23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan
Telephone:(02) 2704-7272 Fax:(02) 2704-3380

Suao Plant: No. 120, Xincheng 1st Road, Suao Township, Yilan County
Telephone:(03) 990-5121 Fax:(03) 990-3235

Changhua Plant: No. 1--6, Gongxi 1st Road, Chuansing Industrial Park, Shengang Township, Changhua County
Telephone:(04) 798-8931 Fax:(04) 798-8933

Taichung Plant: No. 12, Gongshi Road, Youth Industrial Park, Dajia District, Taichung City
Telephone:(04) 2681-6685 Fax:(04) 2681-6686

Stock transfer agency: Transfer Agency Dept., CTBC Bank
Address: 5F No. 83, Sec. 1, Chongqing S. Road, Taipei City, Taiwan
Telephone:(02) 6636-5566
Website: https://ecorp.chinatrust.com.tw/cts/index.jsp

CPA: Ya-Lin Chen, Chia-Jian Tang
CPA firm: KPMG Taiwan
Address: 68F No. 7, Sec. 5, Xinyi S. Road, (Taipei 101 Building), Taipei City, Taiwan
Telephone:(02) 8101-6666
Website: http://www.kpmg.com.tw

The names of any exchanges where the Company's securities are traded offshore: Not applicable
The locations of any exchanges where the Company's securities are traded offshore: Not applicable
The URLs of any exchanges where the Company's securities are traded offshore: Not applicable
Company website: http://www.sesoda.com.tw

Table of Contents

I. Report to Shareholders

2023 Business Report

I. Looking back on 2023, continuous high interest rates, high inflation, and China's post-pandemic weaker than expected economic performance have slowed down manufacturing activities in various countries; coupled with the haze of the energy crisis lingering, the US-China chip ban, the outbreak of the conflict in Kazstan and the expansion of the shipping crisis in the Red Sea, the impact of geopolitics on global economic development and social stability is even worse. The global commodity and raw material prices also experienced an avalanche fall due to the slowdown of global economic growth and the follow-up effect of the panic buying of the previous Russo-Ukrainian War. Many manufacturers took on huge losses to eliminate high-priced inventory Loss. The Company's main products were not immune to the market prices. In order to eliminate high-priced inventory of raw materials, the Company had to lose sales. Therefore, the revenue and profit in the first three quarters were affected. The Bank began to turn losses into profits in the fourth quarter. Looking forward to 2024, with the benefit of the possibility of easing inflation, interest rate reduction and the gradual recovery of global commodity demand, which will drive the global trade growth, we are cautiously optimistic that the revenue and profits will grow steadily, and continue to work towards the goal of net zero emission, carbon neutral and reduce carbon footprint.

(I) Business Plan Implementation Results and Budget Implementation Status

Core Industrial Chemical Business

The Company's consolidated net operating revenue was NTD 5,879,183 thousand in 2023, a decrease of 26.7% from the previous year; the net loss after tax was NTD 28,458 thousand, a decrease of 102.4% from the previous year, and the loss per share was NTD 0.11.

In the first half of the year, the price of Potassium Chloride continued to fall last year, resulting in a strong wait-and-see atmosphere and low buying interest in the global market of Potassium Sulfate. As a result, the sales and prices of Potassium Sulfate were not very satisfactory. The high inventory of the high-priced raw material, potash, is not only unfavorable for the competition in the selling price of potash, but the destocking has a huge impact on profits. Fortunately, the buying interest in the international potash market gradually recovered from the end of the third quarter, and the price also stabilized, which brought positive atmosphere to the overall sales. By the end of the fourth quarter, the inventory of high-priced raw materials was finally used up, and the sales of potash sulfate also resumed. Profit. Overall, due to the fall in the global price of Potassium Chloride, the export of Potassium Sulfate (KSO) has been limited by the high inventory of raw materials for export.

In the domestic market, the prices of basic chemical engineering materials fluctuate constantly due to the demand and supply. At the same time, affected by the crisis in the Red Sea and the delay of goods arriving at Hong Kong, ocean freight is expected to continue to rise. In addition, the economic downturn has reduced downstream customers and market demand, and the sales end is facing great pressure; In addition, the Company has to maintain market share due to the record prices and the competitors' bidding for customers stable supply is another challenge. Although the domestic sales market cannot escape the vicious price war, even if the Company has the flexibility to adjust sales in response to market changes, the overall operating revenue and profit in 2023 declined significantly compared to 2022.

Subsidiary shipping business:

At the beginning of 2023, due to the de-stocking of enterprises and the decrease in demand for transportation capacity in anticipation of an economic recession, the overall market rent was lower than the level of the previous year. However, through effective cost control and adjustment of business strategies such as crew dispatching, the shipping business still maintained its growth in 2023.

Subsidiary catering business:

Under the waning of the epidemic, the crowd has slowly returned in the second half of 2023. After the epidemic, due to the global inflation, the food ingredients and wages went up, and the catering manpower was severely lacking. The competition in the industry is highly competitive and the profits are reduced, massive shortage of workers and other reasons, the operation in 2023 was difficult, and the restaurant was put to the test.

(II) Analysis of financial revenue and expenditure and profitability

1. Revenues and expenses

Unit: NTD Thousand

Item	2023	2022	Increase (Decrease)
Operating revenue	5,879,183	8,025,189	(2,146,006)
Operating costs	5,019,654	5,177,065	(157,411)
Operating profit	210,151	1,748,524	(1,538,373)
Current net profit (loss)	(28,458)	1,204,422	(1,232,880)

2. Profitability analysis

Item	2023	2022
Return on assets	1%	10%
Return on equity	0%	18%
Net profit before tax to paid-in capital ratio	1%	64%
Net profit (loss)	(1%)	15%
Earnings (losses) per share (NTD)	(0.11)	4.84

(III) Research and development status

Core Industrial Chemical Business

A. In line with the international general guidelines for greenhouse gas reduction and corporate sustainable management, to achieve the goal of carbon emission reduction and carbon neutrality, the carbon dioxide gas generated in the recovery of calcium chloride production process and imported heavy alkali are used as raw materials to study the crystallinity and particle size Control parameters, actively rebuild the baking soda production line, and hope to use local production, reduce carbon footprint, and recover carbon dioxide to transform into "green products" to supply incinerator flue gas treatment applications and the fast-growing market in various industries in the future.
B. In order to effectively save energy and reduce carbon emissions, reduce production costs, and improve product competitiveness, the company actively plans water and electricity conservation plans, adds a calcium chloride inorganic

sludge cleaning equipment recycling tank, and starts to use circulating water recovery in June 2023 to effectively use Water resources. At the same time, the water consumption outside the production process is improved, and the pipelines that run the deep well pump to pump the groundwater to the cooling pool are exposed. Planned replacement of high-efficiency motors to improve power utilization efficiency. A high-load and low-load automatic frequency conversion control system is adopted. At the same time, energy-saving lamps are replaced with a sensor switch system. Water and electricity saving measures are implemented in many aspects, and the policy of levying water fees in response to high electricity prices and water consumption fees is deployed in advance.

C. Considering the trend of consumption and use of granular potassium sulfate in the international market, continue to develop the appearance of round granular potassium sulfate granules to expand the sales of granular potassium sulfate. At present, the relevant production technology and production equipment suppliers have been mastered. After the inspection, the related production equipment can be built.

II. Summary of Business Plan for the Year

(I) Operating strategy

The Company will continue to deepen and expand the chemical industry as its main market, continue to lease the shipping business of the subsidiary with the best configuration, and improve the service of the Gastronomy Business in addition to the high standard of brand quality, and increase the profit base by diversifying investments.

(II) Expected sales volume and important production and sales policies

Chemical industry: In addition to maintaining and strengthening customer relationships and striving for the support of upstream suppliers in the sales of basic chemical materials, we will also actively attack competitors

Sales volume and consolidated market share.

Potassium sulfate exports will continue to be impacted by the price fluctuation of the main raw material, Potassium Chloride. Freight rate is also one of the keys to affecting sales competitiveness. Today's intensified geopolitics and conflicts are particularly unfavorable for ocean-going freight rates. The Company will make appropriate adjustments depending on the market and customer needs, and continue to focus on diversified markets to diversify risks as the main sales strategy to reduce the risks and impacts of single market freight, price competition and demand changes.

The principal sales volumes of core industrial chemical business products are estimated as follows:

Unit: Tons

Product type	Estimated production/purchase quantity	Estimated sales quantity
Manufacturing	358,340	356,689
Trading	54,701	59,217
Total	413,041	415,906

Subsidiary shipping business:

The steady operation of the shipping business is still the priority. Although the shipping business is facing the challenges of falling daily rent and increasing orders for new ships due to the slowdown in demand, the Company believes that the shipping market in 2024 will still be strong, be supported. In particular, if the Chinese economy recovers and demand recovers, the prosperity of the shipping market is still expected to be supported to a certain extent.

Gastronomy business:
The biggest challenge in 2024 is to reduce costs, increase efficiency, and expand consumer groups. In addition to the trial of large-scale procurement to give more bargaining power, we are also trying to standardize to be able to copy and expand the scale to improve efficiency. In the future, various marketing methods will be adopted to attract new customers, and the unique service experience, the development of memorable characteristic cuisines, and the retention of customers will increase the recall rate.

III. The Company's future development strategy is affected by the external competition environment, the legal environment and the overall business environment

For the main chemical engineering business, we continued to plan for production expansion in response to the increasing demand for granular Potassium Sulfate Granular -1 certification; in addition to further ensuring that the production and operation procedures of the factory meet the work safety standards and fulfilling the corporate responsibility to the environment, it is also a solid foundation for the Company to move towards sustainable operation.

In terms of shipping business: the environmental protection laws and regulations are getting stricter, and the maintenance costs of old ships and navigation restrictions have a greater impact. Cost control.

In terms of the subsidiary's restaurant business, after several years of diligent management of its own brands, it has accumulated considerable brand awareness. Its "CHIEN AN HO" restaurant has been awarded one star in the "Michelin Guide Taipei" for 6 years in a row. The restaurant industry is trending toward M-shaped development. The Company's restaurants are small in size and exquisite. Cuisine, service, and atmosphere are the sources of the Company's competitiveness.

In terms of the regulatory environment, the Company will continue to track various legal compliance issues in order to provide a friendly environment for innovation and entrepreneurship, strengthen corporate governance, enhance shareholders' equity, increase business flexibility, and improve the efficiency and digitalization of the management system. There are still many variables in the global economy. We are ready in every respect of our operations and hope to obtain better operating results to provide in return to shareholders. Finally, I would like to express my deep gratitude to all shareholders and directors and each and every employee, wishing you good health and all the best.

Sesoda Corporation

Chairman: Chen Jung-Yuan

Two. Company Profile

I. Date Established

(I) Date of establishment: March 2, 1957

(II) Headquarters: 23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan

Telephone:(02)2704-7272 (Representative)

Fax:(02)2704-3380

Paid-in capital: NTD 2,490,016,510

(III) Core industrial chemical business

Suao Plant: No. 120, Xincheng 1st Road, Suao Township, Yilan County

Telephone:(03)990-5121 (Representative)

Fax:(03)990-3235

Changhua Plant: No. 1-6, Gongxi 1st Road, Chuanxing Industrial Park, Shengang Township, Changhua County

Telephone:(04)798-8931

Fax:(04)798-8933

Taichung Plant: No. 12, Gongshi Rd., Youshi Industrial Park, Dajia Dist., Taichung City

Telephone：(04)2681-6685

Fax:(04)2681-6686

(IV) Shipping business: Sesoda Steamship Corporation

Salduba Building, Top Floor, Urbanizacion Obarrio, Panama City, Panama

Telephone:(02)2704-7272 (Representative)

Fax:(02)2704-3380

(V) Catering business: Yukari Group Co., Ltd.

1F., No. 9, Lane 160, Yanji Street, Taipei City

Telephone :(02)2751-9828

Fax:(02)2751-2528

II. Company history

- 1957

  Southeast Soda Alkali Co., Ltd. was officially established, with soda ash as the first product.

- 1959

  Began producing sodium bicarbonate.

- 1971

  1. Began producing ammonium bicarbonate.
  2. Introduced technology from Germany’s Zahn company to produce sulfate of potash and hydrochloric acid.

- 1984

  Introduced technology from Sweden’s Boliden company to produce sulfate of potash and hydrochloric acid.

- 1986

  The Company's stock was listed on the Taiwan Stock Exchange for trading.

- 1987

  Introduced technology from Sweden’s Boliden company to produce dicalcium phosphate and calcium chloride.

- 1988

  Completed wastewater treatment plant.

- 1992

  Invested in Bank Sinopac.

- 1995

  Established Sesoda Steamship Corporation and acquired the bulk carrier m/v "Southeast Alaska."

- 1996

  Obtained ISO-9002/CNS-12682 certification.

- 1997

  1. Established Changhua Plant.
  2. Invested in China Economic Cooperation Ventures.

- 1999

  Invested in Zhongsheng Venture Capital Fund Company.

- 2000

  Established East Tender Optoelectronics Corporation.

- 2001

  The name of Southeast Soda Alkali Co., Ltd. was changed to Soda Soda Co., Ltd.

- 2002

m/v "East Tender" bulk carrier delivered.

- 2003

  Ordered two 32,600 DWT bulk carriers, scheduled for delivery in 2006 and the first quarter of 2007.

- 2004

  1. Improved storage capacity and implemented expansion of Changhua Plant.
  2. The first granular sulfate of potash (SOP) production line was built at the Suao Main Plant.

- 2005

  1. East Tender Optoelectronics Corporation shifted from losses to begin making profits.
  2. Expanded second granular SOP production line.

- 2006

  1. The newly built 32,600 DWT bulk carrier m.v. "Crystal Ocean" was delivered.
  2. Disposed of bulk carrier m.v. "East Tender."
  3. Expanded the third and fourth granular SOP production lines.

- 2007

  1. Disposed of bulk carrier m.v. "Mount Baker."
  2. Capital reduction in cash by 25% to the paid-in capital of NTD 1,578 million.
  3. Invested in China Hebei Oxen Special Chemicals Co.
  4. Improved storage capacity and established Taichung Plant.

- 2008

  Expanded the fifth and sixth granular SOP production lines.

- 2009

  1. Completed expansion of the seventh and eighth granular SOP production lines.
  2. Ordered a 28,050 DWT bulk carrier for delivery in November 2010.

- 2010

  1. Purchase of 28,306 DWT bulk carrier mv "ANSAC SESODA".
  2. Purchase of 32,739 DWT bulk carrier mv "ANSAC SPLENDOR".
  3. Delivered 28,191 DWT bulk carrier mv "nord Yilan".

- 2011

  1. m.v. "CRYSTAL OCEAN" was renamed m. v. "ALPHA BULKER"
  2. Ordered a 32,600 DWT bulk carrier for delivery in the second half of 2013.
  3. Complete the expansion of the ninth and tenth SOP production lines.

- 2012

  1. Purchase of 32,729 DWT bulk carrier mv "ACHILLES BULKER".
  2. East Tender Optoelectronics completed public offering of shares.

- 2013
  1. Two 33,000 DWT bulk carriers are ordered. Delivery is expected by the end of November 2015 and by the end of March 2016.
  2. Delivery of 32,706 DWT newbuild bulk carrier mv "ANSAC ENTERPRISE".
  3. Invested in Qingdao Soda Industry Potash Technology Co., Ltd. of China.
- 2014
  1. Ordered seven 33,000~38,000 DWT bulk carriers.
  2. East Tender Optoelectronics completed a cash reduction of NTD 70 million.
  3. Invested in Yukari Group Co., Ltd.
- 2015
  1. Completed expansion of the 11th and 12th SOP production lines.
  2. Eight SOP production lines were completed at Qingdao Soda Industry Potash Technology Co., Ltd. of China.
  3. East Tender Optoelectronics canceled the public offering of shares.
  4. Hebei Oxen Special Chemicals completed listing on the New Third Board.
  5. Took delivery of newly built 33,199 DWT bulk carrier m. v. "EMERALD ENTERPRISE."
  6. Invested in E-Teq Venture Co., Ltd.
- 2016
  1. Completed expansion of the ninth and tenth granular SOP production lines.
  2. East Tender Optoelectronics completed the public offering of stocks and emerging market registration.
  3. Took delivery of newly built 33,415 DWT bulk carrier m. v. "RUBY ENTERPRISE."
- 2017
  1. 60th anniversary of the Company.
  2. Took delivery of newly built 34,552 DWT bulk carrier m. v. "ANDREA ENTERPRISE."
  3. Launched expansion of the thirteenth and fourteenth SOP production lines with expected completion and start of production in 2018.
  4. Took delivery of newly built 33,428 DWT bulk carrier m. v. "CIARA ENTERPRISE."
  5. Delivery of 33,173 DWT newbuild bulk carrier mv "SE MARINA".
- 2018
  1. Took delivery of newly built 38,000 DWT bulk carrier m. v. "SE KELLY" and its sister ship m. v. “SE NICKY.”
  2. The Qian An He restaurant under the TCC was awarded one star in the "Michelin Guide Taipei".
  3. Purchase other shares of Zafeng Motor Cargo Co., Ltd. and become 100% owned by

the Group.

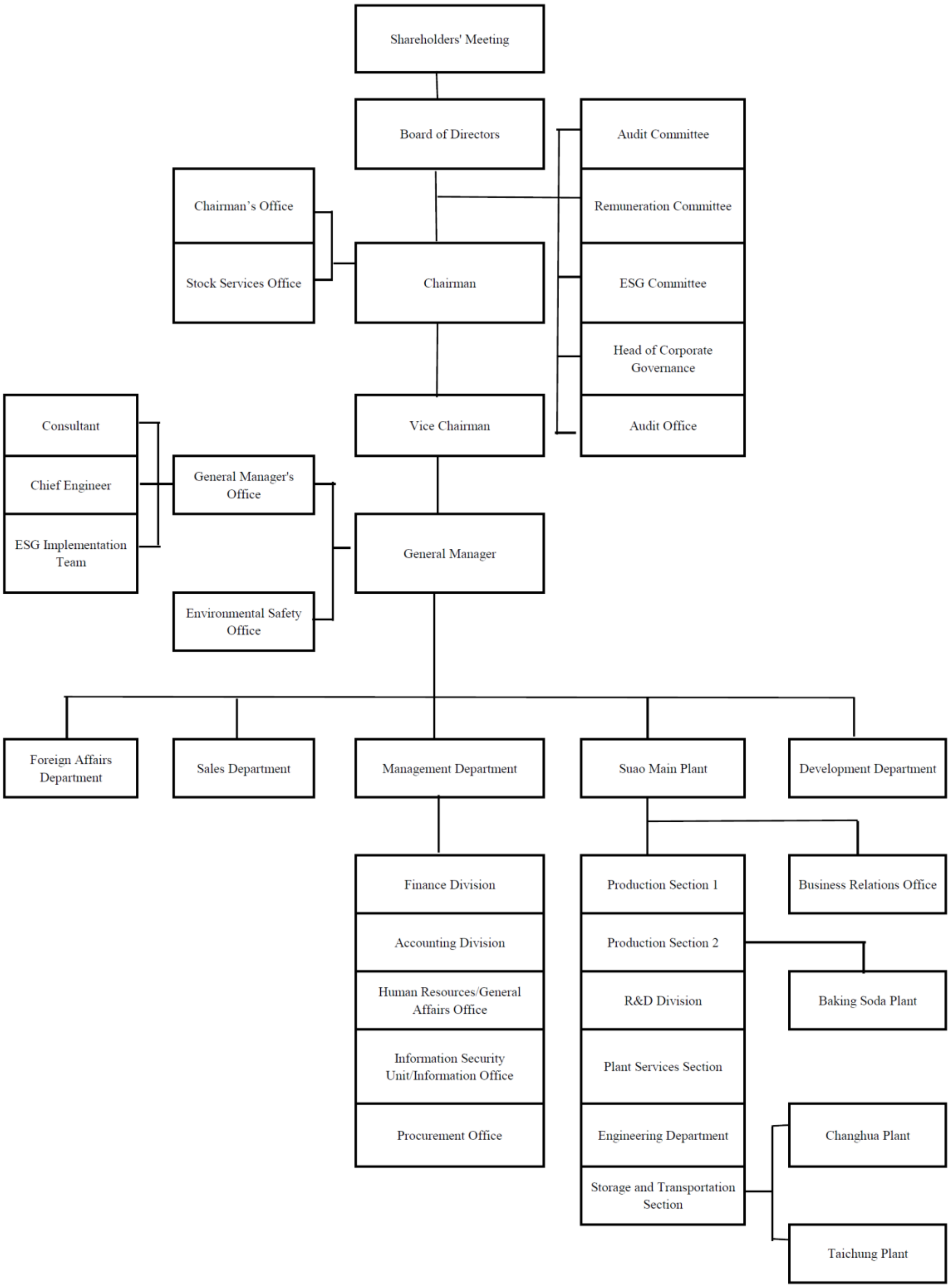
- 2019
  1. Completed expansion of the 13th and 14th SOP production lines.
  2. The newly built 34,000 DWT bulk carrier m. v. “Remy Enterprise” was delivered.
  3. Took delivery of newly built 38,000 DWT bulk carrier m. v. "SE CARDI."
  4. Ken Anho Restaurant was awarded one star in the Michelin Guide Taipei in 2019.
- 2020

  Chien- Ying Hot Pot (Chen-Star) was exhibited for the restaurant business, and Chien-An-Ho was awarded one star in the "Michelin Guide Taipei" for the third consecutive year.
- 2021
  1. To cope with the capital demand of China Qingdao Alkali Potash Technology Co., Ltd. for expanding production, increase the investment amount to maintain the ownership.
  2. Alkali Alkali Co., Ltd. changed its name to Soueast Industrial Co., Ltd.
  3. Suao Plant passed the certification of ISO14001 and ISO45001.
  4. Qian An Ho was awarded one star in the "Michelin Guide Taipei" for the 4th year in a row.
- 2022
  1. Establishment of YUNSUN Investment Co., Ltd.
  2. Qian An Ho was awarded one star in the "Michelin Guide Taipei" for the 5th consecutive year.
- 2023
  1. Qian An Ho was awarded one star in the "Michelin Guide Taipei" for the sixth year in a row.
  2. Acquisition of ISO14064-1:2018 Greenhouse Gas Verification and Declaration.
  3. Newly-built baking soda production line at Suao Plant.

Three. Corporate Governance Report

I. Organizational System

(I) Organizational Structure



(II) Business activities of each department

1. Corporate Governance Officer:
   (1) To handle matters related to the meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law.
   (2) Preparation of minutes for Audit Committee, Board of Directors, and Shareholders' meetings.
   (3) Assisting in onboarding and continuing education of directors.
   (4) Provide the information required by the directors to carry out their duties.
   (5) Assist directors in complying with laws and regulations.
   (6) Other matters stipulated in the Company's Articles of Incorporation or contracts.

2. President's Office:
   (1) Planning and assisting in the implementation of project improvement and tracking improvement results.
   (2) Coordination of matters related to production and sales meetings.
   (3) Coordination and control of related matters among various departments.
   (4) Formulation of mid- and long-term business planning.
   (5) Valuation analysis of business management performance.
   (6) Research and rationality analysis of the Company's annual business plan.
   (7) Promoting and executing ESG plans.

3. Environmental Safety Room:
   (1) Formulate, plan, supervise, and promote safety and health management matters and guide relevant departments in their implementation.
   (2) Formulate occupational safety and health management regulations and guide relevant departments in their implementation.
   (3) Plan and supervise the labor safety and health management of various departments.
   (4) Plan and supervise checkpoints and inspections and implement safety and health inspections.
   (5) Instruct and supervise relevant personnel to conduct patrols, regular inspections, key inspections and surveys of operating environment.
   (6) Plan and supervise the implementation of labor safety and health education and training.
   (7) Supervise labor health inspections and implement health management.
   (8) Supervise occupational incident investigation and treatment and handle statistics for occupational incidents.
   (9) Provide relevant labor safety and health management information and suggestions.
   (10) Other matters related to labor safety and health management.

4. Audit Office:
   (1) Check the internal control system, self-assessment operations, establishment, implementation and review of rules and regulations.
   (2) Check the performance of each department and make reports.

5. Stock Services Office:
   (1) Arrangements for the preparation of the shareholders' meeting.
   (2) Preparatory arrangements for the board of directors and the compilation and review of meeting handbooks.

(3) Establishment of business contacts and public relations with stock agencies and securities authorities.
(4) Cooperation in providing relevant information about securities related laws and regulations.
(5) Processing of new share issuance related affairs and verification and statistics of shareholder equity.
(6) Research of laws and regulations related to stock affairs.

6. Business Department:
(1) Domestic business production and sales planning, market research, formulation and implementation of sales strategies.
(2) Product sales, account processing, after-sales service.
(3) Responsible for long-term domestic sales business goals and product development planning.
(4) Formulate marketing strategies and push forward based on domestic market information.
(5) Develop domestic sales of new products and new customers.
(6) Regularly review sales strategies and market responsiveness.

7. Foreign Department:
(1) Export sales.
(2) Formulation and implementation of the management, deployment, supervision, assessment, pre-employment training and on-the-job training plan for export sales personnel.
(3) Establishment, implementation, review and improvement of export business objectives.
(4) Formulation, promotion and review of marketing strategies based on the information on the export market.

8. Management:
(1) Coordinate financial capital scheduling, routine accounting treatment and tax planning.
(2) Compilation and review of annual reports and shareholders' meeting handbooks.
(3) Supervision and management of fixed assets purchase, maintenance, scrapping, sale, change, insurance and other related matters.
(4) Responsible for the Company's computer equipment and application and network system planning, construction and development.
(5) Formulation, implementation, and tracking of annual education and training plans.
(6) Establishment, implementation, and updates of accounting system.
(7) Summary of business analysis data.
(8) Assist in handling and overall management of the Company's various risks.
(9) Post-investment management of various reinvestments.
(10) Personnel recruitment, salary, assessment, and personnel system management.
(11) Inquiry and purchase of raw materials.

9. Su'ao General Plant:
(1) Production, manufacturing, process control, quality, capacity, delivery control and other production lated matters.
(2) Planning and supervision of the quality system.
(3) Formulation and supervision of quality control plans.

(4) Research and development of new products and improvement of existing products.

10. Development Department:
    (1) Develop new business for the Company, be responsible for evaluation, and assist in establishment.
    (2) Support the establishment and development of new business organizations and the formulation of operating policies.
    (3) Collect various industry information and establish an industry database to address the General Manager’s needs of evaluation and decision-making.
    (4) Comprehensively manage all matters of the Company's new investment businesses and be responsible for the performance appraisal of operation supervision.

II. Information of Directors, President, Vice Presidents, Senior Managers, and Heads of Departments and Branches

(I) Directors

1. Information of directors

March 23, 2024

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Elected (inaugurated) Date	Term of office	Date first appointed (Note 3)	Shares held at the time of appointment		Number of shares currently held		Number of shares currently held by spouse and minor children		Shares held in the name(s) of others		Principal Experience (Education) (Note 4)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 5)
							Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
Chairman	Republic of China Republic of China	Zhengbang Investment Co., Ltd. Representative: Chen Jung-Yuan	Male 69	2021.7.5.	2021.7.5.～2014.7.4.	2009.5.22. 2015.5.14.	14,758,338	6.46%	16,086,588 6,899	6.46% 0	0 527	0 0	0 0	0 0	Master's degree, Florida Institute of Technology	Chairman/General Manager of East Tender Trading Co., Ltd. Director of Qingdao Alkali Potash Technology Co., Ltd.	--	--	--	
Vice Chairman	United States, Republic of China	Sincere Industrial Corporation Representative: Chen Cheng-Te	Male 45	2021.7.5.	2021.7.5.～2014.7.4.	1994.4.21. 2009.05.22	3,425,923	1.50%	3,734,256	1.50%	0	0	0	0	Master of Business Administration, New York University	Director, Sincere Industrial Corporation General Manager of Sande International Investment Co., Ltd. Chairman of East Tender Optoelectronics Co., Ltd. Chairman, Yunsheng Investment Co., Ltd. Chairman of Yilan County Southeast Industrial Social Welfare Foundation	Director Director Director	Chen Kai-Yuan Chen Li-Te Chen Yi-Te	Father and son Brothers Brothers	
Director	Republic of China Republic of China	Sincere Industrial Corporation Representative: Chen Kai-Yuan	Male 78	2021.7.5.	2021.7.5.～2014.7.4.	1994.4.21. 1979.3.30.	3,425,923	1.50%	3,734,256	1.50%	0	0	0	0	Chung Yuan Christian University Department of Engineering	Director, Sincere Industrial Corporation Chairman of Zhengbang Investment Co., Ltd. Sesoda Steamship Corporation Director/President Sesoda Investment (BVI) Ltd. Director/President	Director Director Director	Chen Li-Te Chen Cheng-Te Chen Yi-Te	Father and son Father and son Father and son	

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Elected (inaugurated) Date	Term of office	Date first appointed (Note 3)	Shares held at the time of appointment		Number of shares currently held		Number of shares currently held by spouse and minor children		Shares held in the name(s) of others		Principal Experience (Education) (Note 4)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 5)
							Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
Director	Republic of China USA	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	Male 58	2021.7.5.	2021.7.5. ~ 2014.7.4.	2009.5.22. 2006.5.12.	14,758,338	6.46%	16,086,588	6.46%	0	0	0	0	USC Department of Business Administration	Director, Sincere Industrial Corporation	Director Director Director	Chen Kai-Yuan Chen Cheng-Te Chen Yi-Te	Father and son Brothers Brothers	
Director	Republic of China Republic of China	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Li	Male 81	2021.7.5.	2021.7.5. ~ 2014.7.4.	2009.5.22. 1982.3.31.	4,017,929	1.76%	4,379,542 4,283,199	1.76% 1.72%	0 856,914	0 0.34%	0 0	0 0	Department of Business Administration, Chu Hai College of Higher Education, Hong Kong	Director, Teh-Hu Cargocean Management Company Limited	--	--	--	
Director	Republic of China Republic of China	San De International Investment Co., Ltd. Representative: Yide Chen	Male 43	2012.2.10.	2021.7.5 - 2024.7.4.	2006.5.22. 2012.5.28	4,967,462	2.17%	5,414,533	2,17%	0	0	0	0	Hofstra University Department of Management	Chairman of Yukari Co., Ltd. Chairman of Hsinyou Industrial Co., Ltd. President of Chengbang Investment Co., Ltd. Senior Vice President of Southeast Industrial Co., Ltd.	Director Director and Director	Chen Kai-Yuan Chen Li-Te Chen Cheng-Te	Father and son Brothers Brothers	
Director	Republic of China Singapore	Sincere Industrial Corporation Representative: Chu Yuan-Hua	Male 58	2021.7.5.	2011.7.5 ~ 2014.7.4.	1994.4.21. 2018.6.8.	3,425,923	1.50%	3,734,256	1.50%	0	0	0	0	MBA, Holy Names University, United States	Chairman of Junhui International (Longan) Co., Ltd. Executive Director, Junhui Enterprise Textile & Garment (Kunshan) Co., Ltd. Director, Junhui Holdings (Singapore) Limited Director, Daxing Textile Pte Ltd. Supervisor of Fengshun International Co., Ltd.	--	--	--	

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Elected (inaugurated) Date	Term of office	Date first appointed (Note 3)	Shares held at the time of appointment		Number of shares currently held		Number of shares currently held by spouse and minor children		Shares held in the name(s) of others		Principal Experience (Education) (Note 4)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 5)
							Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
Independent Director	Republic of China	Wang Po-Hsin	Male 70	2021.7.5.	2011.7.5 ～ 2014.7.4.	2018.6.8.	0	0	0	0	0	0	0	0	Michigan State University Master of Business Administration	Vice Chairman, Bluewave Asia Financial Consulting Co., Ltd. Director of Haohao Securities Co., Ltd. Director, Taiwan Mergers &Acquisitions and Private Equity Council Chairman, Linktao Innovations Co., Ltd.	--	--	--	
Independent Director	Republic of China	Tsao Ming	Male 78	2021.7.5.	2011.7.5 ～ 2014.7.4.	2015.5.14	0	0	0	0	0	0	0	0	Master of Advanced Business Administration, National Sun Yat-sen University	Director/President of Formosa Petrochemical Corporation Chairman of Formosa Oil (Asia Pacific) Corporation Chairman of Idemitsu Formosa Specialty Chemicals Corporation Chairman of Kraton Formosa Polymers Corporation General Manager of Mai-Liao Power Corporation	--	--	--	
Independent Director	Republic of China	Chu Jih-Chuan	Male 50	2021.7.5.	2011.7.5 ～ 2014.7.4.	2021.7.5.	0	0	0	0	0	0	0	0	Master of Law, Northwestern University	Partner, Attorney-at-Law, Alfred Law Offices	--	--	--	

Note 1: Institutional shareholders shall list the names of the institutional shareholders and their representatives separately (if they are representatives of institutional shareholders, the name of the institutional shareholders shall be indicated) and fill in Table 1 below.
Note 2: Please state the actual age, and the range can be expressed, such as 41-50 years old or 51-60 years old.
Note 3: It shall show when did he/she assume position of director or supervisor for the first time. If it is discontinuous, it shall be described in a note.
Note 4: If work experience related to position now is in accounting firm or affiliated company in the period showed above, it shall show his/her title and function of position.
Note 5: If the company’s chairman and general manager or equivalent (top manager) are the same person, or spouse or relative within one degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures shall be explained (e.g., the number of independent directors shall be increased, more than half of the directors shall not be concurrent employees or managers, etc.).

III. Remuneration to directors, presidents and vice presidents in the most recent year:

(I) Remuneration of general and independent directors (disclose the name and remuneration separately)

December 31, 2023
Unit: NTD Thousand

Title	Name	Directors' Remuneration								The sum of A, B, C, and D and their share of the after-tax net profit Percentage		Remuneration from concurrently serving as employee								The sum of A, B, C, D, E, F and G and its percentage in net income		Remuneration received from investee companies outside of subsidiaries or from the parent company
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C) (Note 2)		Business execution expenses (D) (Note 1)				Salaries, bonuses and allowances (E)		Retirement pension (F)		Employee bonuses (G)						
		The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company		All companies in the financial reports		The Company	All companies in the financial reports	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Zhengbang Investment Co., Ltd. Representative: Chen Jung-Yuan	3,300	3,300	0	0	56	56	1,228	1,228	-16.11 %	-16.11 %	0	0	0	0	0	0	0	0	-16.10 %	-16.10 %	0
Vice Chairman	Sincere Industrial Corporation Representative: Chen Cheng-Te	2,772	2,772	0	0	42	42	540	540	-11.79 %	-11.79 %	0	0	0	0	0	0	0	0	-11.79%	-11.79 %	3,830
Director	Sincere Industrial Corporation Representative: Chen Kai-Yuan	0	0	0	0	28	28	3,169	3,169	-11.24 %	-11.24 %	0	0	0	0	0	0	0	0	-11.24%	-11.24 %	0
Director	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	4,200	4,200	0	0	28	28	2,206	2,206	-22.61 %	-22.61 %	0	7,416	0	0	0	0	0	0	-22.61 %	-48.68 %	0
Director	Sincere Industrial Corporation Representative: Chu Yuan-Hua	0	0	0	0	28	28	360	360	-1.36%	-1.36%	0	0	0	0	0	0	0	0	-1.36%	-1.36%	0

Director	San De International Investment Co., Ltd. Representative: Yide Chen	0	0	0	0	28	28	360	360	-1.36%	-1.36%	2,667	3,951	0	0	7	0	7	0	-10.74%	-15.27%	0
Director	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Li	1,320	1,320	0	0	28	28	360	360	-6.00%	-6.00%	0	0	0	0	0	0	0	0	-6.00%	-6.00%	0
Independent Director	Tsao Ming	0	0	0	0	41	41	630	630	-2.36%	-2.36%	0	0	0	0	0	0	0	0	-2.36%	-2.36%	0
Independent Director	Wang Po-Hsin	0	0	0	0	41	41	600	600	-2.25%	-2.25%	0	0	0	0	0	0	0	0	-2.25%	-2.25%	0
Independent Director	Chu Jih-Chuan	0	0	0	0	41	41	720	720	-2.67%	-2.67%	0	0	0	0	0	0	0	0	-2.67%	-2.67%	0
Total		11,592	11,592	0	0	361	361	10,173	10,173	-77.75%	-77.75%	2,667	11,367	0	0	7	0	7	0	-87.12%	-117.72%	3,830

Note 1: NTD 3,441 thousand paid to directors, Chairman and drivers by the Company in the current year is not included in the above remuneration.

Note 2: According to the Articles of Incorporation resolved by the Board of Directors on March 11, 2024, the 2023 remuneration to directors is NTD 361 thousand. The amount distributed to directors is estimated based on last year's distribution ratio. The detailed distribution has not yet been resolved as of the printing date of this annual report. .

Note 3: Other than the disclosure in the above table, remuneration for the services provided by the directors of the Company in the most recent year (e.g. serving as a consultant to the non-employee of the parent company/ of all companies listed in the financial statements/ of investees): 0

Note 4: The remuneration policy for independent directors of the Company is determined in accordance with the Company's Articles of Incorporation and considers peer industry standards as well as duties and contributions.

(II) Remuneration Paid to General Manager and Deputy General Manager(s)

December 31, 2023
Unit: NTD Thousand

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Retirement pension (B)</th><th colspan="2">Bonuses and special expenses (C) (Note 1)</th><th colspan="4">Employee compensation amount (D) (Note 2)</th><th colspan="2">The sum of A, B, C, and D as a percentage of net income after tax (%)</th><th rowspan="3">Renumeration received from investee companies outside of subsidiaries or from the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial reports</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial reports</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial reports</th><th colspan="2">The Company</th><th colspan="2">In the financial statements All companies</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial reports</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>General Manager</td><td>Huang Chih-Cheng</td><td rowspan="6">12,553</td><td rowspan="6">13,837</td><td rowspan="6">336</td><td rowspan="6">336</td><td rowspan="6">285</td><td rowspan="6">285</td><td rowspan="6">116</td><td rowspan="6">0</td><td rowspan="6">116</td><td rowspan="6">0</td><td rowspan="6">-46.70%</td><td rowspan="6">-51.21%</td><td rowspan="6">None</td></tr>
<tr><td>Deputy General Manager</td><td>Chen Yi-Te</td></tr>
<tr><td>Deputy General Manager</td><td>Liu Chih-Yung</td></tr>
<tr><td>Deputy General Manager</td><td>Lin Shu-Yuan</td></tr>
<tr><td>Deputy General Manager</td><td>Wu, Hui-Feng (Assumed office on November 20, 2023)</td></tr>
<tr><td>Chief Plant Manager</td><td>Shih Yueh-Hui</td></tr>
</table>

Note 1: The remuneration to the president and driver paid by the Company in the year was NTD 734 thousand, which was not included in the above remuneration.

Note 2: As of the publication date of the annual report, the Company's proposed distribution of the General Manager's employee compensation has not yet been determined. It shall be estimated based on the actual distribution ratio last year. Relevant operations will be carried out after the resolutions of the shareholders' meeting of this year are passed, and the annual report information will be updated and disclosed on the Company's website.

Table of Remuneration Scales

Payment to the Company's Presidents and remuneration ranges for vice presidents	Name of General Manager and Deputy General Manager(s)	
	The Company	All companies in the financial reports E
Less than 1,000,000	Wu, Hui-Feng	Wu, Hui-Feng
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	--	--
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	Yi-de Chen, Chih-yong Liu, Yue-hui Shih,	Zhiyong Liu, Yuehui Shih, Shuyuan Lin
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Huang Chih-Cheng	Huang, Chih-Cheng, Chen, Yi-De
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	--	--
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	--	--
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	--	--
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	--	--
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	--	--
Over NTD 100,000,000	--	--
Total	6	6

Table 1: Major Shareholders of Institutional Shareholders

March 23, 2024

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholder (Note 2)
Sincere Industrial Corporation	Kai-yuan Chen (15.1%); Li-de Chen (13.98%); Chong-yi Chen (15.27%); Chong-ying Chen (14.8%); Ying-biao Chu (7.31%); Zhao-Pei Ting (4.4%), Yong-Hua Chu (3.21%), Hao-Hua Chu (3.21%), Yang-Hua Chu (3.21%), Wen-Wen Lai (2.79%)
Zhengbang Investment Co., Ltd.	Wintex Limited 100%
San De International Investment Co., Ltd.	Heritage Investment Holding Company Limited 100%
Yalan Investment Consulting Co., Ltd.	Chung-Li Wu (9.85%) , Ya-Ming Wu (10%) , Zhi-yi Wu (40%) , Zhi-wen Wu (40%)

Note 1: If the director or supervisor is a representative of an institutional shareholder, the name of the institutional shareholder shall be filled in.

Note 2: Fill in the names and shareholding ratios of the major shareholders (top 10 shareholders) of the corporate shareholders. If the main shareholder is a juridical person, the following Table 2 shall be filled in.

Note 3: If the institutional shareholder is not a company organizer, the name of the shareholder and shareholding ratio that should be disclosed are the name of the investor or donor (see the Judicial Yuan announcement for inquiries) and the ratio of capital contribution or donation. The donor has passed away is indicated with raise "Deceased "

Table 2: Major shareholders of major shareholders who are juridical persons as referred to in Table 1

March 23, 2024

Juridical person name (Note 1)	Major shareholders of the juridical person (Note 2)
Wintex Limited 100%	Mega Fortune Overseas Holdings Ltd. 100%
Heritage Investment Holding Company Limited 100%	Gold Unique Ltd. 100%

Note 1: If the main shareholder is a juridical person as shown in Table 1 above, the name of the juridical person shall be filled in.

Note 2: Fill in the name of the main shareholder of the juridical person (where its shareholding ratio falls in the top ten) and its shareholding ratio.

Note 3: If an institutional shareholder is not a company organizer, the name of the shareholder and shareholding ratio that shall be disclosed before is the name of the investor or donor and the ratio of capital contribution or donation.

2. Information of directors

Disclosure of professional qualifications of directors and independence of independent directors:

Terms / Name	Professional qualifications and experience (Note 1)	Status of independence (Note 2)	Concurrently acted as other public offering Number of independent directors
Chen Jung-Yuan	Major education backgrounds: MBA, Florida Institute of Technology Major experience: 1. Chairman of Southeast Industrial Co., Ltd. 2. University lecturer qualification None of the matters specified in Article 30 of the Company Act	①③④⑥⑦⑧⑨⑩	0
Chen Kai-Yuan	Major education backgrounds: Department of Industrial Engineering, Chung Yuan Christian University Major experience: 1. Director of Xin Yu Industrial Co., Ltd. . Chairman of Zhengbang Investment Co., Ltd. 3. Director of Southeast Industrial Co., Ltd. None of the matters specified in Article 30 of the Company Act	①③⑥⑦⑧⑨	0

Chen Li-Te	Major education backgrounds: Department of Business Administration, University of Southern California Major experience: Director of Xin Yu Industrial Co., Ltd. Director of Southeast Industrial Co., Ltd. None of the matters specified in Article 30 of the Company Act	①③⑥⑦⑧⑨	0
Chen Cheng-Te	Major education backgrounds: MBA, Stern School of Management, New York University Major experience: 1. Vice Chairman of Southeast Industrial Co., Ltd. 2. Chairman, Orient Optoelectronics Technology Co., Ltd. 3. Director of Xin Yu Industrial Co., Ltd. None of the matters specified in Article 30 of the Company Act	①③⑥⑦⑧⑨	0
Chu Yuan-Hua	Major education backgrounds: MBA, Holy Name University Major experience: 1. Macy's Department Store Business Administrative Assistant Director of Southeast Industrial Co., Ltd. None of the matters specified in Article 30 of the Company Act	①③⑥⑦⑧⑨⑩	0

Chen Yi-Te	Major education backgrounds: Department of Management, Hofstra University Major experience: 1. Chairman, Tung Yun Restaurant & Catering Co., Ltd. 2. Chairman, Xin Yu Industrial Co., Ltd. 3. General Manager of Zhengbang Investment Co., Ltd. 4. Director of Southeast Industrial Co., Ltd. None of the matters specified in Article 30 of the Company Act	①③⑥⑦⑧⑨	0
Wu Chung-Li	Major education backgrounds: Department of Business Administration, Chu Hai College of Higher Education, Hong Kong Major experience: 1. Director, Teh-Hu Cargocean Management Company Limited 2. Director, Southeast Industrial Co., Ltd. None of the matters specified in Article 30 of the Company Act	①④⑥⑦⑧⑨⑩	0

Tsao Ming	Major education backgrounds: Master of Advanced Business Administration, National Sun Yat-sen University Major experience: 1. President, Kuo Kuang Petrochemical Technology Co., Ltd. 2. Vice President, CPC Corporation, Taiwan 3. Chairman of Opic China Petroleum Overseas Investment Co., Ltd. 4. Southeast Industrial Co., Ltd. Independent Director None of the matters specified in Article 30 of the Company Act	①②③④⑤⑥⑦⑧⑨⑩⑪	0
Chu Jih-Chuan	Major education backgrounds: Master of Law, Northwestern University Major experience: 1. International Commerce & Law Firm, Assistant Partnership Lawyer 2. Attorney-at-law of Wang Kuo Law Office 3. Attorney, Taiwan Depository & Clearing Corporation 4. Attorney, Central Deposit Insurance Co., Ltd., Ministry of Finance 5. Southeast Industrial Co., Ltd. Independent Director None of the matters specified in Article 30 of the Company Act	①②③④⑤⑥⑦⑧⑨⑩⑪	0

Wang Po-Hsin	Major education backgrounds: Master of Business Administration, Michigan State University, United States Major experience: 1. Chairman, East Asia Securities Co., Ltd. (Taiwan) 2. Southeast Industrial Co., Ltd. Independent Director None of the matters specified in Article 30 of the Company Act	①②③④⑤⑥⑦⑧⑨⑩⑪	0

Note 1: Professional qualifications and experience: The professional qualifications and experience of individual directors and supervisors. If they are members of the Audit Committee and have accounting or financial expertise, their accounting or financial background and work experience should be disclosed. Any provision of Article 30 of the Act.

Note 2: The independence of an independent director includes but is not limited to whether the person, spouse, relative within 2nd degree of kinship is a director, supervisor, or employee of the Company or its affiliated companies; Number and weighting of shares held in the name of another person); serve as a supervisor in Paragraph 1, Article 3, Subparagraphs 5 - 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies The amount of remuneration for providing commercial, legal, financial, accounting services to the Company or its affiliates in the last 2 years.

None of the independent directors of the Company had this situation.

*If a director or supervisor met the following conditions during the two years prior to being elected or during the term of office, circle the condition number below in the table above:

① Not an employee of the Company or any of its affiliated companies.
② Not a director or supervisor of the Company or its affiliated companies (except for independent directors appointed by the Company or its parent company or subsidiary or a subsidiary of the same parent according to the Act or the laws and regulations of the local country) .
③ Not a natural-person shareholder who holds 1% or more of the Company's issued shares or a top-10 natural-person shareholder by shareholding in the name of spouse, minor children, or someone else in the name of the shares issued by the Company.
④ Not a spouse, relative within the second degree of kinship, or direct blood relative within the third degree of kinship of a manager listed in ① or any of the personnel listed in ② and ③ .
⑤ A director or supervisor who is not an institutional shareholder who does not directly hold 5% or more of the total number of issued shares of the company and ranks among the top five in shareholding or who designates a representative as a director or supervisor of the company in accordance with Article 27, Paragraph 1 or 2 of the Company Act; or Employees (not applicable to independent directors appointed by the Company and its parent company or subsidiary or a subsidiary of the same parent in accordance with the Act or the local laws and regulations).
⑥ Notwithstanding, the directors, supervisors or employees of other companies controlled by the same person with the seats on directors or voting shares of the Company (however, Not included in the preceding paragraph, is the concurrently independent director established by law or the laws of the local country.
⑦ Notwithstanding or independent directors appointed in accordance with the Act or the laws and regulations of the local country of a subsidiary of the same parent.
⑧ Not a director, supervisor, managerial officer, or shareholder holding 5% or more of the shares of any given company or institution that has financial or business dealings with the Company above, does not exceed 50%, except when the independent directors of the company and its parent company or subsidiary or a subsidiary of the same parent appointed in accordance with the Act or the laws and regulations of the local country act concurrently on each other).
⑨ Not a professional individual, sole proprietor, partnership, company, or institution providing commercial, legal, financial, accounting services or consultation amounted to less than NTD 500,000 to the Company or to any affiliate of the Company in the last two years , partners, directors, supervisors, managers and their spouses. However, for members of the Salary and Compensation Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and

regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.
⑩ Not a spouse or a relative within the second degree of kinship to any other director of the Company .
⑪ Not a government or corporate representative according to Article 27 of the Company Act.

3.Implementation of diversity among board members:

The Company advocates and respects the diversity policy of directors. In order to strengthen corporate governance and promote the sound development of the composition and structure of the Board of Directors, we believe that the policy of diversity will help improve the overall performance of the Company. Board members are elected on the principle of merit, with diverse and complementary capabilities across industries, including basic composition (e.g. age, gender, nationality, etc.), legal insurance, etc.), as well as business judgment, business management, leadership decision-making, and crisis management.

In order to strengthen the functions of the board of directors and achieve the ideal goal of corporate governance, Article 20 of the Company's "Corporate Governance Best Practice Principles" specifies the capabilities of the board of directors as a whole as follows: 1. Business judgment ability 2. Accounting and financial analysis ability 3. Operation and management ability 4. Crisis management ability 5.

Core Diversification Projects / Director name	Gender	Employee status	Age				Independent Director Length of tenure		The ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability	Decision-making ability	Law
			Aged 40-50	Aged 51-60	Aged 61-70	Over 70 years	Less than 3 years	6-9 years									
Chen, Jung-Yuan	Male				V				V	V	V	V	V	V	V	V	
Chen Kai-Yuan	Male					V			V	V	V	V	V	V	V	V	
Chen Li-Te	Male			V					V	V	V	V	V	V	V	V	
Chen Cheng-Te	Male		V						V	V	V	V	V	V	V	V	
Chu Yuan-Hua	Male			V					V	V	V	V	V	V	V	V	
Wu Chung-Li	Male					V			V	V	V	V	V	V	V	V	
Chen Yi-Te	Male	V	V						V	V	V	V	V	V	V	V	
Tsao Ming	Male					V		V	V	V	V	V	V	V	V	V	
Chu Jih-Chuan	Male		V				V		V		V	V		V	V	V	V
Wang Po-Hsin	Male				V			V	V	V	V	V	V	V	V	V	

Industry knowledge 6. International market outlook 7. Leadership ability 8. Decision-making ability

(1)The 10 directors (including 3 independent directors) of the 24th Board of Directors of the Company are qualified with business judgment, leadership decision-making, business management, international market outlook, crisis management, etc., as well as industry experience and professional ability; Chemical industry experience: Chairman Chen, Rong-Yuan; Chen Kai-Yuan; Wu Chung-Li; Chen

Li-De, Chen Li-Teh; Chen Cheng-Teh; and Director Yide Chen; those who specialize in marketing are Chairman Rong-Yuan Chen, Director Kai-Yuan Chen, Director Chung-Li Wu, Director Li-De Chen, Director Cheng-De Chen, Director Yuan-Hua Chu, and Director Yate Chen; those who specialize in legal affairs are Independent Director Chu Ri-Chuan; professional capacity and experience.

The average tenure of directors of the Company is 7 years. There are 6 directors with tenure of more than 7 years. Among them, Independent Director Ming Tsao has tenure for 9 years. Although Independent Director Ming Cao has been re-elected as an independent director of the 3rd term, his knowledge of chemical industry The management expertise can assist the Company's business development, but the Company still needs to rely on its expertise and provide supervision to the Board of Directors and provide professional opinions. Seven directors are Taiwanese, two are American, and one is Singaporean. The composition of the Board is as follows: three independent directors (30%); one director who is also an employee of the Company (10%). The age distribution range of board members included 3 directors aged between 40 and 50, two directors aged 51 to 60, two directors aged 61 to 70, and three directors over 70 years old.

(2)The aspect, complementarity and implementation of diversity of directors have complied with the standards specified in Article 20 of Southeast Asia Corporate Governance Best Practice Principles; in the future, it is still necessary to update the diversity policy in a timely manner based on the operation of the board of directors, operational model and development needs, including but not limited to Basic requirements and values, and professional knowledge and skills, to ensure that board members generally possess the knowledge, skills, and literacy necessary to perform their duties.

(II) Information on the General Manager, deputy general managers, assistant general managers, and supervisors of various departments and branches

March 23, 2024

Title (Note 1)	Nationality	Name	Gender	Date appointed (took office)	Number of shares held		Spouse and minor children holding shares		Shares held in the name(s) of others		Principal Experience (Education) (Note 2)	Office(s) Concurrently Held in Other Companies	Spouse or relatives within the second degree of kinship or closer acting as Manager			Remarks (Note 3)
					Shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio			Title	Name	Relationship with the Company	
General Manager	Republic of China	Huang Chih-Cheng	Male	2019.12.01	74,662	0.03%	0	0	0	0	Arizona State University	Director, Zaifeng Motor Freight Co., Ltd. Director, East Tender Trading Co., Ltd.	--	--	--	--
Senior Deputy General Manager, Management Department	Republic of China	Liu Chih-Yung	Male	2015.09.21	209,479	0.08%	0	0	0	0	Accounting Institute, National Cheng Kung University	Director, Zaifeng Motor Freight Co., Ltd. Director, East Tender Trading Co., Ltd. Chairman of E-Teq Venture Co., Ltd. Director, Sesoda Social Welfare Foundation in Yilan County	--	--	--	--
Chief Director, Suao Main Plant	Republic of China	Shih Yueh-Hui	Male	2019.08.01	137	0	0	0	0	0	Department of Chemical Engineering, Chinese Cultural University	CEO, Sesoda Social Welfare Foundation in Yilan County	--	--	--	--
Deputy Director, Suao Main Plant	Republic of China	Hsu Teng-Hui	Male	2022.02.01	327	0					Graduate Institute of Mechanical and Electro-mechanical Engineering, National Ilan University	None	--	--	--	--

Senior General Manager, International Department	Republic of China	Chen Yi-Te	Male	2020.07.01	0	0	0	0	0	0	Hofstra University Management	Chairman of Yukari Co., Ltd. Chairman of Hsinyou Industrial Co., Ltd. President of Chengbang Investment Co., Ltd.	--	--	--	--
Deputy General Manager, International Department	Republic of China	Lin Shu-Yuan	Female	2020.02.03	0	0	0	0	0	0	University of Alabama Marketing Institute	None	--	--	--	--
Deputy General Manager, Sales Department	Republic of China	Wu Hui-Feng	Male	2023.11.20	0	0	0	0	0	0	Department of International Business, Soochow University Master's Degree	None	--	--	--	--
Assistant General Manager, Chairman’s Office	Republic of China	Chiu Chuang-Chien	Male	2021.07.15	0	0	0	0	0	0	Graduate Institute of Agricultural Chemistry, National Taiwan University	None	--	--	--	--
Finance Supervisor	Republic of China	Chen Chih-Chun	Female	2018.07.23	13,596	0.01%	0	0	0	0	Department of Accounting, Feng Chia University	Director, Yukari Group Co., Ltd.	--	--	--	--
Accounting Supervisor	Republic of China	Chu Ching-Yun	Female	2016.11.01	0	0	0	0	0	0	Department of Accounting, Chung Yuan Christian University	Director, Yukari Group Co., Ltd.	--	--	--	--
Corporate Governance Officer	Republic of China	Huang Mei-Ling	Female	2021.03.29	0	0	0	0	0	0	Department of International Trade, National Taipei University of Business	None	--	--	--	--
Audit Supervisor	Republic of China	Li Yen-Ling	Female	2017.02.06	0	0	228	0	0	0	Department of Accounting, Tamkang University	None	--	--	--	--

Note 1: Includes general manager, deputy general managers, assistant general managers, and the chiefs of all the company’s divisions and branches. Regardless of position, all assignments equivalent to general manager, deputy general manager, and assistant general managers shall be shown.
Note 2: If work experience related to position now is in accounting firm or affiliated company in the period shown above, it shall show his/her title and function of position.
Note 3: If the general manager or the person with an equivalent position (the top manager) and the chairman are the same person, each other's spouse or relatives, state the reason, rationality, necessary character and corresponding measures (such as increasing the number of independent directors, and that there should be more than half of the directors not concurrently serving as employees or managers).

Names of managerial officers entitled to employee bonuses and amounts entitled

December 31, 2023
Unit: NTD Thousand

	Title	Name	Share remuneration amount	Amounts of cash compensation (Note 1)	Total	Ratio of sum to net gains after tax (%)
Manager	General Manager	Huang Chih-Cheng	0	211	211	-0.74%
	Deputy General Manager	Liu Chih-Yung				
	Deputy General Manager	Chen Yi-Te				
	Deputy General Manager	Lin Shu-Yuan				
	Deputy General Manager	Wu Hui-Feng (Took office on 11/20/2023)				
	Director of Main Plant:	Shih Yueh-Hui				
	Assistant General Manager	Chiu Chuang-Chien				
	Finance Supervisor	Chen Chih-Chun				
	Accounting Supervisor	Chu Ching-Yun				
	Corporate Governance Officer	Huang Mei-Ling				
	Audit Supervisor	Li Yen-Ling				

Note 1: As of the publication date of the annual report, the Company’s proposed distribution of employee remuneration to managers has not yet been determined, and the 2024 estimate is based on the actual distribution ratio of 2023. The proposed distribution will be carried out after the resolution is passed in the 2024 shareholders’ meeting this year, and the information will be updated and disclosed on the Company's website.

(III) Analysis of the proportion of the total remuneration paid to the directors, general manager, and deputy general manager of the Company and all the companies in the consolidated statements in the last two years to the net profit after tax, and explanation of the policies, standards and combinations, as well procedures for setting the remuneration, and the relevance to the performance of the Company and future risks:

1. Proportion of the total remuneration paid by the Company and all the companies in the consolidated statements to their directors, presidents and vice presidents in the last two years accounts to the net profit after tax:

Unit: NTD Thousand

Item \ Year	2022		2023	
	The Company	All companies in the financial reports	The Company	All companies in the financial reports
Total directors' remuneration	71,614	105,389	24,800	33,500
and proportion to net profit after tax:	5.95%	8.75%	-77.75%	-117.72%
Total Remuneration Paid to General Manager and Deputy General Manager(s)	29,188	30,478	13,290	14,575
Remuneration paid to General Manager and deputy general managers and ratio to net profit after tax	2.42%	2.53%	-46.70%	-51.21%

2. The remuneration distribution of the directors, president and vice president of the Company are determined in accordance with articles 20, 27 and 32 of the Articles of Association of the Company, the level of industry, the respective business performance, future risks, as well as the position, responsibilities and contribution to the Company.

IV. Corporate Governance Status:

(I) Board of Directors

1. In 2023, the Board of Directors met 9 times (A), and the status of the directors' attendance was as follows:

Title	Name	Actual attendance (seated) frequency (B)	Frequency of attendance	Actual rate of attendance (with or without voting rights) B (%) (B/A)	Remarks
Chairman's Institutional Representative	Representative of Zhengbang Investment Co., Ltd.: Chen Jung-Yuan	9	0	100%	
Vice Chairman's Institutional Representative	Representative of Sincere Industrial Corporation: Chen Cheng-Te	8	1	89%	
Director's Institutional Representative	Representative of Sincere Industrial Corporation: Chen Kai-Yuan	8	1	89%	
Director's Institutional Representative	Representative of Zhengbang Investment Co., Ltd.: Chen Li-Te	8	1	89%	
Director's Institutional Representative	Representative of Sincere Industrial Corporation: Chu Yuan-Hua	5	4	56%	
Director's Institutional Representative	Representative of Yalan Investment Consulting Co., Ltd.: Wu Chung-Li	7	2	78%	
Director's Institutional Representative	San De International Investment Co., Ltd. Representative: Chen Yi-De	6	3	67%	
Wang Po-Hsin		9	0	100%	
Tsao Ming		9	0	100%	
Chu Jih-Chuan		9	0	100%	

2. Other matters to be documented:

(1) In case of any of the following circumstances in the operation of the board of directors, state the date of the board meeting, the number of the meeting session, the contents of the motion, all the opinions of the independent directors and the Company's handling of such opinions of the independent directors:

(A) Items in Article 14-3 of the Securities and Exchange Act.

(B) In addition to the matters above, other resolutions of the board meeting with objections or reservation of independent directors and with records or written statement.

The Company has established an audit committee in accordance with the law, not applicable to Article 14-3 of the Securities Exchange Act. In addition, there were no board resolutions that met opposition or reservations by independent directors and that were recorded or declared in writing this year. Please refer to “(XI) important resolutions of the shareholders' meeting and the board meeting in the latest financial year and up to the date of publication of the annual report” for the independent directors’ opinions, handling status and resolution results.

(2) For the implementation of avoidance of motions by directors due to a conflict of interest involved, the name of the director, the content of the motion, the reason for withdrawal from the meeting for interest avoidance and the voting results shall be stated.

Meeting No. 13 of the Board of Directors of the 24th Intake on January 3, 2023: As was decided in the 9th meeting of the Compensation and Remuneration Committee of the 5th intake, it is intended to finalize the attendance pay, NTD 30,000 only, per meeting per person for Members Tsao Ming and Chu Jih-Chuan of the Sustainable Development Committee of the first intake.

Decision: Directors Chao Ming and Chu Ji-Chuan excused themselves and did not take part in the discussion and voting. The remaining directors present unanimously approved the proposal.

Meeting No. 15 of the Board of Directors of the 24th Intake on March 27, 2023: As was decided in the 10th meeting of the Compensation and Remuneration Committee of the 5th intake on March 24, 2023, it is intended to issue the Dragon Boat Festival and Mid-Autumn Festival gift money worth 15 days of the salary of general employees, respectively, and the 30-day year-end bonus to directors who performed duties and received salaries throughout 2023 (Chen Jung-Yuan, Chen Li-Te, Wu Chung-Li, and Chen Cheng-Te).

Decision: Directors Chen Jung-Yuan, Chen Kai-Yuan, Chen Li-Te, and Wu Chung-Li-Te excused themselves and did not take part in the discussion and voting. The remaining directors present unanimously approved the proposal.

3. Board of Directors Evaluation

Evaluation cycle	Evaluation period (Note	Evaluation scope	Evaluation method	Evaluation content
The internal performance evaluation of the board of directors is carried out regularly every year.	The performance of the Board of Directors from January 1, 2023 to December 31, 2023 was evaluated.	The evaluation covers the performance of the board of directors, individual directors, the Audit Committee, the Compensation and Remuneration Committee and the Sustainable Development Committee.	It includes the internal self-assessment of the board of directors, self-assessment of directors and performance evaluation by peers.	(I) The measurement items of the performance evaluation of the board of directors of the Company cover the following five aspects: 1. Degree of participation in the Company's operations. 2. Improvement in the decision-making quality of the board. 3. Composition and structure of the board of directors. 4. Election and continuing study of directors. 5. Internal control. (II) The measurement items of the performance evaluation of individual directors (by self or peer) covers the following six aspects: 1. Mastery of Company goals and tasks. 2. Awareness of the director's responsibilities. 3. Degree of participation in the Company's operations. 4. Internal relationship management and communication. 5. Professional and continuing study by the director. 6. Internal control. (III) The measurement items of the performance evaluation of the Audit Committee shall at least cover the following five aspects:

				1. Degree of participation in the Company's operations. 2. Awareness of the responsibilities of the Audit Committee. 3. Improvement in the decision-making quality of the Audit Committee. 4. Composition of the Audit Committee and election of its members. 5. Internal control. (IV) The measurement items of the performance evaluation of the Compensation and Remuneration Committee shall at least cover the following four aspects: 1. Degree of participation in the Company's operations. 2. Awareness of the responsibilities of the Compensation and Remuneration Committee. 3. Improvement in the decision-making quality of the Compensation and Remuneration Committee. 4. Composition of the Compensation and Remuneration Committee and election of its members. (V) The measurement items of the performance evaluation of the Sustainable Development Committee shall at least cover the following four aspects: 1. Involvement in

				corporate operations 2. Awareness of the duties of Sustainable Development Committee 3. Improved decision-making quality of Sustainable Development Committee 4. Composition and election/appointment of members of Sustainable Development Committee 5. Internal control

The performance evaluation results of the Board of Directors, the Audit Committee, the Compensation and Remuneration Committee, and the Sustainable Development Committee in 2023 were presented during the Board of Directors meeting on February 19, 2024 and disclosed on the corporate website.

4. The objective of strengthening the functions of the board of directors in the current year and the most recent year (such as setting up an audit committee, enhancing information transparency, etc.) and the status of evaluation: Handled in compliance with laws and regulations

(II) Audit Committee

1. Annual key work and operation status of the Audit Committee:
   (1) The Company’s Audit Committee consists of 3 members.
   (2) The Audit Committee's key annual work is supervision of the following matters:
      (A) Appropriate expression of the Company’s financial statements
      (B) Election/Appointment (Dismissal), independence, and performance of CPAs
      (C) Effective implementation of the Company's internal control
      (D) Compliance of the Company with applicable laws, regulations, and rules
      (E) Control over Company's existing or potential risks
   (3) In the most recent year up to December 31, 2023, the Audit Committee of the Company met five times (a), and the main issues discussed were the Company's involvement in the matters listed in Article 14-5 of the Securities and Exchange Act. The attendance of the committee members was as follows:

2. In 2023, the Audit Committee met 5 times (a), and the attendance was as follows:

Title	Name	Actual attendance Frequency (b)	Attendance by proxy frequency	Actual attendance rate (%) (b/a)	Remarks
Convener	Wang Po-Hsin	5	0	100%	
Independent Director	Tsao Ming	5	0	100%	
Independent Director	Chu Jih-Chuan	5	0	100%	

3. Other matters to be documented:

(1) When the operation of the Audit Committee is found with one of the following conditions, the date, session No., details of proposals, decisions made by the Audit Committee, and how the Company addressed opinions from the Audit Committee in the Board of Directors' meeting shall be stated:

(A) Matters listed in Article 14-5 of the Securities and Exchange Act are handled according to the opinions of the Audit Committee.

Audit Committee	Date	Proposal content and subsequent handling
2nd intake 9th meeting	03/27/2023	Additional endorsements and guarantees. Resolution: All members present agree to pass the resolution.
2nd intake 9th meeting	03/27/2023	2022 Internal Control System Declaration Decision: Approved by all attending members.
		2022 Financial Statements (Including Consolidated Financial Statements) Decision: Approved by all attending members.
		2022 Earnings Distribution Decision: Approved by all attending members.
		Delegation of CPAs for 2023 Financial Statements Decision: Approved by all attending members.
2nd intake 10th meeting	05/08/2023	Additional endorsements and guarantees. Decision: Approved by all attending members.
		Consolidated Financial Statement for the first quarter of 2023 Decision: Approved by all attending members.
2nd intake 11th meeting	08/07/2023	Additional endorsements and guarantees Decision: Approved by all attending members.
		Consolidated Financial Statement for the the second quarter of 112. Decision: Approved by all attending members.

2nd intake 12th meeting	11/06/2023	Additional endorsements and guarantees Decision: Approved by all attending members.
		2024 Audit Plan Decision: Approved by all attending members.
		Revision of the Articles of Association, the Board Performance Evaluation Measures, the Rules of Procedure for Shareholders Meetings and the Operating Procedure for Handling Major Internal Information to Prevent against Insider Trading Decision: Approved by all attending members.
		Consolidated Financial Statement for the third quarter of 2023 Decision: Approved by all attending members.

(B) Other than the above-mentioned items, the resolutions passed by over two-thirds all directors but not approved by the Audit Committee: None.

(2) Recusal of independent directors upon conflicts of interest in proposals being discussed: statement: None.

(3) Communication between independent directors (Audit Committee) and the internal audit director and accountant

(A) Communication policy between independent directors (Audit Committee) and the internal audit director and accountant:

a. On June 8, 2018, three independent directors were elected in the shareholders' meeting to form the Audit Committee of the Company.

b. In addition to submitting the audit report to the independent directors for review every month, the audit director reports to the independent directors during Audit Committee meetings on a quarterly basis on how audits are carried out and followed up, and discusses and communicates immediately in response to the questions raised by the members; the accountant attends Audit Committee meetings at least once a year to communicate with independent directors on the review of financial statements. If necessary, independent directors may also call for a meeting at any time.

c. The audit director and the accountant may directly contact independent directors as needed at any time; communication has been going well.

d. The Company also discloses the communication between independent directors and the internal audit director and the accountant on the corporate website.

(B) Summary of communication between independent directors (Audit Committee) and the accountant in 2023

Date	Focus of communication
03/27/2023	Explanation of the review of the financial quarterly report for the 4st quarter of 2022: 1. Independence. 2. The responsibility of audit personnel to audit the financial statements. 3. Type of audit opinions provided. 4. Audit scope. 5. Audit findings. 6. Main impacts of Statement of Auditing Standards No. 75 on the Company. 7. Other matters to be paid attention to. 8. Update of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations
05/08/2023	Explanation of the review of quarterly financial reports for the 1st quarter of 2023: 1. Independence. 2. Responsibility of audit personnel for auditing interim financial reports. 3. Type of review conclusions provided. 4. Audit scope. 5. Audit findings. 6. Main impacts of Statement of Auditing Standards No. 75 on the Company. 7. Other matters to be paid attention to. 8. Update of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations
08/07/2023	Explanation of the review of quarterly financial reports for the 2st quarter of 2023: 1. Independence. 2. Responsibility of audit personnel for auditing interim financial reports. 3. Type of review conclusions provided. 4. Audit scope. 5. Audit findings. 6. Main impacts of Statement of Auditing Standards No. 75 on the Company. 7. Other matters to be paid attention to. 8. Update of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations

11/06/2023	Explanation of the review of quarterly financial reports for the 3rd quarter of 2023: 1. Independence. 2. Responsibility of audit personnel for auditing interim financial reports. 3. Audit scope. 4. Audit findings. 5. Annual audit plan. 6. Update of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations
Result: All the matters above have been reviewed or approved by independent directors with no objection.	

(C) Summary of communication between independent directors (Audit Committee) and the internal audit director in 2023

Date	Communication items
01/03/2023	1. Report on the implementation of the audit plan from October to November of 2022
03/27/2023	1. Report on the implementation of the Audit Plan from December 2022 to January 2023 2. Review of the “2022 Internal Control System Declaration”
05/08/2023	1. Report on the implementation of the audit plan in December 2023
08/07/2023	1. Report on the implementation of the Audit Plan from March to May 2023
11/06/2023	1. Report on the implementation of the audit plan from June to September 2023 2. Review of 2024 Audit Plan 3. Revision of “internal control system”
Result: All the matters above have been reviewed or approved by the Audit Committee, and independent directors had no objection.	

(III) The operation of corporate governance and the difference from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
1. Has the Company prepared and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	Yes		The Company has prepared its “Corporate Governance Best Practice Principles" and follows the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies” while enforcing corporate governance and declares in the section for stakeholders on the Company’s website and the website designated by the competent authority for securities where information is declared.	The contents are revised reflective the Company’s practice and answers to the essence of the “Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies”.
2. The equity structure and shareholders’ equity of the Company (I) Does the Company establish internal operating procedures for handling shareholder suggestions, questions, disputes or lawsuits and implement the procedures?	Yes		The Company's Management Department handles shareholder suggestions, doubts or disputes. If there are litigation matters involved, they will be referred to the Company's legal counsel for handling.	The “Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Does the Company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	Yes		The Company does not have major shareholders holding 10% and more shares. Information of shareholders holding 5% and more shares is disclosed in the financial report on a quarterly basis as required. Directors and managers file	

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			changes to the shares they hold with the Company on a monthly basis as required. The Company also discloses such information on the website designated by the competent authority where it is declared.	
(III) Has the Company established and implemented risk management and firewall mechanisms with its associated enterprises?	Yes		There are the “Regulations Governing Transactions with Related Parties” and the “Guidelines for the Supervision and Management of Subsidiaries” in place and control is imposed as required by law.	
(IV) Has the Company established internal rules against insiders trading with undisclosed information?	Yes		Internal regulations such as the “Ethical Corporate Management Best-Practice Principles”, the “Code of Ethical Conduct”, and the “Operating Procedure for Handling Major Internal Information to Prevent against Insider Trading” are in place to prevent against illegal profits made by insiders taking advantage of information yet to be released in trading securities and current directors, managers, and employees are adequately educated and communicated to on applicable laws and regulations on a yearly basis.	

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
3. Composition and Duties of the Board of Directors (I) Has the Board of Directors developed diversification policies, substantial management goals and enforced them?	Yes		The Company takes into consideration diversification in the composition of the Board of Directors and prepares appropriate diversification policies to address its operational and developmental needs reflective of its operational pattern. It specifies in Article 20 of the "Corporate Governance Best Practice Principles" the overall capabilities expected of members of the Board of Directors, including, without limitation, the following two major dimensions, and enforce them: 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. In order to achieve the goal of corporate governance, the board of directors should have	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			the following capabilities as a whole: (Refer to Paragraph 1 Sub-paragraph 1 Item 3 of the Corporate Governance Report - Diversification of Directors) 1. The ability to make judgments about operations. 2. Accounting and financial analysis ability. 3. Business management ability. 4. Crisis management ability. 5. Knowledge of the industry. 6. An international market perspective. 7. Leadership ability. 8. Decision-making ability. 9. Law	
(II) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?		No	Besides the Remuneration Committee and the Audit Committee, the Company formed the Sustainable Development Committee in 2022, with related functions and responsibilities provided in “Promotion of sustainable development and its implementation status and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons” of this Annual Report.	The “Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
(III) Has the Company formulated the board's performance assessment and evaluation method, conduct performance evaluation annually and regularly, and report the results of the performance evaluation to the Board of Directors, and apply it to individual directors' compensation/remuneration and nomination renewal?	Yes		The Company prepared the "Board Performance Evaluation Measures" on November 12, 2020, and in accordance with the regulations of the competent authority, has been conducting self-assessment of the board of directors, individual directors and functional committees regularly every year since the first quarter of 2021. The evaluation results of 2023 were already presented to the Board of Directors on February 19, 2024. It is rated overall as optimal. However, some directors had no time to take part in corporate operation due to their other tasks and there are a total of 4 directors who are one another's relatives within the second degree of kinship and hence the score was relatively low. Generally speaking, the Board of Directors is functioning optimally and will continue to become better based on the current evaluation results in order to enhance the efficacy of corporate governance. Related data can serve as reference for directors' Remuneration and nomination for extension of term in office.	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(IV) Has the Company assessed the independence status of the CPAs at regular intervals ?	Yes		The Company's Audit Committee evaluates the	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			independence and suitability of the CPAs on a yearly basis and asks the CPAs to provide the “Extraordinary Independence Declaration” and in the beginning of 2023, besides the “Audit Quality Indicators (AQIs)”, the criteria and 13 AQIs in the notes were followed for the evaluation. It is confirmed that besides the costs of certification and financial taxation cases of the Company, the CPAs are not related to the Company in terms of other financial interests and business operations. Their family members also do not violate the independence requirement and according to the AQIs, it is confirmed that the CPAs and their law firm are higher than the mean industrial level in terms of their experience with audits and the training hours they have acquired. After having been discussed by the Audit Committee on March 27, 2023 over the last year, it was brought forth in the Board of Directors meeting on the same day for a decision over the evaluation of CPA’s independence and suitability.	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Status</th><th rowspan="2">Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>IV. Is the TWSE / TPEx listed company equipped with qualified and appropriate number of corporate governance personnel, and appoint a corporate governance director responsible for corporate governance related matters (including but not limited to providing information needed by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders’ meeting in accordance with the law, handling company registration and changes in registration, and producing minutes of board meetings and shareholders' meetings)?</td><td>Yes</td><td></td><td>The Company approved the setup of the position for Corporate Governance Officer through the Board of Directors meeting on March 29, 2021. The Corporate Governance Officer already possesses multiple years of experience serving as the head of a stock affairs unit in a public company.
Related responsibilities and tasks performed are highlighted as follows:
I. Address Board of Directors meetings and shareholders’ meetings-related matters as required by law.
II. Prepare minutes of the Audit Committee and Board of Directors meetings and shareholders’ meetings.
III. Assist in the inauguration and continuing education of directors.
IV. Provide materials needed for directors to fulfill their duties.
V. Help directors comply with regulatory requirements.
VI. Other matters described or established in the Articles of Incorporation or contracts, etc.
Continuing Education Completed by the Corporate Governance Officer: refer to the table below for details.</td><td>The “Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.</td></tr>
</table>

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
V. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	Yes		The Company has set up a special area for stakeholders on the Company's website. Stakeholders are contacted by related departments. The Management Department assists in properly handling important corporate social responsibility issues which are of the concern of stakeholders.	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
VI. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	Yes		The Company has appointed the Stock Affairs Department of Chinatrust Commercial Bank to handle shareholders' meeting related matters.	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
VII. Disclosure of Information (I) Has the Company installed a website for the disclosure of information on financial position and operation, as well as corporate governance?	Yes		The Company's website discloses company profiles, business overviews, financial information, and corporate governance information in accordance with the regulations.	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.
(II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for	Yes		The Company has dedicated personnel responsible for the collection and disclosure of Company information. The spokesperson's communication channels are very smooth, and	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
the collection and disclosure of information on the Company, the implementation of ae spokesman system, and videotaping institutional investor conferences)?			shareholders can call to express their opinions or inquiries about the Company's operations.	
(III) Does the Company announce and declare its annual financial report within two months after the end of the fiscal year, and announce and declare the first, second, and third quarter financial reports and the monthly operating situation as early as possible within the prescribed time limit?		No	The financial report is yet to be announced and filed within two months after the end of the year; nevertheless, the quarterly financial report, monthly revenue, and endorsement/guarantee have been announced and filed by the given deadline.	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled without significant differences.
VIII. Is there any other essential information that would help understand the pursuit of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, the continuing education of directors and supervisors, the pursuit of a risk management policy and standard of risk assessment, the pursuit of a customer policy, and	Yes		In addition to the Company's full compliance with the Labor Standards Act, its Articles of Incorporation specify that employee remuneration and special incentives shall be 4.8% and 1.2% of the profit for the year respectively. However, if the Company still has accumulated losses, they shall be made up for first. The Company surpasses the general standards of traditional industries in that its employee welfare committee provides major	The "Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies are fulfilled.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
professional liability insurance coverage for the directors and supervisors)?			holiday benefits gold, children's scholarships, and stipends for weddings and funerals. The company's employees have an average tenure of 11.05 years, reflecting the fact that the Company's benefits, work systems, and working environment have all have surpassed industry averages. Labor and capital thus coexist and prosper and senior employees are willing to serve the Company. 1. The Company's spokesperson is ready to take phone calls at any time to answer questions from investors or shareholders and help them understand the Company's operating conditions. However, in accordance with the rules set down by the securities regulatory authority: no separate disclosure of regulated information is allowed. 2. The Company has always maintained long-term relationships with suppliers, stabilized supply relationships, reduced operating supply risks and costs, and protected shareholders' rights. 3. The Company's website has set up a special	

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			area for stakeholders and prepares an ESG report every year so that all stakeholders can understand the company’s operations and express views or make inquiries through contact channels. 4. The Company's risk management has always been based on the principles of immediacy, openness, honesty, and compliance with government regulations and related laws. 5. The Company arranges liability insurance for directors every year with an insured amount of NTD92,670 thousand. 6. Status of advanced training for directors: detailed in the Table below.	

IX. Please explain corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year.

Besides reinforced contents of the corporate web page with addition of corporate information transparency, improvements that have been made of corporate governance evaluation indicators are clarified as follows

Evaluation indicator	Improvement/Response

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
Did the Company upload the shareholders' meeting handbook along with supplementary meeting materials 30 days before the General Shareholders' Meeting?			Data were uploaded within 30 days.	
Have members of the Company's Remuneration Committee attended at least two meetings a year and is information about periodic discussions of director/supervisor/manager performance evaluations and Remuneration/remuneration policies, systems, standards, and structures disclosed?			The dates of, proposals included in, and decisions made during Remuneration Committee meetings throughout the year are already disclosed in the Annual Report.	
Is the Company certified by ISO 14001, ISO 50001, or similar environmental or energy management systems?			Yes, and validity of certification obtained is disclosed on the official website.	
Does the Company have a Corporate Governance Officer to take charge of corporate governance affairs, with the scope of responsibility, highlights of implementation throughout the year, and continuing education clarified on the Company's website and in the Annual Report?			The scope of responsibility and continuing education (including hours) for the said year of the Corporate Governance Officer are already disclosed in the Annual Report and on the website.	

Status of directors' advanced study:					
Participants		Date	Class hours	Organizer	Course title
Title	Name				
Director	Chen Kai-Yuan	11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
Director	Chen Kai-Yuan	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds
Director	Wu Chung-Li	11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
Director	Wu Chung-Li	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds
Director	Chen Li-Te	11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
Director	Chen Li-Te	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds
Director	Chen Jung-Yuan	09/04/2023	6.0	Financial Supervisory Commission	The 14th Taipei Corporate Governance Forum
Director	Chen Jung-Yuan	11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
Director	Chen Jung-Yuan	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds

Director	Chen Cheng-Te	07/26/2023	3.0	Taiwan Corporate Governance Association	Prospective Green Business Opportunity: Production and Management of Carbon-free Energy and Utilization of Green Electricity
Director	Chen Cheng-Te	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds
Director	Chen Yi-Te	11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
Director	Chen Yi-Te	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds
Director	Chu Yuan-Hua	04/25/2023	6.0	The Institute of Internal Auditors	"Insider Trading" and "Untruthful Financial Statements": Practice and Countermeasures
Independent Director	Tsao Ming	09/23/2023	3.0	Securities and Futures Institute	Carbon Credit Trade and Carbon Management and Utilization
Independent Director	Tsao Ming	09/23/2023	3.0	Securities and Futures Institute	2024 Global Economic Outlook and Industrial Trends
Independent Director	Wang Po-Hsin	11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
Independent Director	Wang Po-Hsin	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds
Independent Director	Chu Jih-Chuan	11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
Independent Director	Chu Jih-Chuan	11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds

Continuing Education Completed by the Corporate Governance Officer:

Date	Class hours	Organizer	Course title
03/29/2023	6.0	Taiwan Corporate Governance Association	Seminar on Analysis of Climate Change Solutions and Corporate Countermeasures
04/25/2023	2.0	The Institute of Internal Auditors	“Insider Trading” and “Untruthful Financial Statements”: Practice and Countermeasures
04/27/2023	3.0	Taiwan Stock Exchange	Communication on Sustainable Development Action Plans for TWSE/TPEx-listed Companies
05/26/2023	3.0	Environmental Protection Administration, Executive Yuan	Lecture and Workshop on “Green Chemistry for Joint Sustainability”
10/20/2023	3.0	Securities and Futures Institute	2023 Communication on Prevention Against Insider Trading
11/27/2023	3.0	Taiwan Corporate Governance Association	Big Data Analysis and Detection of and Prevention Against Corporate Frauds
11/27/2023	3.0	Taiwan Corporate Governance Association	Required Class on Sustainable Corporate Governance: Diversified Management as a Result of External Impacts to Create Positive Corporate Values
12/08/2023	3.0	Securities and Futures Institute	2023 Promotional Workshop on Compliance with Law and Regulations Governing Equity Trading of Insiders

Note: Accountant independence and competency assessment standards

AQI Disclosure Framework - 5 Major Constructs, 13 Indicators

Construct	No.	Audit Quality Indicator
Professionalism	1	Auditing experience
	2	Number of hours acquired on training
	3	Liquidity
	4	Professional support
Quality control	5	CPA load
	6	Auditing commitment
	7	EQCR Follow-up review
	8	Quality control support capability
Independence.	9	Non-audit service fees
	10	Customer familiarity
Supervision	11	External check of deficiency and disposition
	12	Issuance of letter demanding correction from competent authority
The ability to innovate	13	Innovative planning or initiative

Factors affecting the independence of accountants

Possible matters affecting the independence of CPAs	Description of possible influential matters	Example	Evaluation Results
1. **Self interest** (Duty 十 8)	When independence is affected by "**self interest**", it means financial interest obtained from the customer being audited or conflicts of interest from the customer being audited as a result of other stakes.	1. Direct or significant indirect financial interests in the customer being audited 2. Financing or guarantee with the customer being audited or its directors/supervisors 3. Taking the possibility of losing the customer into consideration 4. Close business relationships with the customer being audited 5. Potential employer/employee relationships with the customer being audited 6. Public expenses, if any, concerning the case being audited	None of above

Possible matters affecting the independence of CPAs	Description of possible influential matters	Example	Evaluation Results
2. **Self Evaluation** (Duty 十 9)	When independence is affected by "**self evaluation**", it means that the report presented or the judgment made by CPAs on "non-audit service cases" serves as important criterion for rendering conclusions of the audit while financial information is being audited or reviewed or a member in the Audit Group once served as the director/supervisor of the customer being audited or held a position with direct and material impacts on the said audit case.	1. Members of the Audit Group are not serving or holding now or have not served for the past two years as the director, supervisor, or manager or held a position offered by the customer being audited with significant impacts on the case being audited. 2. There are no significant items that will impact the case being audited directly as a result of non-auditing service provided to the customer being audited.	None of above
3. **Defense** (Duty 十 10)	When independence is affected by "**defense**", it means that a member in the Audit Group becomes the defender of the stance or opinions of the customer being audited to result in questionable objectivity.	1. Promoting or brokering shares or other securities issued by the customer being audited 2. Serving as the defendant of the customer being audited or coordinating on be half of the customer being audited over conflicts with other third parties.	None of above

Possible matters affecting the independence of CPAs	Description of possible influential matters	Example	Evaluation Results
4. **Familiarity** (Duty 十 11)	When independence is affected by "**familiarity**", it means that, because of the close relationships with the customer being audited, the director/supervisor, or the manager, the CPAs or a member in the Audit Group overly cares about or sympathizes with the customer being audited.	1. Kinship with the director/supervisor, manager, or the staff with significant impacts on the case of the customer being audited 2. A co-practicing CPA that has retired for less than 1 year serving as the director/supervisor, manager, or a post with significant impacts on the case being audited a position with a significant influence on the case being audited 3. Acceptance of any offering or gift of significant value from the customer being audited or its director, supervisor, or manager	None of above

Possible matters affecting the independence of CPAs	Description of possible influential matters	Example	Evaluation Results
5. **Coercion** (Duty 十 12)	When independence is affected by "**coercion**", it means that a member in the Audit Group bears or senses intimidation from the customer being audited so that he/she is unable to remain objective and clarify professional doubts.	1. Requesting acceptance by the CPA improper choice of accounting policy made by the management or improper disclosure in Statement. 2. Pressurizing the CPA with reduced public expenses so as to make him/her cut down the expected scope of work to be completed for the audit 3. Threatening the CPA with a lawsuit 4. Threatening to cancel the delegation of non-audit cases to force the firm to accept the improper accounting management policy selected in some specific transactions 5. Threatening to dismiss the delegation or extended delegation of the case being audited	None of above

Possible events and explanations that may affect the independence of accountants:

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
1. Financial interests: 1.1 "Direct financial interests" with the customer being audited 1.2 "Significant indirect financial interests" with the customer being audited 1.3 "Significant financial interests" with other companies controlled by the customer being audited	1. Impacts of "self interest" will result from the "direct financial interests" or "significant indirect financial interests" with the customer being audited (Possibly affected parties: CPAs and their relatives, members of the Audit Group and their families, other co-practicing CPAs at the firm and their families, the accounting firm, the accounting firm's affiliates)	No impacts of financial interests
2. Financing and Guarantee: 2.1 Financing or guarantee from a financial institution with abnormal business practice 2.2 Financing or guarantee from the customer being audited that is not a financial institution 2.3 Financing or guarantee with the customer being audited that is not a financial institution	2. Impacts of "self-interest" will result from financing or guarantee with the "customer being audited that is not a financial institution" or financing or guarantee with the "customer being audited that is a financial institution" that is "abnormal business practice." (Possibly affected parties: CPAs and their relatives, members of the Audit Group and their families, the accounting firm, the accounting firm's affiliates)	No financing and guarantee
3. Close business relationship with the customer being audited 3.1 Close business relationships with the customer being audited 3.2 Close business relationships with the director/supervisor or manager of the customer being audited (EX. Co-invested business, profit-making strategic alliance, joint product marketing promotion, etc.)	3. Possible impacts of "self interest", "familiarity", and "coercion" will result from the business interest involved in the close business relationships with the customer being audited or its director/supervisor, manager, and important shareholders (such as co-invested business, profit-making strategic alliance, joint product marketing promotion, etc.) or biological relationships with the director/supervisor, manager, or staff with significant impacts on the case of the customer being audited. (Possibly affected parties: CPAs and their relatives, members of the Audit Group, the accounting firm, the accounting firm's affiliates)	No close business relationships

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
4. Hired or serving a post offered by the customer being audited: 4.1. CPAs serving as the director/supervisor, manager, or holding a position with significant impacts on the auditing task offered by the customer being audited now or over the past two years 4.2 Serving as the director/supervisor, manager, or holding a position with significant impacts on the auditing task offered by the customer being audited 4.3 Serving as the director/supervisor, manager, or holding a position with significant impacts on the auditing task during the audit 4.4. Confirmed to serve as the director/supervisor, manager, or holding a position with significant impacts on the auditing task offered by the customer being audited in the future 4.5 Serving as the director/supervisor in other companies controlled by the customer being audited 4.6 Providing the customer being audited with the service provided by a director/supervisor or someone holding an equivalent position. 4.7 Performing routine duties as hired by the authorizer or the auditee with a fixed salary	4. Possible impacts of "self interest", "coercion", and "familiarity" will result from serving as or having served as during the audit the director/supervisor, manager offered by the customer being audited or from holding a post with direct and significant impacts on the auditing task and confirmed fulfillment of any of the foregoing positions in the future (Possible position holders: CPAs and their families, relatives, members of the Audit Group and their families, close relatives, other co-practicing CPAs at the firm and their families, the accounting firm, the accounting firm's affiliates)	No position hired for or served
5. Non-audit tasks: **5.1 Appraisal:** 5.11 Providing the customer being audited with appraisal service with significant impacts and a high level of subjectivity that is part of the financial statements 5.12 Providing the customer being audited with appraisal service without significant impacts or a high level of subjectivity despite the fact that it is part of the financial statements	5.1 Possible impacts of "self evaluation" will result from providing the customer being audited with value determination or appraisal service regarding an asset/liability project or the overall corporate value, whose results will become part of the financial statements. (Possible service providers: CPAs and their relatives, members of the Audit Group, the accounting firm, the	None of above

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
	accounting firm's affiliates.)	
5.2 Bookkeeping service: 5.21 Providing bookkeeping service not meeting the requirements of the occupational Code of Ethics 5.22 Providing public offering companies with concurrent auditing and bookkeeping services	5.2 Possible impacts of "self evaluation" will result from performing auditing services such as bookkeeping provided to the customer being audited that involves "confirming accounting records on behalf of the customer and being held accountable for it" or "managerial and operational decision-making". (Possible service providers: accounting firm, accounting firm's affiliates.)	
5.3 Internal audit service: 5.31 Assisting or undertaking internal audit service not provided according generally accepted auditing standards 5.32 Assisting or undertaking internal audit service relevant to corporate business operations	5.3 Possible impacts of "self evaluation" will result from performing internal audit tasks outside the scope of internal audit tasks required for the purpose of auditing financial statements in compliance with generally accepted auditing standards on behalf of the customer being audited. (Possible providers: accounting firm, accounting firm's affiliates)	
5.4 Short-term personnel dispatch service: 5.41 Dispatching internal staff to help the customer being audited perform tasks relevant to management decision-making, approval or signing of contracts or documents, or authorized retention of financial notes signed 5.42 Dispatching internal staff to help the customer being audited perform tasks irrelevant to management decision-making, approval or signing of contracts or documents, or authorized retention of financial notes	5.4 Possible impacts of "self evaluation" will result from assigning internal staff of the accounting firm or the accounting firm's affiliate to help the customer being audited perform tasks relevant to customer's management decision-making, reviewing and signing contracts or similar documents on behalf of the customer, or exercising customer functions. (Possible service providers: accounting firm, accounting firm's affiliates)	

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
signed		
5.5 Recruitment of high-ranking managers: 5.51 Recruitment of high-ranking managers with direct and significant impacts on the case on behalf of the customer being audited	5.5 Possible impacts of "self evaluation/interest", "familiarity", and "coercion" will result from the recruitment of high-ranking managers with direct and significant impacts on the case on behalf of the customer being audited. (Possible service providers: accounting firm, accounting firm's affiliates.)	
5.6 Corporate wealth management: 5.61 Selling, promoting, or trading shares or other securities issued by the customer being audited 5.62 Trading or making commitment about the transaction conditions on behalf of the customer being audited with a third party 5.63 Helping the customer being audited develop corporate strategies 5.64 Brokering sources of funds required by the customer being audited 5.65 Providing the customer being audited with structured advice on a transaction and helping the customer analyze accounting impacts	5.6 Impacts of "self evaluation" and "defense" will result from selling or trading shares or other securities issued by the customer being audited, making commitment about transaction conditions or completing a transaction on behalf of the customer being audited or helping the customer being audited develop corporate strategies, brokering sources of funds for customers, providing structured advice on a transaction or helping analyze accounting impacts. (Possible service providers: accounting firm, accounting firm's affiliates.)	

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
6. Other matters: **6.1 Offering and gift:** 6.11 Acceptance of any offering or gift of significant value from the customer being audited 6.12 Acceptance of any offering or gift of significant value from the director/supervisor or manager of the customer being audited	6.1 Possible impacts of “self interest”, “**familiarity**”, and “coercion” will result from from accepting an offering or gift or improper reception of significant value from the customer being audited or its director/supervisor or manager because of the over concern or sympathy over the interest of the customer being audited from such a close relationship (Possibly affected parties: CPAs and their relatives, members of the Audit Group and their families)	None of above
6.2 Reward and commission: 6.21 Public expenses, if any, for the audit concluded with the customer being audited. 6.22 Soliciting, agreeing to accept, or accepting any reward than that required	6.2 Impacts of “**self interest**” will result from concluding with the customer being audited “public expenses, if any” relevant to the audit or soliciting, agreeing to accept, or accepting any reward other than that required for the audit. (Possibly affected party: CPAs, accounting firm)	
6.3 Business undertaking: 6.31 Having served as a CPA for 7 years in a row as delegated by a listed company	6.3 Possible impacts of “familiarity” will result from the fact that CPAs having served a listed company for 7 years in a row; it is the particular requirement of the Taiwan Stock Exchange or the Taipei Exchange. (Affected parties: CPAs)	
6.4 Professional act and stained professional reputation: 6.41 Purchasing real or personal property under his or her management as a CPA 6.42 Taking advantage of one's position as a CPA to engage in improper industrial or commercial competition 6.43 Coordinating conflicts with other third parties, defending, or making claims on behalf of the customer being audited	6.4 The said item is found to undermine the professional image and the dignity of tasks performed by the CPA and affect the CPA in terms of “self interest” or “defense”. (Possibly affected parties: CPAs, members of the Audit Group)	

(IV) Composition, Responsibilities, and Operation of the Compensation and Remuneration Committee:

1. Information of Remuneration Committee Members

December 31, 2023

Status (Note 1)	Terms / Name	Professionalism and experience (Note 2)	Independence (Note 3)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Convener	Wang Po-Hsin	Major Education: Master of Business Administration, Michigan State University, United States Major Experience: 1. Chairman of East Asia Securities Company Limited in Taiwan 2. Independent Director of PCA Life Assurance Co., Ltd.	①②③④⑤⑥⑦⑧⑨⑩	0
Independent Director	Chu Jih-Chuan	Major Education: Master of Law, Northwestern University Major Experience: 1. Assistant/Partner, Baker McKenzie 2. Attorney, Formosa Transnational Attorneys at Law. 3. Attorney, Taiwan Depository & Clearing Corporation 4. Attorney, Central Deposit Insurance Corporation	①②③④⑤⑥⑦⑧⑨⑩	0

Others	Liang Chi-Yen	Major Education: Master of Business Administration, National Chenchi University Bachelor of Chemical Engineering, National Tsing Hua University Professionalism: Part-time instructor, Soochow University Major Experience: 1. Executive Vice President of Venture Capital, China Development Industrial Bank 2. Manager, Hewlett-Packard Company 3. Chairman, Institutional Representative TAINET COMMUNICATION SYSTEM CORP. 4. Director, Institutional Representative OCTTEL COMMUNICATION CO., LTD. 5. Director, Institutional Representative FLEXIUM INTERCONNECT INC 6. Director, TA CHEN STAINLESS PIPE CO., LTD. 7. Director, Ruijin Technology Consulting Co., Ltd. 8. Independent Director and Member of Remuneration Committee, eMemory Technology Inc. 9. Independent Director and Member of Remuneration Committee, Excelliance MOS Corporation 10. Member of Remuneration Committee, SHINKONG TEXTILE CO., LTD. 11. Supervisor, ASMEDIA TECHNOLOGY INC. 12. Supervisor, Institutional Representative Huahe Cultural Creativity Management Consulting Co., Ltd. 13. Supervisor, csrCommunity International Limited	①②③④⑤⑥⑦⑧⑨⑩	2

Note 1: Please specify years of work experience, professionalism, and experience and status of independence of individual members of the Compensation and Remuneration Committee in the table. For independent directors, notes may be added. Refer to (I) of Exhibit 1 Profile of directors and supervisors on Page 17 for related information. Provide "independent director" or "other" for "Status" (add a note for the convener).

Note 2: Professionalism and experience: Specify the professional qualifications and experience of individual members of the Compensation and Remuneration Committee.

Note 3: Status of Independence: Specify the status of independence of the members of the Compensation and Remuneration Committee, including, without limitation, whether or not a member himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for the Company or any of its affiliates, the number and weight of shares the member himself/herself, his/her spouse, or a relative within the second degree of kinship holds, whether or not the member himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for a company in a specific relationship with the Company (refer to the requirements in Article 6 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing the Appointment and Exercise of Powers by the Compensation and Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange), and the amount of rewards received for corporate commerce, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

① Not an employee of the Company or its affiliates.

② Not a director or supervisor of the Company or its affiliates (except for concurrent independent directors of the Company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).

③ Not a natural-person shareholder holding more than 1% of the total number of issued shares or among the top 10 natural-person shareholders in the name of itself, its spouse, minor children or others.

④ Not a manager in ① or the spouse, second-tier relative or third-tier relative of the persons listed in ② or ③.

⑤ Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of outstanding shares of the Company or that holds shares ranking in the top five in holdings, or is designated as a representative in accordance with Article 27, Paragraph 1 or 2 of the Company Act. (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary, or a subsidiary of the same parent company in accordance with this law or local laws, this limitation shall not apply.)

⑥ Not a director, supervisor or employee of another company which has a seat on the board of directors, or more than half of its shares with voting rights are controlled by the same owner of the Company (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary or a subsidiary of the same parent company in accordance with this law or local laws, this limitation shall not apply.).

⑦ Not a director, supervisor or employee of another company or institution who is the same person or spouse as the Chairman, President or an equivalent position of the Company (However, in the case of independent directors established and concurrently serving in the Company and its parent company, subsidiary or a subsidiary of the same parent company in accordance with this law or local laws, this limitation shall not apply.).

⑧ Not a director, supervisor or manager of another company or institution which has financial or business dealings with the Company, or is a shareholder holding more than 5% of the shares of the Company (not applicable if the Company or institution holds more than 20% but no more than 50% of the total issued shares of the Company, with concurrent independent directors of the Company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or local laws and regulations).

⑨ Not a professional, sole proprietor, partner, business owner or partner, or a director, supervisor, manager or the spouse of the above of a company or institution which provides audit services to the Company or its affiliated enterprises, or the cumulative remuneration amount of which in the past two years exceeds NTD 500,000 for business, legal affairs, finance or accounting related services. However, for members of the Salary and Compensation and Remuneration Committee, Public Acquisitions Review Committee, or M&A Special Committee who perform their functions and powers in accordance with the relevant laws and regulations of the Securities and Exchange Act or the Corporate Mergers & Acquisitions Act, this limitation shall not apply.

⑩ There are no such circumstances as in Article 30 of the Company Act.

2. Responsibilities of the Remuneration Committee

(1) Regularly review the organizational procedures of the Compensation and Remuneration Committee and propose amendments.

(2) Formulate and regularly review the Company's policies, systems, standards and structures of annual and long-term performance targets and compensation and remuneration for directors, supervisors, and managers.

(3) Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of their individual remuneration.

3. Information on the operation of the Remuneration Committee

(1) The Company's Compensation and Remuneration Committee consists of 3 members.

(2) The Compensation and Remuneration Committee met 2 times (a) in 2023; attendance of the members was as follows:

Title	Name	Actual attendance Frequency (b)	Frequency of attendance	Actual attendance (%) (b/a)	Remarks
Convener	Wang Po-Hsin	2	0	100%	
Member	Chu Jih-Chuan	2	0	100%	
Member	Liang Chi-Yen	2	0	100%	

4. Other matters to be documented:

(1) If the Board of Directors does not adopt or amend the recommendations of the Compensation and Remuneration Committee, the date and period of the Board of Directors, the content of the proposal, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee shall be stated. (If the remuneration approved by the Board of Directors exceeds the recommendation of the Remuneration Committee, the differences and reasons shall be stated):

A. Matters being discussed by the Compensation and Remuneration Committee and the decisions made

Date of Compensation and Remuneration Committee Meeting	Matter discussed	Decision made
The 10th meeting of the 5th intake March 24, 2023	2023 remuneration and special rewards to employees and remuneration to directors	The proposal was approved as is unanimously by all members
	2022 Board of Directors and functional committees performance review results	The proposal was approved as is unanimously by all members
	Three-festival bonus for directors having performed duties and received salaries in 2023	The proposal was approved as is unanimously by all members
	Intended issuance of 2022 year-end bonus equivalent to 30-day salary for consultants	The proposal was approved as is unanimously by all members

The 11th meeting of the 5th intake September 25, 2023	Salary cut effective from September 1, 2023 to December 31, 2023 for high-ranking managers	The proposal was approved as is unanimously by all members

B. Resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Compensation and Remuneration Committee: None.

C. On resolutions of the Compensation and Remuneration Committee, if members have objections or reservations and have records or written declarations, the date, period, proposal content, opinions of all members and the handling of the opinions of the members shall be stated: None.

(V) Information on Member Profile and Status of the Sustainable Development Committee:

1. Composition of Sustainable Development Committee

The Company formed the Sustainable Development Committee in 2022. All members are directors (including 2 independent directors) and the management. It is responsible for helping the Board of Directors prepare sustainable development policies, systems, or related management directives and planning sustainability-related affairs in compliance with regulatory requirements. It reports to the Board of Directors once every six months related ESG strategies and implementation efficacy.

2. Responsibilities of Sustainable Development Committee

(1) Review sustainable development policies

(2) Plan sustainable development strategies and decide the annual plan

(3) Supervise the consolidation of sustainable development-related matters and evaluate the implementation status

(4) Review the Sustainability Report.

(5) Report to the Board of Directors the annual sustainable development implementation status

(6) Other matters it is in charge of based on decisions made by or instructions provided by the Board of Directors

3. Profile and Status of the Sustainable Development Committee

(1) The Company's Sustainable Development Committee consists of 6 members in total.

(2) Tenure of current members: December 30, 2022 through July 4, 2024. In the most recent year, the Sustainable Development Committee met 3 times (a).

Title	Name	Actual attendance Frequency (b)	Attendance by proxy Frequency	Actual attendance (%) (b/a)	Remarks
Chairman	Chen Jung-Yuan	3	0	100%	
Member	Chen Cheng-Te	2	1	67%	
Vice Chairman	Huang Chih-Cheng	3	0	100%	
Director	Liu Chih-Yung	3	0	100%	
Member	Tsao Ming	3	0	100%	
Member	Chu Jih-Chuan	3	0	100%	

(3) Matters reported by the Sustainable Development Committee:

Sustainable development Meeting	Discussion Item	Decision made
2nd meeting of the 1st intake March 27, 2023	1. 2023 Sustainability Goals	The proposal was approved as is unanimously by all members.
3rd meeting of the 1st intake August 7, 2023	1. Review of 2022 Sustainability Report	The proposal was approved as is unanimously by all members.
4th meeting of the 1st intake November 6, 2023	1. Review of 2023 Climate-related Financial Disclosure Report (TCFD)	The proposal was approved as is unanimously by all members.

(VI) Implementation of promoting sustainable development and differences and reasons from the code of practice for sustainable development of listed companies

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
I. Does the Company have the governance framework in place to help promote sustainable developments and have a unit that specializes (or is involved) in promoting sustainable developments and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors?	V		It was approved in November 2022 by the Company's Board of Directors to set up the Sustainable Development Committee (a functional committee) underneath the Board of Directors in order to reinforce the supervisory mechanism in the Company over implementation of sustainable development. The Sustainable Development Committee is chaired by Chairman of the Board of Directors Chen Jung-Yuan; President Huang Chih-Cheng serves as the Vice Chairman and the Management Department is in charge of enforcing sustainable development tasks. (For the organizational structure, refer to the Company's "2023 Sustainability Report" - Robust Corporate Governance for details.) The Sustainable Development Task Force meets regularly to discuss, with official documentation of the action items provided to corporate directors, and reports at least twice a	No differences.

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			year to the Board of Directors the sustainable development implementation status in the Company, including the sustainable development policies, goals, and management directives and their reflections, risk management, climate change risks and opportunities, greenhouse gas and energy management, among others.	
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the Company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)	V		Sesoda Corporation, including the main office in Taipei, the main plant in Su'ao, the plants in Taichung and Chanhua, among which the financial data are cited from the released information in the Consolidated Financial Statement, incuding the financial performance of subsidiaries, has been audited and certified by external CPAs according to the International Financial Reporting Standards (IFRS). New Taiwan Dollar is adopted as the calculation unit. For environmental and social data, on the other hand, only those of Sesoda are disclosed, excluding subsidiary data. The responsible department at Sesoda is to compile and tally	No differences.

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			them and present them in internationally acceptable indicators. In the future, depending on the overall operational scale, we will include subsidiaries in the scope of corporate social responsibility for complete disclosure. The Company's Sustainable Development Committee evaluates environmental, social, and corporate governance risks of the Company according to the extent of impacts on stakeholders (the evaluation boundary is mainly the Company) and prepares management strategies to effectively identify, weigh, evaluate, supervise, and control risks so as to reduce impacts of related risks. The Company identifies major stakeholders each year and internal and external experts discuss together major issues of concern and weighs their impacts on the Company (for the analysis of related materiality issues, refer to the Company's "2023 Sustainability Report" - Identification of Stakeholders and Material Topics).	

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industrial characteristics?	V		The Company defines environmental management guidelines according to the environmental protection laws and regulations prepared by the Environmental Protection Administration (such as the Air Pollution Control Act, Water Pollution Control Act, and Waste Disposal Act) and reinforces the management of plants through a sound system. Refer to the Company's "2023 Sustainability Report" - Leading in Green Century) 1. The Su'ao Main Plant introduced the ISO 14001 Environmental Management System and the ISO 45001 Occupational Safety and Health Management System in 2021 and was issued the Certificate from UNIVERSAL CERTIFICATION SERVICE CO., LTD.	No differences.
(II) Has the Company endeavored to improve the energy utilization efficiency and use renewable materials with minimal impacts on the environment?	V		To go with the national policy, the Company enforces net zero emission-related measures. The unit product oil consumption goal is set at 54.0 L/ton for the Su'ao Main Plant at baseline (in 2019) and energy reforms will follow the goal, with related equipment added to facilitate low fuel	No differences.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation status (Note)</th><th rowspan="2">Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>consumption.
<table><tr><td>Year</td><td>2019</td><td>2021</td><td>2022</td><td>2023</td></tr><tr><td>Reduction ratio of unit fuel consumed</td><td>Base line</td><td>7%</td><td>10%</td><td>7%</td></tr></table></td><td></td></tr>
<tr><td>(III) Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopt related responsive measures?</td><td>V</td><td></td><td>The Company continues to evaluate the potential risks and opportunities associated with climate change and sets energy conservation goals, energy-saving measures and promotes environmentally friendly products after comprehensive considerations of financial impacts, impacts on the reputation, the global economy, energy cost volatility, and environmental regulatory costs, among others, in order to ensure steady corporate operations and remain competitive, to evaluate the risks and opportunities associated with the climate-related financial disclosure (TCFD) and to disclose accordingly related information such as related governance, strategies, risk management, indicators, and goals of the Company, etc. Refer to the Company’s “2023 Sustainability Report” -</td><td>No differences.</td></tr>
</table>

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operation status (Note)</th><th rowspan="2">Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>Robust Corporate Governance for details.</td><td></td></tr>
<tr><td>(IV) Has the company collected statistics on greenhouse gas emissions, water consumption, and total waste weight in the past two years, and formulated policies for greenhouse gas reduction, water use reduction, or other</td><td>V</td><td></td><td>1. The Company continues to promote energy conservation measures, greenery, and plantation. The overall greenhouse gas emissions throughout Sesoda Corporation in 2022 and 2023 (Scope 1 + Scope 2) are as follows:
<table><tr><td>Plant Area/Process</td><td>2022</td><td>2023</td></tr><tr><td>Carbon emissions (ton of CO_2e/Year)</td><td>59151.77</td><td>57030.21</td></tr><tr><td>Amount of water consumed (Million liters/Year)</td><td>705.93</td><td>606.16</td></tr><tr><td>Total weight of waste (Ton/Year)</td><td>874.62</td><td>669.02</td></tr></table>The Company self-checked its greenhouse gas inventory in 2023, which will be validated by a third-party qualifying organization.
2. Water conservation throughout 2023 at the Su’ao Main Plant of the Company is shown as follows:</td><td>No differences.</td></tr>
</table>

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			(1) For the recycling and reuse of cooling water, the evaporative cooling pad was added to boost the temperature-reducing efficiency of the cooling tower and the base and the overflow of cooling water was corrected to bring down the overflow by 70.92 million liters. (2) The water recycle tank was activated in June 2023 for the calcium chloride-based inorganic sludge cleaning equipment to minimize water consumption; inefficient in-process water consumption was reduced by 5.01 million liters in total. (3) The pipeline was overhauled and replaced by open pipes. Meanwhile, communication on water conservation and substitution with non-process water were reinforced among employees, with a reduction in the amount of water wasted coming to 25.004 million	

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			liters. 3. Meanwhile, various types of energy and pollutants such as water and waste are tallied periodically, with goals set and followed accordingly.	
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?	V		1. To protect the basic human rights of employees, customers, and other stakeholders, the Company complies with relevant labor laws and regulations such as the Labor Standards Act to safeguard employees' rights and interests. It provides stable and favorable treatment, comprehensive education and training, a promotion and development system, and a safe and healthy working environment to enhance employees' professional capabilities. 2. Every year, the Company regularly reviews its operations, value chain, and other related activities through paying attention to major social issues, conducting questionnaire surveys, etc., to identify and	No differences.

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			assess the human rights risks it faces, and formulates implementation plans based on potential risks.	
(II) Does the Company establish and implement reasonable employee welfare measures (including compensation, leave, and other benefits), and appropriately reflect operating performance or achievements in employee compensation?	V		1. Employee remuneration: The Company has fixed bonuses for three festivals, and employee compensation is distributed in accordance with the provisions of the company's articles of incorporation, with 4.8% of the Company's annual profit allocated as employee compensation and 1.2% as special bonuses. These are distributed to all employees based on their annual performance evaluations to motivate everyone to work towards the Company's goals. 2. Employee benefits: The Company has established an Employee Welfare Committee. Every year, the Company allocates welfare funds in accordance with regulations and plans and provides quality benefits for employees, such as	No differences.

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			employee travel subsidies, birthday vouchers, scholarships and grants, allowances for festivals, and free health examination programs for employees. In terms of the leave system, in addition to the fixed two-day weekend, employees are also granted special leave in accordance with the Labor Standards Act When employees encounter situations such as childbirth, major illness, or significant incidents and need to take an extended period of leave, they can also apply for unpaid leave to take care of personal and family needs. 3. Diversity and equality in the workplace: Achieve equal pay and equal promotion opportunities for men and women, and maintain 41.67% of female executive positions to promote sustainable and inclusive economic growth. 4. Business performance reflected in employee compensation:	

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			• Article 28 of the Articles of Incorporation: The Company distributes 4.8% of its current year's profit as employee compensation and 1.2% as special incentives. Meanwhile, directors' remuneration does not exceed 2.5%. Employees' remuneration may be distributed to employees of the Company's subsidiaries who meet certain criteria. • Overall remuneration policy: The Company participates in market salary surveys every year and adjusts salaries based on market salary levels, economic trends, and individual performance to maintain overall salary competitiveness.	
(III) Does the Company provide a safe and healthy work environment for its employees and conduct regular safety and health education for them?	V		1. The Company regularly provides employees with health examinations and has contracted medical institutions conduct consultations and provide relevant health education information to employees in accordance with regulatory schedules. To enhance employees' awareness	No differences.

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			of occupational safety and health, the company has distributed the "Occupational Safety and Health Work Rules" at the Suao Plant and reminds employees of operational safety through education, training, and safety observations. (For various measures to improve employee and workplace safety, please refer to the company's "2023 Sustainability Report" on Realizing an Inclusive Life.) 2. The Company's Suao Plant was certified "ISO 45001 Occupational Safety and Health Management System" in 2021. 3. There were no cases of death or serious injury to the Company in 2023 as specified in Article 37 of the Occupational Safety and Health Act. The Company has strengthened the education and training of each department, and indeed required employees to follow the Company's regulations, in order to completely	

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			eliminate the occurrence of abnormalities.	
(IV) Has the Company established an effective career development training program for its employees?	V		1. The Company has planned comprehensive competency training for supervisors and employees at all levels, including new hire training, professional advanced training, and supervisory training. This assists employees in continuous learning and growth through diverse learning methods. The Company has also introduced corporate ethics beliefs to develop relevant training courses that cultivate employees' key competencies (in 2023, the total training hours amounted to 2,558.5 hours; please refer to the Company's "2023 Sustainability Report" for details) 2. Regular review and feedback each year to assist employees in tailoring the best development plans.	No differences.
(V) Regarding issues related to customer health and safety, customer privacy, marketing, and labeling of products and	V		1. Most of the Company's products are not sold directly to general consumers, and marketing activities such as media advertising and promotional materials are	No differences.

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
services, does the Company follow relevant laws and regulations as well as international standards, and establish relevant policies and complaint procedures to protect consumer or customer rights and interests?			relatively infrequent. If there are promotional activities involving regulatory aspects, each unit will consult with lawyers to avoid violations of the law. 2. Customer relationship management is an important part of a company's sustainable operations. To understand valuable customer feedback, the Company conducts an annual "Customer Satisfaction Survey" to allow customers to express their concerns. For product complaints, the business unit fills out a "Customer Complaint Handling Form," and the final handling result is filed by the business department. The product sales service hotline and email address are provided on the website, which enables customers to use multiple channels to directly respond to opinions and ensure that customer needs are addressed.	
(VI) Does the Company have a supplier management policy that requires	V		1. Regarding suppliers' quality, delivery time, price, environmental protection, food safety, and other aspects,	

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues?			the responsible department personnel evaluate and confirm them based on the characteristics of the products. Different products are assessed differently. Qualified suppliers will be included in the supplier list for procurement, and regular and irregular evaluations will be conducted. 2. Procurement personnel conduct annual assessments on a regular basis. After compiling and scoring the data, the Procurement Department will submit it to the supervisor for approval. Upon completion of the evaluation, written improvement suggestions should be provided for the deficient items for the suppliers' reference and improvement.	
V. Does the Company refer to internationally accepted report preparation guidelines or guidance when compiling sustainability reports	V		The content structure of the company's "2023 Sustainability Report" is based on the Global Reporting Initiative (GRI) Standards guidelines, following the guiding principles and framework listed under the Core	

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
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or other reports that disclose the Company's non-financial information? Has the said reports been certified or guaranteed by a third-party verification unit?			option. It discloses the company's main sustainability issues, strategies, goals, and measures. The report has undergone an independent limited assurance by Crowe (TW) CPAs in accordance with the Assurance Standards Bulletin "Auditing or Reviewing Non-Historical Financial Information" issued by the Accounting Research and Development Foundation in Taiwan. The assurance report is publicly available on the Company's website.	
VI. If the Company has established its own sustainable development principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the Principles: In March 2015, the Company's Board of Directors passed a resolution to establish the "Corporate Social Responsibility Code of Practice." Although it was slightly modified based on the Company's actual practices and renamed the "Sustainable Development Best Practice Principles" in 2022, the spirit of the established code is consistent with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies." For the sustainable development and operation of the Company, please refer to the "2023 Sustainability Report" and website of the Company.				
VII. Other important information that is helpful in understanding the status of implementation of sustainable development: Description: Relevant systems and framework: In 2022, the Company established the "ESG Development Committee," whose business scope covers three major aspects: environmental				

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	Yes	No	Summary Description	

protection (E), social responsibility (S), and corporate governance (G). The environmental protection (E) aspect is further divided into important issues such as climate-related financial disclosures, circular economy-energy (resource) efficiency enhancement, and circular economy-CO2 recovery. The "ESG Development Committee" is chaired by Chairman Chen Rong-Yuan as the ESG Executive Director and President Huang Zhi-Cheng as the Deputy Executive Director. They are responsible for formulating the company's ESG strategies, planning goals, monitoring performance, and setting management guidelines. The committee is divided into five groups: Corporate Governance, Employee Care, Environmental Protection and Energy Conservation, Customer Relations, and Social Concern. These groups are responsible for corporate governance, occupational safety, environmental protection and environmental sustainability, water and energy conservation, products and customer service, supplier and contractor management, workplace well-being, and community relations. The committee convenes business units periodically to review the implementation of various ESG operations to achieve the important tasks of reducing energy consumption and pollution while creating an ecological balance, realizing the company's sustainable value in environmental, social, and governance aspects.

Establishment of dedicated units or personnel in charge of environment and occupational safety:

Serial number	Position	Name	Professional Training	Certification code
1	Person in charge of air pollution control	Li Chiung-Ju	Class A air pollution treatment	(87) Huan-Xu-Xun-Zheng-Zi No. FA230234
2	Wastewater Treatment Specialist	Han-Chung Lai	Grade A wastewater treatment	(2020) Huan-Xu-Xun-Zheng-Zi No. GA010524
3	Waste Disposal Specialist	Chang Chun-Hao	Grade A waste disposal	(2022) Huan-Xu-Xun-Zheng-Zi No. HA120228

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	

4	Class B technician in occupational safety and health management	Lai Chien-Ren	Occupational safety	222-005605
5	Type-A occupational safety and health supervisor	Wang Hong-Wan	Occupational safety	Lao-An-Guan-Lao-Yuan-Zi No. 26709
6	Energy management personnel	Hsu Kun-Fu	Energy management	Neng-Guan-Zi No. 10320204

The Company belongs to the traditional chemical raw materials (fertilizer) manufacturing industry. Based on the philosophy of "taking from the earth and using it on the land," we have always premised the management and promotion of environmental protection, safety, and health-related activities on complying with relevant national laws and regulations. We actively integrate the factory environment with the community environment and strive to gain recognition from community residents.

The Su’ao General Plant of the Company pays attention to the prevention of pollution and the conservation of natural resources in environmental protection. Since 2004, it has carried out the demolition of old plants and the reorganization of the plant environment, and the overall greening of the cleaned vacant land has been implemented so far. The green and beautified land area is about 25,000$m^2$to create the goal of "parking" the plant, so that the work environment can be integrated into the community environment.

In terms of safety and hygiene, it is "people-oriented", from the education and training to improve employees' "safety awareness" concept and "safe operation" norms. Furthermore, it implements independent management and inspection systems and pays attention to the work environment and personal safety of employees. Protective measures are in place to prevent accidents and create a win-win working environment for employees and for the Company.

1.Environmental Protection

(1) Greenhouse Gas Emission and Reduction

With a sense of corporate responsibility toward the ecological environment, the Company spares no effort in continuously improving its processes to gradually achieve emission reduction and energy conservation in pollution prevention (reducing emissions) and

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
natural resource conservation (resource recycling and reuse). At the Suao Plant, in managing greenhouse gas emissions and reduction, we focus on controlling the energy consumption of the manufacturing processes and products. The Company employs management measures to reduce the combustion energy consumption of the potassium sulfate reaction furnace and the use of electricity. We implement heat recovery and reuse from the combustion process and off-peak electricity usage adjustment. Additionally, we carry out land greening and continuous tree planting within the plant area to offset and counteract CO2 emissions. The Company will continue to promote energy conservation measures for the ecological environment, so as to save costs and improving efficiency and at the same time reduce greenhouse gas emissions. The Company utilizes idle vacant land in the plant to plant trees, so as to beautify the environment and suppress CO_2emissions, and create a win-win future for both the enterprise and the environment. Adjustments to the production process and reduction of fuel consumption.				
In response to the national policy of net-zero emissions by 2050, Sesoda Corporation has adjusted its energy policy to improve its energy-saving and electricity-saving measures, reducing environmental impact and fulfilling its moral and corporate responsibility. (2) Air and Water Pollution Prevention Regarding air and water pollution prevention, in addition to establishing comprehensive prevention equipment, the Company strictly controls relevant air pollution prevention and water pollution prevention measures in accordance with regulations. Environmental testing is arranged in compliance with relevant norms: air pollution testing is arranged once in 2023, and water pollution prevention testing is arranged four times, aiming to meet the legal emission standards. Establish abnormal emergency power supply backup equipment and notification processing management system to reduce the risk of abnormal emergency pollutant discharge, and set up recovery treatment facilities for abnormal pollutant discharge to control the quality of air and				

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	

water discharged from the Main Plant. The impact on the environment is minimized.

In response to the 2050 net-zero emissions target, Sesoda Corporation has adjusted its industrial policy and is constructing a new soda ash plant to recycle process carbon dioxide, reducing greenhouse gas emissions and contributing to global warming mitigation efforts.

(3) Water Conservation

The Company's Suao Main Plant still uses groundwater for its production process. Although Yilan has abundant groundwater resources, the Suao Main Plant still actively saves and makes good use of water resources. In addition to setting up a cooling water recovery system, the non-contact cooling water in the process is recovered and cooled for reuse, and the process is actively evaluated to improve and reduce process water consumption. The water level control of the cooling water recovery system has been controlled by the motor frequency conversion of the groundwater extraction system to further save water resources.

In response to global climate change, although the Suao Plant of Sesoda Corporation is located in the water-abundant Yilan County, we still implement relevant water conservation programs, hoping to strike a better balance between company costs and social obligations

(4) Waste Management and Resource Recovery

The management of industrial waste in the Suao Main Plant is based on waste reduction and resource reuse. Set up special personnel for the management and planning of waste reduction and entry and exit control of the main plant, so that the treatment and disposal of the main plant's industrial waste comply with environmental protection regulations. At present, on the waste in the general plant, employees' domestic waste and general waste are regularly cleaned and transported to the incinerator for treatment, and other resource waste (scrap iron, PVC pipes, packaging bags, etc.) are recycled and processed by resource recyclers.

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Our Suao Plant is situated along the picturesque Xin-Cheng Creek in Yilan County. While enjoying this beautiful scenery, Sesoda Corporation continues to move forward on the path of waste reduction, aiming to alleviate environmental burdens through the adoption of newer technologies for end-of-pipe treatment

(5) Other Environmental Protection Related Projects

The Company has always believed that environmental management is a continuous improvement process. In recent years, we have been actively undertaking overall plant environmental renovations, greening and beautifying the plant environment to provide employees with an excellent working environment. We have also been actively engaged in building good neighborly relations, with the goal of making our Suao Plant a "good neighbor" to the residents of Xin-Cheng Township.

2.Community Involvement

For many years, the Company has been committed to promoting family and neighborliness, participating in various festivals and folk activities in the village, and cooperating with non-governmental social welfare organizations to sponsor activity funds or prizes. Having long been involved in activities in the village, we have always been in harmony with its residents. And starting from the year before last, we have continuously collaborated with Yilan University in industry-academia cooperation, providing off-campus internship opportunities to facilitate mutual exchange and learning between industry and academia.

3.Safety and Health

(1) Safety and Health Management

Safety and health education and training are implemented every year to ensure that all employees can work under "safe behavior" and "safe environment."

Formulate safety and health inspection operations, and take practical actions to review and inspect various operations at any time to forestall and prevent incidents. Establish a series of incident emergency response procedures to protect the personal safety of

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
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			employees and manufacturers, as well as the property interests of the Company’s investors, and to avoid or reduce the impact of accidents or incidents on families, society, or the environment. While conducting production, Sesoda Corporation also pays attention to environmental and safety-related issues, and has established ISO 14001 and ISO 45001 at the same time to facilitate management and enhance the Company's due responsibilities to the country and society. (2) Work Environment and Employee Safety Protection The Company's safety and health management is "people"-oriented. Any mechanical equipment and plant configuration in the operating environment must first consider the essential safety of the equipment, the humanized consideration of the configuration design, adequate equipment safety protection facilities and personal protection. The equipment is provided to prevent incidents and protect the safety of personnel in advance. The dust, noise and specific chemical substances in the working environment are all considered in the process design, and the hazard is minimized by engineering design, and supplemented by the standardization of personal protective equipment and operations to reduce the time for employees to contact the hazard source. This is done to ensure the safety of employees. (3) General Safety Management, Training and Audit The Company implements various occupational safety and health management operations, such as: automatic inspection management measures, hazardous operation permit measures, contractor management measures, as well as conducting operational environment measurements, hazard awareness training, TPM system inspections, zero-accident reward and punishment operations, and occupational safety and health inspections for safety management and auditing. In terms of education and training, we formulate an annual education and training plan every year. In accordance with legal requirements, we provide job-related occupational safety and health education and training, as well as emergency response drills, to employees. For personnel engaged in special operations, we conduct on-the-job retraining to ensure employees' compliance with new legal	

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	Yes	No	Summary Description	

requirements. The total external training hours reached 1,691 hours in 2023.

(4) Working Environment Measurement

To ensure the quality of the work environment for employees, the Company engages qualified inspection agencies every six months, as required by law, to measure dust, sulfuric acid, illumination, and noise levels (in the workplace and at the plant boundaries) in the work environment. We aim to understand the environmental quality of the work environment and comply with legal requirements as the basic requirement to provide a safe working environment for our employees and protect their physical health. The Suao Plant has also arranged two labor work environment inspections in 2023.

(5) Emergency Response

At our Suao Plant, in response to the chemical nature of the work areas where various chemicals are stored and stacked, to prevent and avoid personnel and property losses, and to strengthen the plant personnel's ability to respond to emergencies and natural disasters, and take appropriate contingency measures for emergency handling, we have documented and established a plant emergency response organization. Emergency response teams have been formed in each unit to conduct comprehensive advance assessments and considerations of possible scenarios. Emergency response procedures have been established, such as emergency response measures for fires, electrical shocks, container explosions, earthquakes, typhoons, and specific chemical leaks (hydrochloric acid, sulfuric acid, heavy oil, etc.). Each unit must conduct at least one emergency response drill annually. Through regular education and training, the organization's personnel determine the correct handling procedures and become proficient in using safety protection equipment to ensure personnel safety, normal plant operations, and avoid environmental impact and pollution incidents. This aims to minimize losses caused by accidents to the greatest extent possible.

(6) Employee Health Promotion

Employees are the Company’s greatest asset. For employees’ personal safety protection measures at work, in addition to different

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	Yes	No	Summary Description	

tasks, adequate personal safety protection equipment is provided to prevent incidents and protect the physical safety of employees, and health inspections for all employees are implemented in accordance with the law. Special health inspections are implemented for special operations personnel to accurately understand the physical conditions of employees.

(7) Protection Measures for Work Environment and Employees' Personal Safety

As a company in the traditional chemical raw materials manufacturing industry, we have always placed great importance on the occupational safety and health of our employees. The most fundamental requirement for our operations is "Safety First." We provide safe hardware facilities in the manufacturing environment, implement comprehensive machine equipment protection measures (fences, guards, signage, etc.), establish standard operating procedures to ensure operational safety, and conduct work environment measurements (dust, noise, illumination, hazardous substance concentrations, etc.) as well as plant greening and beautification efforts to provide a safe, healthy, and comfortable working environment. We regularly provide occupational safety and health education and training for our operational employees. In response to specific operational requirements, we arrange for operational personnel to undergo external training and obtain qualified training certifications. This strengthens their safety awareness and mindset, enhances employees' safety cognizance, and reduces human errors. For the management of contractors, in addition to the implementation of the inbound safety and health coordination operation meeting, the notification of hazards, the control of the prohibition and hot work permit system, and the overhead operation, they all take "safety first" as the prerequisite for work implementation.

Employees are the Company’s greatest asset. For employees’ personal safety protection measures at work, in addition to different tasks, adequate personal safety protection equipment is provided to prevent incidents and protect the physical safety of employees, and health inspections for all employees are implemented in accordance with the law. This is done to accurately understand the physical conditions of employees.

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	Yes	No	Summary Description	
In order to encourage employees to pay attention to and participate in safety and health, in addition to implementing the safety and health autonomous management and self-care system, and implementing the "zero incident" reward system, the "safe working hours" of the competition creation unit of each unit is combined with incentive rewards. Corrective punishments are in place in order to improve employees' awareness of safety, thereby eliminating safety hazards.				

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

(VII) Implementation of climate-related information

Item	Status of implementation
1. Describe the monitoring and governance of climate-related risks and opportunities by the Board of Directors and the management.	Climate change-related discussions and management within the Company are conducted and evaluated by the Sustainable Development Committee, including climate change-related resolutions discussed by the ESG committee.
2. Describe how the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, and long-term).	The Company aims to improve energy efficiency, expand the use of renewable energy, and in the future, invest in innovative carbon reduction technologies and technologies to convert residual carbon emissions, gradually driving the entire value chain towards net zero. In 2022, we prioritized the introduction of ISO 14064-1 to promote greenhouse gas emissions inventory, and established annual energy use standards. We review and improve energy use monthly, allocate an annual budget for process improvements and equipment upgrades, and continuously reduce energy consumption. The average annual energy saving rate must exceed 1%.
3. Describe the financial impact of extreme climate events and transformation actions.	The Greenhouse Gas Reduction and Management Act has been changed to the Climate Change Response Act. In the future, the carbon fee will be levied on direct emission or indirect high emission products. The possible impact on the financial position is an increase in operating costs, but the impact on the overall operation will not be significant.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	➢Transformation risk - policy and regulatory risk The Climate Change Response Act will introduce a carbon fee to products that directly or indirectly emit high emissions. The possible impact on the finance is an increase in operating costs. The Company has introduced the greenhouse gas inventory in 2022 and set a carbon reduction target. ➢Physical risk - immediate

	Due to global warming leading to an increase in extreme weather events, the frequency of typhoons and heavy rainfall has risen, potentially causing flooding at the Yilan plant and impacting plant operations. After evaluation, potential financial losses may occur, but the factory has installed flood prevention facilities, so the overall operational impact is not expected to be significant. The Company's countermeasures are to implement regular cleaning and maintenance of the drainage system, and establish typhoon and rainstorm emergency response plans to reduce immediacy risks. Extreme climates may interrupt the transportation of raw materials and products, causing personnel safety issues and increasing transportation costs. In response, the Company consolidated the order for transportation and reduced the number of transportation trips to achieve carbon reduction and avoid product and personnel losses.
5. If a scenario analysis is used to assess the resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors, and main financial impacts used shall be described.	Please refer to the Company's "2023 Climate Change-Related Financial Disclosure Report".
6. If there is a transformation plan in place to manage climate-related risks, specify the content of the plan, and the indicators and targets used to identify and manage physical risks and transformation risks.	Please refer to the Company's "2023 Climate Change-Related Financial Disclosure Report".
7. If internal carbon pricing is used as a planning tool, the basis for setting the price shall be stated.	No internal carbon pricing has been adopted.
8. If climate-related targets have been set, information such as the activities covered, greenhouse gas emission scopes, planning period, and annual progress should be provided. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve related targets, the source and amount of offsets or the number of RECs should be stated.	Please refer to the Company's "2023 Climate Change-Related Financial Disclosure Report".

9. Greenhouse Gas Inventory and Confirmation in 2022

Basic information of the Company	According to the Roadmap for the Sustainable Development of TWSE/TPEx Listed Companies, companies should at least disclose
□ Companies with a capital of more than NT$10 billion, the steel industry and the cement industry □ Companies with capital above NT$5 billion but less than NT$10 billion ■ Companies with capital of less than NT$5 billion	■ Inspection of the parent company alone □ Inspection of the subsidiaries in the consolidated financial statements ■ Assurance of the parent company alone □ Assurance of the subsidiaries in the consolidated financial statements

Scope 1	Total emissions (tons of CO2e)	Intensity (tons of CO_2e/NT$ million)	Assurance institutions	Description of assurance
Parent company	50,934.1336	9.59	For the 2022 greenhouse gas-related data, an inventory was conducted under the guidance of Taiwan Green Productivity Foundation and subsequently verified by Afnor International Co., Ltd.	It was confirmed that the organization presented the greenhouse gas statement in accordance with the agreed verification criteria, fairly presenting the greenhouse gas data and related information, consistent with the agreed verification scope, objectives, and criteria. The reasonable levels of the inventory data are Category 1 and Category 2.
Subsidiary	No information available for the time being	No information available for the time being		
...(Note 1)	No information available for the time being	No information available for the time being		
Total	50,934.1336	6.35		
Scope 2	Total emissions (tons of CO2e)	Intensity (tons of CO_2e/NT$ million)	Assurance institutions	Description of assurance
Parent company	7,127.6238	1.34	For the 2022 greenhouse gas-related data, an inventory was conducted under the guidance of Taiwan Green Productivity Foundation and subsequently verified by Afnor International Co., Ltd.	It was confirmed that the organization presented the greenhouse gas statement in accordance with the agreed verification criteria, fairly presenting the greenhouse gas data and related information, consistent with the agreed verification scope, objectives, and criteria. The reasonable levels of the inventory data are Category 1 and Category 2.
Subsidiary	No information available for the time being	No information available for the time being		
...(Note 1)	No information available for the time being	No information available for the time being		
Total	7,127.6238	0.89		
Scope 3	No information available for the time being			

The parent company entity will be inspected since 2022 and will be executed in 2023.
The consolidated financial statements of the subsidiaries is planned to start in 2026 and will be implemented in 2027.

10. 2023 Greenhouse Gas Inventory and Assurance

Basic information of the Company	According to the Roadmap for the Sustainable Development of TWSE/TPEx Listed Companies, companies should at least disclose
□ Companies with a capital of more than NT$10 billion, the steel industry and the cement industry □ Companies with capital above NT$5 billion but less than NT$10 billion ■ Companies with capital of less than NT$5 billion	■ Inspection of the parent company alone □ Inspection of the subsidiaries in the consolidated financial statements ■ Assurance of the parent company alone □ Assurance of the subsidiaries in the consolidated financial statements

Scope 1	Total emissions (tons of CO2e)	Intensity (tons of CO_2e/NT$ million)	Assurance institutions	Description of assurance
Parent company	46,964.2163	11.53	For the 2023 greenhouse gas-related data, an inventory was conducted under the guidance of Taiwan Green Productivity Foundation and subsequently verified by Afnor International Co., Ltd.	The internal audit of ISO 14064-1 has been completed in March 2024, and it is expected to obtain the third-party inspection declaration in April.
Subsidiary	No information available for the time being	No information available for the time being		
...(Note 1)	No information available for the time being	No information available for the time being		
Total	--	8.19		
Scope 2	Total emissions (tons of CO2e)	Intensity (tons of CO_2e/NT$ million)	Assurance institutions	Description of assurance
Parent company	8,928.9892	2.19	For the 2023 greenhouse gas-related data, an inventory was conducted under the guidance of Taiwan Green Productivity Foundation and subsequently verified by Afnor International Co., Ltd.	The internal audit of ISO 14064-1 has been completed in March 2024, and it is expected to obtain the third-party inspection declaration in April.
Subsidiary	No information available for the time being	No information available for the time being		
...(Note 1)	No information available for the time being	No information available for the time being		
Total	--	1.50		
Scope 3	No information available for the time being			

(VIII) Status of ethical corporate management and deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, and the reasons therefor

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
1. Formulation of ethical management policy and plans (I) Has the Company established an integrity management policy approved by the Board of Directors and clearly stated the policy and practices of integrity management in its regulations and external documents? Also, has the commitment of the Board of Directors and senior management to actively implement the integrity management policy been stated?	V		As a company that strictly abides by laws and ethical norms, in addition to complying with the Company Act, Securities and Exchange Act, and other laws and regulations, the Company upholds the corporate culture spirit of "diligence and simplicity." With the management philosophy of integrity, fairness, transparency, self-discipline, and accountability, we have established the Ethical Corporate Management Best Practice Principles approved by the Board of Directors. The President's Office serves as the dedicated unit to implement various ethical policies. We have established sound corporate governance and risk management mechanisms to pursue the Company's sustainable development. The Board of Directors and senior management have also pledged to actively implement and supervise the execution of the integrity management policy.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(II) Has the Company established a risk assessment mechanism against unethical conduct, periodically analyzed and assessed the business activities with a higher risk of unethical conduct within the business scope, and accordingly formulated a plan to prevent unethical conduct that at least covers preventive measures against the conduct specified in Article 7, Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has established rigorous codes of conduct and ethical standards in the "Code of Ethical Conduct," clearly stipulating relevant reward and disciplinary regulations. Directors, managers, and employees of the Company or affiliated enterprises and subsidiaries are strictly prohibited from directly or indirectly providing, promising, demanding, or accepting any improper benefits, or engaging in any other acts that violate integrity, are illegal, or breach fiduciary duties, in order to prevent unethical conduct such as misappropriation of public funds, bribery, leaks of confidential information, or false reporting.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(III) Has the Company clearly specified operational procedures, guidelines for conduct, disciplinary actions for violations, and a whistleblowing system in the plan to prevent unethical conduct, implemented them accordingly, and regularly reviewed and revised the aforementioned plan?	V		The Company has clearly stated the ethical policies for integrity management, as well as relevant operational procedures, guidelines for conduct, whistleblowing mechanisms, disciplinary actions for violations, and grievance procedures in the "Ethical Corporate Management Best Practice Principles." The "Code of Ethical Conduct" has also been established, and these systems are periodically reviewed to meet practical needs.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.

Evaluation item	Operation status (Note)			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
2. Implementation of Ethical Corporate Management				
(I) Does the Company evaluate the integrity records of its business counterparties and explicitly stipulate integrity clauses in the contracts signed with them?	V		The contracts signed by the Company with external parties due to business activities all stipulate the ethical behavior. In addition, we conduct integrity investigations and other audit procedures for customers, suppliers and other stakeholders to avoid unethical behaviors that may damage the Company's rights and interests.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(II) Has the Company established a dedicated unit under the Board of Directors to promote corporate integrity, and does this unit regularly (at least once a year) report to the Board of Directors on the integrity management policies and programs to prevent unethical conduct, as well as the monitoring of implementation?		V		At present, there is a promoting body but not a dedicated body. In the future, it will be moved toward regular reporting to the Board of Directors.
(III) Has the Company established policies to prevent conflicts of interest, provided appropriate channels of expression, and substantiated the policies?	V		The Company has clearly stipulated in the "Ethical Corporate Management Best Practice Principles" and "Code of Ethical Conduct" that employees should strictly abide by the code of conduct regarding avoidance of conflicts of interest. They should proactively report potential ethical concerns such as conflicts of interest, and relevant provisions prohibiting	There is no deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the principles have been practically implemented.

	V		competition with the Company have been established to prevent conflicts of interest.	
(IV) To implement ethical management practices, has the Company established an effective accounting system and internal control system, and does the internal audit unit formulate relevant audit plans based on the results of assessing the risk of unethical conduct, and audit the compliance with the unethical conduct prevention program accordingly, or hire an accountant to perform the audit?	V		The Company has established an effective and robust accounting system and internal control mechanisms, as well as a professional and independent internal audit operating structure with three main aspects: The first level is the Audit Office under the Board of Directors, responsible for execution. An annual audit plan is formulated to audit compliance with regulations and systems, reducing the risk of unethical conduct. The second level involves irregular promotion by the Corporate Administration Department to implement the internal control spirit across all levels of the Company.	There is no deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the principles have been practically implemented.
(V) Does the Company regularly organize internal and external education and training for ethical corporate management?			The Company actively promotes and educates employees to cultivate the philosophy and attitude of honesty, fairness, transparency, self-discipline and responsibility. In addition, training courses such as regulation awareness and corruption prevention are organized every year to strengthen employees' commitment to ethical corporate management.	There is no deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the principles have been practically implemented.
3. Operation of the Company's reporting system (I) Does the Company establish a specific whistle-blowing and reward system, establish a convenient channel for reporting, and assign appropriate dedicated personnel to handle the reported subjects?	V		The Company has formulated the "Ethical Corporate Management Best Practice Principles" and the "Whistle-blowing System", established clear and appropriate reporting channels, and assigned appropriate dedicated personnel to handle the cases.	There is no deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the principles have been practically implemented.

(II) Does the Company establish standard operating procedures for the investigation of whistle-blowing matters, the follow-up measures to be taken after the investigation is completed, and the related confidentiality mechanism? (III) Has the Company taken measures to protect the whistleblower from improper treatment due to their whistleblowing?	V V		The investigation of the whistle-blowing matters is actively handled and confidential in accordance with the Company's established operating procedures, and a "Reporting System" has been established. Whistle blowers are protected from improper treatment due to whistleblowing, and a "whistleblowing system" has been established.	There is no deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the principles have been practically implemented. There is no deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the principles have been practically implemented.
4. Reinforced information disclosure Have the set ethical corporate management principals and the results been disclosed on the Company's website and Market Observation Post System?	V		The Company has set up an official website and disclosed relevant information in the annual report, the Company's website and the Market Observation Post System (Corporate Governance Section).	There is no deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the principles have been practically implemented.
5. If the Company has established its own ethical corporate management principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the current practices and any deviations from the Principles: Description: No significant difference.				
6. Other important information helpful to understand the Company's ethical corporate management: (e.g., the circumstance in which the Company is reviewing and amending its ethical corporate management best practice principles, etc.) Description: None.				

Note: No matter whether "Yes" or "No" is selected for the implementation, it shall be explained in the summary description column.

(IX) If the Company has formulated the Corporate Governance Best Practice Principles and related regulations, the method of inquiry: https://www.sesoda.com.tw/governance-regulations/All

(X) Other circumstances that can improve the implementation of corporate governance:

1. Follow the internal control system, continuously and effectively implement, implement internal control self-inspection, strengthen audit and report to the Board of Directors so that the directors can understand, and then achieve the purposes of attention and supervision.
2. Implement the spokesperson system, make information transparent, and fully disclose relevant material information, so that shareholders have equal rights to information.
3. Continue to arrange training courses for directors', in order to implement the spirit of corporate governance from the Board of Directors.

(XI) Implementation of internal control system

1. Internal Control System Statement

Sesoda Corporation

Internal Control System Statement

Date: March 11, 2024

The Company states the following with respect to its 2023 internal control system based on the results of a self-assessment:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.

2. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.

3. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the existing system continues to be effective. The criteria defined in “the Regulations” include five elements depending on the management control process: 1. environment control, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several sub-elements. Please refer to “the Regulations” for details.

4. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.

5. Based on the aforementioned evaluation results, the Company believes that as of December 31, 2023, the design and implementation of its internal control system (including the supervision and management of subsidiaries) for achieving effective and efficient operations, reliable, timely, and transparent reporting, and compliance with applicable laws and regulations were effective, providing reasonable assurance of achieving the aforementioned objectives.

6. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. The Company shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32,171, and 174 of the Securities and Exchange Act.

7. This Statement was passed by the Company's Board of Directors in their meeting held on March 11, 2024, and all 10 attending directors agreed with the content of this Statement. Please noted. Sesoda Corporation Chairman: Signature General Manager: Signature

2. If a CPA is retained for the conduct of the internal audit system, disclose the Auditor’s Report: None

(XII) In the most recent year and up to the date of publication of the annual report, the company and its internal personnel have been punished according to laws, or the company has punished its internal personnel for violating the provisions of the internal control system, and the results of the punishment may have a material impact on shareholders' equity or securities prices, the content of the penalty, the main deficiencies and improvements should be listed.

Major deficiencies: None

(XIII) Important resolutions of the shareholders' meeting and the board of directors in the most recent year and up to the date of publication of the annual report:

1. Shareholders’ meeting proposals

Summary of content		
Shareholders’ Meeting		
Date of resolution	Proposal	Resolution and implementation
May 18, 2023	2022 Business Report and Financial Statements (including Consolidated Financial Statements)	Resolution: Approved: 143,081,980 for 93.37% of voting rights Opposed: 45,602 for 0.01% of voting rights Abstentions and non-voting: 9,095,783 for 6.60% of voting rights The motion was recognized as it was based on the voting result. Status of implementation: To be handled in accordance with the resolution of the shareholders' meeting.

	2022 Earnings Distribution Proposal	Resolution: Approved: 143,299,221 for 93.37% of voting rights Opposed: 94,584 for 0.01% of voting rights Abstentions and non-voting: 8,829,560 for 6.60% of voting rights The motion was recognized as it was based on the voting result. Status of implementation: On June 12, 2023, the Board of Directors resolved that July 14 of the same year would be the record date for cash dividends, and the cash dividends would be distributed on August 3.

2. Board meeting proposal

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
24th Board 13th meeting	2023/01/03	2023 business targets Resolution result: Approved by all directors present	
		Replacement of the attesting CPAs from the first quarter of 2023 in line with the internal job adjustment of the CPA firm. Resolution result: Approved by all directors present	V
		Establishment of the "General Principles for Pre-approval of Non-Audit and Assurance Service Policies" . Resolution result: Approved by all directors present	
		Amend the "Regulations Governing Business Trips and Travel Expense Reimbursement". . Resolution result: Approved by all directors present	
		Determination of the attendance fee for each attendance of the members of the first Sustainable Development Committee. Resolution result: Approved by all directors present	
		As resolved by the Remuneration Committee : (1) Advance payment of 70% of the employee profit-sharing remuneration for the year 2022. (2) Advance payment of part of the director profit-sharing remuneration for the year 2022. (3) Employee Dragon Boat Festival, Mid-Autumn Festival and Year-End bonuses for the year 2023 Resolution result: Approved by all directors present	
		Renewal of credit line agreements with banks Resolution result: Approved by all directors present	V

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
		Renewal of credit line agreements with banks for use by subsidiaries and provision of endorsement and guarantee. Resolution result: Approved by all directors present	V
		Renewal of credit line agreements with banks by subsidiaries with the Company providing endorsement and guarantee. Resolution result: Approved by all directors present	V
		Approval for the provision of overdue credit impairment loss on the full amount of accumulated accounts receivable from domestic customers 90 days overdue as they not in the nature of lending of funds. Resolution result: Approved by all directors present	V
		Approval for the provision of overdue credit impairment loss on the full amount of accumulated accounts receivable from export customers 90 days overdue as they not in the nature of lending of funds. Resolution result: all present directors agreed to pass.	V
24th Board 14th meeting	2023/02/24	Reassignment of the director representative of EAST-TENDER OPTOELECTRONICS CORPORATION Resolution result: Approved by all directors present	
		Appointment of long-term legal counsel. Resolution result: Approved by all directors present	
		Determination the date and location for the 2023 regular shareholders’ meeting. Resolution result: Approved by all directors present	
		Acceptance of shareholders' proposals for the 2023 regular shareholders’ meeting. Resolution result: Approved by all directors present	

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
		Consolidated financial statements for 2022 not yet audited by CPAs Resolution result: Approved by all directors present	V
24th Board 15th meeting	2023/03/27	Renewal of credit line agreements with banks Resolution result: Approved by all directors present	
		Renewal of credit line agreements with banks for use by subsidiaries and provision of endorsement and guarantee. Resolution result: Approved by all directors present	V
		"Statement of Internal Control" for 2022. Resolution result: Approved by all directors present	V
		Distribution of 2022 employee profit-sharing remuneration , special awards and director profit-sharing remuneration. Resolution result: Approved by all directors present	V
		2022 business report Resolution result: Approved by all directors present	
		Financial statements for 2022(including consolidated financial statements). Resolution result: Approved by all directors present	V
		2022 Earnings Distribution Proposal Resolution result: Approved by all directors present	
		Distribution of 2022 earnings as cash dividends Resolution result: Approved by all directors present	
		Attesting CPAs for financial statements/tax returns for the year 2023. Resolution result: Approved by all directors present	V
		Year-end bonus for the consultant of Suao Main Plant Resolution result: Approved by all directors present	

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
		2023 Dragon Boat Festival, Mid-Autumn Festival and year-end bonuses granted to the directors who conduct business activities and receive salaries. Resolution: Directors Chen Jung-Yuan, Chen Kai-Yuan, Chen Li-Te Chen and Wu Chung-Li recused themselves from participating in the discussion and voting, and the rest of the attending directors approved the proposal.	V
24th Board 16th meeting	2023/05/08	Appointment of long-term legal counsel. Resolution result: Approved by all directors present	
		Renewal of credit line agreements with banks by subsidiaries with the Company providing endorsement and guarantee. Resolution result: all present directors agreed to pass.	V
		Consolidated financial statements for 1Q2023 Resolution result: Approved by all directors present	V
24th Board 17th meeting	2023/06/12	Determination of the base date for cash dividends. Resolution result: Approved by all directors present	
24th Board 18th meeting	2023/08/07	Renewal of credit line agreements with banks Resolution result: Approved by all directors present	
		Renewal of credit line agreements with banks by subsidiaries with the Company providing endorsement and guarantee. Resolution result: Approved by all directors present	V
		Consolidated financial statements for 2Q2023 Resolution result: Approved by all directors present	V

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
		Request for the chairperson , the general manager and the senior deputy general manager of Administration Department to deliberate on the operating performance and cost saving programs and to present a report at the next meeting. Resolution result: Approved by all directors present	
24th Board 19th meeting	2023/09/27	Implementation of the management salary reduction program.effective September 1, 2023 through December 31, 2023, Resolution result: Approved by all directors present	
		Reassignment of supervisor representative Resolution result: Approved by all directors present	
		Signing of credit line agreements with banks. Resolution result: Approved by all directors present.	
24th Board 20th meeting	2023/11/06	Renewal of credit line agreements with banks by subsidiaries with the Company providing endorsement and guarantee. Resolution result: Approved by all directors present	V
		The proposal for a subsidiary to increase capital of a sub-subsidiary. Resolution result: Approved by all directors present	V
		Audit plan for 2024 Resolution result: Approved by all directors present	V

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
		Amendments to the Company's Articles of Incorporation, Regulations Governing Performance Evaluation for the Board of Directors", "Rules of Procedure for Shareholders' Meetings", and Regulations Governing the Handling of Material Inside Information and Prevention of Insider Trading". Resolution result: Approved by all directors present	V
		Financial statements for 3Q2023 Resolution result: Approved by all directors present	V
24th Board 21st meeting	2023/12/28	2024 business targets Resolution result: Approved by all directors present	
		Change of credit line agreements with banks Resolution result: Approved by all directors present	

None of the members of the Audit Committee had objections or reservations to the above proposals.

(XIV) Important resolutions passed by the Board of Directors on which directors had different opinions with records or written statements during the most recent year and the current year up to the date of publication of the annual report: No such situation.

(XV) Summary of resignations and dismissals of personnel involved in financial reporting during the most recent year and the current year up to the date of publication of the annual report: No such situation.

V. Information on professional fees to attesting CPAs

(I) Non-audit fees paid to attesting CPAs, the CPA firm, and its affiliates amounted to more than one-fourth of audit fees: No such situation. Please refer to the following table for details.

Amount Unit: NTD Thousand

Accounting firm name	Name of CPA	Accountant audit period	Audit fees	Non-audit fees (Note 2)	Total	Remarks
KPMG Taiwan	Chen Ya Lin Tang Chia-Chien	2023.1.1~2023.12.31	2,650	430	3,080	Note 1

Note 1: The Company does not have any matters listed in Paragraph 5, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies

Note 2: Mainly for tax returns attestation and consulting services, and employee payroll checklist.

(II) The audit fees paid in the year of the replacement of CPA firm is less than the audit fees in the year before the replacement: None.

(III) The audit fees decreased by 15% or more from the previous year: None

VI. Changes in Accountant Information:

No such situation.

VII. Where the Company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed:

No such situation.

VIII. Transfer of and change in pledge of shares by directors, managerial officers and shareholders with a stake of more than 10% during the most recent year

(I)Transfer of shares by directors, managerial officers and major shareholders

Unit: Shares

Title (Note)	Name	2023		From the current year up to March 23	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Zhengbang Investment Co., Ltd. Representative: Chen Jung-Yuan	0	0	0	(3,800,000)
Vice Chairman	Sincere Industrial Corporation Representative: Chen Cheng-Te	0	0	0	0
Director	Sincere Industrial Corporation Representative: Chen Kai-Yuan	0	0	0	0
Director	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	0	0	0	(3,800,000)
Director	Sincere Industrial Corporation Representative: Chu Yuan-Hua	0	0	0	0
Director	San De International Investment Co., Ltd. Representative: Chen Yi-Te	0	0	0	0
Director	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Li	0	0	0	0
Independent Director	Tsao Ming	0	0	0	0
Independent Director	Wang Po-Hsin	0	0	0	0
Independent Director	Chu Jih-Chuan	0	0	0	0
General Manager	Huang Chih-Cheng	0	0	0	0
Deputy General Manager	Chen Yi-Te	0	0	0	0
Deputy General Manager	Liu Chih-Yung	0	0	0	0
Deputy General Manager	Lin Shu-Yuan	0	0	0	0
Deputy General Manager	Wu Hui-Feng (Date assuming office: 2023.11.20)	0	0	0	0
Director of Main Plant:	Shih Yueh-Hui	0	0	0	0

Assistant Director of Main Plant:	HsuTeng-Hui	0	0	0	0
Associate Manager	Chiu Chuang-Chien	0	0	0	0
Finance Supervisor	Chen Chih-Chun	0	0	0	0
Accountin g Supervisor	Chu Ching-Yun	0	0	0	0
Audit Supervisor	Li Yen-Ling	0	0	0	0
Corporate Governanc e Officer	Huang Mei-Ling	0	0	0	0

Note: Shareholders holding more than 10% of the Company's total shares should be indicated as major shareholders and listed separately.

(II) Where the counterparty of the equity transfer is a related party: None.
(III) Where the counterparty of the equity pledge is a related party: None.

IX. Information on the relationship among the top ten shareholders

March 23, 2024

Name	Number of shares personally held		Spouse and minor children holding shares		Total holding of shares in the names of others		Where top ten shareholders have a relationship with each other or a relative relationship within the scope of their spouse or relative within the second degree of kinship, the name or designation and the relationship.		Note
	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Name	Relationship with the Company	
Zhengbang Investment Co., Ltd. Responsible person: Chen Kai-Yuan	16,086,588 0	6.46% 0	0 0	0 0	0 0	0 0	Chen Yi-Te	Father and son	
Chu Ying-Piao	12,650,048	5.08%	0	0	0	0	Chu Hsiang-Hua	Father and son	
Forbson International Co., Ltd. Responsible person: Chu Hsiang-Hua	7,720,328 0	3.10% 0	0 0	0 0	0 0	0 0	Chu Ying-Piao	Father and son	
Zhifu Investment Co., Ltd. Responsible person: Chao Tien-Hsing	7,354,945 0	2.95% 0	0 0	0 0	0 0	0 0	--	--	
Investment account of SinoPac Securities under the custody of BANK SINOPAC	5,800,243	2.33%	0	0	0	0	--	--	
San De International Investment Co., Ltd. Responsible person: Chen Kai-Yuan	5,414,533 0	2.17% 0	0 0	0 0	0 0	0 0	Chen Yi-Te	Father and son	
Yalan Investment Consulting Co., Ltd. Responsible person: Wu Chung-Li	4,379,542 4,283,199	1.76% 1.72%	0 856,914	0 0.34%	0 0	0 0	Wu Chung-Li	Responsible person	
Wu Chung-Li	4,283,199	1.72%	856,914	0.34%	0	0	Yalan Investment Consulting Co., Ltd. Mr. Zhong-Yae Wu Education Charity Foundation	Responsible person Ditto	
Mr. Zhong-Yae Wu Education Charity Foundation Responsible person: Wu Chung-Li	4,130,662 4,283,199	1.66% 1.72%	0 856,914	0 0.34%	0 0	0 0	Wu Chung-Li	Responsible person	
Sincere Industrial Corporation Responsible person: Chen Yi-Te	3,734,256 0	1.50% 0	0 0	0 0	0 0	0 0	Chen Kai-Yuan	Father and son	

X. Total number of shares and total percentage of ownership in any single investee held by the Company, its directors, supervisors, managerial officers, or any companies controlled either directly or indirectly by the Company.

December 31, 2023

Reinvested business	The Company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)	Number of shares	Shareholding percentage (%)
Assessment using the equity method:						
Sesoda Steamship Corporation	10	100.00	-	-	10	100.00
EAST TENDER TRADING CO., LTD.	3,200,000	100.00	-	-	3,200,000	100.00
YUKARI GROUP CO., LTD.	2,100,000	100.00	-	-	2,100,000	100.00
E-TEQ VENTURE CO., LTD.	10,380,000	100.00	-	-	10,380,000	100.00
YUN SHENG INVESTMENT CO., LTD.	3,000,000	100.00	-	-	3,000,000	100.00
Sesoda Investment (BVI)Ltd.	880	50.00	880	50.00	1,760	100.00

Four. Status of Fundraising

I. Capital and shares

(I) Sourrce of capital

Month and year	Issue price (NTD)	Approved share capital		Paid-in capital		Remarks						
						Source of equity capital (NT$ thousand)					Property other than cash contributed as equity capital	Others
		Number of shares (thousand shares)	Amount (NT$ thousand)	Number of shares (thousand shares)	Amount (NT$ thousand)	Capital increase in cash	Capital increase from earnings	Employee bonus	Capital surplus	Capital reduction in cash		
1957/02	100	100	10,000	100	10,000	10,000	-	-	-	-	None	None
1958/12	100	260	26,000	260	26,000	16,000	-	-	-	-	None	None
1959/06	100	340	34,000	340	34,000	8,000	-	-	-	-	None	None
1960/09	100	420	42,000	420	42,000	8,000	-	-	-	-	None	None
1961/07	100	520	52,000	520	52,000	10,000	-	-	-	-	None	None
1964/11	10	6,000	60,000	6,000	60,000	8,000	-	-	-	-	None	None
1967/12	10	7,000	70,000	7,000	70,000	-	10,000	-	-	-	None	None
1968/12	10	8,000	80,000	8,000	80,000	3,300	6,700	-	-	-	None	None
1970/11	10	9,000	90,000	9,000	90,000	-	10,000	-	-	-	None	None
1978/07	10	11,250	112,500	11,250	112,500	-	22,500	-	-	-	None	None
1978/11	10	16,830	168,300	16,830	168,300	-	-	-	55,800	-	None	None
1980/05	10	20,028	200,277	20,028	200,277	-	31,977	-	-	-	None	None
1981/07	10	30,000	300,000	30,000	300,000	34,032	65,691	-	-	-	None	None
1982/06	10	32,700	327,000	32,700	327,000	-	-	-	27,000	-	None	None
1984/11	10	39,567	395,670	39,567	395,670	-	52,320	-	16,350	-	None	None

1985/08	10	53,020	530,198	53,020	530,198	-	118,701	-	15,827	-	None	None
1986/07	10	60,071	600,714	60,071	600,714	-	60,973	-	9,543	-	None	None
1987/07	10	69,082	690,821	69,082	690,821	-	80,496	-	9,611	-	None	None
1988/06	10	79,444	794,444	79,444	794,444	-	95,333	-	8,290	-	None	None
1989/06	10	85,403	854,028	85,403	854,028	-	55,611	-	3,973	-	None	None
1990/06	10	98,213	982,132	98,213	982,132	-	128,104	-	-	-	None	None
1991/07	10	108,184	1,081,845	108,184	1,081,845	-	98,213	1,500	-	-	None	None
1992/06	10	150,000	1,500,000	119,163	1,191,629	-	88,711	1,600	19,473	-	None	None
1993/06	10	150,000	1,500,000	133,331	1,333,307	-	140,612	1,066	-	-	None	None
1994/06	10	150,000	1,500,000	140,069	1,400,687	-	66,665	715	-	-	None	None
1995/06	10	150,000	1,500,000	147,177	1,471,771	-	70,035	1,049	-	-	None	None
1996/05	10	154,607	1,546,071	154,607	1,546,071	-	44,153	712	29,435	-	None	None
1997/05	10	185,800	1,858,000	162,409	1,624,094	-	46,382	719	30,922	-	None	None
1998/05	10	228,000	2,280,000	178,809	1,788,091	-	138,048	1,588	24,361	-	None	None
1999/05	10	228,000	2,280,000	189,638	1,896,382	-	76,888	1,005	30,398	-	None	None
2000/06	10	228,000	2,280,000	193,431	1,934,310	-	20,860	-	17,068	-	None	None
2001/05	10	228,000	2,280,000	210,453	2,104,529	-	154,745	-	15,474	-	None	None
2007/07	10	228,000	2,280,000	157,840	1,578,397	-	-	-	-	526,132	None	None
2013/06	10	228,000	2,280,000	165,732	1,657,316	-	78,919	-	-	-	None	None
2014/06	10	228,000	2,280,000	174,018	1,740,182	-	82,866	-	-	-	None	None

2015/06	10	228,000	2,280,000	182,719	1,827,192	-	87,009	-	-	-	None	None
2016/06	10	228,000	2,280,000	191,855	1,918,551	-	91,360	-	-	-	None	None
2017/06	10	228,000	2,280,000	201,448	2,014,479	-	95,928	-	-	-	None	None
2019/06	10	250,000	2,500,000	211,520	2,115,203	-	100,724	-	-	-	None	None
June 2020	10	250,000	2,500,000	228,442	2,284,419	-	169,216	-	-	-	None	None
2021/08	10	300,000	3,000,000	249,002	2,490,017	-	205,598	-	-	-	None	None

Note: The effective (approved) date and document number of each capital increase (decrease) are as follows:

July 02, 1981 Zhengguan (70) No. 0011	June 15, 1992 (81) Taizaizheng (1) No. 01242	May 10, 2001 (90) Taizaizheng (1) No. 126499
June 26, 1982 Zhengguan (71) No. 0995	June 10, 2014 SFB No. 1030022005	July 9, 2007 SFB No. 0960028671
November 26, 1984 (73) Taizaizheng (1) No. 3350	June 08, 1993 (82) Taizaizheng (1) No. 01465	June 24, 2013 SFB No. 1020024396
August 1, 1985 (74) Taizaizheng (1) No. 00925	June 21, 1994 (83) Taizaizheng (1) No. 28250	June 10, 2015 SFB No. 1040021917
July 14, 1986 (75) Taizaizheng (1) No. 00722	June 10, 1995 (84) Taizaizheng (1) No. 32131	June 4, 2016 FSC approved
July 08, 1987 (76) Taizaizheng (1) No. 00642	May 21, 1996 (85) Taizaizheng (1) No. 32297	June 3, 2017 FSC approved
June 13, 1988 (77) Taizaizheng (1) No. 08469	May 21, 1997 (86) Taizaizheng (1) No. 41352	June 24, 2019 FSC approved
June 20, 1989 (78) Taizaizheng (1) No. 24714	May 21, 1998 (87) Taizaizheng (1) No. 45295	Approved by the FSC on June 5, 2020
June 14, 1990 (79) Taizaizheng (1) No. 01238	May 06, 1999 (88) Taizaizheng (1) No. 39929	Approved by the FSC on August 4, 2021
July 04, 1991 (80) Taizaizheng (1) No. 01369	June 23, 2000 (89) Taizaizheng (1) No. 54356	

March 23, 2024

Type of shares	Approved share capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	249,001,651	50,998,349	300,000,000	Listed company shares

Information concerning the collective reporting system: Not applicable.

(II) Shareholder structure

March 23, 2024

Shareholder structure	Government agency	Financial institution	Other juridical persons	Foreign institutions and foreigners	Individual	Total
Number of individuals	2	2	269	143	79,237	79,653
Number of shareholding	5	3,334	53,229,924	15,402,213	180,366,175	249,001,651
Percentage of ownership	0.00%	0.00%	21.38%	6.19%	72.43%	100.00%

(III) Shareholding distribution

March 23, 2024

Shareholding class	Number of	Number of shareholding	Shareholding
1-999	46,597	3,706,170	1.49%
1,000-5,000	26,752	54,984,072	22.08%
5,001-10,000	3,615	28,056,767	11.27%
10,001-15,000	974	12,396,047	4.98%
15,001-20,000	630	11,575,450	4.65%
20,001-30,000	458	11,843,349	4.76%
30,001-40,000	220	7,794,577	3.13%
40,001-50,000	113	5,258,720	2.11%
50,001-100,000	184	13,246,663	5.32%
100,001-200,000	61	8,277,012	3.32%
200,001-400,000	20	5,246,005	2.11%
400,001-600,000	7	3,343,355	1.34%
600,001-800,000	5	3,501,199	1.41%
800,001-1,000,000	1	856,914	0.34%
1,000,001 or more	16	78,915,351	31.69%
Total	79,653	249,001,651	100.00%

(IV) List of major shareholders (with shareholding ratios falling within the top ten)

March 23, 2024

Name	Number of shareholding	Percentage of ownership
Zhengbang Investment Co., Ltd.	16,086,588	6.46%
Chu Ying-Piao	12,650,048	5.08%
Forbson International Co., Ltd.	7,720,328	3.10%
Zhifu Investment Co., Ltd.	7,354,945	2.95%
Investment account of SinoPac Securities under the custody of BANK SINOPAC	5,800,243	2.33%
San De International Investment Co., Ltd.	5,414,533	2.17%
Yalan Investment Consulting Co., Ltd.	4,379,542	1.76%
Wu Chung-Li	4,283,199	1.72%
Mr. Zhong-Yae Wu Education Charity Foundation	4,130,662	1.66%
Sincere Industrial Corporation	3,734,256	1.50%

(V) Information on market price, net worth, earnings, dividends per share for the most recent two years

Information about market price, net value, earnings, and dividends per share

Item			2022	2023	Current year up to March 25, 2024
Market price per share (Note 1)	High	Before retrospective adjustment	73.10	45.95	33.30
		After retrospective adjustment	71.10	42.95	
	Low	Before retrospective adjustment	30.90	29.35	30.00
		After retrospective adjustment	28.90	26.35	
	Average		46.74	36.38	31.57
Net value per share	Before distribution		28.64	25.57	--
	After distribution		25.64（Note 2）	24.07（Note 4）	--
Earnings per share	Weighted average number of shares		249,001,651	249,001,651	249,001,651
	Earnings per share (Note 3)	Before retrospective adjustment	4.84	(0.11)	--
		After retrospective adjustment	--	--	--
Dividend per share (Note 4)	Cash dividend		3（Note 4）	1.5（Note 4）	--
	Stock dividends	Stock dividends from capitalization of retained earnings	--	--	--
		Additional paid in capital	--	--	--
	Accumulated unpaid dividends (Note 5)		--	--	--
Return on investment analysis	P/E ratio (Note 6)		9.66	(330.73)	--
	Price to dividend ratio (Note 7)		15.58	24.25	--
	Cash dividend yield (Note 8)		6.42	4.12	--

Note 1: The average market price for each year and 2024 up to the date publication of the annual report calculated based on the trading value and volume of each year and 2024 up to the date publication of the annual report

Note 2: Based on the number of issued shares at the end of each year minus the number of treasury shares, and based on the board of directors' resolution in the following year on the distribution.

Note 3: Earnings per share are adjusted retrospectively due to free share allotment.

Note 4: Cash dividends were approved by the Board of Directors on March 11, 2024.

Note 5: The issuance conditions of equity securities do not stipulate that the dividends not paid in the current year will be accumulated to the year with earnings, so there is no need to separately disclose the accumulated and unpaid dividends as of the current year.

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

Note 7: Price to dividends ratio = Average closing price per share for the year/cash dividends per share.

Note 8: Cash dividend yield = cash dividends per share/average closing price per share for the year

(VI) Company dividend policy and implementation

1. Dividend policy:

If there is a profit in the Company's annual final accounts, it shall first pay tax and make up for the accumulated losses of the past years, and then appropriate 10% as the legal reserve, unless the legal reserve has reached the amount of the Company's paid-in capital. Meanwhile, the special reserve shall be appropriated or reversed in accordance with the law or as required by the competent authority. If there is any surplus, the remaining balance, plus the accumulated undistributed earnings in previous years, shall be the amount distributable for shareholder dividends, and no less than 1% thereof shall be appropriated as the dividends to be distributed to shareholders based on the distribution proposal drafted by the Board of Directors and resolved by a shareholders' meeting.

For the Company's distribution of dividends and bonuses or in respect to all or part of the legal reserve and capital reserve as stipulated in Article 241, Paragraph 1 of the Company Act, where cash is distributed it shall be authorized by resolution of Board of Directors with at least two-thirds of the directors present and more than half of the attending directors in agreement, and this shall be reported to the shareholders meeting.

The Company's capital structure and long-term financial planning shall be considered in response to the Company's long-term development. The Company's dividend policy shall be to reflect operational performance and is based on the principle of balanced dividend distribution. Among the other things, the percentage of cash dividends shall be no less than 20% of the dividends for the year, and paid in cash in whole.

2. Proposed dividend distribution for presentation to this year's Shareholders' Meeting:

(1) Cash dividends to shareholders: NT$373,502,477 to be distributed from the accumulated distributable earnings for 2023, with NT$1.50 per share.

(VII) The impact of the proposed stock dividends at the shareholders' meeting on the Company's operating performance and earnings per share:

The Company does not publish financial forecasts and has no "stock dividends", so it is not applicable.

(VIII) Repurchase of the Company's shares by the Company: None.

(IX) Profit-sharing remuneration for employees and directors

1. The percentage or range of profit-sharing remuneration for employees and directors as set forth in the Company's Articles of Incorporation:

The Company shall allocate 2.4% of the current year's profit to employees and 1.2% of the special bonus, and the Company shall distribute directors' remuneration not exceeding 2.5% of the current year's profit. However, if the Company still has accumulated losses, these shall first be made up.

The current year's profit as mentioned in the preceding paragraph refers to the current year's pre-tax earnings before deducting the distribution of employee remuneration, special incentives and directors' remuneration.

The distribution of employee remuneration, special incentives and directors' remuneration shall be made by the Board of Directors with more than two-thirds of the directors attending and a resolution approved by more than half of the directors present, and this shall be reported to the shareholders' meeting.

Employee remuneration and special incentives can be paid in stock or cash and the recipients may include employees of affiliated companies who meet certain conditions.

2. Remuneration distribution approved by the Board of Directors:

(1) Employee profit-sharing remuneration distributed in cash amounted to $692,851, special awards amounted to $173,213 and director profit-sharing remuneration amounted to $360,860.

(2) The amount of employee remuneration distributed by shares and its proportion of the total amount of after-tax net profit in the entity or individual financial report and the total employee remuneration for the current period: Not applicable.

3. Actual distribution of employee profit-sharing remuneration (including special awards) and director profit-sharing remuneration for the previous year:

Employee profit-sharing remuneration distributed in cash amounted to $83,981,870, special awards amounted to $20,995,468 and director profit-sharing remuneration amounted to $43,740,557.

II. Handling of corporate bonds: None.

III. Disposal of preferred shares: None.

IV. Circumstances of handling overseas depositary receipts: None.

V. Handling of employee stock options: None.

VI. Handling of restricted employee shares: None.

VII. Handling of M&A or transfer of shares of other companies to issue new shares: None.

VIII. Implementation status of fund utilization plan: None.

Five. Operation Overview

I. Business content

(I) Business Scope

1. Main business items of the Company and its subsidiaries:

(1) Core industrial chemical business

A. Manufacture and sale of fertilizers (potassium sulfate) and its ancillary products, including potassium sulfate, hydrochloric acid, liquid calcium chloride, and baking soda.

B. Importation, buying, trading and re-export of basic chemical raw materials such as soda ash, baking soda, calcium chloride, mixed calcium phosphate, ammonium bicarbonate, sodium sulfate anhydrous, hydrogen peroxide, potassium chloride, bay salt, and other basic chemical raw materials.

(2) Subsidiary shipping business: Ship leasing and trading business.

(3) Subsidiary catering business: Catering business.

2. Main content of the business

Unit: NTD Thousand

Business item	Sales for 2023	Operating profit contribution (%)
Manufacturing-chemical products	3,323,915	56.54
Trade-chemical products	750,699	12.76
Shipping transport	1,760,185	29.94
Catering	43,288	0.74
Car transportation	54	0.00
Others	1,042	0.02
Total	5,879,183	100.00

Note: Among the chemicals, manufacturing includes sodium sulfate, hydrochloric acid, liquid calcium chloride, and baking soda; the trading includes soda ash, baking soda, anhydrous sodium sulfate, potash, and bay salt.

3. Product items of the company and its subsidiaries:

(1) Chemical products: Manufacture and sale of potassium sulfate, hydrochloric acid, liquid calcium chloride, and baking soda, as well as importation, trading, and sale of soda ash, baking soda, anhydrous sodium sulfate, potassium chloride, baysalt, and calcium chloride-related products.

(2) Subsidiary ship transportation: Provision of services of renting out lightweight bulk vessels for hire, and operate rentals on a time-charging basis.

(3) Subsidiary catering: Provision of food and beverage items, such as dishes prepared on-site and beverages, to the public for in-store consumption.

4. New products planned for development

(1) Core industrial chemical business

A. Make use of the Company's existing experience and reputation in the basic chemical industry, seek opportunities for cooperation or agency with internationally renowned manufacturers, increase trade items or invest in the manufacturing of high value-added products.

B. The production of specialty chemicals or the introduction of sales agency have grown simultaneously with the development opportunities of Taiwan's electronics industry and other emerging industries.

C. Develop toward product diversification, increase product categories to improve product portfolio, and provide customers with more complete and comprehensive services.

D. Enhance storage and transportation functions and improve services to facilitate market development and business development.

E. Develop different specifications of potassium sulfate based on customer's demand to increase sales and profit.

F. Open up new markets and new customers for potassium sulfate, and reduce the risk of regional demand and economic fluctuations.

(2) Subsidiary shipping business

Continue to focus on the light-weight bulk carrier chartering business, maintain the good condition of the fleet and stay in the best operating condition. In response to customer needs and realizing profits, flexibly adjust the aged fleet in a timely manner, and eliminate existing old ships when necessary.

(3) Subsidiary catering business

A. Give priority to improving the visibility of self-made brands.

B. Continue to develop Japanese cuisine business with market potential.

C. Provide meticulous and flexible adjustment services, healthy and fresh ingredients of the season, and a comfortable and relaxing dining environment.

(II) Industry Overview

1.Industry Status and Development

(1)Core Industrial Chemical Business

Two main product lines – A. Potassium sulfate B. Soda ash

A. Potassium sulfate is a compound with high sulfur, high potassium and low chlorine, and its appearance is white or light yellow crystals. It is one of the commonly used potassium fertilizers in agriculture. It is mainly used in delicate crops and crops sensitive to chlorine, such as grapes, citrus, root crops and tobacco. It can improve the absorption of nitrogen and phosphorus by crops, and is an extremely important fertilizer for plant growth and cultivation.

The demand and supply of potassium sulfate is closely linked to the global supply, demand and price of the main raw material, potassium chloride, and is also affected by the economic situation and climate change in various places, and the impact of geopolitics and conflicts often has a comprehensive effect. The Russian-Ukrainian war in the past two years led to concerns and a sense of crisis over the imbalance between supply and demand of potassium chloride and potassium sulfate, which not only amplified the impact of the previous European and American economic sanctions that resulted in the restriction of export of potassium fertilizers from Belarus, but also caused the global panic buying and hoarding of potassium chloride and potassium sulfate; and subsequently led to the fluctuation of the prices of potassium chloride and potassium sulfate, which hit a new record high after the Russian-Ukrainian war and slid significantly until mid-2023, when the prices finally returned to a level close to the pre-pandemic level. However, on account of the high inventory of high-priced potassium chloride, coupled with the low demand for potassium sulfate in the first half of the year, many potassium sulfate manufacturers around the world were burdened with losses in order to de-stock the high-priced raw materials. As Belarusian potassium fertilizer exports were rerouted to China by rail or to other international markets with Russia as a transit point, the gap with pre-sanctions supply was gradually narrowed in 2023.

Overall speaking, since China signed a major contract for the second half of the year for potassium chloride in June, the floor price of potassium chloride and potassium sulfate has been set for the global market. In addition, at the end of the third quarter, given the fact that the global price of potassium chloride was slightly rising and the supply and demand was almost balanced, the end-users of potassium sulfate started to plan for the demand for winter and early spring after the high inventory stockpile accumulated in the previous year had almost been worked off, and the buying momentum in the market gradually picked up and prices were supported by rising demand. In addition, rumors of various tactical considerations of production restriction by major potassium sulfate suppliers in the Middle East and Europe were circulating in the market, leading to a sudden undersupply of global potassium sulfate, which in turn reversed the price trend.

The war between Israel and Gaza in October fortunately did not affect the global supply and demand of potassium chloride and potassium sulfate, but geopolitics and the impact of the conflict will remain a major concern for the sales of potassium sulfate in the future.

Due to various factors such as the impact of the pandemic, capital and technology, the new potassium sulfate plant in Australia could not be put into operation on schedule before 2023, and its future development is yet to be observed. According to media reports, the new production line project of potassium sulfate to be put into operation globally between 2023 and 2024 will add about 786,000 tons of new production capacity of potassium sulfate from Mainland China, Sweden, and Pakistan by the end of 2024.

As we speak, the future direction of China's customs control policy on fertilizer exports, which came into effect in October 2021, remains uncertain. Although a small amount of potassium sulfate has previously received export permits, basically, the export restrictions remain in place; it is expected that when China's exports of potassium sulfate return to normal, it will inevitably have a negative impact on the global supply and demand of potassium sulfate.

In addition, global climate change has resulted in extreme weather conditions such as sudden rains, floods, or severe droughts, causing damage to many major agricultural farmlands and interfering with fertilizer application periods and usage, and inevitably affecting the demand for potassium sulfate.

According to market reports and industry sources, most of the world's major potassium sulfate producers sold out of their production in 1Q2024, and the strong demand well supported the prices currently, which are expected to continue into the second quarter. With respect to the outlook for 2024, the international potassium sulfate market will see an upturn in the buying momentum and a stable upward adjustment in prices, bringing a long-awaited positive atmosphere to the overall market after getting rid of the high inventory of high-priced potassium chloride purchased earlier. The Company will make timely adjustments to its sales strategies in response to market prices and actively consolidate and explore the market. We will manage our potassium sulfate sales in 2024 in a steady manner in spite of the challenges, and expect that the gloom since 2023 will be over and the future is promising.

B. There are two types of soda ash: heavy soda ash and light soda ash. Soda ash is one of the important chemical raw materials, widely used in light industry, glass, chemical industry, food industry, metallurgy, textile, petroleum, national defense and other fields.

The growth of the global soda ash market in the past few years was mainly driven by major applications such as flat panel glass and glass containers, in addition to a steady increase in the use of soda ash in industries such as soaps, detergents, manufacturing dyes, colorants, and so on; growing demand from the construction industry is a key factor driving the growth of the global soda ash market.

In 2023, the global soda ash market size had a negative growth compared to 2022, mainly due to the excessive high-priced inventory accumulated by various manufacturers as a result of the pandemic, but the global price of raw materials was stable, and the price of soda ash tended to be stable. In the first half of the year, demand from midstream and downstream customers gradually declined, and market prices fell sharply due to increasing inventory costs and weakening demand, causing many suppliers to accumulate excessive high-priced inventory.

From the third quarter onwards, the impact of high-priced inventory in the first two quarters began to backfire, leading to weak demand for soda ash in the second half of the year. As demand was sluggish, suppliers ought to lower selling prices to boost buying, so various suppliers made concessions on their selling prices, but we still could not see a rebound in buying, which led to a sharp increase in inventory in the second half of the year due to the double impact of high-priced inventory and declining demand, and put pressure on our operations.

The Company's sales of soda ash in 2023 were almost a microcosm of the global market. Supply was affected by supply cutbacks from our sources and poor logistics, and the decline in arriving shipments along with sluggish demand led to historically high inventories. In retrospect of the biggest challenges to soda ash sales during the year, the first was the continuous increase in supply prices, which rose vigorously throughout the year, and the second was the challenge of inventory management, especially the unstable shipments from suppliers and the third was the weak demand from the third quarter onwards, which led to a surge in inventory and further impacted the Company's sales margins.

Looking forward to 2024, we expect that sales of soda ash will gradually recover as we enter the post COVID era. In the first two quarters, the Company is still adjusting and stabilizing its fundamentals, and we expect to see a gradually stable trend in the second half of the year. The future direction of shipping prices will be one of the key points, and the impact of the wars should not be underestimated, either. In the face of aggressive moves by competitors, whether customers can accept the ever-increasing prices will be a major test for the Company's sales.

(2)Subsidiary shipping business

Bulk shipping mainly carries bulk materials and basic industrial raw materials. It can be divided into main dry bulk cargo (including iron ore, coal (coal + coking coal) , grain, bauxite and phosphate ore) and secondary dry bulk cargo (including steel products, scrap iron, cement, fertilizer, wood, sugar and salt, etc.) . If distinguished according to the carrying tonnage, the types of bulk carriers can be divided into Capesize, Panamax, Supramax, and Handysize. The international freight indexes are mainly BCI, BPI, BSI and BHSI. Each index is composed of spot freight rates for several to dozens of routes, and the Baltic Exchange Dry Index (BDI) is composed of spot prices for major routes of various ship types. On the whole, BDI is an important observation indicator for bulk shipping rates.

Classification of main bulk ship types

Bulk Ship Type	Cape Size	Panamax	Handymax/Supramax	Handy Size
Tonnage	80,000-200,000 tons	50,000-80,000 tons	40,000-60,000 tons	Below 40,000 tons
Major cargos Contents	Mainly iron ore, coking coal, coal and industrial raw materials	Mainly civilian resources and grains, sometimes carrying iron ore and coal	Grain, limestone, ore sand, coal, cement and wood.	Grain, limestone, ore sand, coal, cement and wood.
International Quotation Index	BCI	BPI	BSI	BHSI
Special features	•Ships with large tonnages cannot cross artificial canals. They must detour through the Strait of Magellan in South America to ports on the East Coast of the United States, mainly on ocean routes.	•Maximum tonnage through the Panama Canal •Mainly carry ocean cargo	•Capable of carrying both ocean and coastal cargoes	•Capable of carrying ocean, coastal, inland river and canal cargoes

The Company’s shipping business focuses on lightweight bulk carriers mainly because they may sail on a wide range of areas and have a relatively stable supply and demand market compared to other ship types, and the fluctuations in ship prices and rents are relatively stable; these characteristics are in line with the Company’s steady and conservative operating spirit.

Handysize bulk, whose main cargoes are grains and infrastructure materials, was mainly affected by the slowdown of the Chinese economy in 2023, with weaker sea freight rentals compared to 2022. In the second half of the year, sea freight rentals were supported by increased demand for transport capacity due to the drought in the Panama Canal and the crisis in the Red Sea, as well as the extension of transportation routes. The high interest rate in 2023 also increased the operating burden of the capital-intensive transportation business, so the reality for the shipping business in 2023 was that it could maintain its profitability but at a reduced level of profitability.

(3)Subsidiary catering business

In 2023, the impact of the pandemic gradually subsided, but the impact of labor turnover and the impact of economic downturn on the catering business increased. In the future, we will continue to develop burden-free Japanese-style fresh food, and we will also strive to increase consumer willingness to consume healthier and more convenient food and to adjust consumer preferences in order to continue to grow in the future.

2.Relevance of the upstream, middle and downstream industries

(1)Core Industrial Chemical Business

A. Sulfate of potash

(a) The upstream industries are mainly potassium chloride and sulfuric acid. The major mineral sources of potassium chloride are Canada, Russia and Belarus, which accounted for about 70% of the world production. The high concentration of global mineral resources in a few regions has led to an oligopoly in the production of potassium chloride, and the major producers often control the potassium chloride market by controlling prices by supply to increase profitability.

It is estimated that before the Russo-Ukrainian War, the global use of potassium fertilizers was about 88 million tons (88% potassium chloride and 9% potassium sulfate). The International Fertilizer Association (IFA) estimated that for 2022, due to geopolitical conflicts and related economic sanctions and other impacts leading to a significant reduction in the supply from Russia and Belarus, the global supply of potassium fertilizers was reduced by about 14% compared with that in 2021, and the increase in production from Canada, Laos and other regions was not enough to make up for the shortfall caused thereby. From the second half of 2022 onwards, that Russia and Belarus gradually accelerated in the recovery of the previous supply, and together with the one million tons of production from the new mine in Laos starting from 2023, contributed to the recovery of the overall supply of global potassium chloride in 2023. It is reported that 4.3 million tons in Russia and 140,000 tons in Jordan of new production capacity of potassium chloride will be put into production in 2024. IFA estimates that the effective production capacity of potassium fertilizers in 2024 will increase by about 9% compared with that in 2022.

The price of potassium chloride in 2022 had a big ups and downs, from the new high in ten years to half of the original level. At present, the market supply and demand are roughly balanced and the price has stabilized, but the uncertainties as to when the Russian-Ukrainian war will end, the conflict and development of regional politics in Russia, Ukraine, Belarus, and the Middle East and other countries, and the factors of the global climate and economic boom and bust, etc., will have an impact on the stability of supply and demand of potassium chloride. The stability and affordability of potassium fertilizers supply is much improved today compared to the significant uncertainty in 2022. For potassium sulfate production and sales, the direction of global potassium sulfate supply and price is inextricably linked to the stability or imbalance in the supply and demand of potassium chloride.

(b) The source of sulfuric acid is mainly a by-product of the de-sulphurization and metal refining processes. The price of sulfur fluctuates considerably, and in the free market, the price is subject to supply and demand, while the sulfuric acid by-product of metal refining is affected by the business dynamics of the refining industry. Generally speaking, sulfuric acid as a by-product has an advantage in price, but how to maintain a stable supply is a challenge.

B. Soda ash - Sodium carbonate (Na_2CO_3), with molecular weight 105.99, chemical purity over 99.5 (mass fraction), also known as soda ash, but classified as a salt, not an alkali. It is also known as soda or soda ash in international trade. It is an important organic chemical raw material, mainly used in the production of flat glass, glass products and ceramic glaze. It is also widely used in household washing, acid neutralization and food processing.

Sodium carbonate is a white powder easily soluble in water, its solution is alkaline (capable of making phenolphthalein solution turn light red), and it decomposes at high temperature, but does not decompose when heated.

There are two well-known techniques for making soda ash. One is the ammonia-soda method, which was developed by Solvay, also known as Soxhlet. The other is the combined alkali method, developed by Mr. Hou Deb-Bang of Mainland China, also known as Hou's alkali method (combined alkali method); it has a considerable cost advantage.after natural soda ash has been successfully discovered.

Ammonia soda method:

The raw materials salt (NaCl) and water can be obtained directly. Raw material CO_2 is derived from calcined limestone.

Advantages: 1. Raw materials limestone, salt (NaCl) and water are cheap and easily accessible.
2. Another raw material, ammonia, can be recycled with less damage.

3. Capable of large-scale continuous production, easy to mechanize, automate, higher quality soda ash available .

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Disadvantages: 1. Low utilization rate of raw materials, resulting in a large amount of waste liquid discharge containing C1-, which seriously pollutes the environment.

2. Distillation to recover ammonia requires an ammonia distillation tower, which consumes a lot of steam and lime, resulting in long process flow, huge equipment and waste of energy.

The difference between the soda method and the ammonia soda method is the treatment of ammonium chloride. The ammonia soda method is to add quicklime to make ammonia escape, while the soda method is to add salt to crystallize ammonium chloride.

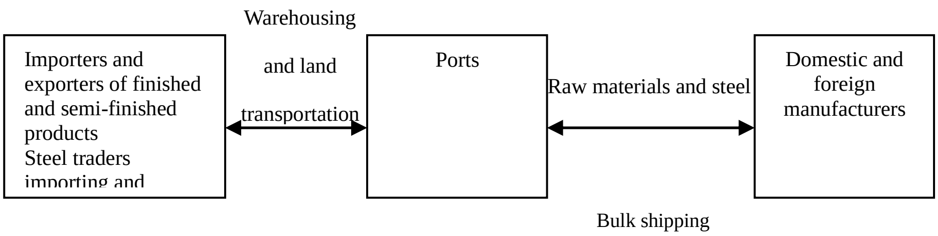
Global alkali plants with ammonia soda method are widely distributed, accounting for nearly half of the production capacity; natural alkali plants account for about a quarter of the production capacity, mainly located in the United States, Turkey and China; the remaining production capacity is alkali plants with combined alkali method, which are almost entirely located in China.

2024 will be a pivotal year, with raw material costs stabilizing and shipping costs returning to reasonable rates, if not for war zones. In conclusion, stable supply and favorable price remain the core competencies to maintain sales leadership in the market.

(2)Subsidiary shipping business

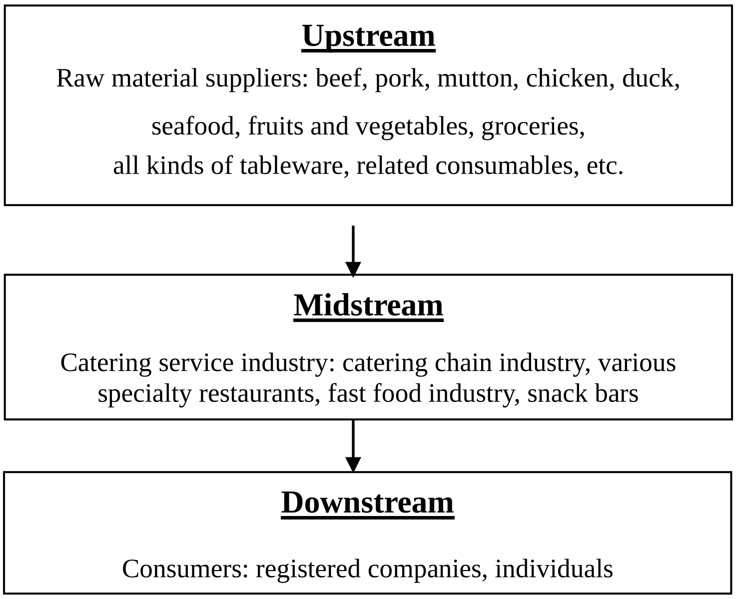
The bulk shipping industry is a transportation service industry, and its business scope is mainly to carry bulk goods and bulk goods such as civilian biological materials. Its main demand industries cover almost all industrial divisions and are different from general manufacturing. The production process of the product and the supply of the main original products have no obvious relationship between upstream, middle and downstream.

Diagram of bulk and general cargo aviation industries



(3)Subsidiary catering business

The catering industry covers all aspects of the upstream, midstream, and downstream systems from production, transportation, processing and manufacturing, services to consumption, from the production of raw materials to the back-end service consumption, which can create economic value.



3.Overall economic and product development trends and product competition

(1)Core Industrial Chemical Business

In 2023, due to the weaker than expected recovery of the global economy and other factors, the demand for end products was weak, resulting in a slowdown in the activities of the manufacturing industries in various countries. In addition, after the Russian-Ukrainian war pushed global commodity and raw material prices and inventories to their peaks since the financial crisis, with the slowdown in the growth of the global economy, the prices of commodities and raw materials experienced a sharp decline in prices that was even more severe than that of the previous year. The escalation of the U.S. microchip ban on China, the Russia-Ukraine war, the Israeli-Hamas conflict, the Red Sea crisis, and other global geopolitical conflicts, have had a significant impact on global economic development and social stability.

As we look ahead to 2024, Taiwan's economy can hardly shun away from the economic weakness as the U.S. and China face unfavorable factors in consumption and investment, respectively. Although other major economies are expected to perform better than in 2023, all major international forecasting organizations believe that the global economy will grow at a slightly slower pace in 2024 compared to that of 2023, despite the fact that global merchandise trade is still expected to show a trend to recovery. According to the latest forecast released by Taiwan Institute of Economic Research in November 2023, the GDP growth rate for 2024 is 3.15%, with an increase of 1.72% from the updated 1.43% for 2023. The Company's core industrial chemical business imports and exports various products. In the face of the difficulties and challenges of the highly uncertain macro-environment, the Company will carefully formulate strategies to cope with these challenges in accordance with the characteristics of the market and customer demand.

A. Sulfate of potash

According to IFA, the balance between fertilizer supply and consumption in the traditional market cycle is usually determined by cost competitiveness and crop production demand. Since the Russian-Ukrainian war, the adequacy of supply for fertilizers is impacting and reflecting on short-term fertilizer consumption. Compared to nitrogen and phosphate fertilizers, potassium fertilizers are the nutrient element most affected by production capacity disruptions. Due to the global distribution of mineral resources, the production of potassium fertilizers is concentrated in a few countries. Russia accounts for about 20% of the global supply of potassium chloride, and it is expected that more than 80% of the production capacity expansion in recent years will come from Russia, so the global consumption of potassium chloride will be subjected to the constraints of the supply capacity. In the event of a renewed imbalance between global supply and demand due to rising geopolitical risks or economic factors, most countries that rely on imports of potassium chloride will face a high risk of potential supply tension and shortages.

Therefore, due to the chain effect triggered by the Russian-Ukrainian war and geopolitical factors, the global potassium chloride market will experience an avalanche of price declines after a price surge in 2022, and the supply will rise instead of falling as forecasted before the year; and the price of potassium sulfate will fluctuate along with the price of the main raw material, potassium chloride. As we entered 2023, geopolitical shocks had long since overtaken the pandemic to dominate the economic and market outlook for fertilizers. With the gradual stabilization of the supply of potassium chloride from Russia and Belarus, the global supply, demand and price of potassium chloride have finally stabilized, while the gap between the current price and the market price of potassium chloride has widened due to the tight supply of potassium sulfate, which is insufficient to cope with the demand; However, when the Russian-Ukrainian war will end, when the Israeli-Arab conflict and the Red Sea shipping crisis will be solved will affect the future supply, demand and price prospects of potassium sulfate.

In 2023, many potassium sulfate manufacturers around the world faced the challenge of de-stocking high-priced raw materials and inventory. However, from the fourth quarter onwards, the inventory level of customers dropped to a low point, and the price rebounded due to the increase in demand, coupled with the tight supply, and the fact that the export of fertilizers from Mainland China was not fully deregulated as expected, and the export of potassium sulfate from Mainland China did not really reach the international market, the price of potassium sulfate gradually stabilized after climbing to a relatively high level. It remains to be seen how much impact and challenge the new production capacity of approximately 786,000 tons of potassium sulfate in Mainland China, Sweden, and Pakistan in 2024 will have on the global supply and sales of potassium sulfate and price competition.

B. Soda ash

In recent years, the global demand and production of soda ash have experienced significant growth, especially due to the rapid growth of China's economy and the rapid emergence of new cities in China, which has boosted the demand for architectural glass. Flat glass is mainly used for windows in buildings and automobiles, and together with containers, daily necessities glass and other glass applications, the glass industry accounts for more than 50% of the total global soda ash demand.
Secondly, the soap and detergent segments are bucking the trend with surging consumer demand due to the concept of hand-washing to combat COVID, and are generally estimated to account for about 15% of total soda ash demand. China is the world's largest production capacity owner, producer and consumer of soda ash; its export trade accounts for around 10% of global soda ash trade, and is generally used only as a means of short-term adjustment of the balance between supply and demand in its domestic market.

Overall, supply and demand gradually became balanced in 2023. As for China's largest soda ash production project, the 5 million tons of natural alkali of Inner Mongolia Yuan Xing Energy Company had been put into production and entered the market in January 2024, while the impact on the supply and demand of the global soda ash market has yet to be closely observed.

(2)Subsidiary shipping business

In terms of the demand for transport capability: Demand for transport capability 2024 is expected to have a low growth due to slow economic recovery. Although the effect of the drought on the Panama Canal is receding, but the Russo-Ukrainian War and the Red Sea Crisis are still expected to continue, with many variables and unpredictable trends.
On the transport supply side, the number of newly built ships is not expected to be large due to the high price of new ships. On the other hand, the supply of older ships will decrease due to the reduction in navigation speed or retirement of old ships as required by environmental regulations.
Both will support shipping business. The timing of interest rate cuts may be delayed due to inflation, and high interest rates may continue for a longer period of time, but the amortization of the principal over time will still be slightly lower.

In summary, shipping business should be supported in 2024, barring unforeseen factors.

(3)Subsidiary catering business

The catering business is gradually recovering from the impact of the pandemic. However, due to inflation and changes in consumption patterns, the catering business will continue to evolve in a sophisticated manner, and adjusting the positioning and distribution of consumers is also necessary to enhance competitiveness and adaptability to future environmental changes in the hope that the catering business can continue to operate and generate profits.

(III)Technology and R&D Overview

1.Core Industrial Chemical Business

(1)Successfully developed technologies or products:

A. Suao Main Plant has implemented the construction and collection of big data, for purposes such as improving the efficiency of heavy oil combustion in the potassium sulfate process and strengthening the detection and control of combustion exhaust gas, which has effectively reduced the amount of oil used and lowered the cost; other measures include the monitoring of the vacuum level of the equipment and real-time environmental photography and monitoring, which can effectively address environmental protection and industrial safety.

B. To go along with the international trend of reducing carbon emissions proactively, avoiding future carbon tax expenditures, and the goal of carbon neutralization of the earth,
we have planned to capture the carbon dioxide gas produced in the calcium chloride production process and imported heavy alkali as raw materials, taken stock to improve the past production process, studied the crystal grain control parameters, and actively rebuilt the baking soda production line, which had been put into pilot production in the fourth quarter of 2023. We are the only manufacturer in Taiwan to supply the domestic market with "green products" that feature local production, reduced carbon footprint, and effective reduction of CO2 emissions to supply the fast-growing future market of incinerator flue gas treatment applications

C. Our homemade baking soda has also received guidance the Ministry of Economic Affairs.in its Program of Low-Carbon and Intelligent Upgrading and Transformation for Manufacturing Industries by having large enterprises to lead small enterprises. We succeeded in the development of green process technology for calcium loop carbon capture of baking soda.

D. To abide by the policy of environmental protection and waste reduction, we use the mixed acid from the scrap of potassium sulfate process to blend and react with the appropriate amount of calcium chloride, and after centrifugal separation, washing, and dehydration, we produce high purity calcium sulfate, which has been successfully mass-produced, and has been steadily supplied to major domestic cement manufacturers as one of the important raw materials for cement production, thus becoming the success model of circular economy.

E. In order to actively solve the problem of high chlorine content in inorganic sludge in the calcium chloride process, we have developed the sludge washing and filtering process together with a major domestic sludge treatment equipment manufacturer. After process design, equipment selection, and real-machine testing, we have successfully built a low-chlorine inorganic sludge treatment equipment, which is able to effectively reduce the chlorine content in inorganic sludge, and when paired with the back-end drying equipment, it can reduce the moisture content, which not only effectively reduces the outsourcing treatment cost but also improves the subsequent applicability. With its high calcium and magnesium content, we intend to develop a potassium-containing mixed fertilizer in response to the market demand.

F. In consideration of the trend of the use of granular potassium sulfate in the international market, we will continue to research and develop for round-shaped granular potassium sulfate in order to increase the sales of granular potassium sulfate. At present, we have already gotten ahold of the related production technology and the related production equipment suppliers, and we will build the related production equipment after we conduct an on-site inspection.

(2)Future R&D activities and plans

A. In light of the trend of the use of round-shaped granular potassium sulfate in the international market, we will continue to research and develop for round-shaped granular potassium sulfate in order to increase the sales of granular potassium sulfate.

Benefit: expanding product market and enhancing product competitiveness.

B. Develop potassium/magnesium/calcium containing mixed fertilizers, integrating existing diversified materials, developing new fertilizers, and providing customized mixed fertilizers for different regional soil conditions for the market.

Benefit: Expand new markets, diversifying sales products, and creating growth momentum.

C. Capture the carbon dioxide gas produced by the calcium chloride process, purify it and liquefy it at high pressure to supply the general industry/food industry/semiconductor industry.

Benefit: Reduce carbon emissions, avoid carbon tax, turn waste into gold, and improve corporate image.

2.Subsidiary shipping business: as service industry, it is not applicable.

3.Subsidiary catering business: service industry, not applicable.

(IV) Long-term and short-term business development plans

1. Core Industrial Chemical Business

【Short-term plan】:

(1) After the stabilization of container freight charges and the stabilization of the global supply of potassium chloride, we are making full use of the REACH registration required for the export of potassium sulfate to the European Union market, and are fully committed to the development of the European market.

(2) Solidify the source of potassium sulfate customers and enhance the quality to meet the needs of customers in different markets.

【Medium and long-term plan】:

(1) Introduction of production or sales distribution opportunities for specialty chemicals to grow in tandem with the booming development of Taiwan's electronics industry.

(2) Product diversification, providing customers with a full range of integrated services, seeking new applications for existing products, exploring customers in new industries, and increasing sales. In response to the rise of environmental awareness, Taiwan's garbage incineration plants take reference to the use of sodium bicarbonate (baking soda) by Europe and the United States, replacing the current use of liquid alkali and nitrate ash to remove sulfur or chlorine; in recent years, we have continued to negotiate bids with a number of incineration plants. (it is estimated that more than 20 garbage incineration plants in Taiwan will use our green products within 10 years).

2. Subsidiary shipping business

【Short-term plan】:

(1) Pay attention to the trend of shipping market and arrange long and short-term leases.

(2) Strengthen positive interaction with financial institutions to control and reduce costs.

【Long-term plan】:

(1) Shipping is a highly capital-concentrated industry, and participation in the capital market is one of the options for the development of the shipping business, in addition to the funds from operating profits and borrowing from financial institutions.

(2) As the fleet size continues to expand, in addition to maintaining close relationships with existing ship lessees, we will introduce new customers at the appropriate time.

(3) Continue to replace old ships with new ones at the right time.

3. Subsidiary catering business

【Short-term plan】:

(1) Further enhance the Company's product image and brand awareness.

(2) Attract and cultivate outstanding talents.

(3) Improve business performance.

【Long-term plan】:

(1) Continue to improve customer satisfaction and loyalty.

(2) Develop new brands and develop new customer groups.

II. Market, Production and Sales Overview

(I) Market Analysis

1. Sales regions for main products

(1) Percentage of domestic and export sales:

Unit: NTD Thousand

Year / Product	2023					
	Domestic sales			Exports		
	Amount	Proportion	Market share	Amount	Proportion	Market share
Manufacturing-chemical products	832,362	14.16%	60%	2,491,553	42.38%	2%
Trade-chemical products	750,699	12.76%	30%	-	-	-
Shipping transport	-	-	-	1,760,185	29.94%	-
Catering	43,288	0.74%	-	-	-	-
Car transportation	54	-	-	-	-	-
Others	1,042	0.02%	-	-	-	-
Total	1,627,445	27.68%		4,251,738	72.32%	

(2) Percentage of major sales regions for external sales:

A. Core Industrial Chemical Business

Region	Percentage for 2023
Japan	23.15%
Pakistan	18.10%
Other regions (all below the threshold of 10%)	58.75%
Total exports	100.00%

Region	Percentage for 2023
Singapore	49.04%
Denmark	41.21%
Other regions (all below the threshold of 10%)	9.75%
Total exports	100.00%

C. Subsidiary catering business: Not applicable.

2. Market supply and demand in the future

(1) Core Industrial Chemical Business

【Fertilizer category】

The global annual demand for potassium sulfate is estimated to be nearly 8 million tons, with Mainland China being the largest producer and consumer of potassium sulfate in the world. It is estimated that more than half of the world's 10 million tons of potassium sulfate production capacity comes from China, more than 25% from Europe, and the U.S. accounts for about 10%. IFA estimates that demand for potassium sulfate will grow at an annual rate of about 1-3% from 2020 to 2030. After deducting the demand from Mainland China, the global demand from other parts of the world is about 1.0-1.2 million tons from Europe, 0.3-35 million tons from the U.S., 0.65-7.5 million tons from Latin America and Africa, and the rest from other regions and countries such as the Middle East, Asia, and New Zealand and Australia.

Except for the global panic buying and hoarding of potassium sulfate in 2022 due to the Russian-Ukrainian war and China's restriction on fertilizer exports, the amount of potassium sulfate purchased and used in the consuming countries or regions may change or be adjusted according to the global and local economic conditions, crop seasonality, food supply and market, currency fluctuation, climate change, and farmer income.

Due to delay in construction schedule caused by the epidemic, together with the overruns of investment cost compared to the original estimate, and other technical problems and limitations, several new potassium sulfate production line projects with a total of 120,000 tons of production in Australia originally expected to commence production in 2022 are in the process of re-adjusting the structure of the investors or reorganizing the team, and the new schedule for the new production is yet to be known. The latest information shows that the new potassium sulfate production line projects expected to be put into operation in the world between 2023 and 2024 will add about 786,000 tons of potassium sulfate production capacity by the end of 2024, including 620,000 tons in Mainland China, 100,000 tons in Sweden, and 66,000 tons in Pakistan.

In order to stabilize internal fertilizer supply and demand, China's fertilizer export restrictions have remained in place to date. Market sources had suggested that the Chinese authorities might phase the restrictions out in the first half of 2023, but in reality, they were only slightly relaxed, and only a small amount of potassium sulfate were successfully exported as a result. However, the Chinese government's rapid policy adjustments and changes in response to its domestic market demand will require continued attention and vigilance, and once China fully liberalizes the export, it will have a significant impact and change the supply and demand for potassium sulfate in the international market. In this regard, we will stick to our strategy of diversifying our markets and diversifying our sales risks in order to minimize the impact and risk of any sudden and significant changes in a single market.

【Soda Ash】

China, like the U.S. and Turkey, has abundant reserves of soda ash, but due to the lower purity of the alkali ore, it is more difficult to mine than the other two countries, and in recent years, it has gradually overcome the problem of technological backwardness, and its supply has increased greatly. In addition, due to the increasing emphasis on environmental issues in the raw material manufacturing industry, the traditional ammonia alkali method produces a large amount of exhaust gas during the production process, resulting in high pressure on the environment, and the expansion of production capacity with ammonia alkali method in China has been gradually restricted. It is estimated that the total production capacity of soda ash in China, North America and Western Europe accounts for 80% of the global production capacity.

In 2023, the soda ash market gradually got rid of the haze of the pandemic, while supply and demand gradually returned to stable. With respect to the outlook for 2024, the economic recovery is expected to be slow but hopeful, the housing and construction industry and the automotive industry will warm up, flat glass demand is expected to rebound, and new energy field will also drive the demand for soda ash to a high level. It is estimated that in the first half of the year, as the tight supply and demand pattern will continue, the inventory of manufacturers may continue to remain low. This will provide support for the high price of soda ash. The 5 million tons of production capacity of Yuan Xing Energy Company's natural alkali project has been fully operational since January 2024, and it is worthwhile to closely observe what changes will be made to the supply and demand pattern of the soda ash market in China and even globally.

(2) Subsidiary shipping business

Supply and demand in 2024 is expected to be comparable to those of 2023.

(3) Subsidiary catering business

Taiwan's catering market has eliminated some of its players as a result of the pandemic, and market demand is expected to pick up, except that inflation will affect the demand of the mid-end consumers.

3. Product niche

(1) Core Industrial Chemical Business

A. The global market for potassium sulfate will continue to grow year after year in the future.

B. Leverage the REACH certifications of the European Union obtained for potassium sulfate to actively develop the European market.

C. We have a strong foundation of close cooperation with our major raw material suppliers, and have gained their full support and trust over the long term to ensure that there is no risk in the supply of raw materials from the suppliers.

(2) Subsidiary shipping business

Handysize ships are more stable than large ships due to their large navigation area, which makes them more competitive in times of economic downturn and rising inflation.

(3) Subsidiary catering business

Due to the high acceptance of Japanese food and beverages by Taiwanese people, Japanese food has a large market in Taiwan. Since the subsidiary catering business was established, it has focused on Japanese food as its development goal. With high-quality healthy food and service quality, it is expected to cooperate with other catering industry participants to create market segmentation and create a niche.

4. Favorable and unfavorable factors for development prospects, and countermeasures

(1) Core Industrial Chemical Business

【Development Vision】

A. Favorable factors

We have a good long-term cooperative relationship with upstream suppliers and can support each other in response to market changes. The downstream sales system is complete, and we can cooperate with various distributors through channels to find existing or potential products in the market to supply customer needs.

B. Unfavorable factors and specific countermeasures

For existing trade products, price competition in the domestic market is fierce.

Countermeasures: In addition to maintaining a long-term operation and stable supply strategy, the Company has expanded its storage capacity in recent years, established a transportation fleet, expanded the scope of serving customers, and established its position as a major supplier in the market.

【Development Prospects - Cutting into the Production of Special Niche Chemicals】

A. Favorable factors:

As Taiwan's electronic (foundry and LCD panel) industry is booming, we are looking for entry opportunities in the manufacture of specialty chemicals.

B. Unfavorable Factors and Specific Countermeasures:

Production technology acquisition and authorization, market know-how mastery and development are still under research and development.

(2) Subsidiary shipping business

A. Favorable factors

Many of the Company's chemical suppliers are internationally renowned shipping companies, and the Company is also familiar with miners due to relations in the chemical industry; these relations may provide a stable and reliable source of potential customers for the fleet and bring positive effects to the development of the shipping business. The Company's ship types enable the Company to weather through the impact of market fluctuations.

B. Unfavorable factors

Shipping is a highly capital-concentrated industry. High interest rates increase the cost of capital and the timing of interest rate cuts has a direct impact on profitability. In addition, due to the increase in environmental issues, older ships are facing the problem of maintenance and equipment upgrading. The slow recovery of the international economy will have a direct impact on the growth of shipping rentals.

Countermeasures: In addition to increasing own sources of funds with lower costs, continue to maintain good relationships with financial institutions and maintain complete credit records to obtain loans with more favorable interest rates. Maintain the competitiveness of the fleet by replacing old ships with new ones.

(3) Subsidiary catering business

A. Favorable factors

a. Great business opportunities in Taiwan’s Japanese restaurants

Japan and Taiwan are geographically and historically connected, and Japan is one of the main destinations for Taiwanese to travel abroad. Japanese dining culture and food have also entered Taiwan along with the long-term exchanges between the two sides, and Japanese cuisine has become an inseparable part of the daily diet of Taiwanese people.

b. Change of dining habits and implementation on two days off per week

With changes in catering habits and the implementation of the two-day weekend, the food market continues to expand. With the increase in the disposable income of Taiwanese people, the simplification of family structure, and the popularization of double-income families, the population of eating out is growing year by year due to the pursuit of high-quality life and convenience. In addition, the implementation of the two-day weekend, the prosperity of leisure tourism, and the government's promotion of emerging industries, such as the convention and exhibition industries, have also promoted the flourishing development of the catering industry.

B. Unfavorable factors and countermeasures

a. The catering industry features low entry barriers and fierce market competition

Countermeasures: Maintain brand quality and reputation, provide customers with the most natural and healthy food, and provide good service to win consumers' approval.

b. It is not easy to train service and management personnel, and the turnover rate is high

Countermeasures: We will actively establish a talent training system and plan and maintain employee welfare in line with the tradition of taking care of employees to meet the demand for various types of talents for future business expansion.

c. External environment affects the business: The full-scale and long-term impact of the COVID-19 pandemic in recent years had challenged the traditional dining culture and habits.
Countermeasures: Change the single mode of food supply, research on breakthroughs in preservation of fresh food for take-out, and expand take-out and home dining to a variety of styles.

(II) Important uses and production processes of main products

1. Product application

(1) Core Industrial Chemical Business

" Potassium Sulphate " is a high-grade potash fertilizer suitable for tobacco leaves, citrus fruits, grapes and general fruit trees, vegetables, flowers and tobacco.

"Liquid calcium chloride" 1. Ice making 2. Effluent treatment 3. Neutralization adjuvant

"Hydrochloric acid" 1. Chemical industry 2. Metallurgical industry 3. Effluent treatment

【Soda Ash (Sodium Carbonate)】

1. Plate glass 2. Glass bottle 3. Chemical manufacturing 4. Cleaning agent

5. Pulp 6. Water treatment 7. Textile

【Glauber's salt (anhydrous sodium sulfate)】1. glass 2. textile 3. detergent

【Baking Soda (Sodium Bicarbonate)】

1. Expanding agent 2. Fire extinguishing agent 3. Feed additive

4. Cleaning agents 5. Refuse incineration plants

"Mixed calcium phosphate" Various feed additives

【Salt】A basic chemical raw material for agriculture and industry

【Ammonium Powder (Ammonium Bicarbonate)】

1. Food (glutinous rice flour) 2. Pharmaceutical 3. Leather softener 4. Electronics industry

"Calcium Chloride" 1. Ice making 2. Cement additives 3. Asphalt additives 4. Civil engineering

(2) Subsidiary shipping business

Not applicable to transportation services.

(3) Subsidiary catering business

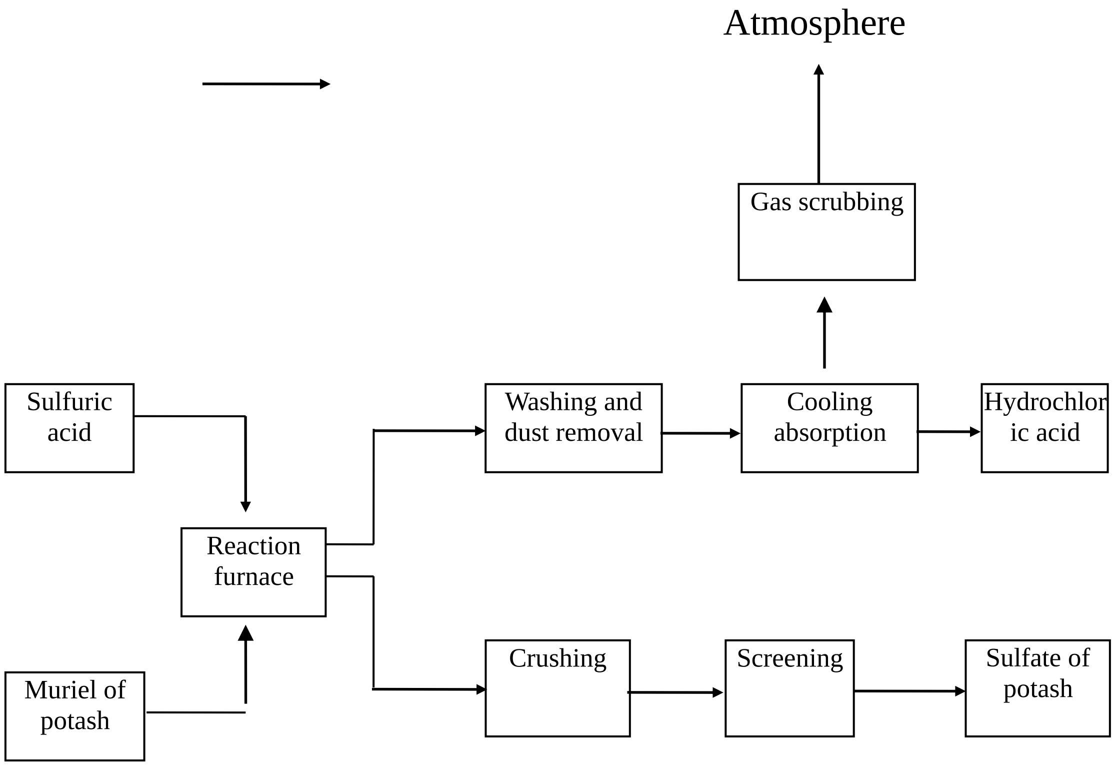
Catering services.

(II) Production Process of Main Products:

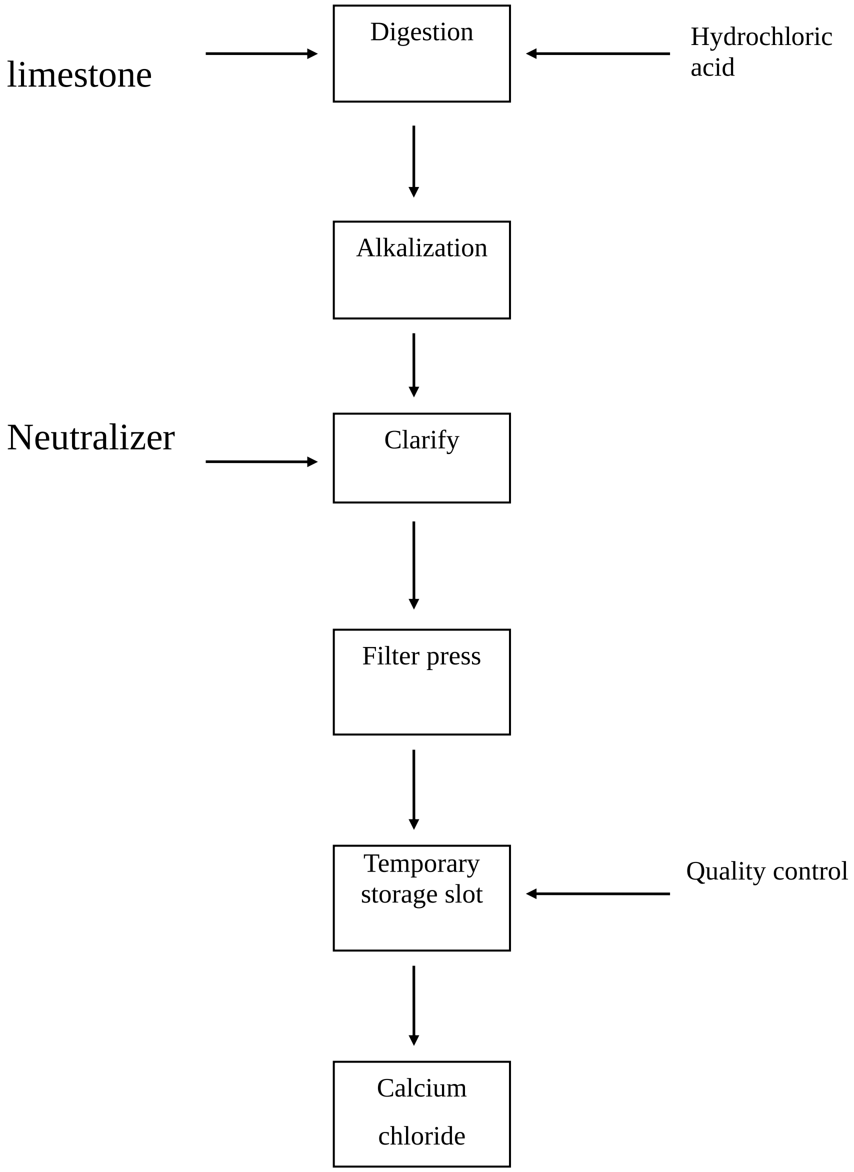
(1) Core Industrial Chemical Business

Sulfate of potash and hydrochloric acid

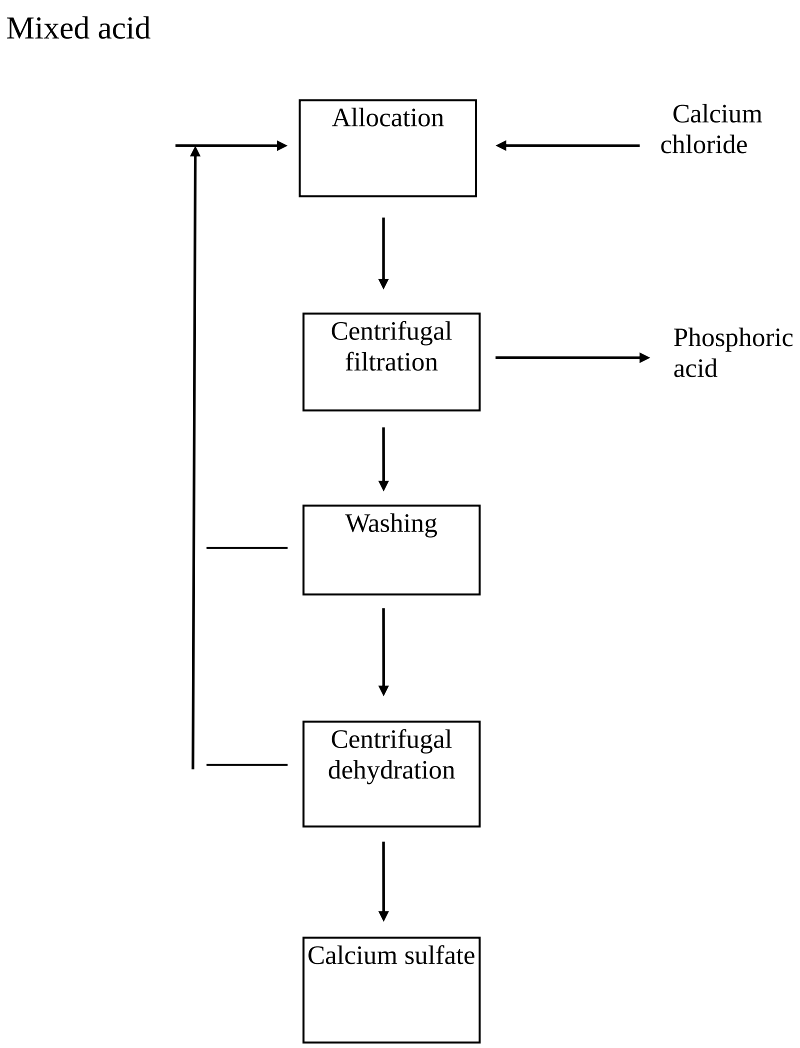
$$2KCl + H_2SO_4 \rightarrow K_2SO_4 + 2HCl$$



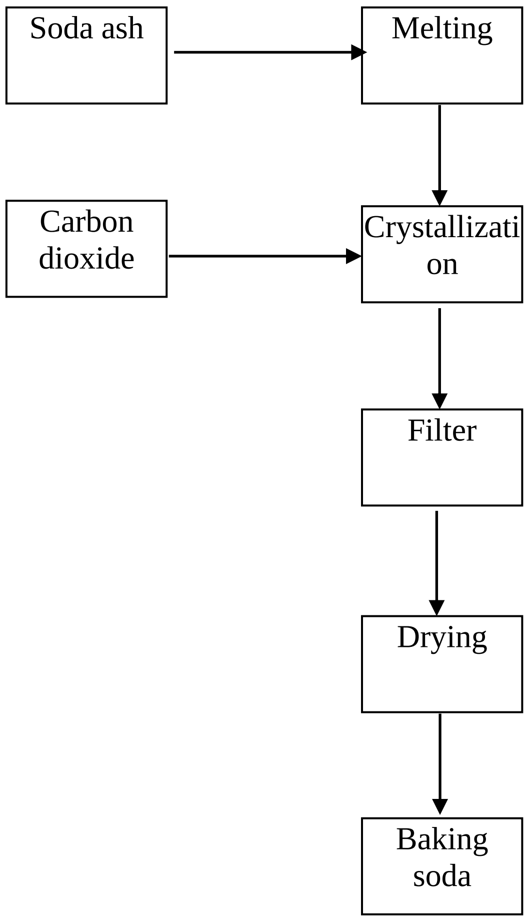
Liquid Calcium Chloride



Calcium sulfate (gypsum)

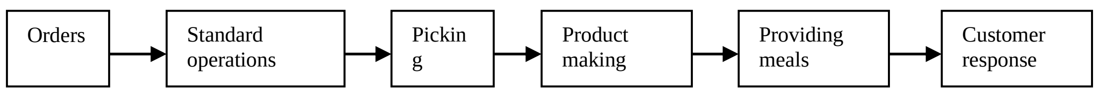


Baking soda



(2) Subsidiary shipping business: as service industry, it is not applicable.

(3) Subsidiary catering business



(III) Supply status of main raw materials

Main items	Important vendors	Supply conditions
Muriel of potash	Vendor A	Delivery time / quality stability
Sulfuric acid	Vendor B	Delivery time / quality stability

(IV) List of main purchase and sales customers in the last two years

1. Major customers' transactions:

Unit: NTD Thousand

	2022				2023			
Item	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer
1	Others (none of which reaches 10%)	8,025,189	100.00	None	Others (none of which reaches 10%)	5,879,183	100.00	None
	Net sales	8,025,189	100.00		Net sales	5,879,183	100.00	

2. Supplier transactions:

Unit: NTD Thousand

	2022				2023			
Item	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer
1	Vendor A	2,335,624	59.56	None	Vendor A	1,115,937	51.48	None
2	Vendor D	581,931	14.84	None	Vendor D	373,644	17.24	None
	Others (none of which reaches 10%)	1,003,722	25.60	None	Others (none of which reaches 10%)	678,099	31.28	None
	Net purchases	3,921,277	100.00		Net purchases	2,167,680	100.00	

(V) Production volume and value for the most recent two years

Units: Volume/Chemical Products-Metric Ton; Value/ NTD Thousand

Year / Production quantity and value / Department	2022			2023		
	Productivity	Volume (Including outsourcing quantity)	Value (Including outsourcing quantity)	Productivity	Volume (Including outsourcing quantity)	Value (Including outsourcing quantity)
Manufacturing-chemical products	352,063	370,185	4,458,778	342,560	357,724	3,082,864
Trade-chemical products	--	96,157	1,167,180	--	57,906	644,078
Total	--	--	5,625,958	--	--	3,726,942

Note:
1. Among the chemicals, manufacturing includes sodium sulfate, hydrochloric acid, and liquid calcium chloride; the trading includes soda ash, baking soda, anhydrous sodium sulfate, potash, and drying salt.
2. Capacity refers to the volume that the Company can produce under normal operations using existing production equipment after taking necessary shutdowns, holidays, and other factors into account.
3. The subsidiary shipping business and the subsidiary catering business are service businesses, so they are not applicable.

(VI) Sales volume and value for the most recent two years

Unit: Quantity/chemical products - metric ton; value/NTD thousand

Year / Sales value / Department	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value.	Volume	Value.	Volume	Value.	Volume	Value.
Manufacturing-chemical products	236,448	877,381	129,837	3,448,910	232,363	832,362	132,299	2,491,553
Trade-chemical products	82,257	984,132	--	--	61,511	750,699	--	--
Shipping transport	--	--	--	2,662,617	--	--	--	1,760,185
Catering	--	52,149	--	--	--	43,288	--	--
Truck freight transportation	--	--	--	--	--	54	--	--
Others	--	--	--	--	--	1,042	--	--
Total	--	1,913,662	--	6,111,527	--	1,627,445	--	4,251,738

Note: 1. Among the chemicals, manufacturing includes sodium sulfate, hydrochloric acid, and liquid calcium chloride; the trading includes soda ash, baking soda, anhydrous sodium sulfate, potash, and drying salt.

III. Information on employees

(1) Information of employees in the latest two years and as of the publication date of the annual report

1. Information on the employees of Sesoda Corporation

March 25, 2024

Year		2022	2023	Current year up to March 25, 2024
Number of employees	Headquarters	38	42	41
	Suao Main Plant	126	135	136
	Changhua Plant	6	6	6
	Taichung Plant	5	5	5
	Total	175	188	188
Average age		44.10	43.01	43.74
Average years of service		13.58	11.85	11.21
Education distribution ratio	Ph.D.	0%	0%	0%
	Master's degree	8%	8%	8%
	College and university	30%	32%	32%
	High school	52%	50%	50%
	Below high school	10%	10%	10%

2. Information on the number of employees in the consolidated company under the group structure

March 25, 2024

Year / Number of People / Company	2022	2023	Current year up to March 25, 2024
SSC	0	0	0
SSMHC	0	0	0
SIL	0	0	0
East Tender Trading	0	0	0
E-Teq Venture Co.	1	0	0
Yukari Group	15	13	12
Yun Sheng Investment Co., Ltd.	0	0	0
SESC	22	22	22
SMGC	22	22	22
SMTC	22	22	22
SEHC	22	22	22
SEBC	22	22	22
SEAC	22	22	22
SEMC	22	22	22
SECC	22	22	22
Zaifeng Motor	6	6	6
SEDC	22	22	22
SEGC	22	22	22
SEPC	22	22	22
SERC	22	22	22
SEEC	22	22	22
SEFC	22	22	22
SEVC	22	22	22
SEJC	0	0	0

Note: Because the merged companies are mostly a foreign company, the employee information of the merged companies, such as length of service, average age and educational background, cannot be obtained.

IV. Information on environmental protection expenditure

(I) Losses due to environmental pollution in the last two years

	2022	2023
Pollution status (type, process)	Waste	None
Subject of compensation or disciplinary unit:	Yilan County Environmental Protection Bureau	None
Amount of compensation or disposition:	NTD 18,000	None

Year	2023	
Item	Quantity	Fine (NTD 10,000)
Air pollution	0	0
Water pollution	0	0
Waste pollution	0	0
Safety and health	0	0
Total	0	0

(II) Countermeasures

1. Based on its commitment to a continuous improvement policy of environmental protection, the Company still actively implements improvement measures.
   (1) Strictly control and monitor the emission reduction of air, water, and waste in the process, with a view to achieving the goal of zero pollution.
   (2) Strengthen the operation and inspection of pollution prevention equipment, and continue to maintain pollution prevention equipment.
   (3) Encourage the classification of business waste, implementing waste reduction and resource recovery.
   (4) Implement an environmental management system, strengthen employee education and training, and strengthen emergency response capabilities.
   (5) Implement operating environment testing in the manufacturing process, and planting of greenery in the factory area to establish a clean operating environment.

2. Estimated environmental capital expenditure in the next three years

		2024	2025	2026
(A)	Implement environmental improvement and beautification work and pollution prevention and control work	Continuously improve pollution prevention of the general plant and greening and beautification of the plant area	Continuously improve pollution prevention of the general plant and greening and beautification of the plant area	Continuously improve pollution prevention of the general plant and greening and beautification of the plant area
(b)	Expected performance improvement	Commitment to continuous improvement and enhancement of corporate image	Commitment to continuous improvement and enhancement of corporate image	Commitment to continuous improvement and enhancement of corporate image
(c)	Capital expenditures	NTD 5,000 thousand	NTD 5,000 thousand	NTD 5,000 thousand

3. Impact after improvement

		2024	2025	2026
(a)	Impact on net profit	Increase depreciation costs by about NTD 1 million a year	Increase depreciation costs by about NTD 1 million a year	Increase depreciation costs by about NTD 1 million a year
(b)	Impact on competitive position	Enhance corporate image, operate and produce in line with national environmental protection standards, enable the Company to move towards internationalization, and establish an opportunity for sustainable operations	Enhance corporate image, operate and produce in line with national environmental protection standards, enable the Company to move towards internationalization, and establish an opportunity for sustainable operations.	Enhance corporate image, operate and produce in line with national environmental protection standards, enable the Company to move towards internationalization, and establish an opportunity for sustainable operations.

4. Portion of countermeasures not taken: None.

V. Labor-management relations

(I) Various employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures

1. Various employee welfare measures, further education, training, working environment and employee personal safety protection and their implementation status: The Company formulates work rules in accordance with the Labor Standards Act, establishes an employee welfare committee, allocates employee benefits on a monthly basis and regularly holds labor and management meetings. It implements various employee vocational training according to actual needs, regularly implements employee health inspections, implements various operating environment measurements, provides appropriate protective equipment and facilities, and protects employees' health. Greening and beautifying the plant environments, creating a beautiful and fresh workplace. We also implement automatic inspections for safety and health, safety and health procedures, a safety and self-protection system, promote zero disaster rewards and punishments, and encourage employees to participate in recreational activities.

   The employee welfare items provided by the Company's Employee Welfare Committee each year:

   Major holiday and Labor Day bonuses, travel subsidies, children's education scholarships, and stock welfare funds.

2. Staff education and training

   (1) Staff education and training system:

   In order to cooperate with the operating policy and development goals, improve the quality of employees, enrich knowledge and skills, and increase work efficiency, the company has formulated the "Education and Training Management Measures" to seek the effective use of human resources, and implement the effectiveness evaluation of education and training. It uses performance evaluation standards to implement these methods.

   (2) Implementation of continuing education and training for employees

Disclosures \ Year	2023
Total expenses of education and training	NTD 249,860
Total hours of education and training courses	2,558.5 hours
Number of participants	298 people

3. Circumstances of relevant personnel obtaining pertinent licenses

License designation	Organizer	Personnel list		
		Department	Title	Name
Accountants	Examination institute	Management Department	Senior General Manager	Liu Chih-Yung
Test of Fundamental Capabilities for Enterprise Internal Control	Securities & Futures Institute	Accounting Section	Manager	Chu Ching-Yun
Test of Fundamental Capabilities for Enterprise Internal Control	Securities & Futures Institute	General Services Office	Assistant Manager	Chang Lien-Chu
Test of Fundamental Capabilities for Enterprise Internal Control	Securities & Futures Institute	Audit Office	Assistant Manager	Li Yen-Ling
Test of Fundamental Capabilities for Enterprise Internal Control	Securities & Futures Institute	Overseas Department	Organized by	Chen Chin-Fang
Test of Fundamental Capabilities for Enterprise Internal Control	Securities & Futures Institute	Stock Services Office	Manager	Huang Mei-Ling
Internal auditor	Internal Audit Association	Management Department	Senior General Manager	Liu Chih-Yung
Bookkeeper Training	Examination institute	General Services Office	Assistant Manager	Chang Lien-Chu
Bookkeeper Training	Examination institute	Audit Office	Assistant Manager	Li Yen-Ling
Service Personnel:	Securities & Futures Institute	Stock Services Office	Manager	Huang Mei-Ling

4. Protective measures for working environment and employees' personal safety

As a traditional chemical raw material manufacturer, the Company has always attached great importance to the occupational safety and health of employees, and implemented "safety first" as the most basic requirement. For the manufacturing environment, we provide hardware facilities that meet health and and safety in the manufacturing environment. The Company has set up comprehensive protective measures for machinery and equipment (fences, protection, signs, etc.) , and established standard work procedures, which we require our employees to follow to ensure the safety of employees' work, taking into account the operating environmental conditions in compliance with legal requirements, Furthermore, we conduct concentration testing of the work environment (concentration of dust, noise, hazardous substances, and lighting) on a regular basis to control and monitor the work environment of employees. It engages in comprehensive greening and beautification planning and maintenance of the plant area to provide employees with a safe, hygienic and comfortable working environment.

Occupational safety and health education and training are implemented on a regular basis for employees. In response to special operation requirements, special operators must be sent out first to obtain qualified training licenses, so as to ensure that employees are familiar with the operating standards, and that the awareness and concept of operational safety are strengthened, reducing human errors. For the management of contractors, we conduct periodic assessment of the suppliers to ensure the quality and operation of the suppliers or contractors. We also hold safety and health coordination meetings at contractors' entrance, and inform them of hazards in the workplace, and control of hot work and elevated work, all with "safety" as the premise of work.

Employees are the Company’s greatest asset. For employees’ personal safety protection measures at work, in addition to different tasks, adequate personal safety protection equipment is provided to prevent incidents and protect the physical safety of employees, and health inspections for all employees are implemented in accordance with the law. This is done to accurately understand the physical conditions and protective actions of employees.

In order to encourage employees to pay attention to and participate in safety and health, in addition to implementing the safety and health autonomous management and self-care system, and implementing the "zero incident" reward system, the "safe working hours" of the competition creation unit of each unit is combined with incentive rewards. Corrective punishments are in place in order to improve employees’ awareness of safety, thereby eliminating safety hazards.

5. Retirement system

The Company has established the Employee Retirement Procedures in accordance with the Labor Standards Act. In response to the amendments to the Labor Retirement Act, the Company amended the Employee Retirement Regulations on August 23, 2005. Employees may opt for the old system or the new system according to their personal wishes. If they change to the defined contribution plan after choosing the new system or those who arrive after the implementation of the new system, the pension will be contributed by the Company on a monthly basis not less than monthly salary at a rate of no less than 6% of the employee’s monthly wages, which is deposited in the employee’s individual pension account. For those who choose the old system, according to the employee retirement method and in adherence to the law, the Company will allocate employee retirement funds on a monthly basis and deposit them in the special pension accounts of the Bank of Taiwan.

6. Other important agreements: None.

(II) Estimated amount of losses due to labor disputes in the last three years and countermeasures: None.

VI. Information security management

(I) INFORMATION SECURITY MANAGEMENT FRAMEWORK

The Information Office is responsible for coordinating and implementing information security policies, promoting information security messages, enhancing employees' information security awareness, and collecting and improving the technologies, products or procedures for the performance and effectiveness of the organization's information security management system. The Audit Office conducts information security audits on the internal control system - electronic computer circulation every year to evaluate the effectiveness of the Company's internal control over information operations.

(II) INFORMATION SECURITY POLICY

In order to implement information security management, the Company has established an internal control system. Through the joint efforts of all colleagues, we hope to achieve the following policy goals

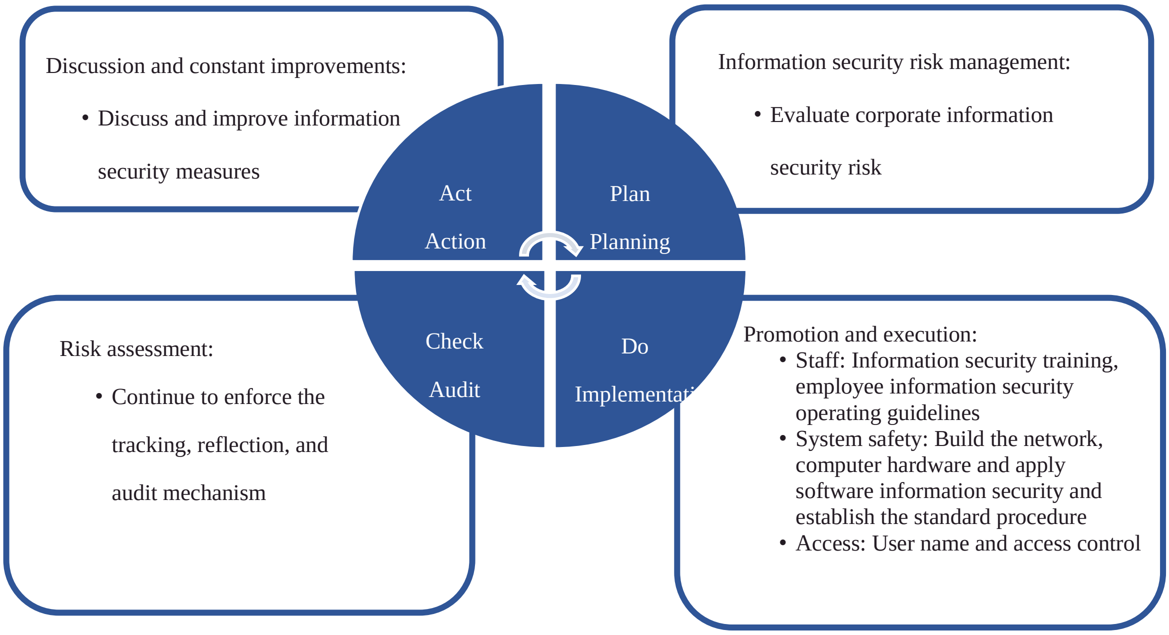
- Establish information security management guidelines that comply with laws and customer needs.
- Through the awareness of all employees, we can reach a consensus that everyone has the responsibility and obligation in information security.
- Ensure the confidentiality and integrity of information assets.
- Ensure that data access is regulated according to the department's functions.
- Ensure the continuous operation of the information system.
- Prevent unauthorized modification or use of data and systems.
- Regularly perform information security audits to ensure the implementation of information security.

1. SPECIFIC MANAGEMENT PLANS

Internet information security control	Data access control	Response and recovery mechanism	Advocacy
● Install protective equipment. ● Regularly scan the computer system and data storage medium. ● The use of various network services shall be implemented in accordance with the information security policy. ● Regularly review the records of various network services and track abnormal situations.	● Computer equipment should be kept by dedicated personnel with user IDs and passwords. ● Different levels of access are assigned based on functions. ● Transferred personnel have their original permissions revoked. ● Confidential and sensitive data and copyrighted software should be removed or overwritten before the equipment is scrapped. ● The remote login management information system shall be properly approved. ● Regular inventory of employee account numbers/authorities.	● Periodic review of emergency response plans. ● Regular disaster recovery drills every year. ● Establish a system backup mechanism and implement off-site backup. ● Regularly review the computer network security control measures.	● Promote information security information and raise employees' information security awareness.

2. CONTINUOUS IMPROVEMENT FRAMEWORK

THE ORGANIZATIONAL OPERATION MODEL ADOPTS PDCA MANAGEMENT TO ENSURE THE ACHIEVEMENT OF RELIABILITY GOALS AND CONTINUOUS IMPROVEMENT.



(III) IMPLEMENTATION STATUS

- The Company currently has no major information security incidents that caused business damage.
- Continue to implement the information security management policy objectives, and implement regular recovery plan drills to protect the security of the Company's important systems and data.

VII. Important contracts:

Long-term loan contracts

Item	Contract nature	Group subsidiary	Contract counterparty	Contract date	Contract period	Main content	Restrictive clauses
1	Collateralized bank loans	Sesoda Corporation	Bank of Taiwan	2023/7/12	5 years from contract signing	Lending receipts	Note 1
2	Collateralized bank loans	SE Marine Corporation	Bank of Taiwan, Chung Hsiao Br.	2015/11/10	10 years from the start date	Credit agreement	Note 1
3	Collateralized bank loans	SE Delta Corporation	The Export-Import Bank of the Republic of China	2016/06/02	10 years from the start date	Credit agreement	Note 1
4	Collateralized bank loans	SE Carrier Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement	Note 1
5	Collateralized bank loans	SE Evermore Corporation	The Export-Import Bank of the Republic of China	2016/12/20	10 years from the start date	Credit agreement	Note 1
6	Collateralized bank loans	SE Victory Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement	Note 1
7	Collateralized bank loans	SE Royal Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/12/28	10 years from the start date	Credit agreement	Note 1
8	Collateralized bank loans	SE Glory Corporation	The Export-Import Bank of the Republic of China	2018/10/03	10 years from the start date	Credit agreement	Note 1
9	Collateralized bank loans	SE Fortune Corporation	Bank of Taiwan, Chung Hsiao Br.	2018/11/07	10 years from the start date	Credit agreement	Note 1
10	Collateralized bank loans	SE Peace Corporation	Mega International Commercial Bank Co., Ltd. Central Branch	2018/09/28	10 years from the start date	Credit agreement	Note 1

Note 1: The borrowings signed by the Group's subsidiaries and banks are based on general market business practices and loan agreements, and none of them have significant restricted operations and shareholders' equity.

Six. Financial overview

1. Concise balance sheet and profit and loss statement for the most recent five years

(1) Condensed Balance Sheet-Consolidated

Unit: NTD Thousand

Item \ Year		Financial information for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,877,065	1,843,321	2,591,857	3,861,485	3,353,583
Property, plant and equipment		9,970,017	9,289,285	8,894,391	9,472,908	9,293,472
Intangible assets		--	--	--	--	--
Other assets		728,939	745,679	639,788	502,183	430,024
Total assets		12,576,021	11,878,285	12,126,036	13,836,576	13,077,079
Current liabilities:	Before distribution	2,025,065	2,335,674	2,915,148	3,616,105	3,429,575
	After distribution	2,194,281	2,541,271	3,413,151	4,363,110	3,803,077
Non-current liabilities:		4,618,728	3,746,534	3,177,781	3,089,183	3,280,945
Total liabilities	Before distribution	6,643,793	6,082,208	6,092,929	6,705,288	6,710,520
	After distribution	6,813,009	6,287,805	6,590,932	7,452,293	7,084,022
Equity attributable to owners of parent		5,932,228	5,796,077	6,033,107	7,131,288	6,366,559
Share capital		2,115,203	2,284,419	2,490,017	2,490,017	2,490,017
Capital surplus		17,420	102,594	103,111	104,740	105,364
Retained earnings	Before distribution	3,831,436	3,668,193	3,925,484	4,644,150	3,896,436
	After distribution	3,493,004	3,256,998	3,427,481	3,897,145	3,495,934
Other equity interest		(31,831)	(259,129)	(485,505)	(107,619)	(98,258)
Treasury shares		--	--	--	--	--
Non-controlling interests		--	--	--	--	--
Total equity	Before distribution	5,932,228	5,796,077	6,033,107	7,131,288	6,366,559
	After distribution	5,763,012	5,590,480	5,535,104	6,384,283	5,993,057

Note 1: The financial information listed above for the most recent five years has been verified by an accountant.
Note 2: On March 11, 2024, the Board of Directors resolved to distribute NTD 1.5 per share from the 2023 earnings.
Note 3: The above financial information has not been revised or restated.

(II) Condensed Balance Sheet - Parent Company Only

Unit: NTD Thousand

Item \ Year		Financial data for the most recent five years (Note 1)				
		2019	2020	2021	2022	2023
Current assets		1,218,020	1,172,530	1,783,005	2,805,556	2,353,106
Property, plant and equipment		1,956,695	1,974,870	2,047,051	2,259,962	2,403,984
Intangible assets		--	--	--	--	--
Other assets		3,980,608	4,104,955	4,504,349	5,263,886	5,004,378
Total assets		7,155,323	7,252,355	8,334,405	10,329,404	9,761,468
Current liabilities:	Before distribution	786,205	1,010,513	1,751,074	2,417,450	1,924,821
	After distribution	955,421	1,216,110	2,249,077	3,164,455	2,298,323
Non-current liabilities:		436,890	445,765	550,224	80,666	1,470,088
Total liabilities	Before distribution	1,223,095	1,456,278	2,301,298	3,198,116	3,394,909
	After distribution	1,392,311	1,661,875	2,799,301	3,945,121	3,768,411
Equity attributable to owners of parent		--	--	--	--	--
Capital stock		2,115,203	2,284,419	2,490,017	2,490,017	2,490,017
Capital surplus		17,420	102,594	103,111	104,740	105,364
Retained earnings	Before distribution	3,831,436	3,668,193	3,925,484	4,644,150	3,869,436
	After distribution	3,493,004	3,256,998	3,427,481	3,897,145	3,495,934
Other equity interest		(31,831)	(259,129)	(485,505)	(107,619)	(98,258)
Treasury shares		--	--	--	--	--
Non-controlling interests		--	--	--	--	--
Total equity	Before distribution	5,932,228	5,796,077	6,033,107	7,131,288	6,366,559
	After distribution	5,763,012	5,590,480	5,535,104	6,384,283	5,993,057

Note 1: The financial information listed above for the most recent five years has been verified by an accountant.

Note 2: On March 11, 2024, the Board of Directors resolved to distribute NTD 1.5 per share from the 2023 earnings.

Note 3: The above financial information has not been revised or restated.

(III) Condensed Income Statement - Consolidated

Unit: NTD Thousand

Item \ Year	Financial data for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	4,343,168	4,034,992	4,795,266	8,025,189	5,879,183
Operating margin	1,019,111	837,080	1,566,204	2,848,124	859,529
Operating profit and loss	449,474	254,328	813,900	1,748,524	210,151
Non-operating income and expenses	(127,085)	(66,055)	5,234	(146,859)	(196,899)
Net profit before tax	322,389	188,273	819,134	1,601,665	13,252
Profit from continuing operations	274,641	174,129	670,871	1,204,422	(28,458)
Profit or loss from discontinued operations	--	--	--	--	--
Profit (loss) for the period	274,641	174,129	670,871	1,204,422	(28,458)
Other comprehensive income in the current period (net amount after tax)	(43,734)	(226,238)	(228,761)	390,133	10,110
Total comprehensive income for the period	230,907	(52,109)	442,110	1,594,555	(18,348)
Net profit attributable to owner of the parent company	274,641	174,129	670,871	1,204,422	(28,458)
Net profit attributable to non-controlling interest	--	--	--	--	--
Total comprehensive income attributable to owners of the parent company	230,907	(52,109)	442,110	1,594,555	(18,348)
Total comprehensive profit and loss attributable to non-controlling interests	--	--	--	--	--
Earnings per share	1.10	0.70	2.69	4.84	(0.11)

Note 1: The financial information listed above for the most recent five years has been verified by an accountant.

Note 2: The profit and loss of closed departments is presented as the net amount after deducting income tax.

Note 3: The above financial information has not been revised or restated.

(IV) Concise income statement-parent company only

Unit: NTD Thousand

Item \ Year	Financial information for the most recent five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenue	2,757,197	2,667,022	3,032,839	5,310,423	4,074,614
Operating margin	474,798	516,861	964,687	1,608,722	424,516
Operating profit and loss	51,797	69,248	375,169	743,594	(62,324)
Non-operating income and expenses	268,868	118,119	443,448	857,310	75,531
Net profit before tax	320,665	187,447	818,617	1,600,904	13,207
Profit from continuing operations	274,641	174,129	670,871	1,204,422	(28,458)
Profit or loss from discontinued operations	--	--	--	--	--
Profit (loss) for the period	274,641	174,129	670,871	1,204,422	(28,458)
Other comprehensive income in the current period (net amount after tax)	(43,734)	(226,238)	(228,761)	390,133	10,110
Total comprehensive income for the period	230,907	(52,109)	442,110	1,594,555	(18,348)
Earnings per share	1.10	0.70	2.69	4.84	(0.11)

Note 1: The financial information listed above for the most recent five years has been verified by an accountant.

Note 2: The profit and loss of closed departments is presented as the net amount after deducting income tax.

Note 3: The above financial information has not been revised or restated.

(V) CPA name and audit opinion for the most recent five years

Year	Accountants	Audit opinion
2019	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2020	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2021	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2022	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2023	Chen Ya Lin Chia-Chien Tang	Unqualified opinion

II. Financial analysis for the last 5 years

(I) Financial analysis - consolidated

Analysis item	Year (Note 1)	Financial analysis for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	53	51	50	48	51
	Ratio of long-term capital to fixed assets	106	103	104	108	104
Debt service capacity (%)	Current ratio	93	79	89	107	98
	Quick ratio	68	61	63	65	82
	Interest coverage ratio (times)	3	3	16	15	1
Operating ability	Accounts receivable turnover (times)	8.36	7.92	8.57	10.77	7.80
	Average cash collection days	44	46	43	34	47
	Inventory turnover (times)	8.18	8.69	6.70	5.08	5.46
	Payables turnover (times)	16.61	13.66	9.59	9.87	10.52
	Average sales days	45	42	54	72	67
	Property, plant, and equipment turnover rate (times)	0.44	0.43	0.54	0.85	0.63
	Total asset turnover (times)	0.35	0.34	0.40	0.58	0.45
Profitability	Return on assets (%)	4	2	6	10	1
	Return on equity (%)	5	3	11	18	0
	Net profit before tax to paid-in capital ratio (%)	15	8	33	64	1
	Net profit rate (%)	6	4	14	15	(1)
	Earnings per share (NTD)	1.10	0.70	2.69	4.84	(0.11)
Cash flows (%)	Cash flow adequacy ratio (%)	32	38	32	48	26
	Cash flow ratio (%)	54	61	67	85	96
	Cash reinvestment ratio (%)	4	5	5	8	1
Leverage	Operating leverage	4.28	6.94	3.05	2.33	10.21
	Financial leverage	1.79	1.70	1.07	1.07	(14.87)
	A 20% increase or decrease in each financial ratio during the most recent two years: Quick ratio: The increase in ratio was mainly due to the decrease in the price of inventories and the decrease in quantity in Q4, resulting in a decrease in the amount of inventories. Interest coverage ratio: The decrease in the ratio was mainly due to the decrease in profit in the current year. Receivables turnover ratio: The decrease in the ratio was mainly due to the decrease in revenue in the current year. Average collection days: The increase in the number of days was mainly due to the decrease in revenue in the current year. Property, plant and equipment turnover ratio: The decrease in the ratio was mainly due to the decrease in revenue in the current year. Total asset turnover ratio: The decrease in the ratio was mainly due to the decrease in revenue in the current year. Profitability: The decrease in the ratio was mainly due to the decline in profit of the chemical industry and the shipping business this year compared to the previous year. Cash flow ratio/cash reinvestment ratio: mainly due to a decrease in net income before tax this year, resulting in a decrease in net cash flow from operating activities. Operating leverage: The increase in leverage is mainly due to the decrease in profit for the year. Financial leverage: The decrease in financial leverage ratio was mainly due to a decrease in profit for the year.					

Note 1: The financial information listed above for the most recent five years has been verified by an accountant.

Note 2: The formula for the calculation above are listed on page 132.

(II) Financial analysis - parent company only

Analysis item \ Year (Note 1)		Financial analysis for the last five years (Note 1)				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	17	20	28	31	35
	Ratio of long-term capital to fixed assets	326	316	322	350	326
Debt service capacity (%)	Current ratio	155	116	102	116	122
	Quick ratio	98	82	62	57	98
	Interest coverage ratio (times)	52	36	113	101	1
Operating ability	Accounts receivable turnover (times)	5.33	5.25	5.49	7.2	5.51
	Average cash collection days	68	70	66	51	66
	Inventory turnover (times)	5.63	5.86	4.30	3.64	3.98
	Payables turnover (times)	11.67	9.4	6.25	7.13	7.76
	Average sales days	65	62	85	100	92
	Property, plant, and equipment turnover rate (times)	1.41	1.35	1.48	2.35	1.69
	Total asset turnover (times)	0.39	0.37	0.36	0.51	0.42
Profitability	Return on assets (%)	4	2	9	13	0
	Return on equity (%)	5	3	11	18	0
	Net profit before tax to paid-in capital ratio (%)	15	8	33	64	1
	Net profit rate (%)	10	7	22	23	(1)
	Earnings per share (NTD)	1.10	0.70	2.69	4.84	(0.11)
Cash flow (%)	Cash flow adequacy ratio (%)	0	48	8	13	42
	Cash flow ratio (%)	123	116	76	39	45
	Cash reinvestment ratio (%)	(1)	4	(1)	(2)	1
Leverage	Operating leverage	9.09	7.76	2.32	2.13	(8.03)
	Financial leverage	1.10	1.06	1.02	1.02	0.70

A 20% increase or decrease in each financial ratio during the most recent two years:
Quick ratio: The increase in ratio was mainly due to the decrease in the price of inventories and the decrease in quantity in Q4, resulting in a decrease in the amount of inventories.
Interest coverage ratio: The decrease in the ratio was mainly due to the decrease in profit in the current year.
Receivables turnover ratio: The decrease in the ratio was mainly due to the decrease in revenue in the current year.
Average collection days: The increase in the number of days was mainly due to the decrease in revenue in the current year.
Property, plant and equipment turnover ratio: The decrease in the ratio was mainly due to the decrease in revenue in the current year.
Profitability: The decrease in the ratio was mainly due to the decline in profit of the chemical industry and the shipping business this year compared to the previous year.
Cash flow ratio/cash reinvestment ratio: mainly due to a decrease in net income before tax this year, resulting in a decrease in net cash flow from operating activities.
Operating leverage: The decrease in financial leverage ratio was mainly due to a decrease in profit for the year.
Financial leverage: The decrease in financial leverage ratio was mainly due to a decrease in profit for the year.

Note 1: The financial information listed above for the most recent five years has been verified by an accountant.

Note 2: The formula for the calculation above are listed as follows:

1. Financial structure
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) The ratio of long-term funds to property, plant, and equipment = (total equity + non-current liabilities) / net property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets-inventory-prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expense/interest expense in the current period.
3. Operating ability
   (1) Accounts receivable (including accounts receivable and notes receivable due to business) turnover rate = net sales / average receivables in each period (including accounts receivable and notes receivable due to business) balance.
   (2) Average cash collection days=365/receivable turnover rate.
   (3) Inventory turnover rate = cost of goods sold / average inventory value.
   (4) Payables (including accounts payable and bills payable due to business) turnover rate = cost of goods sold / average payables in each period (including accounts payable and bills payable due to business) balance.
   (5) Average sales days = 365 / inventory turnover rate.
   (6) Turnover rate of property, plant, and equipment = net sales/average net property, plant, and equipment.
   (7) Total asset turnover ratio = net sales/average total assets.
4. Profitability
   (1) Return on assets = (after-tax profit and loss + interest expense × (1-tax rate)]/average total assets.
   (2) Return on equity = profit and loss after tax/average total equity.
   (3) Net profit rate = after-tax profit and loss/net sales.
   (4) Earnings per share = (profit and loss attributable to owners of the parent company-preferred share dividends) / weighted average number of issued shares.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
   (2) Net cash flow ratio = net cash flow from operating activities in the last five years / the last five years (capital expenditure + inventory increase + cash dividend)
   (3) Cash reinvestment ratio = (net cash flow from operating activities-cash dividends) / (gross property, plant, and equipment + long-term investment + other non-current assets + working capital)
6. Leverage:
   (1) Operating leverage = (net operating income-variable operating costs and expenses) / business interests.
   (2) Financial leverage = operating profit / (business profit-interest expense)

III. The Audit Committee review report of the most recent financial report

Sesoda Corporation

Audit Committee’s Review Report

The Board of Directors has prepared the Company's 2023 business report, financial statements, and earnings distribution proposal, of which

CPAs of KPMG were commissioned to audit the financial statements and issue an independent auditor's report. The above

business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee and found no irregularities.

We present these reports in accordance with the Securities and Exchange Act and the Company Act.

Sincerely

2024 Annual General Meeting of the Company

Convener of Audit Committee Wang Po-Hsin

March 11, 2024

IV. Financial Report for the Most recent fiscal year

Stock Code:1708

SESODA CORPORATION AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 23F., No. 99, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan
Telephone: (02)2704-7272

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

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Representation Letter

The entities that are required to be included in the combined financial statements of SESODA CORPORATION as of and for the year ended December 31, 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10, "Consolidated Financial Statements" endorsed by the Financial Supervisory Commission of the Republic of China. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, SESODA CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: SESODA CORPORATION
Chairman: R.Y. CHEN
Date: March 11, 2024.

Independent Auditors' Report

To the Board of Directors of SESODA CORPORATION:

Opinion

We have audited the consolidated financial statements of SESODA CORPORATION and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Account of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Refer refer to note 4(m) and note 6(q) to the consolidated financial statements for accounting policy and disclosures of revenue recognition.

   Description of key audit matter:

   The Group is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit:

- Understanding the types of revenue and transaction terms to assess the accuracy of the timing of revenue recognition.
- Conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions.
- As well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition.
- Selecting some samples of transaction records of sales during the period before and after the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.
- Understanding whether it there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the the management is appropriate.

Other Matter

SESODA CORPORATION has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the IFRSs, IASs, IFRIC, SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen, Ya-Ling and Tang, Chia-Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

SESODA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,600,594	12	1,295,290	9
1110	Current financial assets at fair value through profit or loss (note 6(b))	3,086	-	1,623	-
1150	Notes receivable, net (note 6(d))	103,171	1	121,350	1
1170	Accounts receivable, net (note 6(d))	595,226	5	686,870	5
130X	Inventories (note 6(e))	450,112	4	1,387,135	10
1476	Other current financial assets	292,785	2	138,862	1
1470	Other current assets	308,609	2	230,355	2
	Total current assets	3,353,583	26	3,861,485	28
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	16,744	-	13,123	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	79,443	1	79,552	1
1550	Investments accounted for using equity method, net (note 6(f))	258,978	2	290,707	2
1600	Property, plant and equipment (notes 6(g), 8 and 9)	9,293,472	71	9,472,908	69
1755	Right-of-use assets (note 6(h))	8,018	-	15,382	-
1840	Deferred tax assets (note 6(n))	8,040	-	47,872	-
1975	Net defined benefit asset, non-current (note 6(m))	46,941	-	41,903	-
1995	Other non-current assets, others (note 9)	11,860	-	13,644	-
	Total non-current assets	9,723,496	74	9,975,091	72
	Total assets	$ 13,077,079	100	13,836,576	100

	Liabilities and Equity	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(i), (w) and 8)	$ 1,810,265	14	1,618,520	12
2111	Short-term notes and bills payable (notes 6(j) and (w))	199,827	2	-	-
2322	Long-term borrowings, current portion (notes 6(i), (w) and 8)	476,845	4	516,275	4
2170	Accounts payable	304,066	2	650,407	5
2200	Other payables (notes 6(r) and 7)	430,620	3	507,349	3
2230	Current tax liabilities	3,256	-	215,709	1
2280	Lease liabilities-current (notes 6(k) and (w))	5,599	-	8,229	-
2399	Other current liabilities	199,097	1	99,616	1
	Total current liabilities	3,429,575	26	3,616,105	26
	Non-current liabilities:				
2540	Long-term borrowings (notes 6(i), (w) and 8)	2,533,862	19	2,337,127	17
2570	Deferred tax liabilities (note 6(n))	744,402	6	744,360	5
2580	Lease liabilities-non-current (notes 6(k) and (w))	2,681	-	7,696	-
	Total non-current liabilities	3,280,945	25	3,089,183	22
	Total liabilities	6,710,520	51	6,705,288	48
	Equity (notes 6(c), (f), (m), (n) and (o)) :				
3100	Capital stock	2,490,017	19	2,490,017	18
3200	Capital surplus	105,364	1	104,740	1
	Retained earnings :				
3310	Legal reserve	1,172,557	9	1,050,888	8
3320	Special reserve	131,650	1	485,496	3
3350	Unappropriated retained earnings	2,565,229	20	3,107,766	22
		3,869,436	30	4,644,150	33
	Other equity interest :				
3410	Exchange differences on translation of foreign financial statements	92,933	-	84,420	1
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(191,191)	(1)	(192,039)	(1)
		(98,258)	(1)	(107,619)	-
	Total equity	6,366,559	49	7,131,288	52
	Total liabilities and equity	$ 13,077,079	100	13,836,576	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SESODA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

		2023		2022	
		Amount	**%**	**Amount**	**%**
4110	**Operating revenue (notes 6(l) and (q))**	$ 5,879,183	100	8,025,189	100
5111	**Operating cost (notes (e), (g), (h), (k), (m) and 7)**	5,019,654	85	5,177,065	64
	Gross profit from operations	859,529	15	2,848,124	36
6000	**Operating expenses (notes 6(d), (g), (h), (k), (m), (r) and 7):**				
6100	Selling expenses	423,143	7	480,199	6
6200	Administrative expenses	290,408	5	538,550	7
6450	Expected credit loss (gain)	(64,173)	(1)	80,851	1
	Total operating expenses	649,378	11	1,099,600	14
6900	**Net operating income**	210,151	4	1,748,524	22
7000	**Non-operating income and expenses (notes 6(b), (f), (g), (k) and (s)):**				
7100	Interest income	38,738	1	6,619	-
7010	Other income	448	-	6,099	-
7020	Other gains and losses	21,445	-	120,725	1
7050	Finance costs	(224,280)	(4)	(113,880)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	(33,250)	(1)	(166,422)	(2)
	Total non-operating income and expenses	(196,899)	(4)	(146,859)	(2)
7900	**Income before tax**	13,252	-	1,601,665	20
7950	**Less: Income tax expenses (note 6(n))**	41,710	1	397,243	5
	Net income (loss)	(28,458)	(1)	1,204,422	15
8300	**Other comprehensive income (notes 6(f), (m), (n) and (o)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Gains or losses on remeasurements of defined benefit plans	230	-	13,370	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(109)	-	(48,874)	-
8320	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,522	-	(219)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	46	-	2,674	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,597	-	(38,397)	-
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	8,513	-	428,530	5
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	8,513	-	428,530	5
8300	**Other comprehensive income**	10,110	-	390,133	5
	Total comprehensive income	**$ (18,348)**	**(1)**	**1,594,555**	**20**
	Basic earnings per share				
9750	Basic earnings per share (note 6(p)) (expressed in New Taiwan Dollars)	**$**	**(0.11)**		**4.84**
9850	Diluted earnings per share (note 6(p)) (expressed in New Taiwan Dollars)	**$**	**(0.11)**		**4.78**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SESODA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings				Total other equity interest			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2022	$ 2,490,017	103,111	984,015	258,877	2,682,592	3,925,484	(344,110)	(141,395)	(485,505)	6,033,107
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	66,873	-	(66,873)	-	-	-	-	-
Special reserve	-	-	-	226,628	(226,628)	-	-	-	-	-
Cash dividends	-	-	-	-	(498,003)	(498,003)	-	-	-	(498,003)
Reversal of special reserve	-	-	-	(9)	9	-	-	-	-	-
Net income	-	-	-	-	1,204,422	1,204,422	-	-	-	1,204,422
Other comprehensive income	-	-	-	-	11,064	11,064	428,530	(49,461)	379,069	390,133
Total comprehensive income	-	-	-	-	1,215,486	1,215,486	428,530	(49,461)	379,069	1,594,555
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	1,183	1,183	-	(1,183)	(1,183)	-
Change in capital surplus	-	1,629	-	-	-	-	-	-	-	1,629
Balance at December 31, 2022	2,490,017	104,740	1,050,888	485,496	3,107,766	4,644,150	84,420	(192,039)	(107,619)	7,131,288
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	121,669	-	(121,669)	-	-	-	-	-
Reversal of special reserve	-	-	-	(353,846)	353,846	-	-	-	-	-
Cash dividends	-	-	-	-	(747,005)	(747,005)	-	-	-	(747,005)
Net loss	-	-	-	-	(28,458)	(28,458)	-	-	-	(28,458)
Other comprehensive income	-	-	-	-	749	749	8,513	848	9,361	10,110
Total comprehensive income	-	-	-	-	(27,709)	(27,709)	8,513	848	9,361	(18,348)
Change in capital surplus	-	624	-	-	-	-	-	-	-	624
Balance at December 31, 2023	**$ 2,490,017**	**105,364**	**1,172,557**	**131,650**	**2,565,229**	**3,869,436**	**92,933**	**(191,191)**	**(98,258)**	**6,366,559**

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

SESODA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 13,252	1,601,665
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	543,325	516,592
Expected credit (gain) loss	(64,173)	80,851
Net (gains) losses on financial assets at fair value through profit or loss	(9,355)	6,387
Financial cost	224,280	113,880
Interest income	(38,738)	(6,619)
Dividend income	(106)	(6,078)
Share of loss of associates accounted for using equity method	33,250	166,422
Loss on disposal of property, plant and equipment	5,626	2,320
Property, plant and equipment transferred to expenses	36,767	43,904
Gain on lease modification	(2)	(116)
Total adjustments to reconcile profit (loss)	730,874	917,543
Changes in operating assets and liabilities:		
Decrease in notes receivable	18,179	17,525
Decrease (increase) in accounts receivable	155,817	(224,384)
Decrease (increase) in inventories	936,399	(738,573)
Increase in other current assets	(77,896)	(103,903)
(Increase) decrease in other current financial assets	(151,124)	36,586
Increase in net defined benefit assts	(4,807)	(4,823)
(Decrease) increase in accounts payable	(346,341)	252,247
(Decrease) increase in other payables	(82,663)	98,263
Increase in other current liabilities	99,481	40,507
Total changes in operating assets and liabilities	547,045	(626,555)
Cash inflow generated from operations	1,291,171	1,892,653
Interest received	35,939	5,843
Dividends received	106	13,065
Interest paid	(227,920)	(102,809)
Income taxes paid	(214,693)	(75,961)
Net cash flows from operating activities	884,603	1,732,791
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other profit or loss	-	(15,274)
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,824
Proceeds from disposal of financial assets at fair value through profit or loss	4,429	-
Acquisition of property, plant and equipment	(384,859)	(406,225)
Proceeds from disposal of property, plant and equipment	460	2,299
(Increase) decrease in refundable deposits	2,425	(4,788)
Acquisition of right-of-use assets	(184)	(34)
Decrease in other non-current assets	-	169
Net cash used in investing activities	(377,729)	(422,029)
Cash flows from (used in) financing activities:		
Increase in short-term loans	11,564,053	8,949,235
Decrease in short-term loans	(11,372,308)	(8,903,495)
Increase in short-term notes and bills payable	500,000	-
Decrease in short-term notes and bills payable	(300,000)	-
Proceeds from long-term borrowings	735,000	-
Repayments of long-term borrowings	(585,718)	(539,949)
Payment of lease liabilities	(9,333)	(9,168)
Cash dividends paid	(747,005)	(498,003)
Other financing activities	624	1,629
Net cash used in financing activities	(214,687)	(999,751)
Effect on exchange rate changes on cash and cash equivalents	13,117	28,723
Net increase in cash and cash equivalents	305,304	339,734
Cash and cash equivalents at beginning of period	1,295,290	955,556
Cash and cash equivalents at end of period	**$ 1,600,594**	**1,295,290**

See accompanying notes to consolidated financial statements.

(1) Company history

SESODA CORPORATION, formerly called SOUTH EAST SODA MANUFACTURING CO., LTD., (hereinafter referred to as the “Company”) was incorporated on March 2, 1957 as a corporation limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities of the Company are the manufacturing and sales of pure soda ash, sodium bicarbonate, hydrochloric acid, ammonium bicarbonate power and potassium sulfate.

The Company and subsidiaries (the “Group”) are engaged in preceding business and vessel chartering. Please refer to note 14.

(2) Approval date and procedures of the consolidated financial statements:

These consolidated financial statements were authorized for issue by the Board of Directors as of March 11, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2023:

- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”
- Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The Group has initially adopted the new amendment, which do not have a significant impact on its consolidated financial statements, from May 23, 2023:

- Amendments to IAS 12 “International Tax Reform—Pillar Two Model Rules”

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the consolidated financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, R.O.C..

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the consolidated financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The net defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(o).

(ii) Functional and presentation currency

The functional currency of each Group entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group ‘controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases. Intragroup balances and transactions, and any unrealized income and expenses arising from Intragroup transactions are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non controlling interests, even if this results in the non controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

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Notes to the Consolidated Financial Statements

(ii) List of subsidiaries in the consolidated financial statements

			Shareholding	
Name of investor	Name of subsidiary	Principal activity	December 31, 2023	December 31, 2022
The Company	Sesoda Steamship Corporation (SSC)	Ship operation and chartering	100.00%	100.00%
The Company	East Tender Trading Co., Ltd.	General trade and investments	100.00%	100.00%
The Company	Yukari Group Co., Ltd.	Wholesale of foods and groceries, sales of drinks and operation of restaurant	100.00%	100.00%
The Company	E-Teq Venture Co., Ltd.	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	100.00%	100.00%
The Company	Yun Sheng investment Co., Ltd.	General investments	100.00%	100.00
The Company	Yun-Chen trading Co., Ltd.	International trade industry	-	- (Note)
The Company and SSC	Sesoda Investments (BVI) Ltd. (SIL)	Holding company	100.00%	100.00%
SSC	SS Marine Holding Corporation (SSMHC)	Holding company	100.00%	100.00%
SSC	Southeast Shipping Corporation (SESC)	Ship operation and chartering	100.00%	100.00%
SSC	Southeast Marine Globe Corporation (SMGC)	Ship operation and chartering	100.00%	100.00%
SSC	Southeast Marine Transport Corporation (SMTC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Harmony Corporation (SEHC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Bulker Corporation (SEBC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Apex Corporation (SEAC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Marine Corporation (SEMC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Carrier Corporation (SECC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Evermore Corporation (SEEC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Fortune Corporation (SEFC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Royal Corporation (SERC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Delta Corporation (SEDC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Victory Corporation (SEVC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Glory Corporation (SEGC)	Ship operation and chartering	100.00%	100.00%
SSC	SE Peace Corporation (SEPC)	Ship operation and chartering	100.00%	100.00%
SSMHC	SE Jasmine Corporation (SEJC)	Holding company	100.00%	100.00%
East Tender Trading Co., Ltd	Zai Feng Auto Transportation Co., Ltd.	Automobile cargo transportation business	100.00%	100.00%

(Note): Yun-Chen Trading Co., Ltd was dissolved on July 21, 2022 and liquidated on November 1, 2022.

(iii) Subsidiaries excluded from the consolidated financial statements: None.

(d) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income which is recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates of the reporting date. The income and expenses of foreign operations are translated into NTD at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises of cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial instruments

Accounts receivable is initially recognized when it is originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) –equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Group's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

(Continued)

4) Impairment of financial assets

The Group measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

- Cash in bank, other receivable, other financial assets and refundable deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group holds time deposits for domestic financial institutions, it is considered to be low credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

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The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Group individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

1) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(i) Investment in associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized only to the extent of unrelated Group's interests in the associate.

When the Group's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Group subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the net assets of the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. Moreover, a difference shall be debited to retained earnings when the balance of capital surplus resulting from investments accounted for using equity method is not sufficient to be written off. If the Group's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	5～50	years
2)	Machinery and equipment	5～30	years
3)	Transportation equipment	3～5	years
4)	Vessels	10～25	years
5)	Leasehold improvement	2～7	years
6)	Other equipment	2～20	years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the assessment on whether it will have the option to exercise a purchase;, or
- there is a change in the assessment on lease term as to whether it will be extended or terminated; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

(Continued)

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Group recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Group applies IFRS15 to allocate the consideration in the contract.

The Group recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘rental income’.

(l) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and net defined benefit assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

(Continued)

An impairment loss is recognized in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Group's main types of revenue are explained below:

1) Sale of goods

The Group recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Group has a right to an amount of consideration that is unconditional.

2) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

(ii) Rental revenue

The Company provides rental of vessels and recognizes revenue using straight-line method over the lease term.

(n) Government grants and government assistance

The Group recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Group for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expense as the related services is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(Continued)

(iii) Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences;

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and

(Continued)

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to common shareholders of the Company. Basic earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted average number of common shares outstanding. Diluted earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted average number of common shares outstanding after adjustment for the effects of all potentially dilutive common shares, such as employee compensation.

(r) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment consists of standalone financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

In preparing these consolidated financial statements, management has made judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company likely to be facing economic uncertainties such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements is as follows:

(Continued)

(a) Judgment of whether the Group has substantive control over its investees

As of December 31, 2023 and 2022, the Group holds both 34.89%, of the outstanding voting shares of EAST TENDER OPTOELECTRONICS CORPORATION (EOC), and is the single largest shareholder of the investee. Although the remaining shares are not concentrated within specific shareholders, the Group still failed to obtain more than half of the total number of directors' seats of EOC and it also failed to obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group only has significant influence but not control over EOC.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainties:

(a) The loss allowance of accounts receivable

The Group has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the expected credit loss rate to be used in calculating the impairments. However, in the face of future economic trends, the Group may cause changes in the expected credit loss rate, and may cause losses in the future or reverse the recognized credit losses. The allowance loss for accounts receivable please refer to note 6(d).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to note 6(e).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2023	December 31, 2022
Petty Cash	$	18,457	26,319
Demand deposits		371,602	748,153
Time deposits		1,210,535	520,818
Cash and cash equivalents	**$**	**1,600,594**	**1,295,290**

(b) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Foreign listed company's stocks	$ 3,086	1,623
Open end Funds	-	4,215
Private Fund	16,744	8,908
Total	$ 19,830	14,746
Current	$ 3,086	1,623
Non-current	16,744	13,123
	$ 19,830	14,746

In 2022, the Group acquired the private fund of CMIA Digital Gvowth VII (VC7) (original name: CMIA Digital Gvowth VII) and Yuanta Investment Grade Corporate Bond Fund, with a face value of $13,739 and $1,535, respectively. In 2023, due to the disposal of the Yuanta Investment Grade Bond Fund and Schroder ISF Emerging Asia A1 Accumulation, the Group received the amounts of $1,573 and $2,856 in cash, respectively, resulting in the losses of disposal of $7 and $17, respectively.

The aforementioned financial assets were not pledged.

(c) Financial assets at fair value through other comprehensive income-non-current

	December 31, 2023	December 31, 2022
Domestic listed companies' stocks	$ 2,226	1,788
Foreign unlisted companies' stocks	77,217	77,764
Total	$ 79,443	79,552

(i) Equity instruments at fair value through other comprehensive income

The Group held equity securities for long-term strategic purposes (and not for trading purposes) which have been designated as measured at fair value through other comprehensive income.

In 2022, due to the disposal of StemCyte International. Ltd., the Group received the amounts of $1,603 in cash, resulting in the gain of $1,183 to be reclassified from other equity to retained earnings.

Due to the disposal of Pushi Venture Capital Co., Ltd. and Puxun Venture Capital Co., Ltd. in 2021, the Group received the amounts $221 and of $4,417 in cash, for the years ended 2022 and 2021, respectively, resulting in the gain of $3,669 to be reclassified from other equity to retained earnings in 2021.

(ii) For market risk, please refers to note 6(t).

(iii) The aforementioned financial assets were not pledged.

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Notes to the Consolidated Financial Statements

(d) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 103,171	121,350
Accounts receivable–measured as amortized cost	619,517	775,334
Less: Loss allowance	(24,291)	(88,464)
Sub-total	595,226	686,870
Total	$ 698,397	808,220

The Group applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information. The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 678,655	0~0.35%	2,279
1 to 30 days past due	18,541	2.11%	391
31 to 60 days past due	2,629	18.38%	483
61 to 90 days past due	4,995	64.08%	3,201
More than 90 days past due	17,868	100.00%	17,868
	$ 722,688		24,222

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 779,352	0~1.35%	10,444
1 to 30 days past due	31,912	9.15%	2,919
31 to 60 days past due	24,885	58.33%	14,566
61 to 90 days past due	7,396	100.00%	7,396
More than 90 days past due	53,139	100.00%	53,139
	$ 896,684		88,464

There was no material difference between the Group's allowance loss and expected credit loss at reporting date.

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The movements in the Group's notes and accounts receivable allowance losses were as follows:

	2023	2022
Balance at January 1	$ 88,464	11,303
Impairment losses recognized	-	80,851
Impairment losses reversed	(64,173)	-
Amounts written off	-	(3,690)
Balance at December 31	$ 24,291	88,464

The aforementioned financial assets were not pledged. For other credit risk, please refers to note 6(t).

(e) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 138,125	267,066
Finished goods	111,924	504,816
Raw materials	178,888	594,646
Fuel	4,489	6,138
Supplies	16,686	14,469
	$ 450,112	1,387,135

Except for operating costs arising from the ordinary sale of inventories, other gains or losses directly recorded under operating cost were as follows:

	2023	2022
Unallocated overheads	$ 30,407	11,718
Losses (gains) on valuation of inventories (Note)	(143,310)	163,703
Gains on inventories count	(10)	(31)
	$ (112,913)	175,390

(Note) Reversal of the amount by which the net realizable value of inventories exceeds the carrying amount as of December 31, 2023.

As of December 31, 2023 and 2022, the inventories were not pledged.

(f) Investments accounted for using the equity method

A summary of the Group's financial information for investments accounted for using the equity method at the reporting date is as follows:

	December 31, 2023	December 31, 2022
Associates	$ 258,978	290,707

(i) Associates

Name of Associates	Main business	Main operating location	Proportion of shareholding and voting rights December 31, 2023	Proportion of shareholding and voting rights December 31, 2022
EOC (Note)	Manufacturing of DWDM filter components required for Optical communication	Yilan	34.89%	34.89%

	December 31, 2023	December 31, 2022
Fair value	$ 328,865	292,532

(Note) As of December 31, 2023 and 2022, the Group holds both 34.89% of the outstanding voting shares of EAST TENDER OPTOELECTRONICS CORPOATION (EOC), and is the single largest shareholder of the investee. The Group failed to obtain more than half of the total number of directors' seats of EOC and it also failed to obtain more than half of the voting rights at a shareholder' meeting. Therefore, it is determined that the Group only has significant influence but not control, over EOC.

The financial information of EOC was as follows:

	December 31, 2023	December 31, 2022
Current assets	$ 252,156	306,676
Non-current assets	639,323	670,665
Current liabilities	(77,832)	(68,641)
Non-current liabilities	(109,854)	(127,322)
Net assets	$ 703,793	781,378
Net assets attributable to the Group	$ 245,553	272,623

	2023	2022
Operating revenue	$ 108,363	170,177
Loss from continuing operations	$ (81,945)	(17,618)
Other comprehensive income (loss)	4,360	(628)
Total comprehensive loss	$ (77,585)	(18,246)
Comprehensive loss attributable to the Group	$ (31,729)	(11,026)

	2023	2022
Share of net assets of associates as of January 1	$ 290,707	464,335
Comprehensive loss attributable to the Group	(31,729)	(11,026)
Dividends received from associates	-	(6,987)
Impairment loss	-	(155,615)
Share of net assets of associates as of December 31	$ 258,978	290,707

The aforementioned impairment loss recognized as the book value of the Group's investment in EOC was lowered than the recoverable value (fair value).

(ii) The Group did not provide any investments accounted for using the equity method as collateral.

(g) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Group for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Vessels	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:									
Balance on January 1, 2023	$ 1,204,924	742,136	1,550,634	41,754	11,142,641	19,221	245,534	339,691	15,286,535
Additions	-	320	1,957	11,750	101,080	557	92,676	185,279	393,619
Disposals	-	-	(220)	(3,350)	(88,758)	-	(1,352)	-	(93,680)
Reclassification (Note)	-	65,724	216,054	-	(1,596)	-	(45,176)	(272,744)	(37,738)
Effect on changes in foreign exchange rates	-	-	-	-	(154)	-	(63)	-	(217)
Balance on December 31, 2023	$ 1,204,924	808,180	1,768,425	50,154	11,153,213	19,778	291,619	252,226	15,548,519
Balance on January 1, 2022	$ 1,204,924	735,366	1,506,615	44,604	10,012,002	19,221	237,919	108,049	13,868,700
Additions	-	200	2,409	-	52,529	-	118,958	221,678	395,774
Disposals	-	-	(4,847)	(2,850)	(19,292)	-	(8,185)	-	(35,174)
Reclassification (Note)	-	6,570	46,457	-	-	-	(105,042)	9,964	(42,051)
Effect on changes in foreign exchange rates	-	-	-	-	1,097,402	-	1,884	-	1,099,286
Balance on December 31, 2022	$ 1,204,924	742,136	1,550,634	41,754	11,142,641	19,221	245,534	339,691	15,286,535
Depreciation and impairments loss:									
Balance on January 1, 2023	$ -	499,697	1,208,675	33,028	3,944,504	14,645	113,078	-	5,813,627
Depreciation	-	16,515	66,698	3,725	432,983	1,580	12,586	-	534,087
Disposals	-	-	(220)	(3,350)	(82,672)	-	(1,352)	-	(87,594)
Effect on changes in foreign exchange rates	-	-	-	-	(5,059)	-	(14)	-	(5,073)
Balance on December 31, 2023	$ -	516,212	1,275,153	33,403	4,289,756	16,225	124,298	-	6,255,047
Balance on January 1, 2022	$ -	484,423	1,154,358	31,240	3,186,921	12,372	104,995	-	4,974,309
Depreciation	-	15,274	59,164	4,638	413,113	2,273	12,895	-	507,357
Disposals	-	-	(4,847)	(2,850)	(16,365)	-	(6,493)	-	(30,555)
Effect on changes in foreign exchange rates	-	-	-	-	360,835	-	1,681	-	362,516
Balance on December 31, 2022	$ -	499,697	1,208,675	33,028	3,944,504	14,645	113,078	-	5,813,627
Carrying amounts:									
Balance on December 31, 2023	$ 1,204,924	291,968	493,272	16,751	6,863,457	3,553	167,321	252,226	9,293,472
Balance on January 1, 2022	$ 1,204,924	250,943	352,257	13,364	6,825,081	6,849	132,924	108,049	8,894,391
Balance on December 31, 2022	$ 1,204,924	242,439	341,959	8,726	7,198,137	4,576	132,456	339,691	9,472,908

Note: Transfer from construction in progress and transfer to expense.

(i) Pledge information

Please refer to note 8 for the pledged and collateral information of the property, plant and equipment.

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Notes to the Consolidated Financial Statements

(ii) Capitalization of interest

	2023	2022
Capitalized amount	$ 4,192	2,045
Interest rates	1.80%~1.92%	0.96%~1.68%

(h) Right-of-use assets

The Group leases buildings and transportation equipment. The movements in right-of-use assets were as follows:

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2023	$ 18,582	13,368	31,950
Additions	739	1,770	2,509
Disposals	(720)	(2,492)	(3,212)
Balance at December 31, 2023	$ 18,601	12,646	31,247
Balance at January 1, 2022	$ 18,580	14,891	33,471
Additions	3,458	6,524	9,982
Disposals	(3,456)	(8,047)	(11,503)
Balance at December 31, 2022	$ 18,582	13,368	31,950
Accumulated depreciation:			
Balance at January 1, 2023	$ 10,343	6,225	16,568
Depreciation	3,987	5,251	9,238
Disposals	(708)	(1,869)	(2,577)
Balance at December 31, 2023	$ 13,622	9,607	23,229
Balance at January 1, 2022	$ 9,811	3,173	12,984
Depreciation	3,988	5,247	9,235
Disposals	(3,456)	(2,195)	(5,651)
Balance at January 1, 2022	$ 10,343	6,225	16,568
Carrying amounts:			
Balance at December 31, 2023	$ 4,979	3,039	8,018
Balance at January 1, 2022	$ 8,769	11,718	20,487
Balance at December 31, 2022	$ 8,239	7,143	15,382

The Group leases the building as a storefront and parking space. The lease period is usually one to four year; the lease period of the leased transportation equipment is usually one to three years.

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Notes to the Consolidated Financial Statements

(i) Short-term and long-term borrowings

(i) The short-term borrowings were summarized as follows:

	December 31, 2023			
	Currency	Interest rate	Maturity date	Amount
Unsecured bank loans	NTD	1.58%~2.11%	2024/1/11~2024/7/4	$ 1,150,000
Unsecured bank loans	USD	6.05%~6.16%	2024/1/15~2024/1/29	660,265
				$ 1,810,265
Unused credit lines (including short-term and long-term borrowings)				$ 2,612,335

	December 31, 2022			
	Currency	Interest rate	Maturity date	Amount
Secured bank loans	NTD	1.63%~2.46%	2023/4/26~2023/6/21	$ 690,000
Unsecured bank loans	NTD	1.33%~1.97%	2023/3/7~2023/7/4	560,000
Unsecured bank loans	USD	5.22%~5.42%	2023/1/5~2023/1/19	368,520
				$ 1,618,520
Unused credit lines (including short-term and long-term borrowings)				$ 2,244,851

For the collateral for short-term borrowings, please refer to note 8.

(ii) The long-term borrowings were summarized as follows:

	December 31, 2023			
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	USD	6.33%~6.89%	2024~2029	$ 2,275,707
Secured bank loans	NTD	2.10%~2.14%	2024~2028	735,000
Less: current portion				476,845
Total				$ 2,533,862
Unused long-term credit lines				$ -

	December 31, 2022			
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	USD	4.83%~6.05%	2023~2029	$ 2,853,402
Less: current portion				516,275
Total				$ 2,337,127

For the collateral for long-term borrowings, please refer to note 8.

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(j) Short-term notes and bills payable

	December 31, 2023		
Item	**Guarantee or acceptance institution**	**Rang of interest rate**	**Amount**
Short-term notes and bills payable	MEGA BILLS HSINCHU BRANCH	1.75%	$ 200,000
Less: Discount			(173)
Total			$ 199,827
Unused credit line			$ -

As of December 31, 2023, the short-term nots and bills payable were not provided assets for collateral.

(k) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	$ 5,599	8,229
Non-current	$ 2,681	7,696

For the liquidity analysis, please refer to note 6(t).

The amounts recognized in profit or loss was as follows:

	2023	2022
Interest expenses on lease liabilities	$ 176	240
Expenses relating to leases of low-value assets	$ 9,219	9,821

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	$ 18,728	19,229

(l) Operating lease

The Group's shipping industry focuses on lightweight bulk carriers, which are mainly based on the wide range of navigation. Ship chartering for large cargo owners and shipping companies adopts the hourly chartering model.

As of December 31, 2023 and 2022, the carrying amounts of ressels were $6,863,457 and $7,198,137, respectively, recognized as property, plant and equipment.

As of December 31, 2023, the Group chartered out its entire vessels.

For the years ended December 31, 2023 and 2022, the income from chartering amounted to $1,760,185 and $2,662,617, respectively.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2023	**December 31, 2022**
Less than one year	$ 520,806	762,563
One to two years	-	99,771
Total undercounted lease receivables	**$ 520,806**	**862,334**

(m) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	**December 31, 2022**
Present value of the defined benefit obligations	$ 104,749	114,187
Fair value of plan assets	(151,690)	(156,090)
Net defined benefit assets	**$ (46,941)**	**(41,903)**

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to $151,690 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

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2) Movements in present value of the defined benefit obligation

Movements in the present value of the defined benefit obligations were as follows:

	2023	2022
Defined benefit obligations at January 1	$ 114,187	138,427
Current service costs and interest cost	1,718	723
Remeasurements of the net defined benefit asset:		
－Actuarial gains or losses arising from financial assumption	792	194
Benefits paid	(11,948)	(25,157)
Defined benefit obligations at December 31	**$ 104,749**	**114,187**

3) Movements in fair value of the defined benefit plan assets

Movements in the fair value of the plan assets were as follows:

	2023	2022
Fair value of plan assets at January 1	$ 156,090	162,137
Interest revenue	2,324	796
Remeasurements of the net defined benefit asset:		
－Actuarial gains or losses arising from financial assumption	1,022	13,564
Amounts contributed to plan	4,202	4,750
Benefits paid	(11,948)	(25,157)
Fair value of plan assets at December 31	**$ 151,690**	**156,090**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	2023	2022
Current service costs	$ 54	59
Net interest expense of net defined benefit assets	(660)	(132)
	$ (606)	**(73)**

	2023	2022
Operating cost	$ (538)	(66)
Operating expenses	(68)	(7)
	$ (606)	**(73)**

(Continued)

5) The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

		2023	2022
Balance at the beginning	$	1,549	(11,821)
Recognized in the current period		230	13,370
Balance at the beginning	$	1,779	1,549

6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	2023.12.31	2022.12.31
Discount rate	1.375%	1.500%
Future salary increasing rate	3.000%	3.000%

The Group expects to make contributions of $3,871 to the defined benefit plans in the next year starting from December 31, 2023.

The weighted average duration of the defined benefit plans is 6.62 years.

7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

		Influences on defined benefit obligations	
		Increased	Decreased
December 31, 2023			
Discount rate decrease (increase) 0.25%	$	1,177	(1,152)
Future salary increasing rate increase (decrease) 0.25%		1,117	(1,099)
December 31, 2022			
Discount rate decrease (increase) 0.25%		1,435	(1,404)
Future salary increasing rate increase (decrease) 0.25%		1,363	(1,341)

There is no change in other assumptions when performing the above mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

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(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted for the years ended December 31, 2023 and 2022 were as follow:

	2023	2022
Operating cost	$ 3,512	3,200
Operating expense	2,385	2,305
Total	**$ 5,897**	**5,505**

(iii) Others

The Group paid and recognized the severance pay for the years ended December 31, 2023 and 2022 as follow:

	2023	2022
Operating cost	$ 1,063	1,680
Operating expense	1,207	140
Total	**$ 2,270**	**1,820**

(n) Income taxes

(i) Income tax expense

The amounts of income tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Current tax expense		
Current period	$ 5,226	216,514
Adjustment for prior periods	(3,344)	(2,872)
	1,882	213,642
Deferred tax expense		
Origination and reversal of temporary differences	39,828	183,601
Income tax expense from continuing operations	**$ 41,710**	**397,243**

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The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	$ 46	2,674

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Profit before tax	$ 13,252	1,601,665
Income tax using the Company's domestic tax rate	$ 2,650	320,333
The income tax effects on permanent difference	9,018	37,406
Change in unrecognized temporary differences	(1,453)	42,350
Additional tax on unappropriated earnings	35,093	-
Adjustment for prior periods	(3,344)	(2,872)
Others	(254)	26
	$ 41,710	397,243

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 455,012	455,012

2) Recognized deferred tax assets and liabilities

Deferred Tax Assets:

	Refund liability	Unrealized exchange loss	Losson valuation of inventories	Expected credit loss	Total
Balance at January 1, 2023	$ 84	-	32,776	15,012	47,872
Recognized in profit or loss	-	1,276	(28,662)	(12,446)	(39,832)
Balance at December 31, 2023	**$ 84**	**1,276**	**4,114**	**2,566**	**8,040**
Balance at January 1, 2022	$ -	218	30	-	248
Recognized in profit or loss	84	(218)	32,746	15,012	47,624
Balance at December 31, 2022	**$ 84**	**-**	**32,776**	**15,012**	**47,872**

(Continued)

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Notes to the Consolidated Financial Statements

Deferred Tax Liability:

	Land value increment tax	Investment income under equity method	Unrealized exchange gain	Defined benefit plans	Total
Balance at January 1, 2023	$ 166,884	568,137	966	8,373	744,360
Recognized in profit or loss	-	-	(966)	962	(4)
Recognized in other comprehensive income	-	-	-	46	46
Balance at December 31, 2023	**$ 166,884**	**568,137**	**-**	**9,381**	**744,402**
Balance at January 1, 2022	$ 166,884	338,842	-	4,734	510,460
Recognized in profit or loss	-	229,295	966	965	231,226
Recognized in other comprehensive income	-	-	-	2,674	2,674
Balance at December 31, 2022	**$ 166,884**	**568,137**	**966**	**8,373**	**744,360**

(iii) Assessment

The Company's income tax returns for all years through 2021 were assessed by the tax authorities.

(o) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares was 3,000,000, with a par value of NTD10 per share. The Group has issued 249,002 thousand ordinary shares, all of which have been paid up.

(ii) Capital surplus

The detail of capital surplus were as follows:

	December 31, 2023	December 31, 2022
The subsidiaries acquired cash dividend from the Company	$ 4,079	4,079
Gain on the subsidiaries sale of the Company's stock	2,379	2,379
Increase through changes in ownership interests in associates	91,152	91,152
Donation from shareholders	7,754	7,130
	$ 105,364	**104,740**

In accordance with Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

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SESODA CORPORATION AND SUBSIDIARIES

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(iii) Retained earnings

The Company's Article of Incorporation stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes, of the remaining balance 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; a special reserve should also be set aside in accordance with the relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 1% of the remaining earnings. The Company's appropriations of earnings are decided in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

However, dividends issued in cash may be approved by the Board of Directors with more than two thirds of the directors' attendance, and resolved by more than half of the directors; thereafter, reported in the shareholders' meeting.

In response to the Company's long term development needs, the Company's capital structure and long-term financial planning were taken into consideration. Therefore, the Company formulated its dividend policy based on its operating performance and principle of balanced dividend payments. Furthermore, the proportion of cash dividend payment shall be no less than 20% of the current year's dividend, which should all be distributed in cash.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards endorsed by the FSC. Upon the Company’s initial adoption of the above standards, its unrealized revaluation increments and cumulative translation adjustments under shareholders' equity had been reclassified to retained earnings at the adoption date. In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution. However, when the adjusted retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, are insufficient for the appropriation of special reserve at the transition date, the Company may appropriate a special reserve equals the amount of increase in retained earnings. Upon the use, disposal, or reclassification of its related assets, the Company may reverse the special reserve proportionately. As of December 31, 2023 and 2022, the special reserve were both $131,650.

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Notes to the Consolidated Financial Statements

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023 and 2022, the special reserve were $0 and $353,846, respectively.

(iv) Earnings distribution

The appropriations of earning for 2022 had been approved in Board of Directors' and shareholders' meetings held on March 27, 2023. The appropriations of earning for 2021 had been approved in Board of Directors' meetings held on March 24, 2022. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NTD)	**Total amount**	**Amount per share (NTD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 3.00	$ 747,005	2.00	498,003

On March 11, 2023, the Company's Board of Directors' meeting resolved to appropriate the 2023 earnings. The earnings were appropriated as follows:

	2023	
	Amount per share (NTD)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 1.50	373,502

(v) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	**Unrealized gains or losses on financial assets at fair value through other comprehensive income**	**Total**
Balance as of January 1, 2023	$ 84,420	(192,039)	(107,619)
Exchange differences on foreign operations	8,513	-	8,513
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(674)	(674)
Unrealized gains or losses from financial assets on accounted for using equity method	-	1,522	1,522
Balance as of December 31, 2023	$ 92,933	(191,191)	(98,258)

(Continued)

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Notes to the Consolidated Financial Statements

		Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$	(344,110)	(141,395)	(485,505)
Exchange differences on foreign operations		428,530	-	428,530
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income		-	(49,242)	(49,242)
Unrealized gains or losses from financial assets on accounted for using equity method		-	(219)	(219)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(1,183)	(1,183)
Balance as of December 31, 2022	$	84,420	(192,039)	(107,619)

(p) Earnings per share

For the years ended December 31, 2023 and 2022, the Company's earnings per share were calculated as follows:

(i) Basic earnings per share

		2023	2022
Profit belonging to common shareholders	$	(28,458)	1,204,422
Weighted average number of outstanding shares of common stock (in thousand shares)		249,002	249,002
Basic earnings per share (in NTD)	$	(0.11)	4.84

(ii) Diluted earnings per share

		2023	2022
Profit (loss) belonging to common shareholders	$	(28,458)	1,204,422
Weighted average number of outstanding shares of common stock (in thousand shares)		249,002	249,002
Effect on potentially dilutive common stock-employee remuneration (in thousand shares) (Note)		-	2,795
Weighted average number of common stock (diluted) (in thousand shares)		249,002	251,797
Diluted earnings per share (in NTD)	$	(0.11)	4.78

(Note): The employee remuneration that was not included in the weighted average number of diluted common stock were 616 thousand shares in 2023, which did not need to be included because it has an anti-dilution effect.

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(q) Revenue from contracts with customers

	2023					
	Chemical products	**Charting**	**Catering**	**Freight**	**Others**	**Total**
Primary geographical markets:						
Taiwan	$ 1,583,061	-	43,288	54	1,042	1,627,445
Singapore	-	863,163	-	-	-	863,163
Denmark	-	725,335	-	-	-	725,335
Japan	576,823	937	-	-	-	577,760
Pakistan	451,081	-	-	-	-	451,081
India	225,753	-	-	-	-	225,753
Australia	160,620	29,879	-	-	-	190,499
Mexico	147,439	-	-	-	-	147,439
Other countries	929,837	140,871	-	-	-	1,070,708
	$ 4,074,614	1,760,185	43,288	54	1,042	5,879,183

	2022			
	Chemical products	**Charting**	**Catering**	**Total**
Primary geographical markets:				
Taiwan	$ 1,861,513	8,132	52,149	1,921,794
Denmark	-	684,616	-	684,616
Peru	565,349	-	-	565,349
Singapore	-	1,211,472	-	1,211,472
Japan	954,164	29,271	-	983,435
Pakistan	304,768	-	-	304,768
Mozambique	263,385	-	-	263,385
Bahamas	-	308,505	-	308,505
Other countries	1,361,244	420,621	-	1,781,865
	$ 5,310,423	2,662,617	52,149	8,025,189

(r) Remuneration to employees and directors

In accordance with the articles of incorporation which was amended by the shareholders' meeting on May 20, 2022, the Company should contribute 1.2% of special bonus, 4.8% of employee remuneration, and less than 2.5% of directors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration, amounting to $693 and $83,982, special bonus amounting to $173 and $20,995, and directors' remuneration amounting to $361 and $43,741, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the employee remuneration, special bonus and directors' remuneration of each period, multiplied by the percentage of employee remuneration, special bonus and directors' remuneration as specified in the Company's articles. These remunerations and bonuses were expensed under operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts stated in the consolidated financial statements are identical to those of the actual distributions for 2023 and 2022.

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(s) Non-operating income and expenses

(i) Interest revenue

		2023	2022
Interest income from bank deposits	$	38,738	6,619

(ii) Other revenue

		2023	2022
Rental income	$	342	21
Dividend income		106	6,078
Total	$	448	6,099

(iii) Other gains and losses

		2023	2022
Foreign exchange gains (losses)	$	(32,107)	87,261
Gains (losses) on financial assets at for value through profit or loss		9,355	(6,387)
Losses on disposals of property, plant and equipment		(5,626)	(2,320)
Insurance claims deductible		(6,730)	-
Compensation income		41,784	5
Subsidy to crew bonus		17,430	16,763
Subsidy to communication fee		7,436	7,442
Price difference from fuel		8,629	16,525
Others		(18,726)	1,436
Total	$	21,445	120,725

(iv) Finance costs

		2023	2022
Interest expenses – bank loan	$	(224,104)	(113,640)
Interest expenses – lease liabilities		(176)	(240)
Total	$	(224,280)	(113,880)

(t) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

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SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

2) Concentration of credit risk

For the years ended December 31, 2023 and 2022, there were 24% and 37% of the Group's account receivable balance were both composed of 3 customers. In order to reduce the credit risk of accounts receivable, the Group continuously evaluated the financial position of customers, regularly assessed the possibility of collection of accounts receivables and recognized allowance losses. The impairment loss was within the manager's expectation.

3) Receivables securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 year	2-5 year	Over 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term borrowing	$ 1,810,265	1,817,128	1,817,128	-	-	-
Short-term notes and bills payable	199,827	200,000	200,000	-	-	-
Long-term borrowing (including current portion)	3,010,707	3,433,344	628,409	806,024	1,763,210	235,701
Accounts payable	304,066	304,066	304,066	-	-	-
Other payables	430,620	430,620	430,620	-	-	-
Lease liability	8,280	8,367	5,670	2,560	137	-
	$ 5,763,765	6,193,525	3,385,893	808,584	1,763,347	235,701
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowing	$ 1,618,520	1,628,914	1,628,914	-	-	-
Long-term borrowing (including current portion)	2,853,402	3,382,980	668,684	561,346	1,676,551	476,399
Accounts payable	650,407	650,407	650,407	-	-	-
Other payables	507,349	507,349	507,349	-	-	-
Lease liability	15,925	16,168	8,386	5,085	2,697	-
	$ 5,645,603	6,185,818	3,463,740	566,431	1,679,248	476,399

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 45,931	30.71	1,410,541	27,340	30.71	839,611
Non-monetary items						
CNY	56,646	4.33	245,277	56,646	4.41	249,809
Financial liabilities						
Monetary items						
USD	8,000	30.71	245,680	20,178	30.71	619,666

2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, short-term loans and accounts payable that are denominated in foreign currency. A depreciation (appreciation) 1 % of NTD against the USD for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit before tax by $11,649 and $2,199, respectively. The analysis assumes that all other variables remain constant.

Since the Group has many kinds of functional currencies, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(32,107) and $87,261, respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases (decreases) by 1%, the Group's net profit before tax would have decreased (increased) by $48,210 and $44,719 for the years ended December 31, 2023 and 2022, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Income before tax**	**Other comprehensive income before tax**	**Income before tax**
Increasing 1%	$ 794	198	796	147
Decreasing 1%	$ (794)	(198)	(796)	(147)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market data and the value measurements which are not reliable. No additional fair value disclosure is required in accordance with the regulations.

	December 31, 2023				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Foreign listed company's stocks	$ 3,086	3,086	-	-	3,086
Private fund	16,744	-	-	16,744	16,744
Subtotal	19,830	3,086	-	16,744	19,830
Financial assets at fair value through other comprehensive income					
Domestic listed company's stocks	2,226	2,226	-	-	2,226
Foreign unlisted companies' stocks	77,217	-	-	77,217	77,217
Subtotal	79,443	2,226	-	77,217	79,443
Total	$ 99,273	5,312	-	93,961	99,273

	December 31, 2022				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Foreign listed company's stocks	$ 1,623	1,623	-	-	1,623
Open end funds	4,215	4,215	-	-	4,215
Private fund	8,908	-	-	8,908	8,908
Subtotal	14,746	5,838	-	8,908	14,746
Financial assets at fair value through other comprehensive income					
Domestic listed company's stocks	1,788	1,788	-	-	1,788
Foreign unlisted companies' stocks	77,764	-	-	77,764	77,764
Subtotal	79,552	1,788	-	77,764	79,552
Total	**$ 94,298**	**7,626**	**-**	**86,672**	**94,298**

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

·Unquoted equity instruments: The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

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3) Reconciliation of Level 3 fair values

	As fair value through profit or loss	Fair value through other comprehensive income	
	Private funds	**Unquoted equity instrument**	**Total**
Balance as of January 1, 2023	$ 8,908	77,764	86,672
Total gains and losses recognized:			
In profit or losses	7,836	-	7,836
In other comprehensive income	-	(547)	(547)
Balance as of December 31, 2023	$ 16,744	77,217	93,961
Balance as of January 1, 2022	$ -	115,850	115,850
Total gains and losses recognized:			
In profit or losses	(4,831)	-	(4,831)
In other comprehensive income	-	(37,681)	(37,681)
Purchase	13,739	-	13,739
Disposals	-	(429)	(429)
Effect on changes in foreign exchange rates	-	24	24
Balance as of December 31, 2022	$ 8,908	77,764	86,672

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value were "financial assets measured at fair value through profit or loss - private fund" and "financial assets measured at fair value through other comprehensive income - equity investments".

Most of the Group's financial instruments and privately offered funds that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments and private funds that have no active markets because they were independent of each other.
Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through profit or loss-private fund	Comparable listed companies approach	·PB ratio (as of December 31, 2023 was 0.27~3.29) ·EBITDA (as of December 31, 2023 was 9.32~14.39) ·Market liquidity discount rate (as of December 31, 2023 and 2022 and were 25% and 40% respectively)	·The higher the PB ratio, the higher the fair value ·The higher the EBITDA ratio, the higher the fair value. ·The higher the market liquidity discount rate, the lower the fair value
Financial assets at fair value through other comprehensive income - equity investments	Comparable listed companies approach	·PB ratio (as of December 31, 2023 and 2022 were 0.4~1.3 and 0.5~1.4respectively) ·Market liquidity discount rate (as of December 31, 2023 and 2022 were both40%)	·The higher the PB ratio, the higher the fair value ·The higher the market liquidity discount rate, the lower the fair value

5) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effect on other comprehensive income:

			Effects of changes in fair value on profit and losses		Effects of changes in fair value on other comprehensive income	
	Inputs	**Increase or decrease**	**Favorable**	**Unfavorable**	**Favorable**	**Unfavorable**
December 31, 2023						
Financial assets at fair value through profit or loss	PB ratio	10%	$ 1,674	(1,674)	-	-
Financial assets at fair value through other comprehensive income	PB ratio	10%	$ -	-	7,722	(7,722)
December 31, 2022						
Financial assets at fair value through profit or loss	EBITDA ratio	10%	$ 891	(891)	-	-
Financial assets at fair value through other comprehensive income	PB ratio	10%	-	-	7,776	(7,776)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter relationships with another input.

(u) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how the supervision of the management is in compliance with the Group's risk management policies and procedures. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by an internal auditor. An internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

1) Notes and accounts receivables and other receivables

The credit risk exposure of the Group is mainly affected by the individual conditions of each customer.

The management also considers the statistical data of the Group's customer, including the default risk of the customer's industry and country, which may have an impact on credit risk.

Please refer to note 6(t) for the concentrated notes receivable and accounts receivable from transaction parties.

The Group has established a credit policy. According to this policy, the Group must analyze the credit rating of each new customer individually before granting standard payment and shipping conditions and terms. If the Group can obtain an external rating and in some other cases, the bank's notes will be reviewed. The credit limit, which is regularly reviewed, is established based on individual customers and need not be approved by the Board of Directors.

When the Group monitors the credit risk of its customers according to their credit characteristics, including whether they are distributors or end users; location, industry, age, expiration date, and previous financial difficulties. The main target of the Group's notes, accounts receivable and other receivables is the Group's dealer customers. Customers who are assessed as high-risk are included in the restricted customer list and monitored by the authorized supervisor of the combined company. Future sales with these customers must be based on advance receipts.

The Group regularly evaluates the losses incurred in bills, accounts receivable and other receivables. The Group has set up an allowance and impairment loss account to reflect the estimation of the losses incurred in the bills, accounts receivable and other receivables. The main components of the allowance account include specific losses with individual customers and loss estimates measured by expected credit losses during the lifetime.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions, with good credit rating. The Group expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. As of December 31, 2023, the Group did not provide guarantee to other entities.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group calculates its cost of products and services by using the activity-based costing, which assists in monitoring its cash flow requirements and optimizing its cash return on investments.

Generally, the Group ensures that it maintains sufficient cash to meet expected operational expense with 60 days, including the fulfillment of financial obligations. However, potential impacts that cannot reasonably be expected in extreme cases such as natural disasters, are excluded.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The financial assets of the Group with fair value risk of interest rate changes are bank deposits; financial liabilities are long-term and short-term borrowings. The impact of changes in interest rates on the fair value of the relevant financial assets and liabilities is not significant.

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(v) Capital management

The Company's policy is to keep a strong capital base in order to maintain its investors, creditors and market confidence, and to sustain future development of its business. Equity consists of common stock, capital surplus, retained earnings and other equity interest of the Group. The Board of Directors monitors the return on its capital as well as the level of dividends to its shareholders.

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	$ 6,710,520	6,705,288
Less: cash and cash equivalents	1,600,594	1,295,290
Net debt	$ 5,109,926	5,409,998
Total equity	$ 6,366,559	7,131,288
Debt-to-equity ratio	80.26%	75.86%

The debt-to-equity ratio of the Group for both years has no significant change.

(w) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022 were as follows:

			Non-cash changes				
	January 1, 2023	Cash flows	Foreign exchange movement	New lease	Changes in lease payment	Other	December 31, 2023
Long-term borrowings (including current portion)	$ 2,853,402	149,282	8,023	-	-	-	3,010,707
Short-term borrowings	1,618,520	191,745	-	-	-	-	1,810,265
Short-term notes and bills payable	-	200,000	-	-	-	(173)	199,827
Lease liabilities	15,925	(9,333)	-	2,313	(625)	-	8,280
Total liabilities from financing activities	$ 4,487,847	531,694	8,023	2,313	(625)	(173)	5,029,079

			Non-cash changes			
	January 1, 2022	Cash flows	Foreign exchange movement	New lease	Changes in lease payment	December 31, 2022
Long-term borrowings (including current portion)	$ 3,098,800	(539,949)	294,551	-	-	2,853,402
Short-term borrowings	1,518,240	45,740	54,540	-	-	1,618,520
Lease liabilities	21,114	(9,168)	-	9,947	(5,968)	15,925
Total liabilities from financing activities	$ 4,638,154	(503,377)	349,091	9,947	(5,968)	4,487,847

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(7) Related-party transactions:

(a) Names and relationship with related parties

Name of related party	Relationship with the Group
Bright Charter Shipping Limited	Substantive related party (Note 1)
Sesoda Social Welfare Foundation	Other related party (Note 2)
Zhengbang Investment Co., Ltd.	Corporate director of Company
Sincere Industrial Corporation	Corporate director of Company
Yalan Investment Consulting Co., Ltd.	Corporate director of Company
Sande International Investment Co., Ltd.	Corporate director of Company

(Note 1) The Company's corporate director (SINCERE INDUSTRIAL CORPORATION) is the actual controller over the Bright Charter Shipping Limited.

(Note 2) The foundation was established by donations from the Company and was registered and established on May 31, 2022.

(b) Significant transactions with related parties

(i) Shipping agency expense

	2023	2022
Bright Charter Shipping Limited	$ 61,697	59,024

Bright charter shipping Limited provides shipping agency service to the Group and settles related fee by the end of each month.

(ii) Donations

	2023	2022
Sesoda Social Welfare Foundation	$ -	11,000

(iii) Payables

Account	Relationship	Name of related party	December 31, 2023	December 31, 2022
Other payables	Substantive related party	Bright Charter Shipping Limited	$ 5,067	5,067

(c) Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 52,948	149,539
Post-employment benefits	2,588	1,437
	$ 55,536	150,976

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Notes to the Consolidated Financial Statements

(8) Pledged assets:

Pledged assets	Object	December 31, 2023	December 31, 2022
Property, plant and equipment			
—Land	Guarantees for long-term and short-term borrowings	$ 678,305	678,305
—Buildings	Guarantees for long-term and short-term borrowings	55,092	57,381
—Vessels	Guarantees for long-term borrowings	5,153,349	6,545,891
		$ 5,886,746	7,281,577

(9) Significant commitments and contingencies:

The Group entered into contracts with domestic and foreign vendors to purchase property, plant and equipment as follows:

	December 31, 2023	December 31, 2022
Total contract value	$ 297,877	358,379
Cumulative payments	$ 143,876	235,103

(10) Losses Due to Major Disasters:None

(11) Subsequent Events: Please refer to the note 6 (o).

(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	2023			2022		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	576,026	58,932	634,958	578,123	160,021	738,144
Labor and health insurance	11,296	6,971	18,267	10,269	6,239	16,508
Pension	4,037	3,524	7,561	4,814	2,438	7,252
Remuneration of directors	-	30,826	30,826	-	98,657	98,657
Others	48,367	2,935	51,302	47,167	4,478	51,645
Depreciation	522,555	20,770	543,325	494,269	22,323	516,592
Depletion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-

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(13) Other disclosures:

(a) Information on significant transactions:None

The following were the information on significant transactions required by the Regulations for the Group for the year ended December 31, 2023:

(i) Loans to other parties: Please refer to schedule A.

(ii) Guarantees and endorsements for other parties: Please refer to schedule B.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule C.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock:None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(x) Business relationships and significant intercompany transactions: Please refer to schedule D.

(b) Information on investees: Please refer to schedule E.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Zhengbang Investment Co., Ltd.	16,086,588	6.46%
Chu Ying-Piao	12,650,048	5.08%

(Continued)

(14) Segment information:

(a) General information

The reportable segments are the Group's strategic divisions which should be reported as follows. They offer different products and services , and are managed seperately because they require different technolagy and marketing strategies. The chief of the Group should review the internal management report of each strategic division. Each reportable department of the Group is summarized below:

(i) Manufacturing division: Import of sodium carbonate,manufacturing and selling of potassium sulfate, hydrochloric acid and liquid calcium chloride, trading of baking soda, salt and calcium chloride.

(ii) Ships, boats and Transport division: Operates on its own ship charter and all ships have signed a charter agreement.

(iii) Fright division: Responsible for the delivery of the Company's sodium carbonate and other products.

(iv) Catering division: It's engaged in the wholesale of food, Japanese restaurant and catering business.

(b) Inormation about reportabe segments and their measurement and reconciliations:

The Group doesn't allocate income tax expense (benefit) or infrequent profit and losses to the reportable division. In addition, not all reportable segments include depreciation and amortization of significant non - cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The Group measured its operation segment through profit before tax, and serves as the basis for evaluating performance. The Group treated intersegment sales, and transfers as third-party transactions. They are measured at market price.

The Group's operating segment information and reconciliation were as follows:

	2023							
	Chemical products							
	Oversea sales	Domestic sales	Chartering	Fright	Catering	Others	Reconciliation and elimination (note)	Total
Revenue::								
Revenue from external customers	$ 2,491,553	1,583,061	1,760,185	54	43,288	1,042	-	5,879,183
Intersegment revenues	-	-	-	14,440	291	-	(14,731)	-
Interest revenue	13,272	8,449	14,452	10	28	2,527	-	38,738
Total revenue	$ 2,504,825	1,591,510	1,774,637	14,504	43,607	3,569	(14,731)	5,917,921
Interest expenses	$ 16,614	10,577	162,444	-	111	34,534	-	224,280
Depreciation and amortization	$ 12,225	87,983	433,962	3,563	5,605	11	(24)	543,325
Reportable segment profit or loss	$ (219,711)	157,387	123,794	(245)	(3,616)	(44,357)	-	13,252
Reportable segment total assets (Note)	$ -	-	-	-	-	-	-	-

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	2022							
	Chemical products							
	Oversea sales	Domestic sales	Chartering	Freight	Catering	Others	Reconciliation and elimination (note)	Total
Revenue:								
Revenue from external customers	$ 3,448,910	1,861,513	2,662,617	-	52,149	-	-	8,025,189
Intersegment revenues	-	-	-	14,859	432	1,927	(17,218)	-
Interest revenue	1,357	734	3,870	29	11	618	-	6,619
Total revenue	$ 3,450,267	1,862,247	2,666,487	14,888	52,592	2,545	(17,218)	8,031,808
Interest expenses	$ 9,016	4,876	87,279	-	153	12,556	-	113,880
Depreciation and amortization	$ 55,629	36,472	415,462	2,566	6,475	17	(29)	516,592
Reportable segment profit or loss	$ 478,520	265,074	957,254	998	(1,259)	(98,922)	-	1,601,665
Reportable segment total assets (Note)	$ -	-	-	-	-	-	-	-

Note: As the information on segment assets was not provided to the chief operating decision maker, the information segment assets in not disclosed.

Note 1: For the years ended December 31, 2023 and 2022, the reportable segment should eliminate intersegment revenues by $14,731 and $17,218, respectively.

(c) The Group's information

(i) Product and service information

Revenue from external customers of the Group was as follows:

	2023	2022
Soda Ash	$ 521,179	650,911
Potassium sulfate	2,559,185	3,505,305
Chartering	1,760,185	2,662,616
Catering	43,288	52,149
Others	995,346	1,154,208
	$ 5,879,183	**8,025,189**

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

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Revenue from external customers was as follows:

Geographical information	2023	2022
Taiwan	$ 1,627,445	1,921,794
Singapore	863,163	1,211,472
Denmark	725,335	684,616
Japan	577,760	983,435
Pakistan	451,081	263,385
India	225,753	90,514
Australia	190,499	348,175
Mexico	147,439	270,838
Saudi Arabia	116,135	71,538
Bahamas	97,262	308,505
Other	857,311	1,870,917
	$ 5,879,183	**8,025,189**

Non-current assets:

Geographical information	December 31, 2023	December 31, 2022
Taiwan	$ 2,435,427	2,290,337
Panama	6,867,386	7,198,636
	$ 9,302,813	**9,488,973**

(iii) Major customers

The Group had no major customer who constituted 10% or more of revenue.

Schedule A Financing to other parties

(TWD : expressed in thousands)

No.	Creditor	Borrower	Financial statement account	Related party	Maximum outstanding balance for the period	Ending balance	Actual amount drawn down	Interest Rate	Nature of financing (Note 1)	Amount of transaction	Reasons for short-term financing	Allowance for doubtful accounts	Collateral		Limit on financing granted to each borrower	Ceiling on total financing granted	**Notes**
													Item	Value			
1	SECC	SSC	Other receivables - related parties	Yes	32,430	30,710	30,710	5.33%	2	-	Operating Capital	-	N/A	-	350,385	350,385	(Note 2 and Note 8)
2	SEFC	SSC	Other receivables - related parties	Yes	32,430	30,710	27,639	5.33%	2	-	Operating Capital	-	N/A	-	387,557	387,557	(Note 3 and Note 8)
3	SEPC	SSC	Other receivables - related parties	Yes	32,430	30,710	30,710	5.33%	2	-	Operating Capital	-	N/A	-	402,137	402,137	(Note 4 and Note 8)
4	SERC	SSC	Other receivables - related parties	Yes	32,430	30,710	6,142	5.33%	2	-	Operating Capital	-	N/A	-	357,838	357,838	(Note 5 and Note 8)
5	SEGC	SSC	Other receivables - related parties	Yes	32,430	30,710	15,355	5.33%	2	-	Operating Capital	-	N/A	-	387,083	387,083	(Note 6 and Note 8)
6	SEEC	SSC	Other receivables - related parties	Yes	32,430	30,710	12,284	5.33%	2	-	Operating Capital	-	N/A	-	351,932	351,932	(Note 7 and Note 8)
合計							122,840										

Note 1: Nature of financing:
1 For entities that the Company has business with.
2 For entities with short-term financing needs.

Note 2: Subsidiary SECC total amount available for financing purposes shall not exceed of SECC's audited or reviewed net worth.

Note 3: Subsidiary SEFC total amount available for financing purposes shall not exceed of SEFC's audited or reviewed net worth.

Note 4: Subsidiary SEPC total amount available for financing purposes shall not exceed of SEPC's audited or reviewed net worth.

Note 5: Subsidiary SERC total amount available for financing purposes shall not exceed of SERC's audited or reviewed net worth.

Note 6: Subsidiary SEGC total amount available for financing purposes shall not exceed of SEGC's audited or reviewed net worth.

Note 7: Subsidiary SEEC total amount available for financing purposes shall not exceed of SEEC's audited or reviewed net worth.

Note 8: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Schedule B Guarantees and endorsements for other parties:

Nunber (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	6,366,559	2,767,500	1,842,600	660,265	-	28.94%	19,099,677	Y	N	N
0	The Company	SMTC	2	6,366,559	136,998	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SMGC	2	6,366,559	111,510	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SEBC	2	6,366,559	81,263	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SECC	2	6,366,559	279,753	236,310	236,310	-	3.71%	19,099,677	Y	N	N
0	The Company	SEMC	2	6,366,559	223,846	180,020	180,020	-	2.83%	19,099,677	Y	N	N
0	The Company	SEDC	2	6,366,559	282,439	230,786	230,786	-	3.62%	19,099,677	Y	N	N
0	The Company	SEVC	2	6,366,559	294,189	257,322	257,322	-	4.04%	19,099,677	Y	N	N
0	The Company	SEEC	2	6,366,559	276,585	247,477	247,477	-	3.89%	19,099,677	Y	N	N
0	The Company	SEFC	2	6,366,559	301,162	273,269	273,269	-	4.29%	19,099,677	Y	N	N
0	The Company	SERC	2	6,366,559	306,177	270,446	270,446	-	4.25%	19,099,677	Y	N	N
0	The Company	SEGC	2	6,366,559	343,205	292,973	292,973	-	4.60%	19,099,677	Y	N	N
0	The Company	SEPC	2	6,366,559	381,107	287,104	287,104	-	4.51%	19,099,677	Y	N	N
					5,785,734	4,118,307							

Note 1: Company numbering as follows:
The Company－0
Note 2: Relationship with the Company:
1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.
Note 3: The Company's operating procedures of guarantee were as follows:
The guarantees and endorsements limit provided by The Company to other parties should not exceed 300% of its equity based on the most recent audited or reviewed financial statements by a certified accountant. The individual guarantee amount should not exceed 100% of its equity based on the most recent audited or reviewed financial statements by a certified accountant.

Schedule C Securities held as of December 31, 2023 :

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance: Shares/ Units	Ending balance: Carrying value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Remark
	Stock :							
E-TEQ VENTURE CO., LTD.	INTEL CORPORATION	—	Current financial assets at fair value through profit or loss	2,000	3,086	0.00%	3,086	
"	APOGEE Optocom CO., LTD.	—	Non-current financial assets at fair value through other comprehensive income	30,000	2,226	0.07%	2,226	
	Subtotal				5,312		5,312	
	Private Fund:							
E-TEQ VENTURE CO., LTD.	CMIA Digital Growth VII	—	Non-current financial assets at fair value through profit or loss	500	16,744	0.65%	16,744	
	Subtotal				16,744		16,744	
	Stock :							
The company	Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	0	77,217	15.00%	77,217	
					77,217		77,217	
	Total				99,273		99,273	

Schedule D Relationships and importance transactions between the Group and subsidiaries :

Nunber (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction: Account title	Transaction: Amount	Transaction: Credit term	Transaction: Percentage of consolidated sales revenue and total assets
1	SSC	SESC、SMGC、SMTC、SEHC、SEBC、SEAC、SEMC、SECC、SEEC、SEFC、SERC、SEDC、SEVC、SEGC、SEPC	2	Other payables-related parties	79,884	-	0.61%

Note 1: Company numbering as follows:
1. 0 represents the parent company
2. Subsidiary company number starts with Arabic numeral 1

Note 2: Relationship of the counterparties:
1.Parent company to subsidiary.
2.Transactions are between subsidiaries.

Note 3: The section only disclosed the information of the account balance more than 0.5% of total consolidated assets .

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Schedule E Information on investments:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at this year	The ending balance at the beginning	Shares	Percentage of ownership	Carrying value			
The Company	SSC	Panama	Ship operation and chartering	1,110,902	1,428,232	10	100.00%	4,421,696	118,895	118,895	Subsidiary
"	East Tender Trading Co., Ltd.	Taipei	General trade and investments	38,023	38,023	3,200,000	100.00%	38,821	1,454	1,454	Subsidiary
"	SIL	BVI	Holding company	21,145	21,145	880	50.00%	(33,739)	(98)	(49)	Subsidiary
"	East Tender Optoelectronics Co., Ltd.	Yilan	Manufacturing of thin film filter components required for optical communication	97,142	97,142	9,316,297	34.89%	258,978	(81,945)	(33,251)	Associate
"	Yukari Group Co., Ltd.	Taipei	Wholesale of foods and groceries, sales of drinks, operation of restaurant	89,787	89,787	2,100,000	100.00%	7,232	(3,711)	(3,711)	Subsidiary
"	E-Teq Venture Co., Ltd.	Taipei	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	115,000	115,000	10,380,000	100.00%	101,725	7,263	7,263	Subsidiary
"	YUN SHENG INVESTMENT CO., LTD.	Taipei	Investment	30,000	30,000	3,000,000	100.00%	30,106	121	121	Subsidiary
				1,501,999	1,819,329			4,824,819		90,722	
SSC	SESC	Panama	Ship operation and chartering	353	661	10	100.00%	170,747	16,615	16,615	Sub-Subsidiary
"	SIL	BVI	Holding company	89,363	89,363	880	50.00%	32,048	(98)	(49)	Sub-Subsidiary
"	SMGC	Panama	Ship operation and chartering	242,190	248,999	10	100.00%	235,182	7,747	7,747	Sub-Subsidiary
"	SEHC	Panama	Ship operation and chartering	273,996	258,028	10	100.00%	308,854	(11,466)	(11,466)	Sub-Subsidiary
"	SMTC	Panama	Ship operation and chartering	390,265	407,120	10	100.00%	351,268	(4,268)	(4,268)	Sub-Subsidiary
"	SEBC	Panama	Ship operation and chartering	306,049	248,536	10	100.00%	555,315	5,414	5,414	Sub-Subsidiary
"	SEAC	Panama	Ship operation and chartering	367,519	129,338	10	100.00%	325,704	(42,722)	(42,722)	Sub-Subsidiary
"	SEMC	Panama	Ship operation and chartering	229,896	229,896	11	100.00%	335,616	1,458	1,458	Sub-Subsidiary
"	SECC	Panama	Ship operation and chartering	247,798	247,798	11	100.00%	350,385	38,715	38,715	Sub-Subsidiary
"	SEEC	Panama	Ship operation and chartering	292,030	273,628	11	100.00%	351,932	33,005	33,005	Sub-Subsidiary
"	SEFC	Panama	Ship operation and chartering	239,439	239,346	11	100.00%	387,557	4,946	4,946	Sub-Subsidiary
"	SERC	Panama	Ship operation and chartering	286,639	280,411	11	100.00%	357,838	27,549	27,549	Sub-Subsidiary
"	SEDC	Panama	Ship operation and chartering	297,122	296,620	11	100.00%	345,992	6,542	6,542	Sub-Subsidiary
"	SEVC	Panama	Ship operation and chartering	254,236	254,236	11	100.00%	339,745	3,578	3,578	Sub-Subsidiary
"	SEGC	Panama	Ship operation and chartering	253,174	253,174	11	100.00%	387,083	50,405	50,405	Sub-Subsidiary
"	SEPC	Panama	Ship operation and chartering	332,639	331,630	11	100.00%	402,137	33,092	33,092	Sub-Subsidiary
"	SSMHC	Cayman Islands	Holding company	1,793	1,545	-	100.00%	73	(236)	(236)	Sub-Subsidiary(Note1)
				4,104,501	3,790,329			5,237,476		170,325	
SSMHC	SEJC	Panama	Holding company	244	207	-	100.00%	(20)	(36)	(36)	Sub-Subsidiary(Note1)
East Tender Trading Co., Ltd.	Zai Feng Auto Transportation Co., Ltd.	Yilan	Automobile cargo transportation business	27,381	20,381	19,000	100.00%	25,352	179	179	Sub-Subsidiary

(Note1) The sub-subsidiary which is 100% held by the subsidiary has been established and registered .However, the funds have not been fully invested .Capital registration is handled until the funds are all in place.
(Note2) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements

V. Parent company's only financial statement for the most recent fiscal year, certified by a CPA

Stock Code:1708

SESODA CORPORATION

Parent Company Only Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2023 and 2022

Address: 23F., No. 99, Sec. 2, Dunhua S. Rd., Da'an Dist., Taipei City 106, Taiwan
Telephone: +886-2-2704-7272

The independent auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and parent company only financial statements, the Chinese version shall prevail.

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Independent Auditors' Report

To the Board of Directors of SESODA CORPORATION:

Opinion

We have audited the financial statements of SESODA CORPORATION(“the Company”), which comprise the balance sheets as of December 31, 2023 and 2022, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statements Audit and Attestation Engagement of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

   Refer to note 4(m) and note 6(n) to the financial statements for accounting policy and disclosures of revenue recognition.

   Description of key audit matter:

   The Company is a listed Company in related to public interest, and the investors are highly expecting the financial performance, resulting in revenue recognition is one of the key judgmental areas of our audit.

How the matter was addressed in our audit:

- understanding the types of revenue and transaction terms to assess the accuracy of the timing of revenue recognition.
- conducting the variance analysis on the revenue from major customers to evaluate if there are any significant unusual transactions.
- as well as testing the design, operation and implantation of the effectiveness of internal control on revenue recognition.
- Selecting some samples of transaction records of sales during the period before and after the balance sheet date in order to obtain the related transaction documents to evaluate the appropriateness of timing of recognition.
- Understanding whether it there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the the management is appropriate.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chen, Ya-Ling and Tang, Chia-Chien.

KPMG

Taipei, Taiwan (Republic of China)
March 11, 2024

Notes to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

SESODA CORPORATION

Balance Sheets

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 1,102,145	11	482,598	5
1150	Notes receivable, net (note 6(c))	103,171	1	121,350	1
1170	Accounts receivable, net (note 6(c))	571,437	6	683,141	7
1210	Other receivables from related parties (note 7)	16,060	-	13,728	-
130X	Inventories (note 6(d))	449,107	5	1,385,837	13
1476	Other current financial assets	79,421	1	50,622	-
1470	Other current assets	31,765	-	68,280	1
	Total current assets	2,353,106	24	2,805,556	27
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	77,217	1	77,764	1
1550	Investments accounted for using equity method (note 6(e))	4,858,558	50	5,077,338	50
1600	Property, plant and equipment (notes 6(f), 8 and 9)	2,403,984	25	2,259,962	22
1755	Right-of-use assets (note 6(g))	3,175	-	7,280	-
1840	Deferred tax assets (note 6(l))	8,040	-	47,872	-
1975	Net defined benefit asset (note 6(k))	46,941	-	41,903	-
1995	Other non-current assets, others (note 9)	10,447	-	11,729	-
	Total non-current assets	7,408,362	76	7,523,848	73
	Total assets	**$ 9,761,468**	**100**	**10,329,404**	**100**

		December 31, 2023		December 31, 2022	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (notes 6(h) and 8)	$ 1,150,000	12	1,250,000	12
2322	Long-term borrowings, current portion (notes 6(h) and 8)	43,646	1	-	-
2110	Short-term notes and bills payable (note 6(i))	199,827	2	-	-
2170	Accounts payable	296,231	3	644,895	7
2200	Other payables (note 6(p))	193,713	2	295,474	3
2220	Other payables to related parties (note 7)	4,645	-	3,664	-
2230	Current tax liabilities	3,211	-	214,975	2
2280	Lease liabilities-current (note 6(j))	2,605	-	4,694	-
2399	Other current liabilities	30,943	-	3,748	-
	Total current liabilities	1,924,821	20	2,417,450	24
	Non-Current liabilities:				
2540	Long-term borrowings (notes 6(h) and 8)	691,354	7	-	-
2570	Deferred tax liabilities (note 6(i))	744,402	8	744,360	7
2580	Lease liabilities-non-current (note 6(j))	593	-	2,616	-
2650	Credit balance of investments accounted for using equity method (note 6(e))	33,739	-	33,690	-
	Total non-current liabilities	1,470,088	15	780,666	7
	Total liabilities	3,394,909	35	3,198,116	31
	Equity (notes 6(b), (e), (k), (l) and (m)):				
3100	Common stock	2,490,017	26	2,490,017	24
3200	Capital surplus	105,364	1	104,740	1
	Retained earnings :				
3310	Legal reserve	1,172,557	12	1,050,888	10
3320	Special reserve	131,650	1	485,496	5
3350	Unappropriated retained earnings	2,565,229	26	3,107,766	30
		3,869,436	39	4,644,150	45
	Other equity interest :				
3410	Exchange differences on translation of foreign financial statements	92,933	1	84,420	1
3420	Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	(191,191)	(2)	(192,039)	(2)
		(98,258)	(1)	(107,619)	(1)
	Total equity	6,366,559	65	7,131,288	69
	Total liabilities and equity	**$ 9,761,468**	**100**	**10,329,404**	**100**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SESODA CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2023		2022	
		Amount	%	Amount	%
4110	**Operating revenue (note 6(o))**	$ 4,074,614	100	5,310,423	100
5111	**Operating cost (notes 6(d), (f) and (k))**	3,650,098	90	3,701,701	70
	Gross profit from operations	424,516	10	1,608,722	30
6000	**Operating expenses (notes (c), (f), (g), (j), (k), (p) and 7):**				
6100	Selling expenses	428,497	11	481,809	9
6200	Administrative expenses	122,516	3	302,468	6
6450	Expected credit loss (gain)	(64,173)	(2)	80,851	1
	Total operating expenses	486,840	12	865,128	16
6900	**Net operating income (loss)**	(62,324)	(2)	743,594	14
7000	**Non-operating income and expenses (notes 6(e), (f), (j), (q) and 7):**				
7100	Interest income	21,721	1	2,090	-
7010	Other income	365	-	5,980	-
7020	Other gains and losses	(10,086)	-	102,369	2
7050	Finance costs	(27,191)	(1)	(13,892)	-
7060	Share of gains of subsidiaries and associates accounted for using equity method	90,722	2	760,763	14
	Total non-operating income and expenses	75,531	2	857,310	16
7900	**Income before tax**	13,207	-	1,600,904	30
7950	**Less: Income tax expenses (note 6(l))**	41,665	1	396,482	7
	Net income (loss)	(28,458)	(1)	1,204,422	23
8300	**Other comprehensive income (notes 6(e), (k), (l) and (m)):**				
8310	**Components of other comprehensive income that will not be reclassified to profit or loss**				
8311	Remeasurements of defined benefit plans	230	-	13,370	-
8316	Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	(547)	-	(36,541)	(1)
8330	Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	1,960	-	(12,552)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	46	-	2,674	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,597	-	(38,397)	(1)
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	8,513	-	428,530	8
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	8,513	-	428,530	8
8300	**Other comprehensive income**	10,110	-	390,133	7
8500	**Total comprehensive income**	**$ (18,348)**	**(1)**	**1,594,555**	**30**
9750	**Basic earnings per share (note 6(n)) ((expressed in New Taiwan Dollars)**	**$**	**(0.11)**		**4.84**
9850	**Diluted earnings per share (note 6(n)) (expressed in New Taiwan Dollars)**	**$**	**(0.11)**		**4.78**

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SESODA CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2022	$ 2,490,017	103,111	984,015	258,877	2,682,592	3,925,484	(344,110)	(141,395)	(485,505)	6,033,107
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	66,873	-	(66,873)	-	-	-	-	-
Special reserve	-	-	-	226,628	(226,628)	-	-	-	-	-
Cash dividends	-	-	-	-	(498,003)	(498,003)	-	-	-	(498,003)
Reversal of special reserve	-	-	-	(9)	9	-	-	-	-	-
Net income	-	-	-	-	1,204,422	1,204,422	-	-	-	1,204,422
Other comprehensive income	-	-	-	-	11,064	11,064	428,530	(49,461)	379,069	390,133
Total comprehensive income	-	-	-	-	1,215,486	1,215,486	428,530	(49,461)	379,069	1,594,555
Disposal of investments in equity instruments measured at fair value through other comprehensive income	-	-	-	-	974	974	-	(974)	(974)	-
Changes in associates accounted for using equity method	-	-	-	-	209	209	-	(209)	(209)	-
Changes in capital surplus	-	1,629	-	-	-	-	-	-	-	1,629
Balance at December 31, 2022	2,490,017	104,740	1,050,888	485,496	3,107,766	4,644,150	84,420	(192,039)	(107,619)	7,131,288
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	121,669	-	(121,669)	-	-	-	-	-
Reversal of special reserve	-	-	-	(353,846)	353,846	-	-	-	-	-
Cash dividends	-	-	-	-	(747,005)	(747,005)	-	-	-	(747,005)
Net loss	-	-	-	-	(28,458)	(28,458)	-	-	-	(28,458)
Other comprehensive income	-	-	-	-	749	749	8,513	848	9,361	10,110
Total comprehensive income	-	-	-	-	(27,709)	(27,709)	8,513	848	9,361	(18,348)
Changes in capital surplus	-	624	-	-	-	-	-	-	-	624
Balance at December 31, 2023	$ 2,490,017	105,364	1,172,557	131,650	2,565,229	3,869,436	92,933	(191,191)	(98,258)	6,366,559

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SESODA CORPORATION

Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit before tax	$ 13,207	1,600,904
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	100,208	92,101
Expected credit (gain) loss	(64,173)	80,851
Interest expense	27,191	13,892
Interest income	(21,721)	(2,090)
Dividend income	-	(5,930)
Share of profit of subsidiaries and associates accounted for using equity method	(90,722)	(760,763)
Gain on disposal of property, plant and equipment	-	(36)
Property, plant and equipment transferred to expenses	36,767	43,904
Gain on lease modification	(2)	(116)
Total adjustments to reconcile profit (loss)	(12,452)	(538,187)
Changes in operating assets and liabilities:		
Decrease in notes receivable	18,179	17,525
Decrease (increase) in accounts receivable	175,877	(231,437)
Increase in other receivables from related parties	(2,332)	(2,277)
Decrease (increase) in inventories	936,105	(738,476)
Decrease (increase) in other current assets	36,516	(18,437)
Increase in other current financial assets	(26,996)	(9,809)
Increase in net defined benefit assets	(4,808)	(4,823)
(Decrease) increase in accounts payable	(348,664)	252,124
(Decrease) increase in other payables	(103,605)	61,996
Increase (decrease) in other payables to related parties	980	(93)
Increase (decrease) in other current liabilities	27,195	(2,172)
Total changes in operating assets and liabilities	708,447	(675,879)
Cash inflow generated from operations	709,202	386,838
Interest received	19,917	1,913
Dividends received	320,024	14,370
Interest paid	(31,244)	(15,257)
Income taxes paid	(213,601)	(75,455)
Net cash flows from operating activities	804,298	312,409
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,546
Acquisition of investments accounted for using equity method	-	(35,000)
Proceeds from disposal of investments accounted for using equity method	-	2,639
Decrease in prepayments for investments	-	468,568
Acquisition of property, plant and equipment	(269,995)	(353,315)
Proceeds from disposal of property, plant and equipment	-	1,728
Decrease (increase) in refundable deposits	2,425	(4,775)
Net cash flows from (used in) investing activities	(267,570)	81,391
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	5,290,000	5,617,200
Decrease in short-term borrowings	(5,390,000)	(5,387,200)
Increase in short-term notes and bills payable	500,000	-
Decrease in short-term notes and bills payable	(300,000)	-
Proceeds from long-term borrowings	735,000	-
Payment of lease liabilities	(5,800)	(5,675)
Cash dividends paid	(747,005)	(498,003)
Other financing activities	624	1,629
Net cash flows from (used in) financing activities	82,819	(272,049)
Net increase in cash and cash equivalents	619,547	121,751
Cash and cash equivalents at beginning of period	482,598	360,847
Cash and cash equivalents at end of period	$ 1,102,145	482,598

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SESODA CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

SESODA CORPORATION, formerly called SOUTH EAST SODA MANUFACTURING CO., LTD., (hereinafter referred to as the "Company") was incorporated on March 2, 1957 as a corporation limited by shares under the Company Act of the Republic of China (R.O.C.). The major business activities of the Company are the manufacturing and sales of pure soda ash, sodium bicarbonate, hydrochloric acid, ammonium bicarbonate power and potassium sulfate.

(2) Approval date and procedures of the financial statements:

These financial statements were authorized for issue by the Board of Directors as of March 11, 2024.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2023:

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"
- Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"

The Company has initially adopted the new amendment, which do not have a significant impact on its financial statements, from May 23, 2023:

- Amendments to IAS 12 "International Tax Reform—Pillar Two Model Rules"

(b) The impact of IFRS issued by the FSC but not yet effective

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

(Continued)

SESODA CORPORATION

Notes to the Financial Statements

(c) The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Company does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”
- Amendments to IAS21 “Lack of Exchangeability”

(4) Summary of material accounting policies:

The material accounting policies presented in the parent company financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

(a) Statement of compliance

The parent company financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

(b) Basis of preparation

(i) Basis of measurement

Except for the following significant accounts, the financial statements have been prepared on a historical cost basis:

1) Financial instruments at fair value through profit or loss are measured at fair value;

2) Financial assets at fair value through other comprehensive income are measured at fair value;

3) The net defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(o).

(ii) Functional and presentation currency

The functional currency of Company is determined based on the primary economic environment in which the Company operates. The parent company only financial statements are presented in New Taiwan Dollar (NTD), which is the Company's functional currency. All financial information presented in NTD has been rounded to the nearest thousand.

(c) Foreign currencies

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currency using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currency using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for an investment in equity securities designated as at fair value through other comprehensive income which is recognized in other comprehensive income.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into NTD at the exchange rates of the reporting date. The income and expenses of foreign operations are translated into NTD at the average rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such monetary items that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

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

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting period; or

(iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

An entity shall classify a liability as current when:

(i) It is expected to be settled in the normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting period; or

(iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(e) Cash and cash equivalents

Cash comprises of cash on hand and cash in bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(f) Financial instruments

Accounts receivable is initially recognized when it is originated. All other financial assets and financial liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. An accounts receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

On initial recognition, a financial asset is classified as measured at: amortized cost; fair value through other comprehensive income (FVOCI) –equity investment; or FVTPL. Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

SESODA CORPORATION

Notes to the Financial Statements

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

· it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

· its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Fair value through other comprehensive income (FVOCI)

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Equity investments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income is recognized in profit or loss on the date on which the Company's right to receive payment is established.

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above (e.g. financial assets held for trading and those that are managed and whose performance is evaluated on a fair value basis) are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

4) Impairment of financial assets

The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL), except for the following which are measured as 12-month ECL:

· Cash in bank, other receivable, other financial assets and refundable deposits for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Company's historical experience and informed credit assessment as well as forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

The Company holds time deposits for domestic financial institutions, it is considered to be low credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Company assesses whether financial assets carried at amortized cost is credit-impaired. A financial asset is ‘credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

(Continued)

SESODA CORPORATION

Notes to the Financial Statements

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

(ii) Financial liabilities

1) Other financial liabilities

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

2) Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

3) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(g) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the weighted average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(h) Investment in associates

Associates are those entities in which the Company has significant influence, but not control or joint control, over their financial and operating policies.

Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition less any accumulated impairment losses.

The parent company only financial statements include the Company's share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Company, from the date on which significant influence commences until the date on which significant influence ceases. The Company recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual significant influence.

Unrealized gains and losses resulting from transactions between the Company and an associate are recognized only to the extent of unrelated Company's interests in the associate.

When the Company's share of losses of an associate equals or exceeds its interest in associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

When the Company subscribes to additional shares in an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the net assets of the associate. The Company records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. Moreover, a difference shall be debited to retained earnings when the balance of capital surplus resulting from investments accounted for using equity method is not sufficient to be written off. If the Company's ownership interest is reduced due to the additional subscription to the shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate shall be reclassified to profit or loss on the same basis as would be required if the associate or jointly controlled entity had directly disposed of the related assets or liabilities.

SESODA CORPORATION

Notes to the Financial Statements

(i) Investment in subsidiaries

When preparing the parent company only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent company only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent company only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

The Company loses control of a subsidiary, the retained investment of the former subsidiary shall be remeasured at the fair value on the date of loss of control. Disposal profit and loss is the difference between the following : (1) the total of the fair value of the company received and the fair value of the retained investment in the subsidiary at the date of loss of control (2) The total book value of the subsidiary's assets (including the goodwill) and liabilities and non-controlling interests on the date of loss of control. For all amounts previously recognized in other comprehensive income and related to the subsidiary, the basis of accounting treatment is the same as the basis that the company must follow if the company directly disposes of related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Company.

(iii) Depreciation

Depreciation is calculated on the cost of an asset less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

SESODA CORPORATION

Notes to the Financial Statements

The estimated useful lives of property, plant and equipment for current and comparative periods are as follows:

1)	Buildings	5～50 years
2)	Machinery and equipment	5～30 years
3)	Transportation equipment	3～5 years
4)	Other equipment	2～20 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(k) Leases

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(i) As a lessee

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- payments for purchase or termination options that are reasonably certain to be exercised.

(Continued)

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when:

- there is a change in future lease payments arising from the change in an index or rate; or
- there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or
- there is a change in the assessment on whether it will have the option to exercise a purchase; or
- there is a change in the assessment on lease term as to whether it will be extended or terminated; or
- there is any lease modifications

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Company accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Company presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets, including office equipment. The Company recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(ii) As a lessor

When the Company acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If an arrangement contains lease and non-lease components, the Company applies IFRS15 to allocate the consideration in the contract.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of ‘other income’.

(Continued)

(l) Impairment of non-financial assets

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and net defined benefit assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(m) Revenue

(i) Revenue from contracts with customers

Revenue is measured based on the consideration to which the Company expects to be entitled in exchange for transferring goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The accounting policies for the Company's main types of revenue are explained below:

1) Sale of goods

The Company recognizes revenue when control of the products has been transferred, when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Company has objective evidence that all criteria for acceptance have been satisfied.

A receivable is recognized when the goods are delivered, as this is the point in time that the Company has a right to an amount of consideration that is unconditional.

(Continued)

2) Financing components

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

(n) Government grants and government assistance

The Company recognizes an unconditional government grant in profit or loss as other income when the grant becomes receivable. Other government grants related to assets are initially recognized as deferred income at fair value if there is reasonable assurance that they will be received and the Company will comply with the conditions associated with the grant; they are then recognized in profit or loss as other income on a systematic basis over the useful life of the asset. Grants that compensate the Company for expenses or losses incurred are recognized in profit or loss on a systematic basis in the periods in which the expenses or losses are recognized.

(o) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution plans are recognized as expense as the related services is provided. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each the plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

(Continued)

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations, or are recognized directly in equity or other comprehensive income, all current and deferred taxes shall be recognized in profit or loss.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes shall not be recognized for the below exceptions:

(i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and at the time of the transaction (i) affects neither accounting nor taxable profits (losses) and (ii) does not give rise to equal taxable and deductible temporary differences

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted at the reporting date.

(Continued)

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Deferred tax assets and liabilities are offset if the following criteria are met:

(i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

1) the same taxable entity; or

2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(q) Earnings per share

The Company discloses the Company's basic and diluted earnings per share attributable to common shareholders of the Company. Basic earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted average number of common shares outstanding. Diluted earnings per share are calculated as the profit attributable to common shareholders of the Company divided by the weighted average number of common shares outstanding after adjustment for the effects of all potentially dilutive common shares, such as employee compensation.

(r) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the parent company only financial statements.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The Company likely to be facing economic uncertainties such as natural disasters, international political uncertainties and inflation. Those events may have a significant impact in the next financial year on the following accounting estimates, which depend on the future forecasts.

(Continued)

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the parent company only financial statements is as follows:

(a) Judgment of whether the Company has substantive control over its investees

As of December 31, 2023 and 2022, the Company holds both 34.89% of the outstanding voting shares of EAST TENDER OPTOELECTRONICS CORPORATION (EOC), and is the single largest shareholder of the investee. Although the remaining shares are not concentrated within specific shareholders, the Company still failed to obtain more than half of the total number of directors' seats of EOC, and it also failed to obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company only has significant influence but not control over EOC.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of economic uncertainties:

(a) The loss allowance of accounts receivable

The Company has estimated the loss allowance of accounts receivable based on the risk of a default occurring and the rate of expected credit loss. The Company has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the expected credit loss rate to be used in calculating the impairments. However, in the face of future economic trends, the Company may cause changes in the expected credit loss rate, and may cause losses in the future or reverse the recognized credit losses. The allowance loss for accounts receivable please refer to note 6(c).

(b) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Company estimates the net realizable value of inventories for unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The valuation of inventories is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. The further description of the valuation of inventories, please refer to note 6(d).

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2023	**December 31, 2022**
Petty Cash	$	380	380
Demand deposits		160,503	204,828
Time deposits		941,262	277,390
Cash and cash equivalents	**$**	**1,102,145**	**482,598**

(b) Financial assets at fair value through other comprehensive income-non-current

	December 31, 2023	December 31, 2022
Foreign unlisted companies' stocks	$ 77,217	77,764

(i) Equity instruments at fair value through other comprehensive income

The Company held equity securities for long-term strategic purposes (and not for trading purposes) which have been designated as measured at fair value through other comprehensive income.

In 2022, due to the disposal of StemCyte International, Ltd., the Company received the amounts of $1,325 in cash, resulting in the gain of $974 to be reclassified from other equity to retained earnings.

Due to the disposal of both Pushi Venture Capital Co., Ltd. and Puxun Venture Capital Co., Ltd. in 2021, the Company received the amounts of $221 and $4,417 in cash, for the years ended December 31, 2023 and 2022, respectively, resulting in the gain of $3,669 to be reclassified from other equity to retained earnings in 2021.

(ii) For market risk, please refer to note 6(r).

(iii) The aforementioned financial assets were not pledged.

(c) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 103,171	121,350
Accounts receivable–measured as amortized cost	595,728	771,605
Less: Loss allowance	(24,291)	(88,464)
Subtotals	571,437	683,141
Total	$ 674,608	804,491

The Company applies the simplified approach to provide for its loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and days past due, as well as incorporate forward looking information. The loss allowance provision was determined as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 654,866	0.35%	2,279
1 to 30 days past due	18,541	2.11%	391
31 to 60 days past due	2,629	18.38%	483
61 to 90 days past due	4,995	64.08%	3,201
More than 90 days past due	17,868	100.00%	17,868
	$ 698,899		24,222

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	December 31, 2022			
	Gross carrying amount		Weighted-average expected credit loss rate	Loss allowance provision
Current	$	775,623	1.35%	10,444
1 to 30 days past due		31,912	9.15%	2,919
31 to 60 days past due		24,885	58.53%	14,566
61 to 90 days past due		7,396	100.00%	7,396
More than 90 days past due		53,139	100.00%	53,139
	$	892,955		88,464

There was no material difference between the Company's allowance loss and expected credit loss at the reporting date.

The movements in the Company's notes and accounts receivable allowance losses were as follows:

	For the years ended December 31,		
	2023		2022
Balance at January 1, 2023	$	88,464	11,303
Impairment losses recognized		-	80,851
Impairment losses reversed		(64,173)	-
Amounts written off		-	(3,690)
Balance at December 31, 2023	$	24,291	88,464

As of December 31, 2023 and 2022, the notes and accounts receivable were not discounted and pledged. For other credit risk, please refer to note 6(r).

(d) Inventories

	December 31, 2023		December 31, 2022
Merchandise	$	138,125	267,066
Finished goods		111,924	504,816
Raw materials		177,883	593,348
Fuel		4,489	6,138
Supplies		16,686	14,469
	$	449,107	1,385,837

Except for operating costs arising from the ordinary sale of inventories, other gains or losses directly recorded under operating cost were as follows:

	2023		2022
Unallocated overheads	$	30,407	11,718
Losses (Gains) on valuation of inventories (Note)		(143,310)	163,703
Gains on inventories count		(10)	(31)
	$	(112,913)	175,390

(Note): Reversal of the amounts by which the net realizable value of inventories exceed the carrying amount as of December 31, 2023.

As of December 31, 2023 and 2022, the inventories were not pledged.

(e) Investments accounted for using the equity method

A summary of the Company's financial information for investments accounted for using the equity method (including prepayments for investments) at the reporting date was as follows:

	December 31, 2023	December 31, 2022
Investments accounted for using equity method:		
Subsidiaries	$ 4,599,580	4,786,631
Associates	258,978	290,707
Total	$ 4,858,558	5,077,338

	December 31, 2023	December 31, 2022
Credit balance of investments accounted for using equity method:		
Subsidiaries	$ 33,739	33,690

(i) Subsidiaries

Please refer to 2023 and 2022 consolidated financial statements. Besides, there was no impairment recognized of investments using the equity method in 2023 and 2022.

(ii) Associates

			Proportion of shareholding and voting rights	
Name of Associates	Main business	Main operating location	December 31, 2023	December 31, 2022
EOC	Manufacturing of DWDM filter components required for Optical communication	Yilan	34.89%	34.89%

	December 31, 2023	December 31, 2022
Fair value	$ 328,865	292,532

The financial information of EOC was as follows:

	December 31, 2023	December 31, 2022
Current assets	$ 252,156	306,676
Non-current assets	639,323	670,665
Current liabilities	(77,832)	(68,641)
Non-current liabilities	(109,854)	(127,322)
Net assets	$ 703,793	781,378
Net assets attributable to the Company	$ 245,553	272,623

		2023	2022
Operating revenue	$	108,363	170,177
Loss from continuing operations	$	(81,945)	(17,618)
Other comprehensive income (loss)		4,360	(628)
Total comprehensive loss	$	(77,585)	(18,246)
Comprehensive income attributable to the Company	$	(31,729)	(11,026)

		2023	2022
Share of net assets of associates as of January 1	$	290,707	464,335
Comprehensive loss attributable to the Company		(31,729)	(11,026)
Dividends received from associates		-	(6,987)
Impairment loss		-	(155,615)
Share of net assets of associates as of December 31	$	258,978	290,707

The aforementioned impairment loss recognized as the book value of the Company's investment in EOC was lowered than the recoverable value (fair value).

(iii) The Company did not provide any investment accounted for using the equity method as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2023 and 2022 were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Other facilities	Construnction in progress	Total
Cost:							
Balance on January 1, 2023	$ 1,204,924	742,136	1,550,633	16,352	219,975	339,691	4,073,711
Additions	-	320	1,191	-	87,787	185,279	274,577
Disposal	-	-	(220)	-	(1,352)	-	(1,572)
Reclassification (Note)	-	65,724	216,054	-	(45,176)	(272,744)	(36,142)
Balance on December 31, 2023	$ 1,204,924	808,180	1,767,658	16,352	261,234	252,226	4,310,574
Balance on January 1, 2022	$ 1,204,924	735,366	1,506,614	16,352	214,527	108,049	3,785,832
Additions	-	200	2,409	-	118,674	221,677	342,960
Disposal	-	-	(4,847)	-	(8,185)	-	(13,032)
Reclassification (Note)	-	6,570	46,457	-	(105,041)	9,965	(42,049)
Balance on December 31, 2022	$ 1,204,924	742,136	1,550,633	16,352	219,975	339,691	4,073,711
Depreciation and impairments loss:							
Balance on January 1, 2023	$ -	499,697	1,208,675	15,549	89,828	-	1,813,749
Depreciation	-	16,515	66,565	361	10,972	-	94,413
Disposal	-	-	(220)	-	(1,352)	-	(1,572)
Balance on December 31, 2023	$ -	516,212	1,275,020	15,910	99,448	-	1,906,590
Balance on January 1, 2022	$ -	484,422	1,154,358	13,413	86,588	-	1,738,781
Depreciation	-	15,275	59,164	2,136	9,733	-	86,308
Disposal	-	-	(4,847)	-	(6,493)	-	(11,340)
Balance on December 31, 2022	$ -	499,697	1,208,675	15,549	89,828	-	1,813,749
Carrying amounts:							
Balance on December 31, 2023	$ 1,204,924	291,968	492,638	442	161,786	252,226	2,403,984
Balance on January 1, 2022	$ 1,204,924	250,944	352,256	2,939	127,939	108,049	2,047,051
Balance on December 31, 2022	$ 1,204,924	242,439	341,958	803	130,147	339,691	2,259,962

(Note): Transfer from construction in progress and transfer to expense.

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(i) Pledged information

Please refer to note 8 for the pledged and collateral information of the property, plant and equipment.

(ii) For the years ended December 31, 2023 and 2022, the capitalized interest expenses amounted to $4,192 and $2,045, with interest rates of 1.80%~1.92% and 0.96%~1.68%, respectively.

(g) Right-of-use assets

The Company leases buildings and transportation equipment. The movements in right-of-use assets were as follows:

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2023	$ 546	13,367	13,913
Additions	543	1,770	2,313
Disposal	(546)	(2,492)	(3,038)
Balance at December 31, 2023	**$ 543**	**12,645**	**13,188**
Balance at January 1, 2022	$ 546	14,891	15,437
Additions	546	6,523	7,069
Disposal	(546)	(8,047)	(8,593)
Balance at December 31, 2022	**$ 546**	**13,367**	**13,913**
Accumulated depreciation:			
Balance at January 1, 2023	$ 409	6,224	6,633
Depreciation	544	5,251	5,795
Disposal	(546)	(1,869)	(2,415)
Balance at December 31, 2023	**$ 407**	**9,606**	**10,013**
Balance at January 1, 2022	$ 409	3,172	3,581
Depreciation	546	5,247	5,793
Disposal	(546)	(2,195)	(2,741)
Balance at January 1, 2022	**$ 409**	**6,224**	**6,633**
Carrying amounts:			
Balance at December 31, 2023	**$ 136**	**3,039**	**3,175**
Balance at January 1, 2022	**$ 137**	**11,719**	**11,856**
Balance at December 31, 2022	**$ 137**	**7,143**	**7,280**

The Company leases the building as a storefront and parking space. The lease period is usually one year; the lease period of the leased transportation equipment is usually one to three years.

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(h) Short-term and long-term borrowings

(i) The short-term borrowings were summarized as follows:

	December 31, 2023			
	Currency	Interest rate	Maturity date	Amount
Unused bank loans	NTD	1.58%~2.11%	2024/1/11~2024/7/4	$ 1,150,000
Unused credit line (including short-term and long-term borrowings)				$ 1,430,000

	December 31, 2022			
	Currency	Interest rate	Maturity date	Amount
Secured bank loans	NTD	1.63%~2.46%	2023/4/26~2023/6/21	$ 690,000
Unused bank loans	NTD	1.33%~1.97%	2023/3/7~2023/7/4	560,000
				$ 1,250,000
Unused credit line (including short-term and long-term borrowings)				$ 531,233

For the collateral for short-term borrowings, please refer to note 8.

(ii) The long-term borrowings were summarized as follows:

	December 31, 2023			
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	NTD	2.10%~2.14%	2024~2028	$ 735,000
Less: current portion				43,646
Total				$ 691,354

Threr was no such transaction as of December 31, 2022.

For the collateral for long-term borrowings, please refer to note 8.

(i) Short-term notes and bills payable

	December 31, 2023		
Item	Guarantee or acceptance institution	Rang of interest rate	Amount
Short-term notes and bills payable	MEGA BILLS HSINCHU BRANCH	1.75%	$ 200,000
Less: Discount			(173)
Total			$ 199,827
Unused credit line			$ -

As of December 31, 2023, the short-term nots and bills payable were not provided assets for collateral

(j) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2023	December 31, 2022
Current	$ 2,605	4,694
Non-current	$ 593	2,616

(Continued)

For the liquidity analysis, please refer to note 6(r).

The amounts recognized in profit or loss were as follows:

	2023	2022
Interest expenses on lease liabilities	$ 66	88
Expenses relating to leases of low-value assets	$ 9,096	9,699

The amounts recognized in the statement of cash flows were as follows:

	2023	2022
Total cash outflow for leases	$ 14,962	15,462

(k) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	December 31, 2023	December 31, 2022
Present value of the defined benefit obligations	$ 104,749	114,187
Fair value of plan assets	(151,690)	(156,090)
Net defined benefit assets	$ (46,941)	(41,903)

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to $151,690 as of December 31, 2023. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligation

Movements in the present value of the defined benefit obligations were as follows:

		2023	2022
Defined benefit obligations at January 1	$	114,187	138,427
Current service costs and interest cost		1,718	723
Remeasurements of the net defined benefit asset:			
－Actuarial gains or losses arising from financial assumption		792	194
Benefits paid		(11,948)	(25,157)
Defined benefit obligations at December 31	**$**	**104,749**	**114,187**

3) The movements in fair value of the defined benefit plan assets

Movements in the fair value of the plan assets were as follows:

		2023	2022
Fair value of plan assets at January 1	$	156,090	162,137
Interest revenue		2,324	796
Remeasurements of the net defined benefit asset:			
－Actuarial gains or losses arising from financial assumption		1,022	13,564
Amounts contributed to plan		4,202	4,750
Benefits paid		(11,948)	(25,157)
Fair value of plan assets at December 31	**$**	**151,690**	**156,090**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

		2023	2022
Current service costs	$	54	59
Net interest expense of net defined benefit assets		(660)	(132)
	$	**(606)**	**(73)**

		2023	2022
Operating cost	$	(538)	(66)
Operating expenses		(68)	**(7)**
	$	**(606)**	**(73)**

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5) The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

		2023	2022
Balance at the beginning	$	1,549	(11,821)
Recognized in the current period		230	13,370
Balance at the beginning	$	1,779	1,549

6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	2023.12.31	2022.12.31
Discount rate	1.375%	1.500%
Future salary increasing rate	3.000%	3.000%

The Company expects to make contributions of $3,871 to the defined benefit plans in the next year starting from December 31, 2023.

The weighted average duration of the defined benefit plans is 6.62 years.

7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

		Influences on defined benefit obligations	
		Increased	**Decreased**
December 31, 2023			
Discount rate decrease (increase) 0.25%	$	1,177	(1,152)
Future salary increasing rate increase (decrease) 0.25%		1,117	(1,099)
December 31, 2022			
Discount rate decrease (increase) 0.25%		1,435	(1,404)
Future salary increasing rate increase (decrease) 0.25%		1,363	(1,341)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2023 and 2022.

(Continued)

(ii) Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted for the years ended December 31, 2023 and 2022 were as follow:

		2023	2022
Operating cost	$	2,999	2,560
Operating expense		2,157	2,064
Total	**$**	**5,156**	**4,624**

(iii) Others

The Company paid and recognized the severance pay for the years ended December 31, 2023 and 2022 as follow:

		2023	2022
Operating cost	$	247	1,680
Operating expense		7	32
Total	**$**	**254**	**1,712**

(l) Income taxes

(i) Income tax expense

The amounts of income tax for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Current tax expense			
Current period	$	5,181	215,753
Adjustment for prior periods		(3,344)	(2,872)
		1,837	212,881
Deferred tax expense			
Origination and reversal of temporary differences		39,828	183,601
Income tax expense from continuing operations	**$**	**41,665**	**396,482**

The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2023 and 2022 were as follows:

		2023	2022
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	**$**	**46**	**2,674**

(Continued)

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2023 and 2022 were as follows:

	2023	2022
Profit before tax	$ 13,207	1,600,904
Income tax using the Company's domestic tax rate	$ 2,641	320,181
The income tax effects on permanent difference	7,275	36,812
Change in unrecognized temporary differences	-	42,361
Additional tax on undistributed earnings	35,093	-
Adjustment for prior periods	(3,344)	(2,872)
	$ 41,665	396,482

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Aggregate amount of temporary differences related to investments in subsidiaries	$ 455,012	455,012

2) Recognized deferred tax assets and liabilities

Deferred Tax Assets:

	Refund liability	Unrealized exchange loss	Loss on valuation of inventories	Expected credit loss	Total
Balance at January 1, 2023	$ 84	-	32,776	15,012	47,872
Recognized in profit or loss	-	1,276	(28,662)	(12,446)	(39,832)
Balance at December 31, 2023	**$ 84**	**1,276**	**4,114**	**2,566**	**8,040**
Balance at January 1, 2022	$ -	218	30	-	248
Recognized in profit or loss	84	(218)	32,746	15,012	47,624
Balance at December 31, 2022	**$ 84**	**-**	**32,776**	**15,012**	**47,872**

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Deferred Tax Liability:

		Land value increment tax	Investment income under equity method	Unrealized exchange gain	Defined benefit plans	Total
Balance at January 1, 2023	$	166,884	568,137	966	8,373	744,360
Recognized in profit or loss		-	-	(966)	962	(4)
Recognized in other comprehensive income		-	-	-	46	46
Balance at December 31, 2023	**$**	**166,884**	**568,137**	**-**	**9,381**	**744,402**
Balance at January 1, 2022	$	166,884	338,842	-	4,734	510,460
Recognized in profit or loss		-	229,295	966	965	231,226
Recognized in other comprehensive income		-	-	-	2,674	2,674
Balance at December 31, 2022	**$**	**166,884**	**568,137**	**966**	**8,373**	**744,360**

(iii) Assessment

The Company's income tax returns for all years through 2021 were assessed by the tax authorities.

(m) Capital and other equity

(i) Ordinary shares

As of December 31, 2023 and 2022, the total value of authorized ordinary shares was 3,000,000, with a par value of NTD10 per share. The Company has issued 249,002 thousand ordinary shares, all of which have been paid up.

(ii) Capital surplus

The details of capital surplus were as follows:

		December 31, 2023	December 31, 2022
The subsidiaries acquired cash dividend from the Company	$	4,079	4,079
Gain on the subsidiaries sale of the Company's stock		2,379	2,379
Increase through changes in ownership interests in associates		91,152	91,152
Donation from shareholders		7,754	7,130
	$	**105,364**	**104,740**

In accordance with Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

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(iii) Retained earnings

The Company's Article of Incorporation stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes, of the remaining balance 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; a special reserve should also be set aside in accordance with the relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 1% of the remaining earnings. The Company's appropriations of earnings are decided in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

However, dividends issued in cash may be approved by the Board of Directors with more than two thirds of the directors' attendance, and resolved by more than half of the directors; thereafter, reported in the shareholders' meeting.

In response to the Company's long-term development needs, the Company's capital structure and long-term financial planning were taken into consideration. Therefore, the Company formulated its dividend policy based on its operating performance and principle of balanced dividend payments. Furthermore, the proportion of cash dividend payment shall be no less than 20% of the current year's dividend, which should all be distributed in cash.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards endorsed by the FSC. Upon the Company’s initial adoption of the above standards, its unrealized revaluation increments and cumulative translation adjustments under shareholders' equity had been reclassified to retained earnings at the adoption date. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution. However, when the adjusted retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, are insufficient for the appropriation of special reserve at the transition date, the Company may appropriate a special reserve equals the amount of increase in retained earnings. Upon the use, disposal, or reclassification of its related assets, the Company may reverse the special reserve proportionately. As of December 31, 2023 and 2022, the special reserve were both \$131,650.

(Continued)

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2023 and 2022, the special reserve were $0 and $353,846, respectively.

(iv) Earnings distribution

The appropriations of earning for 2022 had been approved in Board of Directors' and shareholders' meetings held on March 27, 2023. The appropriations of earning for 2021 had been approved in Board of Directors' meetings held on March 24, 2022. The relevant dividend distributions to shareholders were as follows:

	2022		2021	
	Amount per share (NTD)	**Total amount**	**Amount per share (NTD)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 3.00	**747,005**	2.00	**498,003**

On March 11, 2024, the Company's Board of Directors' meeting resolved to appropriate the 2023 earnings. The earnings were appropriated as follows:

	2023	
	Amount per share (NTD)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	**$ 1.50**	**373,502**

(v) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	**Unrealized gains or losses on financial assets at fair value through other comprehensive income**	**Total**
Balance as of January 1, 2023	$ 84,420	(192,039)	(107,619)
Exchange differences on foreign operations	8,513	-	8,513
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	848	848
Balance as of December 31, 2023	**$ 92,933**	**(191,191)**	**(98,258)**

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		Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2022	$	(344,110)	(141,395)	(485,505)
Exchange differences on foreign operations		428,530	-	428,530
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income		-	(49,461)	(49,461)
Disposal of investments in equity instruments designated at fair value through other comprehensive income		-	(974)	(974)
Changes in subsidiaries for using equity method		-	(209)	(209)
Balance as of December 31, 2022	$	84,420	(192,039)	(107,619)

(n) Earnings per share

For the years ended December 31, 2023 and 2022, the Company's earnings per share were calculated as follows:

(i) Basic earnings per share

		2023	2022
Profit (loss) belonging to common shareholders	$	(28,458)	1,204,422
Weighted average number of outstanding shares of common stock (in thousand shares)		249,002	249,002
Basic earnings per share (in NTD)	$	(0.11)	4.84

(ii) Diluted earnings per share

		2023	2022
Profit (loss) belonging to common shareholders	$	(28,458)	1,204,422
Weighted average number of outstanding shares of common stock (in thousand shares)		249,002	249,002
Effect on potentially dilutive common stock-employee remuneration (in thousand shares) (Note)		-	2,795
Weighted average number of common stock (diluted) (in thousand shares)		249,002	251,797
Diluted earnings per share (in NTD)	$	(0.11)	4.78

(Note): The employee remuneration that was not included in the weighted average number of diluted common stock were 616 thousand shares in 2023, which did not need to be included because it has an anti-dilution effect.

(Continued)

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Notes to the Financial Statements

(o) Revenue from contracts with customers

		2023	2022
Primary geographical markets:			
Taiwan	$	1,583,061	1,861,513
Japan		576,823	954,164
Pakistan		451,081	263,385
India		225,753	90,514
Other countries		1,237,896	2,140,847
Total	**$**	**4,074,614**	**5,310,423**

The Company was engaged in the sales of chemical products.

(p) Remuneration to employees and directors

In accordance with the articles of incorporation which was amended by shareholders' meeting on May 20, 2022, the Company should contribute 1.2% of special bonus, 4.8% of employee remuneration, and less than 2.5% of directors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit.

For the years ended December 31, 2023 and 2022, the Company estimated its employee remuneration amounting to $693 and $83,982, special bonus amounting to $173 and $20,995, and directors' remuneration amounting to $361 and $43,741, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the employee remuneration, special bonus and directors' remuneration of each period, multiplied by the percentage of employee remuneration, special bonus and directors' remuneration as specified in the Company's articles. These remunerations and bonuses were expensed under operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts stated in the parent company only financial statements are identical to those of the actual distributions for 2023 and 2022.

(q) Non operating income and expenses

(i) Interest income

		2023	2022
Interest income from bank deposits	**$**	**21,721**	**2,090**

(ii) Other income

		2023	2022
Rental income	$	365	50
Dividend income		-	5,930
Total	**$**	**365**	**5,980**

(Continued)

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Notes to the Financial Statements

(iii) Other gains and losses

		2023	2022
Foreign exchange gains (losses)	$	(32,491)	81,425
Gains on disposals of property, plant and equipment		-	36
Revenue from endorsement guarantee		9,605	10,058
Others		12,800	10,850
Total	**$**	**(10,086)**	**102,369**

(iv) Finance costs

		2023	2022
Interest expenses – bank loan	$	(27,125)	(13,804)
Interest expenses – lease liabilities		(66)	(88)
Total	**$**	**(27,191)**	**(13,892)**

(r) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

For the years ended December 31, 2023 and 2022, there were 24% and 37% of the Company's account receivable balance were both composed of 3 customers, respectively. In order to reduce the credit risk of accounts receivable, the Company continuously evaluated the financial position of customers, regularly assessed the possibility of collection of accounts receivables and recognized allowance losses. The impairment loss was within the manager's expectations.

3) Receivables securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(c).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

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(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	Carrying amount	Contractual cash flows	Within 1 year	1-2 year	2-5 year	Over 5 years
December 31, 2023						
Non-derivative financial liabilities						
Short-term loans	$ 1,150,000	1,154,374	1,154,374	-	-	-
Short-term notes and bills payable	199,827	200,000	200,000	-	-	-
Long term loans (including current portion)	735,000	779,367	58,733	181,564	539,070	-
Accounts payable	296,231	296,231	296,231	-	-	-
Other payables	193,713	193,713	193,713	-	-	-
Other payables to related parties	4,645	4,645	4,645	-	-	-
Lease liabilities	3,198	3,215	2,621	594	-	-
	$ 2,582,614	2,631,545	1,910,317	182,158	539,070	-
December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	$ 1,250,000	1,259,552	1,259,552	-	-	-
Accounts payable	644,895	644,895	644,895	-	-	-
Other payables	295,474	295,474	295,474	-	-	-
Other payables to related parties	3,664	3,664	3,664	-	-	-
Lease liabilities	7,310	7,372	4,741	2,037	594	-
	$ 2,201,343	2,210,957	2,208,326	2,037	594	-

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	December 31, 2023			December 31, 2022		
	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 45,205	30.71	1,388,246	26,161	30.71	803,404
Non-monetary items						
CNY	30,000	4.33	129,900	30,000	4.41	132,300
Financial liabilities						
Monetary items						
USD	8,000	30.71	245,680	20,178	30.71	619,666

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2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and accounts payable that are denominated in foreign currency. A depreciation (appreciation) 1 % of NTD against the USD for the years ended December 31, 2023 and 2022 would have increased (decreased) the net profit before tax by $11,426 and $1,837, respectively. The analysis assumes that all other variables remain constant.

Since the Company has many kinds of functional currencies, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(32,491) and $81,425, respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases (decreases) by 1%, the Company's net profit before tax would have decreased (increased) by $18,850 and $12,500 for the years ended December 31, 2023 and 2022, respectively, all other variable factors that remain constant. This is mainly due to the Company's borrowing in floating rates.

(v) Other market price risk

For the years ended December 31, 2023 and 2022, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	2023		2022	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Income before tax**	**Other comprehensive income before tax**	**Income before tax**
Increasing 1%	$ 772	-	778	-
Decreasing 1%	$ (772)	-	(778)	-

(Continued)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valuated approximately to their fair value, and are not based on observable market data and the value measurements which are not reliable. No additional fair value disclosure is required in accordance with the regulations.

	December 31, 2023				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Foreign unlisted companies' stocks	$ 77,217	-	-	77,217	77,217

	December 31, 2022				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Foreign unlisted companies' stocks	$ 77,764	-	-	77,764	77,764

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm’s length basis.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

(Continued)

When the financial instrument of the Company is not traded in an active market, its fair value is determined as follows:

·Unquoted equity instruments: The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instrument
Balance as of January 1, 2023	$ 77,764
Total gains and losses recognized:	
In other comprehensive income	(547)
Balance as of December 31, 2023	**$ 77,217**
Balance as of January 1, 2022	$ 115,630
Total gains and losses recognized:	
In other comprehensive income	(37,515)
Disposals	(351)
Balance as of December 31, 2022	**$ 77,764**

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value were “financial assets measured at fair value through other comprehensive income – equity investments”.

Most of the Company's financial instruments that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments that have no active markets because they were independent of each other.

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable listed companies approach	·PB ratio (as of December 31, 2023 and 2022 was 0.4~1.3 and 0.5~1.4, respectively) ·Market liquidity discount rate (as of December 31, 2023 and 2022 was both 40%)	·The higher the PB ratio, the higher the fair value ··The higher the market liquidity discount rate, the lower the fair value

5) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Company's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effect on other comprehensive income:

	Inputs	Increase or decrease	Effects on changes in fair value on other comprehensive income: Favorable	Unfavorable
December 31, 2023				
Financial assets at fair value through other comprehensive income	PB ratio	10%	$ 7,722	(7,722)
December 31, 2022				
Financial assets at fair value through other comprehensive income	PB ratio	10%	7,776	(7,776)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter relationships with another input.

(s) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

(Continued)

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The Board of Directors oversees how the supervision of the management is in compliance with the Company's risk management policies and procedures. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by an internal auditor. An internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

1) Notes and accounts receivable and other receivables

The credit risk exposure of the Company is mainly affected by the individual conditions of each customer.

The management also considers the statistical data of the Company's customer, including the default risk of the customer's industry and country, which may have an impact on credit risk.

There was significant concentration of trading partners of the Company's notes and accounts receivable on December 31, 2023 and December 31, 2022, please refer to the note 6(r).

The Company has established a credit policy. According to this policy, the Company must analyze the credit rating of each new customer individually before granting standard payment and shipping conditions and terms. If the Company can obtain an external rating and in some other cases, the bank's notes will be reviewed. The credit limit, which is regularly reviewed, is established based on individual customers and need to be approved by the Board of Directors.

The Company monitors the credit risk of its customers according to their credit characteristics, including whether they are distributors or end users; location, industry, age, expiration date, and previous financial difficulties. The main target of the Company's notes, accounts receivable and other receivables is the Company's dealer customers. Customers who are assessed as high-risk are included in the restricted customer list and monitored by the authorized supervisor. Future sales with these customers must be based on advance receipts.

The Company regularly evaluates the losses incurred in bills, accounts receivable and other receivables. The Company has set up an allowance and impairment loss account to reflect the estimation of the losses incurred in the bills, accounts receivable and other receivables. The main components of the allowance account include specific losses with individual customers and loss estimates measured by expected credit losses during the lifetime.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to subsidiaries. Please refer to note 7 for related information.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company calculates its cost of products and services by using the activity-based costing, which assists in monitoring its cash flow requirements and optimizing its cash return on investments. Generally, the Company ensures that it maintains sufficient cash to meet expected operational expenses within 60 days.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The financial assets of the Company with fair value risk of interest rate changes are bank deposits; financial liabilities are long-term and short-term borrowings. The impact of changes in interest rates on the fair value of the relevant financial assets and liabilities is not significant.

(t) Capital management

The Company's policy is to keep a strong capital base in order to maintain its investors, creditors and market confidence, and to sustain future development of its business. Equity consists of common stock, capital surplus, retained earnings and other equity interest of the Company. The Board of Directors monitors the return on its capital as well as the level of dividends to its shareholders.

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The Company's debt-to-equity ratio at the end of the reporting period was as follows:

		December 31, 2023	December 31, 2022
Total liabilities	$	3,394,909	3,198,116
Less: cash and cash equivalents		1,102,145	482,598
Net debt	$	2,292,764	2,715,518
Total equity	$	6,366,559	7,131,288
Debt-to-equity ratio		36.01%	38.08%

The debt-to-equity ratio of the Company for both years has no significant change.

(u) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022 were as follows:

	January 1, 2023	Cash flows	Non-cash changes: Foreign exchange movement	Acquisition	Changes in lease payments	Other	December 31, 2023
Long-term borrowing (including current portion)	$ -	735,000	-	-	-	-	735,000
Short-term borrowing	1,250,000	(100,000)	-	-	-	-	1,150,000
Short-term nots and bills payable	-	200,000	-	-	-	(173)	199,827
Lease liabilities	7,310	(5,800)	-	2,313	(625)	-	3,198
Total liabilities from financing activities	$ 1,257,310	829,200	-	2,313	(625)	(173)	2,088,025

	January 1, 2022	Cash flows	Non-cash changes: Foreign exchange movement	Acquisition	Changes in lease payments	December 31, 2022
Short-term borrowing	$ 1,020,000	230,000	-	-	-	1,250,000
Lease liabilities	11,884	(5,675)	-	7,069	(5,968)	7,310
Total liabilities from financing activities	$ 1,031,884	224,325	-	7,069	(5,968)	1,257,310

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have transactions with the Company during the periods covered in the financial statements and the Company's subsidiaries.

Name of related party	Relationship with the Company
Sesoda Steamship Corporation (SSC)	Subsidiary
YUKARI GROUP CO., LTD.	Subsidiary
E-TEQ VENTURE CO., LTD.	Subsidiary
Southeast Marine Globe Corporation (SMGC)	Subsidiary
Southeast Marine Transport Corporation (SMTC)	Subsidiary
SE Bulker Corporation (SEBC)	Subsidiary
SE Marine Corporation (SEMC)	Subsidiary

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SE Carrier Corporation (SECC)	Subsidiary
Zai Feng Auto Transportation Co., Ltd.	Subsidiary
SE Delta Corporation (SEDC)	Subsidiary
SE Evermore Corporation (SEEC)	Subsidiary
SE Fortune Corporation (SEFC)	Subsidiary
SE Glory Corporation (SEGC)	Subsidiary
SE Peace Corporation (SEPC)	Subsidiary
SE Royal Corporation (SERC)	Subsidiary
SE Victory Corporation (SEVC)	Subsidiary
YUN-Chen Trading Co., LTD.	Subsidiary (Note 1)
YUN SHENG INVESTMENT CO., LTD.	Subsidiary (Note 2)
Sesoda Social Welfare Foundation	Other related parties (Note 3)

(Note 1): The subsidiary was registered and established on January 28, 2022, and was dissolved on July 21, 2022.

(Note 2): The subsidiary was registered and established on February 23, 2022.

(Note 3): The foundation was established by donation from the Company and was registered and established on May 31, 2022.

(b) Significant transactions with related parties

(i) Shipping expenses

	2023	2022
Subsidiaries	$ 14,440	14,859

(ii) Donations

	2023	2022
Sesoda Social Welfare Foundation	$ -	11,000

(iii) Guarantees

The Company had provided a guarantee for loans as follow:

	December 31, 2023	December 31, 2022
Subsidiaries	$ 4,118,307	4,935,539

The Company charges 0.25%～0.5% guarantee fee to its subsidiaries, where the guarantee revenues amounted to $9,605 and $10,058 for the years ended December 31, 2023 and 2022, respectively.

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(iv) Payables to related parties

Account	Relationship	December 31, 2023	December 31, 2022
Other payables to related parties	Subsidiaries	$ 4,645	3,664

(v) Receivables from related parties

Account	Relationship	December 31, 2023	December 31, 2022
Other receivables from related parties	Subsidiaries	$ 16,060	13,728

(c) Key management personnel compensation comprised:

	2023	2022
Short-term employee benefits	$ 42,857	113,372
Post-employment benefits	1,339	1,338
	$ 44,196	114,710

(8) Pledged assets:

Pledged assets	Object	December 31, 2023	December 31, 2022
Property, plant and equipment			
－Land	Guarantees for long-term and short-term borrowing	$ 678,305	678,305
－Buildings	Guarantees for long-term and short-term loans borrowing	55,092	57,381
		$ 733,397	735,686

(9) Significant commitments and contingencies:

The Company entered into contracts with domestic and foreign vendors to purchase property, plant and equipment as follows:

	December 31, 2023	December 31, 2022
Total contract amounts	$ 297,877	346,599
Cumulative payments	$ 143,876	234,481

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: please refer to the note 6(m).

SESODA CORPORATION

Notes to the Financial Statements

(12) Other:

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By funtion / By item	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	94,364	53,812	148,176	91,262	153,146	244,408
Labor and health insurance	10,071	6,465	16,536	8,951	5,767	14,718
Pension	2,708	2,096	4,804	4,174	2,089	6,263
Remuneration of directors	-	22,126	22,126	-	64,890	64,890
Others	6,790	2,705	9,495	7,140	4,243	11,383
Depreciation	82,892	17,316	100,208	73,711	18,390	92,101
Depletion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-

As of December 31, 2023 and 2022, the additional information for employee numbers and employee benefits was as follows:

	2023	2022
Employee numbers	198	185
Directors numbers without serving concurrently as employee	6	6
Average employee benefits	$ 932	1,546
Average employee salaries	$ 772	1,365
Average adjustment rate of employee salaries	(43.44)%	
Remuneration received by supervisors	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

(i) Remuneration to directors and managers is determined by the Remuneration Committee based on their participation and contribution to the Company's operations, and also with reference to the level of the industry.

(ii) For employee remuneration, the market competitive salary levels, reference to the same industry, the Company's overall operating performance, individual performance, and comprehensive contribution considerations are used as a bases for payment principal; and the basic salary of employees depends on their position, responsibility, and competitiveness of their position in the same industry; also, their year-end bonus is distributed based on each year's operating performance, employee contribution, and achievement of their department goal. Furthermore, the employee benefits must first comply with the applicable laws, followed by the regulation requirements of the employees.

(Continued)

SESODA CORPORATION

Notes to the Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:None

The following were the information on significant transactions required by the Regulations for the Company for the year ended December 31, 2023:

(i) Loans to other parties: None.

(ii) Guarantees and endorsements for other parties: Please refer to schedule A.

(iii) Securities held as of December 31, 2023 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule B.

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None.

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees: Please refer to schedule C.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None.

(ii) Limitation on investment in Mainland China: None.

(iii) Significant transactions: None.

(Continued)

SESODA CORPORATION

Notes to the Financial Statements

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Zhengbang Investment Co., Ltd.	16,086,588	6.46%
Chu Ying-Piao	12,650,048	5.08%

(14) Segment information:

Please refers to 2023 consolidated financial statements.

Schedule A Guarantees and endorsements for other parties:

Nunber (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	6,366,559	2,767,500	1,842,600	660,265	-	28.94%	19,099,677	Y	N	N
0	The Company	SMTC	2	6,366,559	136,998	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SMGC	2	6,366,559	111,510	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SEBC	2	6,366,559	81,263	-	-	-	0.00%	19,099,677	Y	N	N
0	The Company	SECC	2	6,366,559	279,753	236,310	236,310	-	3.71%	19,099,677	Y	N	N
0	The Company	SEMC	2	6,366,559	223,846	180,020	180,020	-	2.83%	19,099,677	Y	N	N
0	The Company	SEDC	2	6,366,559	282,439	230,786	230,786	-	3.62%	19,099,677	Y	N	N
0	The Company	SEVC	2	6,366,559	294,189	257,322	257,322	-	4.04%	19,099,677	Y	N	N
0	The Company	SEEC	2	6,366,559	276,585	247,477	247,477	-	3.89%	19,099,677	Y	N	N
0	The Company	SEFC	2	6,366,559	301,162	273,269	273,269	-	4.29%	19,099,677	Y	N	N
0	The Company	SERC	2	6,366,559	306,177	270,446	270,446	-	4.25%	19,099,677	Y	N	N
0	The Company	SEGC	2	6,366,559	343,205	292,973	292,973	-	4.60%	19,099,677	Y	N	N
0	The Company	SEPC	2	6,366,559	381,107	287,104	287,104	-	4.51%	19,099,677	Y	N	N
					5,785,734	4,118,307							

Note 1: Company numbering as follows:
The Company－0

Note 2: Relationship with the Company:
1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.

Note 3: The Company's operating procedures of guarantee were as follows:
The guarantees and endorsements limit provided by The Company to other parties should not exceed 300% of its equity based on the most recent audited or reviewed financial statements by a certified accountant. The individual guarantee amount should not exceed 100% of its equity based on the most recent audited or reviewed financial statements by a certified accountant.

Schedule B Securities held as of December 31, 2023 :

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Remark
				Shares/ Units	Carrying value	Percentage of ownership (%)	Fair value	
	Stock :							
E-TEQ VENTURE CO., LTD.	INTEL CORPORATION	—	Current financial assets at fair value through profit or loss	2,000	3,086	0.00%	3,086	
"	APOGEE Optocom CO., LTD.	—	Non-current financial assets at fair value through other comprehensive income	30,000	2,226	0.07%	2,226	
	Subtotal				5,312		5,312	
	Private Fund:							
E-TEQ VENTURE CO., LTD.	CMIA Digital Growth VII	—	Non-current financial assets at fair value through profit or loss	500	16,744	0.65%	16,744	
	Subtotal				16,744		16,744	
	Stock :							
The company	Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	0	77,217	15.00%	77,217	
					77,217		77,217	
	Total				99,273		99,273	

Schedule C Information on investments:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: The ending balance at this year	Original investment amount: The ending balance at the beginning	The ending balance at this period: Shares	The ending balance at this period: Percentage of ownership	The ending balance at this period: Carrying value	Net income (losses) of investee	Investment income (losses)	Remark
The Company	SSC	Panama	Ship operation and chartering	1,110,902	1,428,232	10	100.00%	4,421,696	118,895	118,895	Subsidiary
"	East Tender Trading Co., Ltd.	Taipei	General trade and investments	38,023	38,023	3,200,000	100.00%	38,821	1,454	1,454	Subsidiary
"	SIL	BVI	Holding company	21,145	21,145	880	50.00%	(33,739)	(98)	(49)	Subsidiary
"	East Tender Optoelectronics Co., Ltd.	Yilan	Manufacturing of thin film filter components required for optical communication	97,142	97,142	9,316,297	34.89%	258,978	(81,945)	(33,251)	Associate
"	Yukari Group Co., Ltd.	Taipei	Wholesale of foods and groceries, sales of drinks, operation of restaurant	89,787	89,787	2,100,000	100.00%	7,232	(3,711)	(3,711)	Subsidiary
"	E-Teq Venture Co., Ltd.	Taipei	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	115,000	115,000	10,380,000	100.00%	101,725	7,263	7,263	Subsidiary
"	YUN SHENG INVESTMENT CO., LTD.	Taipei	Investment	30,000	30,000	3,000,000	100.00%	30,106	121	121	Subsidiary
				1,501,999	1,819,329			4,824,819		90,722	
SSC	SESC	Panama	Ship operation and chartering	353	661	10	100.00%	170,747	16,615	16,615	Sub-Subsidiary
"	SIL	BVI	Holding company	89,363	89,363	880	50.00%	32,048	(98)	(49)	Sub-Subsidiary
"	SMGC	Panama	Ship operation and chartering	242,190	248,999	10	100.00%	235,182	7,747	7,747	Sub-Subsidiary
"	SEHC	Panama	Ship operation and chartering	273,996	258,028	10	100.00%	308,854	(11,466)	(11,466)	Sub-Subsidiary
"	SMTC	Panama	Ship operation and chartering	390,265	407,120	10	100.00%	351,268	(4,268)	(4,268)	Sub-Subsidiary
"	SEBC	Panama	Ship operation and chartering	306,049	248,536	10	100.00%	555,315	5,414	5,414	Sub-Subsidiary
"	SEAC	Panama	Ship operation and chartering	367,519	129,338	10	100.00%	325,704	(42,722)	(42,722)	Sub-Subsidiary
"	SEMC	Panama	Ship operation and chartering	229,896	229,896	11	100.00%	335,616	1,458	1,458	Sub-Subsidiary
"	SECC	Panama	Ship operation and chartering	247,798	247,798	11	100.00%	350,385	38,715	38,715	Sub-Subsidiary
"	SEEC	Panama	Ship operation and chartering	292,030	273,628	11	100.00%	351,932	33,005	33,005	Sub-Subsidiary
"	SEFC	Panama	Ship operation and chartering	239,439	239,346	11	100.00%	387,557	4,946	4,946	Sub-Subsidiary
"	SERC	Panama	Ship operation and chartering	286,639	280,411	11	100.00%	357,838	27,549	27,549	Sub-Subsidiary
"	SEDC	Panama	Ship operation and chartering	297,122	296,620	11	100.00%	345,992	6,542	6,542	Sub-Subsidiary
"	SEVC	Panama	Ship operation and chartering	254,236	254,236	11	100.00%	339,745	3,578	3,578	Sub-Subsidiary
"	SEGC	Panama	Ship operation and chartering	253,174	253,174	11	100.00%	387,083	50,405	50,405	Sub-Subsidiary
"	SEPC	Panama	Ship operation and chartering	332,639	331,630	11	100.00%	402,137	33,092	33,092	Sub-Subsidiary
"	SSMHC	Cayman Islands	Holding company	1,793	1,545	-	100.00%	73	(236)	(236)	Sub-Subsidiary(Note1)
				4,104,501	3,790,329			5,237,476		170,325	
SSMHC	SEJC	Panama	Holding company	244	207	-	100.00%	(20)	(36)	(36)	Sub-Subsidiary(Note1)
East Tender Trading Co., Ltd.	Zai Feng Auto Transportation Co., Ltd.	Yilan	Automobile cargo transportation business	27,381	20,381	19,000	100.00%	25,352	179	179	Sub-Subsidiary

(Note1) The sub-subsidiary which is 100% held by the subsidiary has been established and registered .However, the funds have not been fully invested .Capital registration is handled until the funds are all in place.

SESODA CORPORATION

Statement of cash and cash equivalents

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount
Petty Cash	Petty Cash, etc.	$ 380
Bank Deposits:		
Demand deposits and check deposits		92,871
Foreign currency deposits	USD 2,202 thousand，@30.71	67,628
	CNY 1 thousand，@4.33	4
		160,503
Foreign time deposit (Note)	USD 30,650 thousand，@30.71	941,262
		$ 1,102,145

Note: The time deposit period is three month, and the annual interest rate is 3.50%~5.30%.

Statement of notes receivable

Client name	Description	Account	Note
SD Company	Operating	$ 15,806	
MT Company	〃	13,885	
TM Company	〃	10,456	
HY Company	〃	7,168	
Others (each amount is less than 5%)	〃	55,856	
		$ 103,171	

SESODA CORPORATION

Statement of accounts receivables

December 31, 2023

(In thousands of New Taiwan Dollars)

Client name	Description	Account	Note
LD Company	Operating	$ 53,053	
HS Company	〃	46,055	
SQ Company	〃	41,877	
Others (each amount is less than 5%)	〃	454,743	
Less: Loss allowance		(24,291)	
		$ 571,437	

Statement of inventories

Item	Description	Amount: Cost	Amount: Net realizable value	Note
Merchandise		$ 152,690	142,618	
Finished goods		117,503	163,161	
Raw materials		177,883	177,883	
Fuel		4,489	4,489	Note 1
Supplies		17,540	16,686	Note 2
Subtotal		470,105	504,837	
Less: allowance for inventory valuation losses		(20,998)		
Total		$ 449,107		

Note 1: This inventory is for subsequent manufacturing use only, is not intended for sale and the amount is not material, therefore value its costs as market price.

Note 2: This inventory is for subsequent manufacturing use only, is not intended for sale and the amount is not material, therefore values the amount which already recognized inventory sluggish losses as market price.

SESODA CORPORATION

Statement of other current financial assets

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Purchase discount receivable		$ 48,367	
Purchase discount receivable (refund when purchase reached agreed quantity)		15,402	
Others (each amount is less than 5%)		15,652	
		$ 79,421	

Statement of other current assets

Item	Description	Amount	Note
Prepayment for purchases		$ 15,560	
Current income tax assets		8,202	
Others (each amount is less than 5%)		8,003	
		$ 31,765	

SESODA CORPORATION

Statement of changes in financial assets measured at fair value through other comprehensive income - non-current

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Name of financial instrument	Beginning balance		Addition		Decrease		Investment gains (loss) at fair value through other comprehensive income	Ending balance		Collateral	Note
	Shares or units	Fair value	Shares or units	Amount	Shares or units	Amount		Shares or units	Fair value		
Stocks:											
Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	-	$ 77,764	-	-	-	-	(547)	-	77,217	None	

SESODA CORPORATION

Statement of changes in investments accounted for using the equity method and credit balance investment accounted for using equity method

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Name of investee	Beginning balance Shares	Beginning balance Amount	Addition Shares	Addition Amount	Decrease Shares	Decrease Amount	Ending balance Shares	Ending balance Percentage of ownership	Ending balance Amount	Market value or net assets value Unit price (NTD)	Market value or net assets value Total amount	Collateral	Note
Investment accounted for using equity method:													
SSC	10	$ 4,611,618	-	127,408	-	317,330	10	100.00%	4,421,696	442,169,603	4,421,696	None	
East Tender Trading Co., Ltd.	3,200,000	40,061	-	1,454	-	2,694	3,200,000	100.00%	38,821	12	38,821	"	
EOC	9,316,297	290,707	-	1,522	-	33,251	9,316,297	34.89%	258,978	35	328,865	"	
Yukari Group Co., Ltd.	2,100,000	10,943	-	-	-	3,711	2,100,000	100.00%	7,232	3	7,232	"	
E-Teg Venture Co., Ltd.	10,380,000	94,024	-	7,701	-	-	10,380,000	100.00%	101,725	10	101,725	"	
Yun Sheng Investment Co., Ltd.	3,000,000	29,985	-	121	-	-	3,000,000	100.00%	30,106	10	30,106	"	
		5,077,338		138,206		356,986			4,858,558		4,928,445	"	
Credit balance of investment accounted for equity method:													
SIL	880	(33,690)	-	-	-	49	880	- %	(33,739)	(38,340)	(33,739)	"	
		$ 5,043,648		138,206		357,035			4,824,819		4,894,706		

SESODA CORPORATION

Statement of other non-current assets

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits		$ 9,244	
Prepayments for equipment		1,203	
		$ 10,447	

Statement of short-term borrowings

Type	Description	Ending balance	Contract period	Range of interest rate	Credit lines	Collateral	Note
Short-term loans	Unsecured bank loans	$ 1,150,000	2023.4.10~2024.7.4	1.58%~2.11%	1,550,000	None	
Short-term loans	Secured bank loans	-	-	-	515,000	Property, plant and equipment	
		$ 1,150,000			2,065,000		

Statement of short-term notes and bills payable

Item	Guarantee on acceptance institution	Contract period	Range of interest rate	Amount		
				Issue amount	Discount on short-term notes and bills payable	Book amount
Short-term note and bills payable	MEGA BILLS HSINCHU BRANCH	2023.12.21~2024.1.19	1.75%	$ 200,000	173	199,827

SESODA CORPORATION

Statement of accounts payable

December 31, 2023

(In thousands of New Taiwan Dollars)

Vendor name	Description	Amount	Note
CA Company		$ 149,569	
AN Company		55,912	
Others (each amount is less than 5%)		90,750	
		$ 296,231	

Statement of other payables

Item	Description	Amount	Note
Freight payable		$ 81,096	
Equipment payment payable		27,772	
Others (each amount is less than 5%)		84,845	
		$ 193,713	

SESODA CORPORATION

Statement of other current liabilities

December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Deferred government grant income	(Note)	$ 21,000	
Temporary receipts		8,294	
Others (each amount is less than 5%)		1,649	
		$ 30,943	

(Note): Grant project by Ministry of Economic Affairs.

Statement of long-term borrowings

Creditors	Description	Amount	Contract paid	Range of interest rate	Collateral	Note
Bank of Taiwan	Secured bank loans	$ 735,000	2023/7/28~2028/7/12	2.10%~2.14%	Property, plant and equipment	

Statement of operating revenue

For the year ended December 31, 2023

Item	Quantity (ton)	Amount	Note
Manufacturing products	367,662	$ 3,329,300	(Note)
Trade products	64,511	751,603	(Note)
Subtotal		4,080,903	
Less: sales return and discount		6,289	
		$ 4,074,614	

(Note) Manufacturing produces include potassium sulfate, hydrochloric acid and liquid calcium chloride, etc.; trade products included soda ash, baking soda, anhydrous sodium sulfate, potassium chloride and sun-dried salt.

SESODA CORPORATION

Statement of operating costs

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Amount
Cost of merchandise	
Beginning balance	$ 288,484
Add: Purchase	586,924
Gain on inventory count	10
Transfer from raw materials	19,244
Other	5,523
Less: Ending balance (amount before allowance of inventory loss)	152,690
Transfer to raw materials	38,506
Transfer to finished goods	5,970
Other	(10,493)
Subtotal	713,512
Cost of manufacturing:	
Beginning balance of raw materials	711,346
Add: Purchase	1,529,182
Transfer from merchandise	38,506
Less: Ending balance of raw materials (amount before allowance of inventory loss)	177,883
Transfer to overhead	2,939
Transfer to finished goods	99,247
Transfer to merchandise	19,244
Consumed raw materials	1,979,721
Direct labor	42,093
Manufacturing overhead	446,907
Unallocated production overhead	30,407
Manufacturing cost	2,499,128
Other	52,094
Cost of goods manufactured	2,551,222
Add: Beginning balance of finished goods	528,805
Purchases	29,414
Transfer from merchandise	5,970
Transfer from raw materials	99,247
Less: Ending balance of finished goods (amount before allowance of inventory loss)	117,503
Other	16,418
Cost of finished goods sold	3,080,737
Add: Loss on valuation of inventories	143,310
Add: Other	831
Loss: Gain on inventory count	10
Operating cost	**$ 3,650,098**

SESODA CORPORATION

Statement of selling expenses

For the year ended December 31, 2023

(In thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Export cost		$ 280,170	
Shipping cost		126,323	
Others (each amount is less than 5%)		22,004	
		$ 428,497	

Statement of administrative expenses

Item	Description	Amount	Note
Payroll		$ 53,743	
Depreciation expense		16,447	
Rental expense		8,546	
Others (each amount is less than 5%)		43,780	
		$ 122,516	

For the statement of other receivables (payables) from (to) related parties, please refer to note 7 to the parent-company-only financial statements.

For statement of changes in property, plant and equipment, please refer to note 6(f) to the parent-company-only financial statements.

For statement of changes in right-of-use assets, please refer to note 6(g) to the parent-company-only financial statements.

For statement of deferred tax assets (liabilities) and income tax expense, please refer to note 6(l) to the parent-company-only financial statements.

For statement of net defined benefit assets, please refer to note 6(k) to the parent-company-only financial statements.

For statement of lease liabilities, please refer to note 6(j) to the parent-company-only financial statements.

For statement of interest income, please refer to note 6(q) to the parent-company-only financial statements.

For statement of other income, please refer to note 6(q) to the parent-company-only financial statements.

For statement of other gains and losses, please refer to note 6(q) to the parent-company-only financial statements.

For statement of finance costs, please refer to note 6(q) to the parent-company-only financial statements.

VI. In the most recent year and as of the publication date of the annual report, if any financial difficulties occur among the Company and its affiliated companies, their effect on the Company's financial status: None.

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

I. Review and analysis financial status

(1) Comparative analysis table of financial status Unit: NT$ thousand

Year / Item	2023	2022	Difference	
			Amount	%
Current assets	3,353,583	3,861,485	(507,902)	(13.15)
Property, plant and equipment	9,293,472	9,472,908	(179,436)	(1.89)
Intangible assets	--	--	--	--
Other assets	430,024	502,183	(72,159)	(14.37)
Total assets	13,077,079	13,836,576	(759,497)	(5.49)
Current liabilities:	3,429,575	3,616,105	(186,530)	(5.16)
Non-current liabilities:	3,280,945	3,089,183	191,762	6.21
Total liabilities	6,710,520	6,705,288	5,232	0.08
Capital stock	2,490,017	2,490,017	--	--
Capital surplus	105,364	104,740	624	0.60
Retained earnings	3,869,436	4,644,150	(774,714)	(16.68)
Other equity interest	(98,258)	(107,619)	9,361	8.70
Total equity	6,366,559	7,131,288	(764,729)	(10.72)

Description: No significant difference.

II. Financial Performance

(1) Comparative analysis of business results

Unit: NTD Thousand

Year / Item	2023	2022	Amount of increase or decrease	Change (%)
Operating revenue	5,879,183	8,025,189	(2,146,006)	(26.74)
Operating costs	5,019,654	5,177,065	(157,411)	(3.04)
Operating margin	859,529	2,848,124	(1,988,595)	(69.82)
Operating Expenses	649,378	1,099,600	(450,222)	(40.94)
Operating profit	210,151	1,748,524	(1,538,373)	(87.98)
Non-operating income and expenses	(196,899)	(146,859)	(50,040)	(34.07)
Profit (loss) from continuing operations before tax	13,252	1,601,665	(1,588,413)	(99.17)
Less: Income tax expense	41,710	397,243	(355,533)	(89.50)
Net profit after tax for continuing operations	(28,458)	1,204,422	(1,232,880)	(102.36)

Analysis of changes of up to 20%:

1. Operating revenue, gross profit and net profit: Mainly due to the decline in the price of potash sulfate and the decline in the daily charter price of the shipping business.
2. Operating expenses: Mainly due to the significant decrease in employee/director remuneration provided for the decline in export sea freight and profit decline.
3. Non-operating income and expenses: Mainly due to the increase in borrowings and the impact of interest rate increases this year, resulting in an increase in interest expenses.
4. Income tax expense: Mainly due to the decrease in profits.

(II) Estimated sales volume and the basis thereof:

The Company's estimated sales volume for 2024 is based on the Company's business strategy, business goals and budget, taking into account the reasonable assumptions such as the overall industry prospect and development trend and the actual operating performance over the years. Projected sales volumes are as follows:

Unit: Tons

Product type	Expected sales volume in 2024
Manufacturing	356,689
Trade	59,217

(III) Possible impact on the Company's future finance and business, and the response plan:

Continue to explore new markets and strengthen customer benefits to achieve profit targets.

III. Cash flow

Cash flow analysis

Unit: NTD Thousand

Beginning cash balance	Annual net cash inflow (outflow) from operating activities	Other cash for the year Inflow (outflow) volume	Cash balance (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
1,295,290	884,603	(579,299)	1,600,594	0	0

(I) Analysis of the changes in cash flows for the current year:

1. Operating activities: net cash inflows (outflows) from operating activities	884,603
2. Investing activities: net cash inflows (outflows) from investing activities	(377,729)
3. Financing activities: net cash inflows (outflows) from financing activities	(214,687)
4. Effects of exchange rate changes	13,117
Net cash inflows (outflows) for the yea	305,304

(II) Analysis of cash liquidity in the coming year

Unit: NTD Thousand

Beginning cash balance	Estimated net cash inflow (outflow) from operating activities for the year	Estimated other annual cash inflows (outflows)	Cash balance (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
1,600,594	859,967	(1,312,588)	1,147,973	0	0

1. Analysis of cash flow status in the coming year:

(1) Operating activities: Mainly due to the estimated cash inflow from profit and depreciation expenses of the Company.

(2) Investing activities: Mainly due to the estimated capital expenditures of the chemical industry and the shipbuilding business, and recurring maintenance and repairs.

(3) Financing activities: distribution of expected cash dividend and borrowing/repayment of long-term and short-term loans.

2. Estimated remedies and liquidity analysis for insufficient cash:

Continue to prepare/maintain the credit line to enhance the operational adaptability.

IV. The impact of material capital expenditures on financial operations in the most recent year

(I) Utilization of material capital expenditures and sources of funds:

Unit: NTD Thousand

Plan item	Actual or expected source of funds	Actual or expected completion date	Required capital (as of 2023)	Actual use of funds		
				2021	2022	2023
Reconstruction project of the Baking Soda Plant	Own funds and bank loans	September 2023	140,916	35,536	68,181	37,199
5-1 Construction of Finished Product Warehouse	Own funds and bank loans	June 2024	45,448	1,125	35,782	8,541
Construction of Warehouse No. 15	Own funds and bank loans	June 2024	107,253		28,469	78,784
Structural reinforcement of Potassium Plant	Own funds and bank loans	June 2024	36,599		10,306	26,293
Calcium chloride/salt storage system main power circuit and switch panel addition project	Own funds and bank loans	March 2024	13,937		121	13,816
Continuous liquid calcium chloride production equipment project	Own funds and bank loans	December 2025	10,373		1,340	9,033

(II) Estimated benefits:

1. Improve the plant operating environment and space facilities to enhance the safety and health of workers and target management.

2. Develop new products to supply market demand.

V. Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year

(I) Investment policy

In addition to focusing on the operation of the chemical industry, the shipping business of the subsidiary and the catering business of the subsidiary, the Company will adopt strategic cooperative investment and increase investment in different industries to increase revenue and diversify operations, so that the Company can diversify industry risks and expand its operating base.

(II) Main reasons for profit or loss

The total investment loss recognized under the equity method in 2023 was NTD 33,250 thousand, which was mainly due to the recognition of the operating loss of East Tender Optoelectronics Corporation.

(III) Improvement plan

For the ineffective investments, we will study the disposal or revitalize them in the best interest of the Company. For the effective investments, we will continue to maintain and evaluate them, and adjust the investments or increase the incomes.

(IV) Investment plan for the next year

In response to social responsibility and sustainable operations, in addition to maintaining the stability of the core business, we will continue to invest in emission reduction/waste reduction while researching and utilizing new product opportunities. We will also grow together with the industry/upstream and downstream associations to increase competitiveness. Development of new or strengthening or increasing existing investments with good performance.

VI. Analysis and assessment of risk matters in the most recent year and up to the publication date of this annual report

(I) Impacts of changes in interest rates, exchange rates and inflation on the Company's profit and loss, and future countermeasures:

Item	2023
Interest expense (net)	224,280
Foreign exchange loss (net)	32,107

The main risks of the Company are the risks of changes in exchange rates and interest rates.

Exchange rate risk:

The revenue of the Company and its subsidiaries is mainly U.S. dollars, and the main expenditures are also mainly in U.S. dollars. Although there is a certain degree of risk associated with changes in the real exchange rate, the overall impact on the Company is relatively small.

Countermeasures:

The Company is familiar with relevant financial instruments and will use forward foreign exchange contracts or foreign exchange swap contracts to reduce the risk of exchange rate changes when necessary.

Interest rate risk:
The Company's borrowings are all in floating interest rates. Because the shipbuilding business is a business with high capital expenditure and high financial leverage, the interest rate risk faced by the high loan balance is greater.
Countermeasures:
Short-term interest rates have been regularly locked in for ship loans to delay the impact of interest rate changes; the Company will also regularly assess the trend of financing interest rates and maintain close cooperation with various financial institutions to obtain the latest economic news, data and research reports at home and in various regions abroad. In addition to striving for preferential loan interest rates, the Company will assess the appropriate time to control its open interest rate risk by means of interest rate swaps. In addition, after the interest rate is raised, the idle funds will be appropriately used for early repayment of borrowings in accordance with the investment plan to reduce the interest burden.

(II) Policies on engaging in high-risk and highly leveraged investments, loans to others, endorsements and guarantees, and derivative commodity transactions, the main reasons for the profit or loss, and future countermeasures:
The Company and its subsidiaries do not engage in high-risk, high-leverage investments, and do not conduct other derivative trading except for general forward foreign exchange transactions for hedging.
Loaning of funds and endorsements/guarantees: Currently, the Company only provides the necessary guarantees for the operations of subsidiaries under 100% control, and balances the profit or loss of funds between the subsidiaries and sub-subsidiaries. This way, the Company's idle funds can be used more efficiently, while reducing the need for external financing and reducing financing costs. In this regard, the Company follows the "Procedures for Loaning of Funds and Making of Endorsements" stipulated by the competent authority, and the risks are under control. For details, please refer to Note 13 of "IV. Financial Report for the Most recent fiscal year" and the accompanying tables.

(III) Future R&D plans and expected R&D expenses to be invested:

1. Core Industrial Chemical Business
   (1) Consider improving the quality of the existing chemical substances produced, and implement the improvement of process operation procedures and equipment to enhance the stability of product quality and process capabilities. By doing this, the Company's products are able to meet the needs of the international market and users.
   Benefit: expanding product market and enhancing product competitiveness.
   (2) In line with the Company's operating strategy, we strive to break through the bottleneck of traditional industries and seek cooperation opportunities in diversified chemical industries.

(3) The carbon dioxide generated by the calcium chloride process is captured and converted into baking soda, a green product.

Benefits: Reduce carbon emissions, avoid carbon tax, turn waste into gold, and improve corporate image.

(4) In response to the Company's operational needs, we will add: (a) Four sets of vertical digesters (NTD 38 million) to increase the production capacity of liquid calcium chloride in response to the increase in market demand. (b) Waste heat boiler (NTD 10 million) to replace the baking soda boiler to reduce power consumption. (c) Round granulation (NTD 30 million) to improve practicability in response to customer needs. (d) Inorganic sludge elutriation machine (NTD 22 million) to reduce the amount of sludge generated by the production of liquid calcium chloride by more than 40% after sludge elutriation.

2. Subsidiary shipping business: as service industry, it is not applicable.

3. Subsidiary catering business:

Invest in the development of its own catering brand, seek new business opportunities and expand different customer groups to strengthen the Company's competitive market advantage.

(IV) Impacts of important domestic and foreign policies and legal changes on the Company's financial operations, and responsive measures:

Important changes in policies and laws: Major policy changes will be actively updated and handled in compliance; for new regulations, equipment will be upgraded or alternative methods will be approved before the deadline set in the regulations. On the financial side, there may be an impact due to additional capital expenditures.

Countermeasures:

The Company proactively updates regulatory information in order to have sufficient time to respond to changes. In addition to updating its Procedures, the Company will also cooperate with qualified suppliers/maintenance providers for equipment upgrades. In terms of capital, the Company maintains a good relationship with banks, and maintains a fairly flexible capital utilization quota to meet the capital expenditure requirements for equipment renewal.

(V) Impacts of technological and industrial changes on the Company's financial operations, and countermeasures:

The industries in which the Company and its subsidiaries operate have invested in research programs and targets for emission/waste reductions for sustainability. To the extent technically feasible, the Company will make corresponding products or enter into agreements/cooperation with upstream and downstream companies in order to reach the emission reduction targets. Furthermore, the investment in related research and upgrade/new equipment requires the Company to fund the related capital expenditures.

Response measures: Seek assistance from banks in obtaining funds or government subsidies, and cooperate with upstream and downstream companies or relevant professional consultants to obtain stable and suitable sources of funds in terms of methods, technologies and funds.

(VI) Impacts of corporate image on corporate crisis management and countermeasures:

The Company's corporate culture is conservative and stable; its legitimate operations are profitable and stable, and it complies with laws and regulations. The Company does not have a corporate image of intentional misconduct. The Company has a low-key style and strives to operate pragmatically without media hype.

Countermeasure: In addition to complying with the regulations of the competent authority, the Company proactively handles corporate briefings to let the outside world know about the Company. Always pay attention to and correct major false news. The spokesperson provided truthful and detailed replies to calls from shareholders or the media asking questions or visiting the Company. Internal and external issues related to the Company are subject to relevant policies, and crisis prevention and management employee are provided in training and evaluation. Initiative are taken to address any unexpected issues. Additionally, we will actively deal with the root cause by asking for self-improvement, so there is no risk of crisis due to corporate image change.

(VII) Expected benefits and possible risks of mergers and acquisitions, and countermeasures:

The Company and its subsidiaries currently have no specific acquisition targets.

Risk: Not applicable because of the absence of the above facts.

(VIII) Expected benefits and possible risks associated with any plant expansion, and countermeasures:

1. Chemical industry: The expansion of factory buildings mainly refers to the adjustment of equipment and new production lines in order to fulfill the corporate social responsibility and environmental friendly emission/waste reduction/waste reduction. The recycling efficiency/economic benefits are constantly evaluated and examined by the team.

   Response measures: Continuous adjustment and improvement of the overall best practices for corporate social responsibility, environmental friendliness, and economic benefits. In addition, plant equipment has its own basic value, and the Company has established corresponding asset management measures to maintain its due value.

2. Subsidiary shipping business: Not applicable.
3. Catering business of subsidiary: Not applicable

(IX) Risks associated with any concentration of purchases or sales, and mitigation measures being or to be taken:

1. Core Industrial Chemical Business

   (1) Purchase: The major raw material suppliers Company A and Company D are long-term

international companies with stable relationships and have maintained good interactions for a long time. At the same time, these companies are also the main purchase targets for global inter-industry transactions. Therefore, the purchase status is not abnormal. The existing suppliers are not the sole suppliers of raw materials in the world, so the supply risk is small.

Risk: very small, as explained above.

(2) Sales: None of the existing customers' sales revenue in 2023 exceeded 10%, so there is no concentration risk of sales.

Response measures: The Company keep customers' credit check records on file, and secure collections by receiving payments in advance or requesting bank letters of credit if necessary.

2. Subsidiary shipping business

(1) Purchase: The main suppliers of equipment parts and consumables are long-term suppliers with stable supply conditions.
In addition, due to the global shipping routes, there are many suppliers with high substitution opportunities, so there is no risk of concentration of purchases.

(2) Sales: The existing lessees are all reputable international companies with good relationship and minor risk.

Response measures: When selecting the lessee, the Company mainly chooses the lessee who is pragmatic and has the actual need for transportation of goods and the international company with outstanding reputation, and does not lease to the speculative sublease.

3. Subsidiary catering business

(1)Purchase: The Company operates Japanese cuisine and catering, with diversified menu design, and the use of raw materials is complementary and highly replaceable. It does not purchase a single item in a centralized manner, so there should be no risk of shortage of important raw materials.

(2)Sales: Most of the Company's sales targets are general consumers, so there is no sales concentration.

(X) Effects and risks to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken:

There was no significant transfer of shares by directors, supervisors or major shareholders holding more than 10% of the Company's shares.

Risk: Not applicable because of the absence of the above facts.

(XI) The impact, risks and countermeasures of a change of management rights on the Company:

The Company has experienced no change in management rights.

Risk: Not applicable because of the absence of the above facts.

(XII) Litigation or non-litigation events impacting the Company and its directors, supervisors, general managers, substantive persons in charge, and major shareholders whose shareholding ratio exceeds 10%, and major litigation or non-litigation events or administrative disputes confirmed or still being adjudicated for affiliated companies, where the outcomes may have a significant impact on shareholders' equity or the price of securities.

The Company is experiencing no major litigation or non-litigation events.

Risk: Not applicable because of the absence of the above facts.

(XIII) Other important risks and countermeasures: None.

(XIV) Information security and network risk assessment

The Company attaches great importance to the protection of information security to provide the Company with the ability to defend against external attacks. The Company fully implements information security management and control, including installing protective systems on personal computers and servers, and creating necessary information backups. Information security education and training are provided from time to time to promote information security to employees to achieve information enhanced security.

The Company has established a backup mechanism and a disaster recovery plan, and sent the backup media to off-site custody and storage, and set up off-site data backup to minimize the loss of property due to service interruption caused by manmade errors or irresistible natural disasters. By doing this, we ensure that operations can resume normal operation. Through the annual disaster recovery drill, we also ensure that the expected time of the system recovery target is met.

In response to the rapid changes in the external environment, the Company will continue to adjust its information security protection and management practices to ensure the resilience of its information service and reduce the impact on its operations.

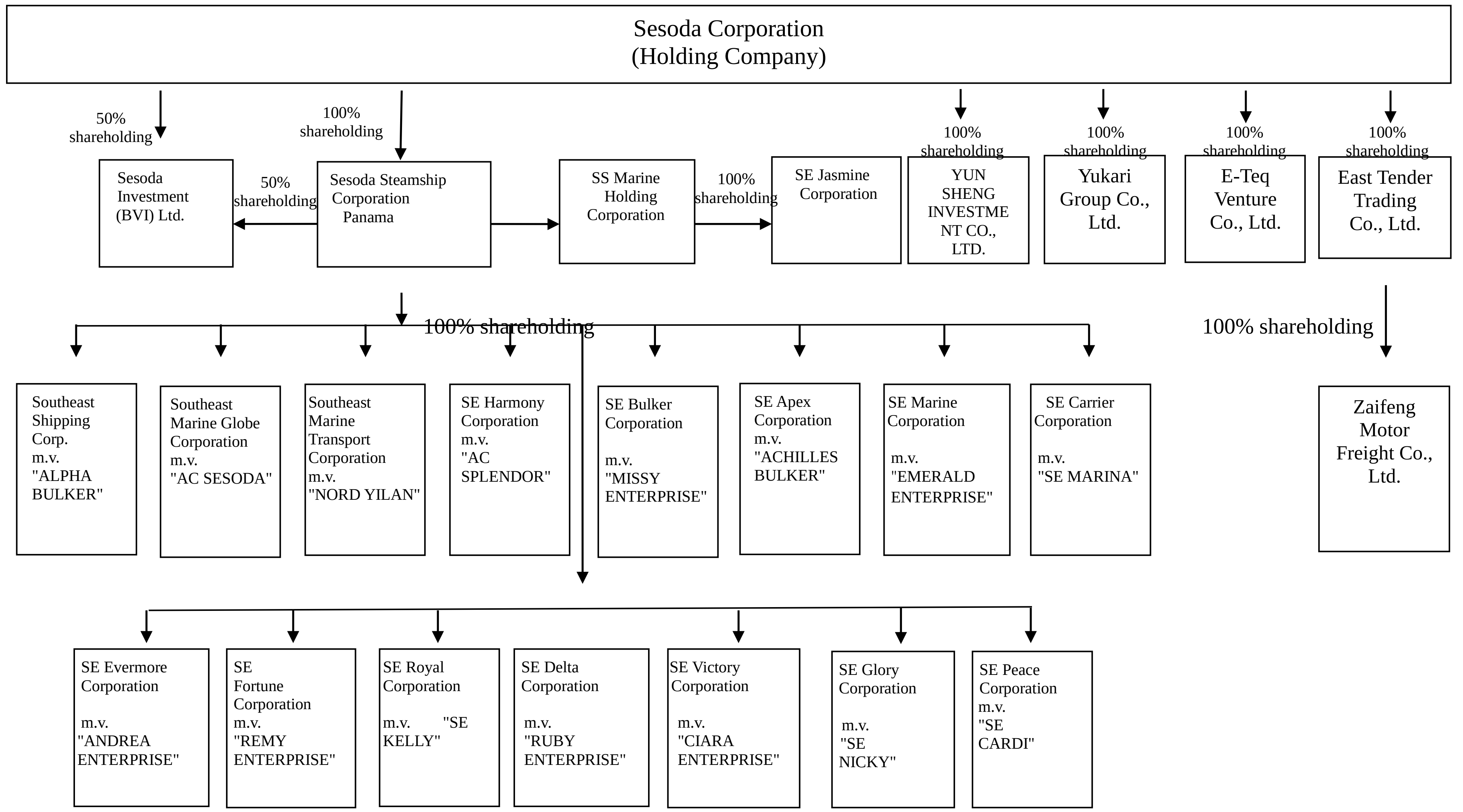
VII. Other important matters: None

Eight. Special Notes

1. Related information of affiliated companies: (1) Affiliated business merger report

1. Organization chart of affiliated companies:

December 31, 2023



2. Basic information of each affiliated company:

December 31, 2023

Units: NTD Thousand; USD thousand

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
East Tender Trading Co., Ltd.	1984.05.09	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan	NTD32,000	General import and export trade
Yukari Group Co., Ltd.	2012.09.19	1F, No. 9, Lane 160, Yanji Street, Da’an District, Taipei City	NTD21,000	Catering business
E-Teq Venture Co., Ltd.	2015.12.02	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan	NTD103,800	Investment business
YUN SHENG INVESTMENT CO., LTD.	2022.02.23	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan	NTD30,000	Investment business
Sesoda Steamship Corporation	1995.11.21	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SS Marine Holding Corporation	2015.10.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Cayman Islands)	Share capital collected in advance USD59	Overseas investment holding company
Southeast Shipping Corp.	2005.08.10	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
Southeast Marine Transport Corporation	2009.07.27	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
Southeast Marine Globe Corporation	2010.01.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Harmony Corporation	2010.04.26	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Bulker Corporation	2011.03.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Apex Corporation	2012.06.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Marine Corporation	2013.02.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Carrier Corporation	2013.02.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping

December 31, 2023

Units: NTD Thousand; USD thousand

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
SE Evermore Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Fortune Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Royal Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Delta Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Glory Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Peace Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Victory Corporation	2014.03.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Jasmine Corporation	2015.10.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	Advance receipts of proceeds from stocksUSD8	Bulk carrier shipping
Sesoda Investment (BVI) Ltd.	2007.01.29	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: British Virgin Islands)	USD2	Overseas investment holding company
Zaifeng Motor Freight Co., Ltd.	1983.05.17	No. 220, Lane 680, Guangxing Road, Guangxing Village, Dongshan Township, Yilan County	NTD19,000	General truck freight transportation business

3. Information of the same shareholders who are presumed to have holdings and affiliation: None.
4. Industries covered by the business of the overall related company: chemical industry business, trade, shipping, holding company, truck freight transportation, catering.

5. Information on directors, supervisors and general managers of related companies

Unit: shares on December 31, 2023

Enterprise Name	Title	Name or representative	Number of shares held		Note
			Shares	Percentage of shareholding	
East Tender Trading Co., Ltd. (Note 1)	Chairman/General Manager Director Director Supervisor	Chen Jung-Yuan Huang Chih-Cheng Liu Chih-Yung Chen Chih-Chun	3,200,000	100%	Representative of Sesoda Corporation
Yukari Group Co., Ltd. (Note 1)	Chairman Director Director Supervisor	Chen Yi-Te Chu Ching-Yun Chen Chih-Chun Huang Chih-Cheng	2,100,000	100%	Representative of Sesoda Corporation
E-Teq Venture Co., Ltd. (Note 1)	Chairman Supervisor	Liu Chih-Yung Chen Chih-Chun	10,380,000	100%	Representative of Sesoda Corporation
YUN SHENG INVESTMENT CO., LTD. (Note 1)	Chairman Supervisor	Chen Cheng-Te Huang Chih-Cheng	3,000,000	100%	Representative of Sesoda Corporation
Sesoda Steamship Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Corporation
SS Marine Holding Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	(Note 2)	100%	Sesoda Steamship Corporation Representative
Southeast Shipping Corp. (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative
Southeast Marine Transport Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative
Southeast Marine Globe Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative
SE Harmony Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative
SE Bulker Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative
SE Apex Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative

Unit: shares on December 31, 2023

Enterprise Name	Title	Name or Representative	Number of shares held		Note
			Shares	Percentage of shareholding	
SE Marine Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Carrier Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Evermore Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Fortune Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Royal Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Delta Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Glory Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Peace Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Victory Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Jasmine Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	(Note 2)	100%	SS Marine Holding Corporation Representative:
Sesoda Investment (BVI) Ltd. (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	1,760	100%	Representative of Sesoda Corporation
Zaifeng motor freight Co., Ltd. (note 1)	Chairman/General Manager Director Director Supervisor	Chen Hsin-Hung Huang Chih-Cheng Liu Chih-Yung Chen Chih-Chun	19,000	100%	East Tender Trading Co., Ltd. Representative:

Notes:
1. Companies directly (indirectly) 100% owned by the Company.
2. Among the prepaid shares of SS Marine Holding Corporation and SE Jasmine Corporation, the investment has not been completed yet.

6. Overview of operations of each affiliated company

Unit: NTD Thousand unless otherwise specified

Enterprise Name	Capital	Assets Total amount	Liabilities Total amount	Net worth	Operating income	Net operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
Sesoda Steamship Corporation	312	5,341,029	919,333	4,421,696	--	(13,774)	118,895	11,889,466
Southeast Shipping Corporation	353	203,526	32,779	170,747	103,936	15,305	16,615	1,661,488
Southeast Marine Globe Corporation	320	293,597	58,415	235,182	103,983	748	7,747	774,726
Southeast Marine Transport Corporation	313	377,181	25,913	351,268	93,527	(3,082)	(4,268)	(426,825)
SE Harmony Corporation	313	333,576	24,722	308,854	95,024	(15,130)	(11,466)	(1,146,644)
SE Bulker Corporation	295	570,972	15,657	555,315	111,978	8,594	5,414	541,423
Sesoda Investment (BVI) Ltd.	51	781	40	741	--	(120)	(98)	(56)
SE Apex Corporation	300	370,519	44,815	325,704	53,503	(42,075)	(42,722)	(4,272,189)
SE Marine Corporation	337	549,594	213,978	335,616	106,061	11,027	1,458	132,564
SE Carrier Corporation	336	619,075	268,690	350,385	158,867	51,872	38,715	3,519,536
SE Evermore Corporation	343	613,994	262,062	351,932	141,990	45,488	33,005	3,000,453
SE Fortune Corporation	338	696,768	309,211	387,557	120,407	24,228	4,946	449,613
SE Royal Corporation	337	643,497	285,659	357,838	142,233	44,480	27,549	2,504,487
SE Delta Corporation	348	615,839	269,847	345,992	116,877	20,143	6,542	594,711
SE Victory Corporation	339	623,566	283,821	339,745	113,858	19,141	3,578	325,292
SE Glory Corporation	339	696,429	309,346	387,083	168,821	70,627	50,405	4,582,252
SE Peace Corporation	334	710,735	308,598	402,137	129,123	34,872	33,092	3,008,401
SS Marine Holding Corporation	--	93	20	73	--	(201)	(236)	--
SE Jasmine Corporation	--	--	20	(20)	--	(36)	(36)	--
East Tender Trading Co., Ltd.	32,000	52,234	13,413	38,821	--	(48)	1,454	--
Zaifeng Motor Freight Co., Ltd.	19,000	27,528	2,176	25,352	14,494	(245)	179	9
Yukari Group Co., Ltd.	21,000	19,664	12,432	7,232	43,579	(3,616)	(3,711)	(2)
E-Teq Venture Co., Ltd.	103,800	102,196	471	101,725	1,042	(2,711)	7,263	1
YUN SHENG INVESTMENT CO., LTD.	30,000	30,146	40	30,106	--	(92)	121	--

(II) Consolidated statements of related companies:

Please refer to **"Six. Financial Overview"** above (2023 consolidated financial statements audited by CPAs).

(III) Relationship report: None.

II. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the last year up to the publication date of the annual report: None.

IV. Other necessary supplementary explanations: None

Nine. Matters of significant impact

In the most recent year and as of the printing date of the annual report, the occurrence of the matters that have a significant impact on shareholders' equity or securities prices: None.