

Stock code: 1708

Sesoda Corporation

2021 Annual Report



Date of publication: March 25, 2022

Annual Report URL:

[http : //www.sesoda.com.tw](http://www.sesoda.com.tw)

Spokesman: Chih-Yung Liu Senior Vice President

Tel: (02) 2704-7272

Email: george@sesoda.com.tw

Deputy Spokesperson: Chu Ching-Yun, Accounting Manager

Tel: (02) 2704-7272

Email: ella@sesoda.com.tw

Headquarters: Sesoda Corporation

Affiliated companies:

East Tender Trading Co., Ltd.,	Zaifeng Motor Freight Co., Ltd.
Yukari Group Co., Ltd.,	E-Teq Venture Co., Ltd.
Yun-Chen Trading Co., Ltd.	Yun-Sheng 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

Tel.: (02) 2704-7272; Fax: (02) 2704-3380

Su'ao Plant: No. 120, Xincheng 1st Road, Su'ao Township, Yilan County

Tel.: (03) 990-5121; Fax: (03) 990-3235

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

Tel.: (04) 798-8931; Fax: (04) 798-8933

Taichung Plant: No. 12, Gongshi Road, Youth Industrial Park, Dajia District, Taichung City

Tel.: (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

Tel.: (02) 6636-5566

Website: <https://ecorp.chinatrust.com.tw/cts/index.jsp>

Finance CPAs: Huang Ming-Hung, Huang Pai-Shu

CPA firm: KPMG Taiwan

Address: 68F No. 7, Sec. 5, Xinyi S. Road, (Taipei 101 Building), Taipei City, Taiwan

Tel.: (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

Website: <http://www.sesoda.com.tw>

Table of Contents

Item	Page
One. Letter to Shareholders -----	1
Two. Company Profile -----	6
I. Date Established-----	6
II. Company History-----	7
Three. Corporate Governance Report -----	12
I. Organization system-----	13
II. Information of Directors, President, Vice Presidents, Senior Managers, and Heads of Departments and Branches-----	17
(I) Directors-----	17
(II) Information on the General Manager, deputy general managers, associate managers, and supervisors of various departments and branches-----	29
III. Remuneration Paid to Directors, President, and Vice Presidents in Recent Years-----	31
(I) Remuneration of general directors and independent directors-----	31
(II) Remuneration of president and vice president-----	34
(III) Analysis of the proportion of total remuneration paid to the Company’s directors, president and vice president to net profit after tax in the last two years-----	37
IV. Corporate Governance Status-----	38
(I) Operation status of the board of directors-----	38
(II) Operation status of the audit committee or status of participation of supervisors in the operation of the board of directors-----	42
(III) Operation status of corporate governance and its differences from the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and the reasons-----	47
(IV) The composition, responsibilities and operation of the Remuneration Committee-----	59
(V) Performance of ESG-----	65
(VI) Performance of ethical corporate management and differences from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and the reasons-----	78
(VII) Inquiry method if the Company has formulated the code of corporate governance and relevant rules and regulations-----	81
(VIII) Other information which may enhance the understanding of the operation status of corporate governance-----	81
(IX) Implementation status of internal control system-----	82
(X) Penalties on the Company and its internal personnel in accordance with the law, the Company’s punishment for its internal personnel violating the provisions of the internal control system, the main deficiencies and improvements in the most recent fiscal year and up to the date of publication of the annual report-----	83
(XI) In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders’ meeting and Board of Directors- -----	84

(XII) Different opinions of directors on important resolutions passed by board meetings, with records or written statements in place in the most recent year and up to the date of publication of the annual report with records or written statements-----	86
(XIII) The resignation and removal of the Company’s chairman, President, chief accountant, treasurer, internal audit supervisor and R&D supervisor in the most recent year and up to the date of publication of the annual report Summary-----	86
V. Information about CPA Professional Fees-----	88
VI. Changes in Accountant Information-----	88
VII. The Company’s chairman, President, or manager responsible for financing or accounting affairs, who has worked for the accounting firm to which CPAs belong or the affiliated enterprises in the past year who has worked for the accounting firm to which CPAs belong or the affiliated enterprises-----	88
VIII. Changes in equity ownership transfer and pledge by directors, managers and shareholders holding more than 10% of the shares in the most recent fiscal year and up to the date of publication of the annual report-----	89
IX. Information about the relationship of the ten largest shareholders-----	91
X. Number of shares held by the Company, its directors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvestment enterprise and the comprehensive shareholding ratio-----	93
Four. Status of Fundraising-----	94
I. Capital and Shares-----	95
(I) Sources of equity-----	95
(II) Shareholder structure-----	97
(III) Distribution of Equity-----	98
(IV) List of major shareholders-----	98
(V) Information about market price, net value, earnings, and dividends per share in the most recent two years-----	99
(VI) Company dividend policy and implementation status-----	100
(VII) The influence of stock dividends planned to be paid in the Shareholders’ meeting of this year on the operation performance and earnings per share of the Company-----	100
(VIII) Remuneration of employees and directors-----	100
(IX) The Company’s buyback of its own shares-----	100
II. Handling of corporate bonds-----	102
III. Disposal of preferred shares-----	102
IV. Circumstances of handling overseas depository receipts-----	102
V. Handling of employee stock options-----	102
VI. Handling of restricted employee shares-----	102
VII. Handling of M&A or transfer of shares of other companies to issue new shares--	102
VIII. Implementation status of fund utilization plan-----	102
Five. Overview of Operations-----	103
I. Business content-----	104
(I) Business Scope-----	104
(II) Industry Overview-----	106
(III) Technology and R&D Overview-----	117
(IV) Long-term and short-term business development plans-----	119
II. Market and production and sales overview-----	120
(I) Market analysis-----	120

(II)	Important uses and production processes of main products-----	126
(III)	Supply status of main raw materials-----	131
(IV)	List of main purchase and sales customers in the last two years-----	131
(V)	Production value in the last two years-----	132
(VI)	Sales volume in the last two years-----	133
III.	Practitioner information-----	134
IV.	Environmental protection expenditure information-----	136
V.	Labor Relations-----	138
VI.	Cyber security management-----	143
VII.	Important contracts-----	146
Six.	Financial Overview -----	147
I.	Concise balance sheet and profit and loss statement for the most recent five years-----	148
II.	Financial analysis for the last five years-----	153
III.	The audit committee’s review report on the latest annual financial report-----	156
IV.	The most recent annual financial reports-----	157
V.	Parent company’s only financial statement for the most recent fiscal year, certified by a CPA-----	223
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-----	294
Seven.	Financial status and financial performance review analysis and risk issues -----	295
I.	Review and analysis financial status-----	296
II.	Financial Performance-----	297
III.	Cash flows-----	298
IV.	The impact of major capital expenditures in recent years on financial operations-----	299
V.	Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year-----	300
VI.	Analysis and assessment of risk issues in the most recent year and up to the date of publication of the annual report-----	300
VII.	Other important matters-----	304
Eight.	Special Records -----	305
I.	Related information of affiliated companies-----	305
II.	Handling of privately placed securities in the most recent year and as of the date of publication of the annual report -----	313
III.	Status of holding or disposing of the Company’s stocks by subsidiaries in the most recent year and as of the date of publication of the annual report-----	313
IV.	Other necessary supplementary explanations-----	313
Nine.	Events with significant impact -----	314

One. Letter to Shareholders

2021 rating Reports

I. Compared to other countries, Taiwan is lucky. Although the unexpected outbreak of epidemic in Taiwan in May 2021 became severe, by the efforts of the government, industries, and people, we had successfully overcome the challenge, got the epidemic under control, and lived as usual. Although the repeated explosion of the epidemics, price spikes continue, the economic growth rate, foreign trades, investments, production and other aspects, etc., have performed well in Taiwan. It assumes that the global economic growth may not be as good as expected due to the worries of the spread of Omicron, the unresolved problem of supply chain, and continuous inflationary pressure, so the global economic shall not reach an expected level. However, economic recovery shall be expected well in 2022. For unexpected outbreak of the Ukrainian–Russian war, it dropped a ticking time bomb on the global economic. At present, the major domestic products and market expectations keep stable, export and export orders continue to increase. We are optimistic that the overall sales will increase a lot this year.

(I) Business Plan Implementation Results and Budget Implementation Status

Core Industrial Chemical Business:

For the sales of basic chemical raw materials, in addition to continuing to maintain and strengthen customer relations and striving for the support of upstream suppliers, the Company will actively take its competitors' shares, effectively improve sales and consolidate its market share.

The export of potassium sulfate will continue to face a problem- increasing prices of raw materials, more competition in the markets, and unresolved impact of high shipping costs in the short term. Many customers keep a conservation attitude, owing to Ukraine-Russia War, which may lead to a short-term increase in fertilizer costs, and market prices that face a pretty bumpy ride. The company will make sales strategies and price adjustments, based on market and customer requirements, and increase export orders of bulk ships. At the same time, it continues to focus on research and development to meet different requirements of customers, and the overall product strategy shall be towards diversification of development, with a goal of providing customers more comprehensive services.

The company's consolidated operating income was NT\$4,795,266 thousand in 2021, with an increase of 18.8% compared to the previous year, and the profit was NT\$670,871 thousand, with an increase of 285.3% compared to the previous year. Earnings per share were NT\$2.69.

Owing to severe shipping environment, sea freight soaring, and the company's basic chemical raw materials markets, suffered by the increase in the supply prices, a decrease in downstream customers and market demands, and our sales face great pressure. Due to the soaring pressure of raw materials and sea freight, the prices increase a lot, and competitors bidding for customers, suppliers of raw materials have had a lot of impact on turnover and profits. Besides this, since global shipping is not good and the containers are difficult to arrange, it triggers serious delays in the arrival of goods, and the dilemma of shortage of inventories, making it a challenge for us to keep a stable supply of market share. The domestic market, as a whole, could not get rid of the malicious price competition. Although the Company tried to maintain the market share of its main products, its profit was severely impacted.

Products of potassium sulfate suffered by container freight of ocean-going increasing, lack of cabin, labor, and ships have become normal, and prices of raw materials of potassium chloride and potassium sulfate has increased. The international prices of potassium chloride reached the highest level compared in the past ten years, becoming a serious challenge for sales. However, in a decentralized market, flexible sales and prices adjustment at times shall correspond to market changes. Under the sales strategy of seeking for bulk ship shipments, although the sales volume in 2021 was slightly lower than that in 2020 by several thousand tons, operating income and profit, and profit all grew a lot.

Subsidiary shipping business:

After affected by the epidemic around the world in 2021, many governments have increased infrastructure construction to promote domestic economy of their countries and the demand for transportation capacity has increased. However, from 2019 to 2020, due to the rising steel price, the new shipbuilding costs remained a high level and the number of new ships in the year decreased a lot, and human resources on the port was insufficient due to port congestion or the lack of laborers, so the shipping capacity could not be implemented, inducing the global shipping rent to rise in the last half of 2021. Subsidiary shipping businesses benefited from those who switched to new contracts after the original leases expired, with an overall average increase over 80% in 2021. Shipping cost: The most affected aspects by the epidemic is crew rotation. Due to different prevention regulations for the epidemic in different places, the costs and time for crew members to get on and off the ship have increased. In addition, due to the impact of inflation, the supply and replenishment costs of supplies of marine have been affected, However, overall profit are growing, and the Group's profits shall be increased.

Subsidiary catering business:

In 2021, it was affected by the level 3 national alert. Fortunately, customers returned after the restrictions on eating in the restaurant were lifted, and it was helpful for reducing operating losses throughout whole year. Since the epidemic in Taiwan is under control, and restrictions are expected to be gradually lifted, we expect to return to normal operations, grow a lot, and earn many profits.

(II) Analysis of financial revenue and expenditure and profitability

1. Revenues and expenses

Unit: NTD Thousand

Item	2021	2020	Increase (Decrease)
Operating revenue	4,795,266	4,034,992	760,274
Operating costs	3,229,062	3,197,912	31,150
Operating profit	813,900	254,328	559,572
Net profit for the period	670,871	174,129	496,742

2. Profitability analysis

Item	2021	2020
Return on assets	6%	2%
Return on equity	11%	3%
Net profit before tax to paid-in capital ratio	33%	8%
Net profit margin	14%	4%
Earnings per share (NT Dollars)	2.69	0.70

(III) Research and development status

Core Industrial Chemical Business

- A. Taking into account the trend of consumer application of granular potassium sulfate in the international market, the Company will continue to develop the round granular potassium sulfate in order to expand the sales of granular potassium sulfate. At present, we have acquired the relevant production technology and equipment suppliers. After the epidemic becomes stabilized, and prevention measures of other countries stopped, and we will set up the relevant production equipment after on-site inspections.
- B. For the international trend of reducing carbon emissions, avoid expenditures carbon tax in the future, and the purpose of carbon neutrality on the earth, we plan to capture carbon dioxide in production procedure of calcium chloride, and import heavy alkali as raw material, study the control parameters of crystal size, and build a product line of baking soda. We expect to produce in the local area, reduce carbon footprint, adopt “green products” that effectively reduce carbon dioxide emissions, and supply a fast-growing market for treatment applications of incinerator flue gas in the future.
- C. To save energy and reduce carbon emissions, decrease production costs and improve competitiveness of products, we shall design and set up a recovery system of potassium sulfate at high temperature for flue gas heat, Except for used in the production of baking soda, it can also be used in supply of the heat source for drying sludge and decrease heat emissions. To improve global warming and climate changes, we cooperate with CSR responsibility, and set the goal of ESG.

II. Summary of Business Plan for the Year

(I) Operating strategy

The Company will continue to deepen and expand its base in the chemical market, the shipping subsidiary will continue to be fully leased with its best configuration, and the catering industry, in addition to maintaining the high-quality requirement for its brand, will seek to improve its service. Besides this, the Company will make more diversified investments to increase its profit base.

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

Chemical industry: For the sales of basic chemical raw materials, in addition to continuing to maintain and strengthen customer relations and striving for the support of upstream suppliers, the Company will actively take its competitors' shares, effectively improve sales and consolidate its market share.

The export of potassium sulfate will continue to face a problem- increasing prices of raw materials, more competition in the markets, and unresolved impact of high shipping costs in the short term. Many customers keep a conservation attitude, owing to Ukraine-Russia War, which may lead to a short-term increase in fertilizer costs, and market prices that face a pretty bumpy ride. The company will make sales strategies and price adjustments, based on market and customer requirements, and increase export orders of bulk ships. At the same time, it continues to focus on research and development to meet different requirements of customers, and the overall product strategy shall be towards diversification of development, with a goal of providing customers more comprehensive services.

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	341,022	349,196
Trading	103,783	98,419
Total	444,805	447,615

Subsidiary shipping business:

Since the epidemic, governments in many countries have stepped up infrastructure to improve the domestic economy, but, from 2020 to 2021, the prices of steel increase and costs of new ships are still higher, and the number of new ships decreased a lot, so the market, which was oversupplied compared to the previous year, has been adjusted. The Ukraine–Russia war will affect transportation of grain and coal between the two countries in the future, and European demands for these materials will be expected to be transferred into Americas, by ocean-going shipment. Based on the market trend, the demands for the capacity of bulk carrier will continue to be increased in 2022.

Except for keeping navigation safety and well development, we will simultaneously improve the control of operating costs, and follow the policy of global environmental protection. We expect the shipping industry acquire better prospects in 2022.

Catering:

In 2022, except for keeping the quality of star-rated seasonal catering, we will focus on research and promotion of take-out items of foods for customers. Besides

this, customers who eat in the restaurant can feel the atmosphere and the service of adjust diet, so we could increase consumers group and decrease impact by the epidemic on the business.

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

In the chemical industry as our base, in response to the increasing demand for granular potassium sulfate from customers, we are continuing to expand our production capacity. At the beginning of 2021, we also started to invite professional consultants to assist our Su'ao General Plant on the ISO 45001 and ISO 14001 certification; in addition to further ensuring the work safety of plant production and operating procedures as well as implementing our corporate responsibility on the environment, they are the solid cornerstones for the Company to move towards sustainable operation.

For shipping business, international regulations continue to concentrate on environmental protection. Except for complying with international regulations, we ask the fleet for complying with latest environmental protection and safety requirements, and will evaluate the market situations at times, and replace the old with new ones if necessary.

In the catering business of the subsidiary, after several years of diligent management of its own brand, it has accumulated considerable brand awareness, and its business turnover has been growing year by year. The "Qian An He" restaurant under it has won the one-star rating by the "Michelin Guide Taipei" for three consecutive years; in addition to focusing on food safety and fresh and healthy meals of the season, it continues to improve its service quality in the hope of going further ahead.

Regarding the regulatory environment, the Executive Yuan actively promotes the revision of the Company Act in order to provide a friendly innovation and entrepreneurial environment, strengthen corporate governance, enhance shareholder rights, increase business flexibility, efficiency and electronic management systems, and comply with international anti-money laundering regulations, and the Company will continue to track related issues. 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 Rong-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

Tel: (02) 2704--7272 (Representative)

Fax: (02) 2704--3380

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

(III) Core industrial chemical business

Su'ao Plant: No. 120, Xincheng 1st Road, Su'ao Township, Yilan County

Tel.: (02) 2704--7272 (Representative)

Fax: (03) 990--3235

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

Tel. (04) 798--8931

Fax: (04) 798--8933

Taichung Plant: No. 12, Gongshi Road, Youth Industrial Park, Dajia District, Taichung City

Tel.: (04) 2681--6685

Fax: (04) 2681--6686

(IV) Shipping business: Sesoda Steamship Corporation

Salduba Building, TopFloor, Urbanizacion Obarrio, Panama City,

Panama

Tel.: (02) 2704-7272 (Representative)

Fax: (02) 2704--3380

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

1F, No. 9, Lane 160, Yanji Street, Da'an District, Taipei City

Tel.: (02)2751-9828

Fax: (02) 2751--2528

II. Company History

- 1957

Sesoda Corporation was formally established with soda ash as its 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 Company changed its name to Sesoda Corporation.
- 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 Su’ao 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. Reduced 25% capital by cash and the paid-in capital was NT\$157.8 billion.
 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. Purchased the 28,306 DWT bulk carrier m.v. “Ansac Sesoda.”
2. Purchased the 32,739 DWT bulk carrier m.v. “Ansac Splendor.”
3. The new 28,191 DWT bulk carrier m.v. “Nord Yilan” was delivered.

• 2011

1. Renamed m.v. “Crystal Ocean” as 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. Purchased the 32,729 DWT bulk carrier m.v. “Achilles Bulker.”
2. East Tender Optoelectronics completed public offering of shares.

• 2013

1. Ordered two 33,000 DWT bulk carriers which were expected to be delivered before the end of November 2015 and the end of March 2016.
2. The newly built 32,706 DWT bulk carrier m.v. “Ansac Enterprise” was delivered.
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. The newly built 33,199 DWT bulk carrier m.v. “Emerald Enterprise” was delivered.
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. The newly built 33,415 DWT bulk carrier m.v. “Ruby Enterprise” was delivered.

• 2017

1. The Company marked its 60th anniversary.
2. The newly built 34,552 DWT bulk carrier m.v. “Andrea Enterprise” was delivered.
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. Took delivery of newly built 33,173 DWT bulk carrier m.v. “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. Yukari Group’s QIANANHE Restaurant received a one-star rating from the Michelin Guide Taipei.
3. Purchased outstanding stocks of Zaifeng Motor Freight, making it a 100%-owned freight company of the Group.

• 2019

1. Completed expansion of the 13th and 14th SOP production lines.
2. Took delivery of newly built 34,000 DWT bulk carrier m.v. “REMY ENTERPRISE”.
3. Took delivery of newly built 38,000 DWT bulk carrier m.v. “SE CARDI.”
4. QIANANHE Restaurant was awarded one star in the Michelin Guide Taipei in 2019.

- 2020

The catering business exhibition shop “Ken shabushabu,” at the same time QIANANHE won the “Michelin Guide Taipei” one-star appraisal for the third consecutive year.

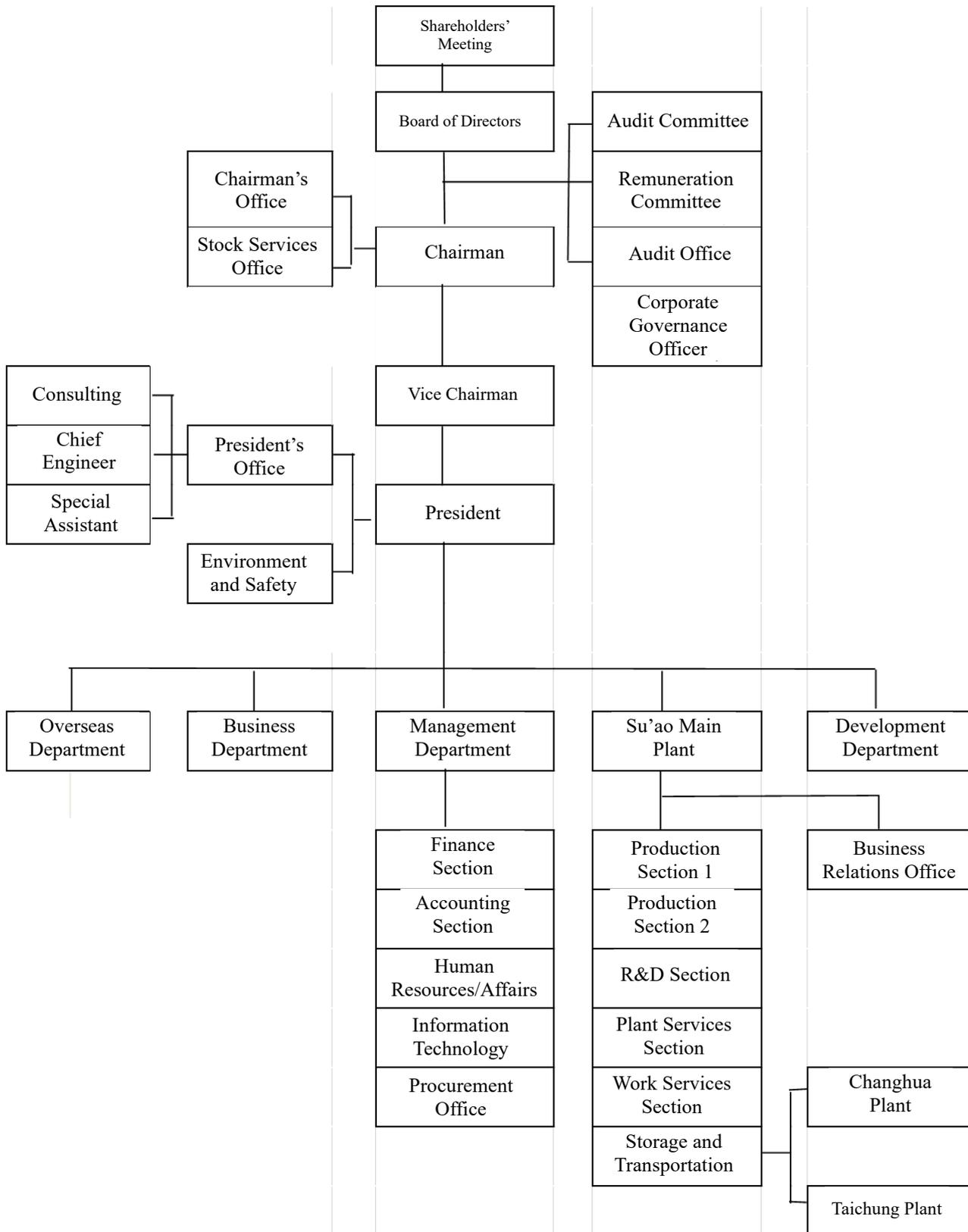
- 2021

1. Invested in Qingdao Soda Industry Potash Technology Co., Ltd. of China for keeping shareholding ratio, due to cooperate with its funds requirements of increasing production.
2. Earned ISO-14001 / ISO-45001 certificate

Three. Corporate Governance Report

I. Organization System

(I) Organizational Structure



(II) Business of each major department

1. President's Office:
 - (1) Planning, assisting in 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.

2. Environment and Safety Office:
 - (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 related labor safety and health management matters.

3. 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.

4. Stock Services Office:
 - (1) Preparatory arrangements for the shareholders' meetings
 - (2) Preparatory arrangements for the board of directors and the compilation and review of meeting handbooks.
 - (3) The establishment of business contacts and public relations between stock agencies and securities authorities.
 - (4) Cooperate with the provision of relevant information on the affairs of securities laws and regulations.
 - (5) Transaction processing of new shares issuances and verification and statistics of shareholders' equity.
 - (6) Research laws and regulations related to stock affairs.

5. 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) periodically review sales strategies and market responsiveness.
6. Overseas Department:
- (1) Comprehensively manage export business, procurement of all business externally.
 - (2) The formulation and implementation of the management, deployment, supervision, assessment, pre-employment training, and on-the-job training plan of export sales personnel.
 - (3) Establishment and implementation of export business objectives, review and improvement.
 - (4) Formulate marketing strategies, and promote and review them based on information on the export market.
7. Management Department:
- (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 the purchase, maintenance, scrapping, sale, transaction, insurance and other related matters connected to fixed assets.
 - (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.
8. Su'ao Main Plant:
- (1) Product production, manufacturing, process control, quality, capacity, delivery control, and other production-related 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.
9. 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 President'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. Directors' Information

2022/3/22

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date appointed (took office)	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 Rong-Yuan	Male 67	2021.7.5.	2021.7.5. ~ 2024.7.4.	2009.5.22 2015.5.14	14,758,338	6.46%	16,086,588	6.46%	0	0	0	0	Master's degree, Florida Institute of Technology	Chairman/President of East Tender Trading Co., Ltd. Director, Hebei Oxen Special Chemicals Co. Director, Qingdao Soda Industry Potash Technology Co., Ltd. of China.	--	--	--	
Vice Chairman	Republic of China, United States	Sincere Industrial Corporation Representative: Chen Cheng-Te	Male 43	2021.7.5.	2021.7.5. ~ 2024.7.4.	1994.4.21 2009.5.22	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 President of Sande International Investment Co., Ltd. Chairman of East Tender Optoelectronics Co., Ltd. Chairman of Yun-Sheng Investment Co., Ltd. Chairman of Sesoda Social Welfare Foundation	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 76	2021.7.5.	2021.7.5. ~ 2024.7.4.	1994.4.21 1979.3.30	3,425,923	1.50%	3,734,256	1.50%	0	0	0	0	Department of Industrial Engineering, Chung Yuan Christian University Industrial Engineering	Director, Sincere Industrial Corporation Chairman of Chengbang Investment Co., Ltd. Sesoda Steamship Corporation Director/President Sesoda Investment (BVI) Ltd. Director/President	Director Director	Chen Li-Te Chen Cheng-Te Chen Yi-Te	Father and son Father and son Father and son	

Director	Republic of China United States	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	Male 56	2021.7.5.	2021.7.5. ~ 2024.7.4.	2009.5.22 . 2006.5.12 .	14,758,338	6.46%	16,086,588	6.46%	0	0	0	0	South California University department of business administration	Director, Sincere Industrial Corporation	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 79	2021.7.5.	2021.7.5. ~ 2024.7.4.	2009.5.22 . 1982.3.31 .	4,017,929	1.76%	4,379,542 4,283,199	1.76% 1.72%	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	Sande International Investment Co., Ltd. Representative: Chen Yi-Te	Male 41	2022.2.10	2022.2.16 ~ 2024.7.4.	2009.5.22 . 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. Supervisor, East Tender Trading Co., Ltd. Senior Deputy President of Sesoda Corporation	Director Director	Chen Kai-Yuan Chen Li-Te Chen Cheng-Te	Father and son Brothers Brothers

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date appointed (took office) 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			Note (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 Singapore	Sincere Industrial Corporation Representative: Chu Yuan-Hua	Male 56	2021.7.5.	2021.7.5-2024.7.4.	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.	--	--	--	
Independent Director	Republic of China	Wang Po-Hsin	Male 68	2021.7.5.	2021.7.5-2024.7.4.	2018.6.8.	0	0	0	0	0	0	0	0	Michigan State University, United States Master of Business Administration,	Independent Director, Prudential Life Insurance Co., Ltd. Director, Microtips Technology Inc. Vice Chairman of FCC Partners (Taipei) Inc. Director, Taiwan Mergers & Acquisitions and Private Equity Council Chairman of Extreme Education Consulting Co., Ltd. Chairman of Lingtao Xinchuang Co., Ltd.	--	--	--	

Independent Director	Republic of China	Tsao Ming	Male 76	2021.7.5.	2021.7.5-2024.7.4.	2015.5.14	0	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 President of Mai-Liao Power Corporation	--	--	--	
Independent Director	Republic of China	Jih-Chuan Chu	Male 48	2021.7.5.	2021.7.5-2024.7.4.	2021.7.5.	0	0	0	0	0	0	0	0	0	Master of Laws, Northwestern University	Partner Lawyer of Liu, Chang & Partners Assistant Partner Lawyer of Baker & McKenzie Lawyer of Formosa Transnational Attorneys at Law. Lawyer of TDCC Lawyer of CDIC	--	--	--	

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 indicate the actual age in intervals, such as 41–51 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 President 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.).

Table 1: Major Shareholders of Institutional Shareholders

2022/3/25

Name of institutional shareholder (Note 1)	Major shareholders of institutional shareholder (Note 2)
Sincere Industrial Corporation	Chen Kai-Yuan (15.1%), Chen Li-Te(13.98%), CHEN,CHUNG-YI(15.27%), CHEN,CHUNG-YING(14.8%), CHU,YING-LUNG(9.6%), Chu Ying-Piao(7.31%), Ting Chao-Kuo(4.4%), LAI, WEN-CHANG(3.5%), HSIN CHU,AN-HSING(2.2%)
Zhengbang Investment Co., Ltd.	Wintex Limited 100%
San De International Investment Co., Ltd.	Heritage Investment Holding Company Limited 100%
Yalan Investment Consulting Co., Ltd.	Wu Chung-Li (9.85%), Wu Li Ya-Ming (10%), Wu Chih-Yi (40%), Wu Chih-Wen (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 name of the main shareholder of the juridical person (where its shareholding ratio falls in the top ten) and its shareholding ratio. If the main shareholder is a juridical person, the following Table 2 shall be filled in.

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, and it shall be noted "death" as the donor passed away.

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

2022/3/25

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 and Supervisors

Professional qualifications of directors, and disclosure of independence analysis of independent directors

Name	Terms	Professional qualifications and experience (Note 1)	Conditions of independence (Note 2)	Number of other public companies where he/she concurrently serves as an independent director
Chen Rong-Yuan	Education: MBA of Florida Institute of Technology Experience: 1. Representative of Sesoda Corporation 2. President of Hebei Oxen Special Chemicals Ltd. 3. University Lecturer Qualification	①③④⑥⑦⑧⑨⑩⑪	0	
Chen Kai-Yuan	Education: Department of Industrial Engineering, Chung Yuan Christian University Experience: Director of Sincere Industrial Corporation 1. Chairman of Zhengbang Investment Co., Ltd.	①③⑥⑦⑧⑨⑪	0	
Chen Li-Te	Education: Department of business administration, South California University Experience: Director of Sincere Industrial Corporation	①③⑥⑦⑧⑨⑪	0	

Chen Cheng-Te	<p>Education: MBA, New York University Stern School of Business</p> <p>Experience: 1. Deputy Chairman of Sesoda Corporation 2. Chairman of East Tender Optoelectronics Co., Ltd. 3. Director of Sincere Industrial Corporation</p>	①③⑥⑦⑧⑨⑪	0
Chu Yuan-Hua	<p>Education: MBA, Holy Names University, United States</p> <p>Experience: Macy's Department Store Business Administrative Assistant</p>	①③⑥⑦⑧⑨⑩⑪	0
Chen Yi-Te (Note 3)	<p>Education: Department of Management</p> <p>Experience: 1. Chairman of Yukari Co., Ltd. 2. Chairman of Sincere Industrial Corporation 3. President of Chengbang Investment Co., Ltd.</p>	①③⑥⑦⑧⑨⑪	0
Wu Chung-Li	<p>Education: Department of Business Administration, Chu Hai College of Higher Education, Hong Kong</p> <p>Experience: Director, Teh-Hu Cargocean Management Company Limited</p>	①④⑥⑦⑧⑨⑩⑪	0

<p>Huang Chih-Cheng (Note 3)</p>	<p>Education: Arizona State University Experience: President of Sesoda Corporation</p>	<p>①③⑥⑦⑧⑨⑩⑪</p>	<p>0</p>
<p>Tsao Ming</p>	<p>Education: Master of Advanced Business Administration, National Sun Yat-sen University Experience: 1. President, 2. Vice Preident, 3. Chairman of OPIC</p>	<p>①②③④⑤⑥⑦⑧⑨⑩⑪⑫</p>	<p>0</p>
<p>Jih-Chuan Chu</p>	<p>Education: Master of Laws, Northwestern University Experience: 1. Assistant Partner Lawyer of Baker & McKenzie 2. Lawyer of Formosa Transnational Attorneys at Law. 3. Lawyer of TDCC 4. Lawyer of CDIC 5. Adjunct Lecturer, Soochow University</p>	<p>①②③④⑤⑥⑦⑧⑨⑩⑪⑫</p>	<p>0</p>

Wang Po-Hsin	Education: Master of Business Administration, Michigan State University, United States Experience: 1. Chairman, Taiwan District of EAST ASIA SECURITIES COMPANY LIMITED 2. Independent Director, PCA Life Assurance Co., Ltd.	<input type="checkbox"/> ① <input type="checkbox"/> ② <input type="checkbox"/> ③ <input type="checkbox"/> ④ <input type="checkbox"/> ⑤ <input type="checkbox"/> ⑥ <input type="checkbox"/> ⑦ <input type="checkbox"/> ⑧ <input type="checkbox"/> ⑨ <input type="checkbox"/> ⑩ <input checked="" type="checkbox"/> ⑪ <input checked="" type="checkbox"/> ⑫	1
--------------	---	---	---

Note 1: Professional qualifications and experience: Please indicate the professional qualifications and experience of individual directors and supervisors; if it belongs to the members of the audit committee and have accounting or finance capabilities, they shall indicate their background and work experience of accounting or finance. Besides this, the company shall indicate whether any circumstances according with Article 30 of the Company Law.

Note 2: Independent directors shall meet the conditions of independence, including but not limited to whether they, their spouses, or relatives within the second degree of kinship not serve as a director, supervisor or an employee of the Company or its affiliates; none of the total number or ratio of issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, (or by the name of others); not an employee of the Company or its affiliates (please refer to Article 3, paragraph 1, subparagraph 5-8 of Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); amounts by acquire services to the Company or its affiliated enterprises in the past two years, for business, legal affairs, finance or accounting related services.

*If the director or supervisor meets the following conditions in the two years before their election and during the term of office, please mark "circle" in the space below each condition code.

- (1) Not an employee of the Company or its affiliates.
- (2) 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 (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) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding percentage is among top ten shareholders.
- (4) The director is 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 which directly holds more than 5% of the total issued shares of the Company, or a top five shareholder, or which appoints its representative as the Company's director or supervisor in accordance with paragraph 1 or 2 of Article 27 of the Company Act (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).
- (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 (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).
- (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 (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).
- (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 NT\$500,000 for business, legal affairs, finance or accounting related services. 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) The director or supervisor has no spouse or second-tier relative relationship with other directors.
- (11) There are no such circumstances as in Article 30 of the Company Act.
- (12) The director or supervisor is not a government agency, a legal person or their representative as stipulated in Article 27 of the Company Act.

Note 3: Huang Chih-Cheng, the representative of the legal being as the representative of San De International Investment Co., Ltd., had been disappointed on February 9, 2022, and we assign Chen Yi-Te as a new representative.

3.The diversified approaches and independence of BOD:

The company advocates and respects the policy of taking diversity of directors. For improving corporate governance and sound development of the composition and structure of the board of directors, it assumes that the policy of taking diversity will help improve performance of the company. The selection and appointment of the board of directors is based on the principle of their talents and abilities, with diversified and complementary capabilities across the industries, including basic components (such as age, gender, nationality), and also have industry experience and related skills (such as shipping, accounting, laws assurance), as well as capabilities of business judgment, business management, leadership and crisis management.

To improve functions of the board of directors and achieve the ideal goals of corporate governance, Article 20 of the Company’s “Corporate Governance Code” indicates that the board of directors should have the following capabilities as follows:

1. Business judgment ability
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

Director name	Core Diversification Projects	Gender	with employee status	Age				Term of Independent Director		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
				40-50 Years Old	51-60 Years Old	61-70 Years Old	above 70 Years Old	Below 3 years	6-9 Years									
Chen Rong-Yuan		Male			V				V	V	V	V	V	V	V	V	V	
Chen Kai-Yuan		Male					V		V	V	V	V	V	V	V	V	V	
Chen Li-Te		Male		V					V	V	V	V	V	V	V	V	V	
Chen Cheng-Te		Male		V					V	V	V	V	V	V	V	V	V	
Chu Yuan-Hua		Male			V				V	V	V	V	V	V	V	V	V	
Wu Chung-Li		Male					V		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	V	
Jih-Chuan Chu		Male		V				V	V	V	V	V	V	V	V	V	V	V

Wang Po-Hsin	Male				V			V	V	V	V	V	V	V	V	V	
--------------	------	--	--	--	---	--	--	---	---	---	---	---	---	---	---	---	--

(1)The 10 directors of the 24th board of directors of (including three independent directors) have business judgment, leadership ability, business management, an international market perspective, crisis management and other capabilities, as well as knowledge of the industry and professional abilities; among them, with experience in the chemical industry are Chairman-Chen Rong-Yuan, Director-Chen Kai-Yuan, Zhong-Li Wu, Chen Li-Te, Chen Cheng-Te, Chen Li-Te and Independent Director-Ming Tsao; with experience in the shipping industries are Director-Chen Kai-Yuan, Zhong-Li Wu, Chen Li-Te, Chen Cheng-Te, Chen Li-Te; with best experience in marketing are Chairman-Chen Rong-Yuan, Director-Chen Kai-Yuan, Zhong-Li Wu, Yuan-Hua Zhu, Chen Li-Te, Chen Cheng-Te, Chen Li-Te; an independent director specializing in laws is JIH-CHUAN CHU; and the independent director, Wang Po-Hsin, has financial and management and other experience, etc.

The average term of directors of the company is 6 years, and the term of 6 directors is more than 6 years. Among them, the term of independent director Ming Tsao is 7 years, as the candidate has a wealth of professional knowledge of chemistry engineering and management skills that can be helpful for the Company, we rely on their specialty, and they tend to supervise the Board of Directors and provide professional opinions. The board members have different nationalities, seven Taiwanese, two American, one Singaporean, and the composition ratio is 30% (three independent directors); one director being as an employee (10%). The range of ages of directors includes three directors 40–50 years old, two directors 51–60 years old, two directors 61–70 years old and three directors over 70 years old.

(2)The aspects, complementarity and implementation of directors’ diversification have met the standards set out in Article 20 of the “Corporate Governance Code” of Sesoda Corporation. In the future, the diversification policy will be revised at times based on the operation of the board of directors, the type of operation and the development requirements, including but not limited to two aspects of standards of basic conditions and values, professional knowledge and skills, so all board members shall have the necessary knowledge, skill, and experience to perform their duties.

(II) The President, assistant Presidents, deputy assistant Presidents, and the chiefs of all the company's divisions and branch units: names; gender; nationality; principal work experience and academic qualifications; date on which current position was assumed; term of contract; and shares held by them and their spouses, children of minor age, and held through nominees

2022/3/22

Title (Note 1)	Nationality	Name	Gender	Date appointed (took office) Date	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 managerial officers Manager			Remarks (Note 3)
					Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
President	Republic of China	Huang Chih-Cheng	Male	2019.12.01	79,662	0.03%	0	0	0	0	Arizona State University	Director, Zaifeng Motor Freight Co., Ltd. Director, East Tender Trading Co., Ltd. Director, East Tender Trading Co., Ltd.	--	--	--	--
Senior Deputy President of Management Department	Republic of China	Liu Chih-Yung	Male	2015.09.21	227,479	0.09%	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 of Sesoda Social Welfare Foundation	--	--	--	--
Director, Su'ao 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 of Sesoda Social Welfare Foundation	--	--	--	--
Vice Director, Su'ao Main Plant:	Republic of China	Hsu, Teng-Hui	Male	2022.02.01	16,078	0.01%					Department of Mechanical and Electro-Mechanical Engineering, Yilan University	None	--	--	--	--

Senior Deputy President of Foreign Department	Republic of China	Chen Yi-Te	Male	2020.07.01	0	0	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.	--	--	--	--
Vice President of Foreign Department	Republic of China	Lin Shu-Yuan	Female	2020.02.03	0	0	0	0	0	0	University of Alabama Marketing Institute	None	--	--	--	--
A.V.P., Chairman's Office	Republic of China	Chiu, Chuang-Chien	Male	2021.06.15	0	0	0	0	0	0	Graduate School 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 Business, Taipei University	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 President, deputy Presidents, associate managers, and the chiefs of all the company's divisions and branches. Regardless of position, all assignments equivalent to President, deputy President, and associate manager 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 President or equivalent (top manager) and the chairman is 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 should be explained (e.g. increasing the number of independent directors, ensuring that more than half of the directors are not concurrent employees or managers, etc.).

III. Remuneration Paid to Directors, President, and Vice Presidents in Recent Years

(I) Remuneration to directors (including independent directors) (disclosing aggregate remuneration information with the name(s) indicated for each remuneration range)

2021/12/31

Unit: NTD Thousand

Title	Name	Directors' Remuneration								Ratio of the total amount of A, B, C, D, v.s. net profit after tax		Remuneration from concurrently serving as employee						Ratio of the total amount of A, B, C, D, E, F, and G vs. net profit after tax		Remuneration received from investee companies outside of subsidiaries or from the parent company		
		Remuneration (A)		Retirement pension (B)		Directors' Remuneration (C) (Note 2)		Business execution costs (D) (Note 1)				Salaries, bonuses and special expenses (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			
Chairman	Zhengbang Investment Co., Ltd. Representative: Chen Rong-Yuan	10,920	10,920	0	0	17,511	17,511	12,403	12,403	6.09%	6.09%	3,569	17,250	108	108	1,868	0	1,868	0	6.91%	8.95%	4,398
Vice Chairman	Sincere Industrial Corporation Representative: Chen Cheng-Te																					
Director	Sincere Industrial Corporation Representative: Chen Kai-Yuan																					
Director	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te																					
Director	Sincere Industrial Corporation Representative: Chu Yuan-Hua																					
Director	Zhifu Investment Co., Ltd. Representative: Chao, Hsin-Rong (predecessor)																					
Director	Sande International Investment Co., Ltd. Representative: Huang Chih-Cheng																					
Director	Jian – Kai property Management Co., Ltd. Representative: Liu, Po-Chien (2021.7.6. Dismissed)																					
Director	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Li																					

Independent Director	Tsao Ming																					
Independent Director	Wang Po-Hsin																					
Independent Director	Chen Pei-Chun (predecessor)																					
Independent Director	Jih-Chuan Chu																					

Note 1: The Company paid NT\$3,526 thousand to the directors and the driver of the chairman for the year.

Note 2: According to the Articles of Association by the resolution of the board meeting on March 24, 2022, the remuneration of the directors in 2021 is calculated at NT\$17,511 thousand. The distribution to directors is estimated based on the distribution ratio last year, and the detailed distribution has not been resolved as of the publication date of the annual report.

Note 3. Except as disclosed in the above Table, the remuneration for the services provided for all companies in the financial report by the directors of the Company in the most recent year (such as consultants who are not employees): None.

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.

Note 5: Term of the former director has expired on July 4, 2021.

Table of Remuneration Scales

Range of remuneration paid to each director of the Company	Director name			
	The total amount of the first four remuneration items (A+B+C+D)		The total amount of the first seven remuneration items (A+B+C+D+E+F+G)	
	The Company	All companies in the financial reports I	The Company	All companies in the financial reports I
Less than 1,000,000	Chao, Hsin-Rong, Liu, Po-Chien Chen Pei-Chun, Jih-Chuan Chu, Huang Chih-Cheng	Chao, Hsin-Rong, Liu, Po-Chien Chen Pei-Chun, Jih-Chuan Chu, Huang Chih-Cheng	Chao, Hsin-Rong, Liu, Po-Chien Chen Pei-Chun, Jih-Chuan Chu	Chao, Hsin-Rong, Liu, Po-Chien Chen Pei-Chun, Jih-Chuan Chu
NTD 1,000,000 (inclusive) – NTD 2,000,000 (exclusive)	Tsao Ming, Wang Po-Hsin, Chu Yuan-Hua	Tsao Ming, Wang Po-Hsin, Chu Yuan-Hua	Tsao Ming, Wang Po-Hsin, Chu Yuan-Hua	Tsao Ming, Wang Po-Hsin, Chu Yuan-Hua
NTD 2,000,000 (inclusive) – NTD 3,500,000 (exclusive)	Wu Chung-Li	Wu Chung-Li	Wu Chung-Li	Wu Chung-Li
NTD 3,500,000 (inclusive) – NTD 5,000,000 (exclusive)	Chen Kai-Yuan	Chen Kai-Yuan	Chen Kai-Yuan	Chen Kai-Yuan
NTD 5,000,000 (inclusive) – NTD 10,000,000 (exclusive)	Rong-Yuan Chen, Cheng-Te Chen	Rong-Yuan Chen, Cheng-Te Chen	Huang Chih-Cheng, Rong-Yuan Chen, Cheng-Te Chen	Huang Chih-Cheng, Rong-Yuan Chen, Cheng-Te Chen
NTD 10,000,000 (inclusive) – NTD 15,000,000 (exclusive)	Chen Li-Te	Chen Li-Te	--	--
NTD 15,000,000 (inclusive) – NTD 30,000,000 (exclusive)	--	--	Chen Li-Te	Chen Li-Te
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	13	13	13	13

(II) Remuneration Paid to President and Deputy President(s)

2021/12/31
Unit: NTD Thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C) (Note 1)		Employee remuneration (D) (Note 2)				Ratio of the total amount of A, B, C and D vs. net profit after tax		Remuneration received from investee companies outside of subsidiaries or from the parent company
		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			
President	Huang Chih-Cheng	10,252	10,966	276	276	592	592	6,739	0	6,739	0	2.66%	2.77%	None
Deputy President	Chen Yi-Te													
Deputy President	Liu Chih-Yung													
Deputy President	Lin Yung-Le (2021.8.27 Dismissed)													
Director of Main Plant:	Shih Yueh-Hui													

Note 1: The Company paid NT\$749 thousand to the President's driver in the current year which was not included in the remuneration above.

Note 2: As of the publication date of the annual report, the Company's proposed distribution of employee remuneration to the President has not yet been determined, and it is estimated based on the actual distribution ratio last year. This year's proposed distribution will be carried out after the resolution is passed in the shareholders' meeting this year, and the information will be updated in the annual report and disclosed on the Company's website.

Table of Remuneration Scales

Range of remunerations paid to President(s) and deputy President(s)	Name of President and Deputy President(s)	
	The Company	All companies in the financial reports E
Less than 1,000,000	--	--
NTD 1,000,000 (inclusive) – NTD 2,000,000 (exclusive)	--	--
NTD 2,000,000 (inclusive) – NTD 3,500,000 (exclusive)	Chen Yi-Te, Liu Chih-Yung, Shih Yueh-Hui, Lin Yung-Le	Liu Chih-Yung, Shih Yueh-Hui, Lin Yung-Le
NTD 3,500,000 (inclusive) – NTD 5,000,000 (exclusive)	--	Chen Yi-Te
NTD 5,000,000 (inclusive) – NTD 10,000,000 (exclusive)	Huang Chih-Cheng	Huang Chih-Cheng
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	5	5

Names of managerial officers entitled to employee bonuses and amounts entitled

2021/12/31

Unit: NTD Thousand

	Title	Name	Share remuneration amount	Amounts of cash compensation (Note 1)	Total	As percentage of income after tax (%)
Manager	President	Huang Chih-Cheng	0	10,909	10,909	1.63%
	Deputy President	Liu Chih-Yung				
	Deputy President	Lin Yung-Le (2021.8.27 Dismissed)				
	Deputy President	Chen Yi-Te				
	Director of Main Plant:	Shih Yueh-Hui				
	Associate Manager	Chiu, Chuang-Chien (2021.6.15 Appointed)				
	Associate Manager	Lin Shu-Yuan				
	Finance Supervisor	Chen Chih-Chun				
	Accounting Supervisor	Chu Ching-Yun				
	Corporate Governance	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 2022 estimate is based on the actual distribution ratio of 2021. The proposed distribution will be carried out after the resolution is passed in the 2022 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, presidents and vice presidents 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 as 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:

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	2020		2021	
	The Company	All companies in the financial reports	The Company	All companies in the financial reports
Total directors' remuneration	23,480	29,704	46,379	60,060
and proportion to net profit after tax:	13.48%	17.06%	6.91%	8.95%
Total Remuneration Paid to President and Deputy President(s)	17,209	17,650	17,859	18,573
Remuneration paid to President and deputy Presidents and ratio to net profit after tax	9.88%	10.14%	2.66%	2.77%

2. The distribution of the remuneration to directors, the President, and deputy Presidents of the Company shall be handled in accordance with Articles 20, 27, and 32 of the Company's Articles of Incorporation and shall also take into account levels customary in the industry and business performance and future risks, and shall be based on the position, responsibilities, and contributions to the Company as agreed upon.

IV. Corporate Governance Status:

(I) Operation status of the board of directors

In 2021, the board of directors held 10 meetings (A), and the status of the directors' attendance was as follows:

Title	Name	Actual number of attendance (with or without voting rights) B	Frequency of attendance	Actual attendance (observation) rate (%) (B/A)	Note
Institutional representative of the Chairman	Representative of Zhengbang Investment Co., Ltd.: Chen Rong-Yuan	10	0	100%	
Institutional representative of the Vice Chairman	Representative of Sincere Industrial Corporation: Chen Cheng-Te	10	0	100%	
Institutional representative of the director	Representative of Sincere Industrial Corporation: Chen Kai-Yuan	8	2	80%	
Institutional representative of the director	Representative of Zhengbang Investment Co., Ltd.: Chen Li-Te	8	2	80%	
Institutional representative of the director	Representative of Sincere Industrial Corporation: Chu Yuan-Hua	8	2	80%	
Institutional representative of the director	Representative of Yalan Investment Consulting Co., Ltd.: Wu Chung-Li	9	1	90%	

Institutional representative of the director	Representative of Zhengbang Investment Co., Ltd.: Huang Chih-Cheng	5	0	100%	New term
Institutional representative of the director	Representative of Zhifu Investment Co., Ltd.: Chao Hsin-Rong	1	3	20%	Prior term
Wang Po-Hsin		10	0	100%	
Tsao Ming		10	0	100%	
Jih-Chuan Chu		5	0	100%	New term
Chen Pei-Chun		4	1	80%	Prior term

Other matters to be recorded:

I. 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:

(I) Matters listed in Article 14-3 of the Securities and Exchange Act.

(II) 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.

II. For recusal of directors from motions due to conflicts of interest, specify the names of the Directors, the content of the motions, the reasons for recusal, and the participation in voting: 2021/9/27 BOD:

(I) To approve the attendance fee for the 2nd Audit Committee.

Resolution: The Directors Po-Hsin Wang, Ming Tsao and Jih-Chuan Chu shall enter recusal during discussion and voting, and other directors present unanimously approved the item without objection.

(II) To approve the attendance fees of members of the 5th Remuneration Committee.

Resolution: The Directors Po-Hsin Wang, and Jih-Chuan Chu shall enter

recusal during discussion and voting, and other directors present unanimously approved the item without objection.

- (III) To approve the plan of salaries of the 24th directors and chairman.
Resolution: The president Chen Cheng-Te, Chairman Chen Rong-Yuan, Vice Chairman Chen Cheng-Te, and Directors Chen Kai-Yuan, Wu Chung-Li shall enter recusal during discussion and voting, and other directors present unanimously approved the item without objection.

2021/12/27 BOD:

- (I) On January 1, 2022, the salaries of Chen Yi-Te, the senior deputy President, shall be increased.
Resolution: The vice chairman Chen Cheng-Te, the Directors Chen Kai-Yuan, and Chen Li-Te shall enter recusal during discussion and voting, and other directors present unanimously approved the item without objection.

III. Status of Evaluation of Board of Directors

Evaluation cycle	Evaluation period (Note 1)	Evaluation scope	Evaluation method	Evaluation content
The internal performance evaluation of the board of directors is carried out periodically every year.	The performance of the board of directors from January 1, 2021 to December 31, 2021 was evaluated.	The evaluation covers the performance of the board of directors, individual directors, the Audit Committee and the Compensation Committee.	It includes the internal self-assessment of the board of directors, self-assessment of directors and performance evaluation by peers.	<p>(I) The measurement items of the performance evaluation of the board of directors of the Company cover the following five aspects:</p> <ol style="list-style-type: none"> 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. <p>(II) The measurement items of the performance evaluation of individual directors (by self or peer) covers the following six aspects:</p> <ol style="list-style-type: none"> 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. <p>(III) The measurement items of the performance evaluation of the Audit Committee shall at least cover the following five aspects:</p> <ol style="list-style-type: none"> 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. <p>(IV) The measurement items of the performance evaluation of the Compensation Committee shall at least cover the following four aspects:</p> <ol style="list-style-type: none"> 1. Degree of participation in the Company's operations. 2. Awareness of the responsibilities of the Compensation Committee. 3. Improvement in the decision-making quality of the Compensation Committee. 4. Composition of the Compensation Committee and election of its members.

Note 1: Re-election of directors by annual shareholders' meeting on July 5, 2021. The performance of new directors from July 5, 2021 to December 31, 2021 was evaluated.

IV. 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) and the status of evaluation: Handled in compliance with laws and regulations

(II) Operation of the Audit Committee

1. Operation of the Audit Committee:

(1) Annual key work and operation status of the Audit Committee:

(A) There are three members of the Audit Committee of the Company.

(B) The Audit Committee's key annual work is the supervision of the following matters:

a. Appropriate expression of the Company's financial statements.

b. Selection (dismissal) of the certifying accountants and their independence and performance.

c. Effective implementation of the Company's internal control.

d. The Company complies with relevant laws and regulations.

e. Management and control of the Company's existing or potential risks.

(C) In the most recent year up to December 31, 2021, the Audit Committee of the Company held four meetings

(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:

In 2021, the Audit Committee held four meetings (A), and the attendance was as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual rate of attendance (%) (B/A)	Note
Audit Committee Member	Wang Po-Hsin	4	0	100%	
Audit Committee Member	Tsao Ming	3	1	75%	
Audit Committee Member	Jih-Chuan Chu	2	0	100%	New term
Audit Committee Member	Chen Pei-Chun	2	0	100%	Prior term

Other matters to be recorded:

I. In case of any of the following circumstances in the operation of the Audit Committee, state the date of the board meeting, the number of the meeting session, the contents of the motion, the resolution of the Audit Committee and

the Company's handling of the opinions of the Audit Committee:

(I) Matters listed in Article 14-5 of the Securities and Exchange Act.

Board of Directors	Date	Proposal content and subsequent handling	The Company's handling of the opinions of the Audit Committee
24th session of the 23rd term	2021/03/29	Resolution on the 2020 Financial statements (including consolidated financial statements). Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Resolution on 2020 earnings distribution. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Resolution to convert 2020 earnings into capital increase and issue new shares. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Resolution on 2020 dividend distribution. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Resolution on appointment of Corporate Governance Officer Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Resolution to lift the non-competition restriction on 24th directors and independent directors. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Statement of internal Control System for 2020. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		1. Increase in capital on subsidiaries 2. Increase in capital on investee Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.

Board of Directors	Date	Proposal content and subsequent handling	The Company's handling of the opinions of the Audit Committee
23rd-26	2021/05/10	To renovate the baking soda factory of the Su'ao Factory. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
24th-2	2021/08/12	New endorsements and guarantees Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		New endorsements and guarantees Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		To authorize the chairman and vice chairman to purchase bulk carriers at an appropriate time. Resolution result: All members present agree to pass the resolution, but to protect best interests of the company, the management team shall pay closer attention to market conditions, and reduce operational risks.	The resolution of the Audit Committee was submitted to the board meeting.
24th-04	2021/11/11	Appointment of CPA Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		New endorsements and guarantees Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Increase in capital on subsidiaries. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.
		Proposal for 2022 Internal Audit Plan. Resolution result: All members present agree to pass the resolution.	The resolution of the Audit Committee was submitted to the board meeting.

- (II) Except for the matters previously mentioned, the other matters that have not been passed by the Audit Committee but approved by more than two thirds of all directors:
- (III) For the implementation of avoidance of motions by independent directors due to a conflict of interest involved: none.
- (IV) Communication between independent directors (Audit Committee) and the internal audit director and accountant
 - (1) 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 in the audit committee meeting every quarter on the audit business and implementation of follow-up actions, and discusses and communicates immediately in response to the questions raised by the members; the accountant attends the audit committee at least once a year to communicate with independent directors on the financial report review and. If necessary, independent directors may also convene a meeting at any time.
 - (C) The audit director and the accountant may directly contact the independent directors as necessary, and the status of communication has been good.
 - (D) The Company also discloses the communication between independent directors and the internal audit director and the accountant on the Company's website.

(2) Summary of communication between independent directors (Audit Committee) and the accountant in 2021.

Date	Focus of communication
2021/03/29	Explanation of the audit of the financial report of 2020: <ol style="list-style-type: none"> 1. Independence. 2. Responsibilities of auditors on the audit of financial statements. 3. Scope of audit 4. Audit findings. 5. Concerns of Competent Authorities 6. Update on Important accounting standards or interpretation letters, securities and tax laws.
2021/11/11	Explanation of the review of the 2021 Q3 financial report: <ol style="list-style-type: none"> 1. Independence. 2. Responsibility of audit personnel for auditing interim financial reports. 3. Audit scope. 4. Audit findings. 5. Annual audit plan. 6. Update on Important accounting standards or interpretation letters, securities and tax laws.
Result: All the matters above have been reviewed or approved by independent directors with no objection.	

(3) Summary of communication between independent directors (Audit Committee) and the internal audit director in 2021.

Audit Committee/ Date	Communication items
2021/03/29	<ol style="list-style-type: none"> 1. Internal Audit Execution Report for December 2020 and from January to February of 2021. 2. Reviewing the “Statement of Internal Control System”
2021/05/10	<ol style="list-style-type: none"> 1. Internal Audit Execution Report in March 2021.
2021/08/12	<ol style="list-style-type: none"> 1. Internal Audit Execution Report for December 2020 and from April to June of 2021.
2021/11/11	<ol style="list-style-type: none"> 1. Internal Audit Execution Report July to September of 2021. 2. Reviewing the 2022 Internal Audit Plan
Result: All the matters above have been reviewed or approved by Audit Committee members, and independent directors had no objection.	

(III) Operation status of corporate governance and its differences 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	
I. 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 formulated a code of practice for corporate governance.	No difference and it has been implemented.
II. The equity structure and shareholders' equity of the Company				
(I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to 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.	There is no deviation from Article 13 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.
(II) Does the Company have a list of the major shareholders who actually control the Company, and the ultimate controllers of the major shareholders?	Yes		The Company's board of directors has a simple composition, and they are all major shareholders	There is no deviation from Article 19 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.
(III) Has the Company established and implemented the risk management, control and prevention mechanisms for affiliated companies?	Yes		Formulate and implement the supervision and management measures of subsidiary companies	There is no deviation from Article 14 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
(IV) Has the Company established internal regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?	Yes		The Company's Ethical Corporate Management Operating Procedures and Behavior Guidelines have regulated and prohibited insider trading.	Deviations from the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation status.
<p>III. Composition and Duties of the Board of Directors</p> <p>(I) Has the board of directors formulated and strictly implemented diversification policies on the composition of its members?</p>	Yes		<p>The composition of the Company's Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards and their implementation:</p> <p>I. Basic requirements and values: Gender, age, nationality, and culture.</p> <p>II. Professional knowledge and skills: A professional background (e.g. law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.</p> <p>Each board member shall have the necessary knowledge, skill, and experience to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities: (Please refer to 3 in the Corporate Governance Report, the implementation of taking diversity of board members)</p> <p>I. The ability to make judgments about operations.</p> <p>II. Accounting and financial analysis ability.</p>	There is no deviation from Article 20 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
(II) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?		No	<p>III. Business management ability. IV. Crisis management ability. V. Knowledge of the industry. VI. An international market perspective. VII. Leadership ability. VIII. Decision-making ability.</p> <p>The Company has set up the Compensation Committee which operates independently, and the Audit Committee after the 2018 shareholders' meeting.</p>	<p>There is no deviation from Article 28 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.</p> <p>This will be handled in accordance with laws and regulations.</p> <p>No differences.</p>
(III) Has the Company established performance evaluation measures and methods for the board of directors, conducted performance evaluation annually and periodically, reported the results of performance evaluation to the board of directors, and applied them to the reference of salary and remuneration of individual directors and nomination and renewal?	Yes		<p>The Company has formulated 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 periodically every year since the first quarter of 2021. The 2021 evaluation results Has reported to BOD on March 24, 2022.</p>	
(IV) Does the Company periodically evaluate the independence of the independent auditor?	Yes		<p>The Company evaluates the independence of the certified public accountant every year, and the year of employment is included in the Audit Committee's discussion items. In addition, the Management Department reports the independence evaluation results to the board meeting (detailed in note 2).</p>	

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
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)?	Yes		<ol style="list-style-type: none"> 1. On March 29, 2021, the board of directors resolved on assigning a corporate governance officer; the secretary of the company's board of directors – the manager Huang Mei-Ling – shall serve as such officer. The duties of the CCGO include: providing directors and Audit Committee members with the data required for the execution of their duties and the latest developments in laws and regulations in relation to business operations, helping directors and Audit Committee members maintain legal compliance, reporting the status of corporate governance to the Corporate Governance Committee and Board each year, handling matters related to Board meetings and meetings of shareholders in accordance with law, producing the minutes of Board meetings and meetings of shareholders, and assisting in the inauguration and continuing education of directors and Audit Committee members. 2. Status of advanced training for Corporate Governance Officer: detailed in the Table below. 	Deviations from the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation status.

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 its website, connecting stakeholders with related departments and personnel. The Management Department assists in properly handling important corporate social responsibility issues that are of concern for stakeholders, and it is supervised by the audit office.	There are no deviations from Article 47 and 51 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.
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 Transfer Agency Department of CTBC Bank to handle affairs connected to the shareholders' meeting.	Deviations from the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation status.
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.	There is no deviation from Article 57 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.
(II) Does the Company adopt other ways of information disclosure (such as setting up an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company's information,	Yes		The Company has dedicated personnel responsible for the collection and disclosure of Company information. The spokesperson's communication channels are very smooth, and shareholders can call to express their opinions or inquiries about the Company's operations.	There are no deviations from Article 56 and 57 of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and implementation has been carried out.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
<p>implementing the spokesperson system, and placing on the Company's website the process of the seminar for institutional investors)?</p> <p>(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?</p>		No	As manpower permits, we cooperate with accountants to disclose information publicly as soon as possible.	There are no deviations from the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies.
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 professional liability insurance coverage for the directors and supervisors)?	Yes		<p>1. 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 3.5% and 1% 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 holiday benefits, children's scholarships, and stipends for weddings and funerals.</p> <p>2. The company's employees have an average tenure of 13.58 years, reflecting the fact that</p>	It conforms to the spirit of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies has been implemented.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			<p>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.</p> <p>3. The phone line of the company's spokesperson is open, accepting telephone inquiries from institutions or shareholders at any time to 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.</p> <p>4. The Company has always maintained long-term relationships with suppliers, stabilized supply relationships, reduced operating supply risks and costs, and protected shareholders' rights.</p> <p>5. The Company's website has set up a special area for stakeholders and prepares a CSR report every year so that all stakeholders can understand the company's operations and express views or make inquiries through contact channels.</p> <p>6. The Company's risk management has always been based on the principles of immediacy,</p>	

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
			<p>openness, honesty, and compliance with government regulations and related laws.</p> <p>7. The Company arranges liability insurance for directors and supervisors every year with an insured amount of NTD\$92,670 thousand.</p> <p>8. Status of advanced training for directors: detailed in the Table below.</p>	
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.	Yes		In addition to strengthening the content of the Company's website and increasing the transparency of the Company's information, the "Board Performance Evaluation Measures" was formulated on November 12, 2020 and the evaluation has been conducted annually since the first quarter of 2021, but there is no external evaluation defined yet.	It conforms to the spirit of Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies has been implemented.

Status of advanced training for directors:

Participants		Date	Course Hours	Organizer	Course title
Title	Name				
Director	Chen Kai-Yuan	2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management
Director	Chen Kai-Yuan	2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits
Director	Wu Chung-Li	2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management
Director	Wu Chung-Li	2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits
Director	Chen Li-Te	2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management
Director	Chen Li-Te	2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits
Director	Chen Rong-Yuan	2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management
Director	Chen Rong-Yuan	2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits
Director	Chen Cheng-Te	2021/10/26	1.0	Taiwan Corporate Governance Association	The gaps between directors and the responsibility for misrepresentation of financial reports
Director	Chen Cheng-Te	2021/10/05	3.0	Digital Governance Association	Using big data to improve business performance and implement ESG by AVM
Director	Chen Cheng-Te	2021/08/31	2.0	Taipei exchange	Online Forum of Improving ESG Held by Taipei exchange
Director	Huang Chih-Cheng	2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management
Director	Huang Chih-Cheng	2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits

Director	Huang Chih-Cheng	2021/11/30	3.0	Taiwan Corporate Governance Association	Analysis of Key Messages and Responsibilities of the Annual Report: Views of Directors and Supervisors
Director	Huang Chih-Cheng	110/11/05	3.0	Taiwan Corporate Governance Association	Top 10 Required Courses for Corporate Governance
Independent Director	Wang Po-Hsin	2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management
Independent Director	Wang Po-Hsin	2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits
Independent Director	Tsao Ming	2021/11/24	3.0	Taiwan Corporate Governance Association	New development of trend and countermeasures of international carbon tariff
Independent Director	Tsao Ming	2021/11/24	3.0	Taiwan Corporate Governance Association	Global Economic Prospects in the Post-epidemic Era
Independent Director	Jih-Chuan Chu	2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management
Independent Director	Jih-Chuan Chu	2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits
Independent Director	Jih-Chuan Chu	2021/11/19	3.0	Taiwan Corporate Governance Association	New challenges of BOD by corporate governance 3.0
Independent Director	Jih-Chuan Chu	2021/11/18	3.0	Taiwan Corporate Governance Association	case analysis and company countermeasures for Hostile mergers and acquisitions

Corporate Governance Officer

Date	Course Hours	Organizer	Course title
2021/08/27	6.0	Internal Audit Association	How to prevent material financial malpractices (empty scouting, insider trading, benefit transfer, manipulation of stock prices, unconventional transactions, misrepresentation on financial reports, etc.)
2021/09/13	6.0	Internal Audit Association	Notices and practical analysis of shareholder's meeting and the Company Law
2021/10/06	3.0	Taiwan Corporate Governance Association	How could enterprises implement energy conservation, carbon reduction, and increase profits
2021/10/06	3.0	Taiwan Corporate Governance Association	CSR to ESG-A primer to Corporate Management

Note: Criteria for assessing the independence of accountants

Evaluation item	Evaluation Results	Whether conforming to the status of independence
1. Do accountants have direct or significant indirect financial interests in the Company?	No	Yes
2. Are accountants involved in financing or guarantees of the Company or the directors of the Company?	No	Yes
3. Do accountants have close business relationships and potential employment relationships with the Company?	No	Yes
4. Have accountants and their audit team members have held positions in the Company for the current or most recent two years as directors, managers or other positions with significant influence on the audit work?	No	Yes
5. Have accountants provided non-audit service items that may directly affect the audit work of the Company?	No	Yes
6. Do accountants hold shares or other securities issued by the Company?	No	Yes
7. Have accountants acted as defenders of the Company or settled conflicts with other third parties on behalf of the Company?	No	Yes
8. Does an accountant share kinship with the directors, managers of the Company or those who have significant influence on the audit case?	No	Yes

(IV) The composition, responsibilities and operation of the Remuneration Committee:

1. Information of the Compensation Committee

2021/12/31

Title (Note 1)	Name Terms	Professional qualifications and experience (Note 2)	Conditions of independence (Note 3)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Independent Director	Wang Po-Hsin	Education: Master of Business Administration, Michigan State University, United States Experience: 1. Chairman, Taiwan District of EAST ASIA SECURITIES COMPANY LIMITED 2. Independent Director, PCA Life Assurance Co., Ltd.	①②③④⑤⑥⑦⑧⑨ ⑩	0
Independent Director	Jih-Chuan Chu	Education: Master of Laws, Northwestern University Experience: 1. Assistant Partner Lawyer of Baker & McKenzie 2. Lawyer of Formosa Transnational Attorneys at Law. 3. Lawyer of TDCC 4. Lawyer of CDIC 5. Adjunct Lecturer, Soochow University	①②③④⑤⑥⑦⑧⑨ ⑩	0

Title (Note 1)	Name Terms	Professional qualifications and experience (Note 2)	Conditions of independence (Note 3)	Number concurrently serving as members of the remuneration committees of other publicly issued companies
Others	Liang Chi-Yen	Education: MBA, NCCU Department of Chemical Engineering, NTHU Professional qualifications: Adjunct Lecturer, Soochow University Experience: 1. Deputy President, CDIB Venture Capital Corporation 2. Manager, HP Inc. 3. Chairman of legal representative, TAINET COMMUNICATION SYSTEM CORP. 4. Chairman of legal representative, OCTTEL COMMUNICATION CO., LTD. 5. Chairman of legal representative, FLEXIUM INTERCONNECT, INC. 6. Director, BRIGHTON-BEST INTERNATIONAL (TAIWAN) INC. 7. Director, Rui Jin 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 of legal representative, Huahe Cultural and Creative	①②③④⑤⑥⑦⑧⑨ ⑩	3

Note 1: Please fill in the form for the relevant working years, professional qualifications and experience and independence of each member of Remuneration Committee. If an independent director, please refer to Appendix 1 – information on directors and supervisors in page 17. (1) Relevant contents Please fill in titles as independent directors or others respectively (if it is the convener, please add a note).

Note 2: Professional qualification and experience: To indicate each member's professional qualification and experience of Remuneration Committee

Note 3: For members who meet the following conditions two years before and during their term of office, please write in the space below each condition code.

- (1) Not an employee of the Company or its affiliates.
- (2) 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 (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) No one percent or more of the total issued shares of the Company are held by him/her or his/her spouse, or minor children or on his/her behalf, or none of their shareholding percentage is among top ten shareholders.
- (4) The director is 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 which directly holds more than 5% of the total issued shares of the Company, or a top five shareholder, or which appoints its representative as the Company's director or supervisor in accordance with paragraph 1 or 2 of Article 27 of the Company Act (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).
- (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 (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).
- (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 (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).
- (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 NT\$500,000 for business, legal affairs, finance or accounting related services. 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) There are no such circumstances as in Article 30 of the Company Act.

2. Responsibilities of the Remuneration Committee

- (1) Periodically review the organizational procedures of the Remuneration Committee and propose amendments.
- (2) Formulate and periodically review the Company's policies, systems, standards and structures of annual and long-term performance targets and remuneration for directors, supervisors, and managers.
- (3) Periodically 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. The content and amount of their individual remuneration.

3. Information on the operation of the Remuneration Committee

- (1) There are three members on the Compensation Committee of the Company.
- (2) The Compensation Committee held six meetings (A) in 2021; the status of member attendance is as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual number of attendances (B)	Note
Convener	Wang Po-Hsin	6	0	100%	
Member	Chen Pei-Chun	2	0	100%	Prior term
Member	Jih-Chuan Chu	4	0	100%	New term
Member	Liang Chi-Yen	6	0	100%	

Other matters to be recorded:

- I. If the board meeting does not adopt or amends the recommendation of the Compensation Committee, state the date, period, content of the proposal, resolution results of the board meeting, and the Company's handling of the opinions of the Compensation Committee (if the compensation adopted by the board meeting is better than the proposal of the Compensation Committee, state the difference and reason):

(I) Discussion Item and resolution of Remuneration Committee

Date of Remuneration Committee	Discussion Item	Resolution
4th-12 2021/1/26	1. To approve the 2021 employee holiday bonuses	All members agreed to approve the item.
	2. To distribute a part of 2020 employee compensation	All members agreed to approve the item.
	3. To increase 2020 employee rewards for consolation	All members agreed to approve the item.
4th-13 2021/3/24	1. 2020 Employee Remuneration and Special Rewards and director remuneration.	All members agreed to approve the item.
	2. 2020 Board of Directors and Evaluation of Functional Committee Performance	All members agreed to approve the item.
5th-1 2022/3/22	1. 2020 Annual Employee Remuneration of Managers distribution of special benefits	All members agreed to approve the item.
	2. 2020 distribution of Director's Remuneration	All members agreed to approve the item.
	3. 2020 Directors and Managers' Review remuneration	All members agreed to approve the item.
	4. To approve transportation fees of the 24th Board of Directors	All members agreed to approve the item.
	5. To approve salaries of the 24th Board of Directors	All members agreed to approve the item.

	6. To approve the attendance fee for the 2nd Audit Committee.	All members agreed to approve the item.
5th-2 2022/3/22	1. To increase employee allowance of living bonus	All members agreed to approve the item.
	2. To approve adjustment of transportation fees of the 24th Board of Directors	Except Director Wang Po-Hsin and Jih-Chuan Chu recused themselves, the other attending members agreed to approve the item.
	3. To approve adjustment of the attendance fee for the 2nd Audit Committee.	Except Director Wang Po-Hsin and Jih-Chuan Chu recused themselves, the other attending members agreed to approve the item.
5th-3 2022/11/5	1. To meet the requirements of renovation of baking soda, we shall approve the remuneration of the retired officers of the factory was hired as a consultant.	All members agreed to approve the item.
5th-4 2022/12/20	1. The amendment of Articles of Incorporation.	All members agreed to approve the item.
	2. The adjustment of salaries of Chen Yi-Te, senior deputy President in the foreign department.	All members agreed to approve the item.

(II) The other matters that have not been passed by the Remuneration Committee but approved by more than two thirds of all directors: None.

(III) On resolutions of the 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) Status of sustainable development promotion and status and causes of inconsistency with the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies (Sustainable Development Best Practice)

Objective	Status of Implementation (Note 1)			Status and causes of inconsistency with Sustainable Development Best Practice
	Yes	No	Summary Description	
I Did the company implement a governance framework and establish a full- (part-) time unit for sustainable development, with senior management authorized by the Board to handle the related matters, and what is the status of Board supervision?	V		<p>1.The former has been approved by BOD for setting up CSR committee, and changed it into ESG committee, which is operated by the management department.</p> <p>2.Divided into the following five groups</p> <p>Corporate Governance Group: Consists of the Management Department/Development Department, responsible for establishing a corporate governance system and complying with relevant laws and regulations and the Company’s Articles of Incorporation.</p> <p>Employee Care Group: It is composed of the Management Department and the personnel unit of the Main Plant. It pays attention to the safety and welfare of employees, cares for employees,and formulates work rules under the Labor Standards Act.</p> <p>Environmental Protection and Energy Conservation Group: It is composed of the General Plant’s production and R&D units to implement environmental protection, safety and health-related activities in compliance with relevant national laws and regulations, actively integrate the plant environment with the community environment,and strive for community recognition.</p> <p>Customer Relations Group: It is composed of the BusinessDepartment/Overseas Department and takes into account the expectations and rights of all stakeholders, communicating with them and</p>	No differences.

		<p>meeting their ultimate expectations.</p> <p>Social Care Group: Composed of the public relations units of the Main Plant/Changhua Plant/Taichung Plant, it is dedicated to promoting good neighbor relations, participating in village activities, and maintaining harmonious relations with community residents.</p> <p>3.The Management Department periodically reports to the Board of Directors on management policies, implementation of strategies and objectives, and reviewing measures.</p>	
<p>II Did the company assess by materiality the risks of environmental, social, and governance issues relating to corporate operations and establish related policies or strategies for risk management? (Note 2)</p>	V	<p>In accordance with the principle of materiality of corporate social responsibility, the company has established 9 major items for the relevant risk assessment of material issues, and set up management policies or strategies of the relevant risks, based on the assessed risks, as follows:</p> <p>I. Environment</p> <p>1. To comply with Environmental regulations: For decreasing impact of production procedures on the environment, enhancing product competitiveness, and implementing corporate social responsibility, the company has classified and controlled all expenditures for environmental protection, and it shall help the company evaluate efficiency of implementation of measures of environmental protection and enhance the company's competitiveness.</p> <p>3. Waste Management: 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.</p>	No differences.

		<p>4. Energy management: With the growth of the company's operations, we shall take a prudent attitude to improve efficiency of all usages for energy, control greenhouse gas emissions, decrease the energy consumption per capita, and avoid from the increase of consumption in oil and electricity.</p> <p>5. Water and release water: To save and make an efficient 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.</p> <p>II. Society</p> <p>I. Working health and safety: The company put much effort in establishment of a safe, healthy and comfortable working environment by working environment and the decrease of occupational disaster rate, we set up "job Safety and Health Policy" for setting the best principles for safety and health management.</p> <p>2. Labor-employment relationship: The company communicates with employees through different methods, reaches a consensus between the two parties, and then improves performance of employees.</p> <p>I. Corporate Governance</p> <p>1. Economic performance: To set up the budgets of annual operating and capital expenditures every year, the management department will report the financial performance at board meetings, by the resolution of BOD. Each business divisions report its operations at the board meetings and hold the monthly business meeting, so that the highest management level</p>	
--	--	---	--

			<p>can control the operation and monitor the progress of the budget.</p> <p>2. Cyber security: To prevent from unauthorized users or data diddling by dealing procedures. Documents are protected from diddling or forgery during transmission or storage.</p> <p>3. Ethics and integrity: To establish a corporate culture of integrity management and sound development to keep a good business operation model and obey it.</p>	
<p>III.Environmental Issues</p> <p>(I)Has the Company established an appropriate environmental management system according to its industrial characteristics?</p>	V		<p>I. An environmental manual and an environmental management system have been established.</p> <p>I. ISO14001:2015 verification of environmental management system passed.</p>	No differences.
<p>(II)Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?</p>	V		<p>Combustion waste heat recovery and reuse and cooling water secondary recovery and cooling reuse.</p>	No differences.
<p>(III)Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related issues?</p>	V		<p>In accordance with risk management procedures, the Business Department includes climate change issues in the risk and opportunity assessment project, and regularly reviews the impact on the Company and the countermeasures every year.</p>	No differences.
<p>(IV)Does the Company prepare statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction,</p>	V		<p>The Company continues to promote energy-saving measures and greening tree planting operations; since 2015 the Company has suppressed 17,882.5 metric tons of CO2 emissions. The overall greenhouse gas emissions of the Su'ao General Plant in 2020 and 2021 (Scope 1) are shown in the following table:</p>	No differences.

greenhouse gas reduction, water consumption reduction or other waste management?			Plant Area/Process	2020	2021		
			Emissions from Su'ao Main Plant (Tons/Year)	23062.81 Tons/Year	23653.53 Tons/Year		
IV.Social Issues (I)Has the Company established related policies and procedures in accordance with applicable legal rules and the International Convention on Human Rights?	V		<ol style="list-style-type: none"> 1. Work rules have been established in accordance with the Labor Standards Act, safety and health manuals, and management methods and procedures have been established. 2. The company periodically reviews its own operations, value chains, and other relevant activities by paying attention to major social issues, questionnaires, etc., and identify and evaluate risks of the human rights, and execute implementation plans based on potential risks. 				No differences.
(II)Has the Company established and Implemented reasonable Employee welfare measures (including compensation, vacation and other benefits), and properly reflected the operating performance or results in employee compensation?	V		<ol style="list-style-type: none"> 1.Employee Remuneration: The company has holiday bonuses, and the remuneration of employees is complied with the company's articles of association. 3.5% of annual profits of the company will be distributed to employees' remuneration and 1% of the special rewards, and our purpose is to encourage all employees to work hard for the company's future goals, according to annual performance of employees. 2.Employee benefits policy The company has established an employee welfare committee, and allocated funds every year in accordance with regulations and provided welfare for employees, such as employee travel allowance, birthday vouchers, scholarships, and new year festival allowances, and we also provide benefits, such as free medical examination. As for the vacation, we provide employees special vacations in accordance with the Labor Standards Law, 				No differences.

		<p>based on five-day work weeks. When our employee needs a long time for the childcare, serious injury, major accident, etc., he/she can also apply for no-paid leave, to meet needs of personal and family care.</p> <p>3. Taking diversity and equity of office To fulfill men and women have equal level of salaries and bonuses and equal opportunities for promotion, and keep more than 20% of female officers to promote sustainable economic growth.</p> <p>4. Business performance is reflected on employee remuneration:</p> <ul style="list-style-type: none"> • Article 28 in Articles of corporation: The company will distribute 3.5% of annual profits to employees and 1% of the special bonus, and the remuneration to the directors shall not exceed 2%. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements. • Overall Renumeration Policy: The company participates in market surveys for salaries each year and adjusts salaries according to levels of salaries in the market, economic trends and personal performance to keep competitiveness of salaries. 	
(III) Has the Company provided a safe and healthy work environment for the employees, and related education on occupational safety and health for the employees at regular intervals?	V	<ol style="list-style-type: none"> 1. The company obeys policies of Occupational Safety and Health Act and the regulations enacted by related groups, and respects requirements of relevant stakeholders for job safety and health, so as to build a healthy and happy workplace. 2. The company takes disaster prevention as the core concept, uses appropriate management tools, mature technologies and available resources to integrate job 	No differences.

		<p>safety and health issues in the factory, propose effective countermeasures, improve and promote a culture for job security. Besides this, we improve protection management of workers, and put resources to prevent occupational disasters for building a zero-incident environment.</p> <p>3. The Company has established the “Employee Health Management Manual” in accordance with laws and regulations, and periodically implements safety and health training for employees.</p>	
(IV) Has the Company provided effective training in career planning for employees?	V	<p>1. The company has planned complete functional training for supervisors and employees at all authentication levels, including the new-employee training, professional advanced training, officer training, etc. We help assist employees continuous studying and growth, and introduce training courses relevant to our belief of corporate ethics to enhance capabilities of employees.</p> <p>2. To regular review and provide feedbacks every year, in order to help employees acquire the best development plan.</p>	No differences.
(V) Did the company handle customer health and safety, customer privacy, marketing and labeling issues relating to products and services in compliance the related laws and regulations and international standards and establish policies and grievance procedures to protect the rights and interests of consumers or customers?	V	<p>The product shall follow the health and safety regulations during its life cycle, such as: “CNS Regulations,” “Fertilizer Management Act,” “Act Governing Food Safety and Sanitation,” “Best Hygiene for Food Practice Guidelines,” “Regulations for the Registration of Food and Food Additives,” “Regulations Governing the Registration of Food Businesses,” “Food Businesses Subject to Inspection, Minimum Inspection Period and Other Related Matters,” “RoHS,” “Regulations for the Labeling and Hazard Communication of Hazardous Chemicals,” etc.</p> <p>To plan surveys of customers satisfaction and make regular statistics every year to improve management of customers’ relationship.</p>	No differences.

			To set up customers a method for complaints and appeal to safeguard the important rights and interests of them.	
(VI)Has the Company formulated supplier management policies, where suppliers are required to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor and their implementation?	V		<p>1. For quality, delivery time, price, environmental protection and food safety of suppliers, the responsible personnel of the department shall evaluate and confirm different products, according to characteristics of products, and qualified suppliers will be listed to allow for procurement. Implemented on a regular and irregular basis.</p> <p>2. To review performance of procurement personnel at times each tear. After the procurement department summarizes scores according to data, it will be reported to officers' approval. After assessment is completed, a written suggestion for suppliers to improve should be sent, based on their disadvantages.</p>	No differences.
V.Did the company prepare and publish such reports as the sustainability report in accordance with the internationally accepted reporting standards or guidelines to disclose the company's non-financial information? Did the company apply for third-party verification and assurance to a third-party certification body for the above report?	V		The company's the "2021 Sesoda Corporation ESG Report" in accordance with GRI Standards, with limited assurance by Crowe Horwath LLP, according to Assurance Engagement Other than Auditing and Reviews of Historical Financial Information by Accounting Research and Development Foundation. We expected to complete it at the end of September, and will publish it on the website.	No differences.
<p>VI.If the company has established its own Sustainable Development Best-Practice Principles with reference to the Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies, please state the differences from the CSR best-practice principles it establishes and operates: In March 2015, the board of directors of the company approved the "CSR Best-Practice Principles" to improve implementation of CSR,</p>				

and it will be edited into “Sustainable Development Best-Practice Principles.” The company reviews implementation of the code and makes improvements. There is no discrepancy at present.

VII. Other important information that helps understand execution of ESG:

The establishment of special unit or personnel of the company’s environmental and job security:

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) Environmental Protection Administration Training Certificate No. FA230234
2	Wastewater Treatment Specialist	Han-Chung Lai	Grade A wastewater treatment	(109) Environmental Protection Administration Training Certificate No. GA010524
3	Second-class technician of Job Security and Sanitary Management	Lai, Chien-Jen	Job Security	222-005605
4	Class-A Job Security and Sanitary Management Officer	Wang, Hung-Wan	Job Security	No. 26709

The Company is a traditional manufacturer of industrial chemical materials (fertilizer). Based on the concept of “take from the earth, use it for the land,” the management and implementation of environmental protection, safety and health related activities have always been in line with national regulations. Laws and regulations are the prerequisite, and actively integrate the plant environment with the community environment, and strive to win the recognition of the community.

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 25,000m² 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.

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

Based on the Company's responsibility to the ecological environment, it strives to continuously improve the production process in pollution prevention (reduction of emissions) and conservation of natural resources (recycling of resources) in order to gradually reduce emissions and energy consumption.

In terms of greenhouse gas emission and reduction, the Su'ao General Plant pays attention to the energy consumption control in the production process, actively implements the use of combustion energy consumption and electricity in the potassium sulfate reactor, and implements heat recovery of the combustion process and adjustment of peak power consumption in combination with plant land greening and continuous planting of trees, so as to compensate and offset 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 CO₂ emissions, and create a win-win future for both the enterprise and the environment.

(2)Air and Water Pollution Prevention

In the prevention and control of air and water pollution, in addition to the establishment of complete prevention and control equipment, the related air pollution and water pollution prevention are strictly controlled in accordance with the regulations, and continuous monitoring is implemented to meet the standard emission values required by law. 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 water discharged from the Main Plant. The impact on the environment is minimized.

(3)Water Conservation

The Company's Su'ao Main Plant still uses groundwater for its production process. Although Yilan has abundant groundwater resources, the Su'ao 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. Make good use of the recycled cooling water for spraying water on storage yards, roads, turf and green plants, in order to make the water resources multi-purpose use.

(4)Waste Management and Resource Recovery

The management of industrial waste in the Su'ao 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, as for the waste in the plant, employees' domestic waste and general waste are periodically cleaned and transported to the incinerator, and other resource waste (disposed iron, PVC pipes, packaging bags, etc.) are recycled by recyclables depots. In addition, on the inorganic sludge, Shengu Company is currently contracted to carry out the total waste reduction project of the sludge washing machine, and then qualified manufacturers are commissioned for removal and disposal.

(5) Other Environmental Protection Related Projects

The Company has always believed that environmental management is a continuous improvement operation. In recent years, it has been actively carrying out the transformation of the overall plant environment, greening and beautifying the plant environment, providing a good working environment for employees, and actively carrying out the work of being close to neighbors. In this way, the Sesoda Su'ao Main Plant can have a new goal of becoming a "good neighbors" for residents in its city.

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.

3. Safety and Health

(1) Safety and Health Management

Implement safety and health education and training every year to ensure that all practitioners can use "safe behavior" and "safe environment" for the sake of safe operations.

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 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.

(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 safety and health management operations, such as process safety and health management, machinery and equipment automatic inspection management measures, safety work permit implementation rules, subcontractor management measures, contractor management, work environment inspection, hazard awareness, TPM system inspection, zero-disaster rewards and punishment operations, and safety and health inspection operations.

In terms of education and training, an annual education and training plan is drawn up every year as required by laws and regulations to implement relevant safety and health education and training and emergency response drills for in-service employees, and to implement in-service retraining operations for special operators to ensure that employees comply with the requirements of the new laws.

(4) Working Environment Measurement

In order to ensure the quality of the working environment for employees, the Company is required by laws and regulations to contact qualified inspection agencies every six months to measure dust, sulfuric acid, lighting and noise in the working environment (workplace and perimeter) to understand the operation of the environmental quality of the environment, and compliance with laws and regulations as the most basic requirements, in order to provide a safe working environment for employees and protect their health.

(5) Emergency Response

The Company's Su'ao General Plant stores and stacks various chemicals in the chemical workplace area. In order to prevent the loss of personnel and property, strengthen the ability of plant personnel to respond to emergencies and natural disasters, and take appropriate response measures for emergency disposal, the procedures are documented, an emergency response organization is established for the general plant, and an emergency response team is set up in each unit to comprehensively evaluate and consider possible situations in advance, and emergency response procedures are established, such as fire accident response measures and process, electric shock incident response measures and process, emergency response procedures for container explosion accidents, emergency response procedures for earthquakes, emergency response procedures for typhoons, and emergency response procedures for leakage of specific chemical substances (e.g. hydrochloric acid, sulfuric acid, heavy oil), etc. Each unit must conduct an emergency drill at least once a year, organize personnel to set up correct handling procedures through regular training, and at the same time make the personnel proficient in the use of safety protection equipment to ensure the safety of personnel and the normal operation of the plant, and avoid environmental impacts and pollution incidents, so as to minimize disaster losses due to accidents.

(6) Employee Health Promotion

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. 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

The Company is in the traditional chemical raw material manufacturing industry, and has always attached utmost importance to the occupational safety and health of its employees. On its operation, "safety first" is the basic requirement; safe hardware and facilities are provided and sound machine and equipment protection measures (fences, protection, signs, etc.) are implemented in the manufacturing environment, and standard work procedures are established to ensure operation safety; in addition, work environment inspection (on dust, noise, lighting, concentration of hazardous substances, etc.) and green beautification of the plant are implemented to provide a safe, hygienic and comfortable work environment.

The Company periodically implements job safety and health training for operation staff, and in response to special operating requirements, operation staff are sent for external training to obtain qualified training licenses, so as to strengthen their awareness and concepts of operation safety, enhance their safety awareness and reduce 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.

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 1: If "yes" is checked in the operation status, please indicate the important policies, strategies, measures and implementation; if "no" is checked in the operation status, please explain the reasons and explain the plans for adopting relevant policies, strategies and measures in the future in the column-"Status and causes of inconsistency with Sustainable Development Best Practice."

Note 2: If the Company has prepared a corporate social responsibility report, the operational situation may indicate the method of consulting the corporate social responsibility report and the index page instead.

Note 3: The principle of materiality refers to those who have a significant impact on the Company's investors and other interested parties related to environmental, social and corporate governance issues.

(VI) Performance of ethical corporate management and differences from the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies and the reasons

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
<p>I. Formulation of ethical management policy and plans</p> <p>(I) Has the Company specified its policy and method for the implementation of ethical corporate management in its internal rules and regulations and external documents, and have the Board and the management of the Company promised to pursue the policy of ethical corporate management?</p> <p>(II) Has the Company established an assessment mechanism for the risk of dishonesty, periodically analyzing and evaluating business activities with a high risk of dishonesty in the business scope, and formulated a plan to prevent dishonesty, and cover at a minimum the preventive measures for various acts under Article 7, Paragraph 2 of “Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies”?</p> <p>(III) Does the Company specify the operating procedures, behavior guidelines, disciplinary penalties and grievance system in the plan to prevent dishonesty, and implement it, and periodically review and revise the pre-</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>The Company has established its Ethical Corporate Management Best-Practice Principles; the directors have long-term holdings of company shares, focus on the Company’s business in a practical manner, and strictly implement the ethical corporate management policy.</p> <p>The Company’s Ethical Corporate Management Best-Practice Principles and Procedures for Ethical Management and Guidelines for Conduct have adopted preventive measures for business activities that have a high risk of dishonesty within the business scope.</p> <p>The Company has formulated and implemented Procedures for Ethical Management and Guidelines for Conduct.</p>	<p>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.</p> <p>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.</p> <p>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.</p>

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
<p>dishonesty by the internal audit unit, to formulate relevant audit plans, and check the compliance with the plan to prevent dishonesty, or entrusted an accountant to perform the audit?</p> <p>(V) Does the Company hold education training in ethical corporate management inside and outside the Company on a regular basis?</p>	Yes		The Company has organized education and training courses on ethical management and placed relevant promotional materials on an electronic bulletin board.	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.
<p>III. Operation of the Company's reporting system</p> <p>(I) Has the Company put in place the specific whistle-blowing and reward system, established a convenient reporting channel, and assigned appropriate personnel to deal with whistle-blowing?</p>	Yes		A documented reporting system has been established, clear and appropriate reporting channels have been established, and appropriate personnel responsible for handling the report have been assigned.	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.
<p>(II) Has the Company established standard operating procedures for accepting complaints, follow-up measures to be taken after the investigation is completed, and relevant confidentiality mechanisms?</p>	Yes		The investigation of the reported matters is actively handled and kept confidential in accordance with the established operating procedures of the Company, and a documented system has been established.	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.
<p>(III) Has the Company taken measures to protect whistle-blowers from retaliation due to reporting?</p>	Yes		The whistle-blower is protected from being improperly handled because of the whistle-blowing, and a documented system has been established.	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.
IV. Strengthening information disclosure				There is no deviation from

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	Summary Description	
(I) Has the Company, on its website and on the Market Observation Post System, disclosed the content and promotion effectiveness of its Ethical Corporate Management Best-Practice Principles?	Yes		Disclosure in the Company's official website area, and in the annual report and Company website, and stock market observatory/corporate governance area.	the spirit of Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, and implementation has been carried out.
VIII.If the Company has enacted the Ethical Corporate Management Best-Practice Principles in accordance with the Ethical Corporate Management Best-Practice Principles for TWSE/GTSM Listed Companies, please describe the difference between its operation and the Principles: No differences.				
IX.Other information that enables a better understanding of the Company's ethical corporate management (for example, the Company's review and revision of the Ethical Corporate Management Best-Practice Principles: Disclosed as above and there is no supplementary information.				

Note: Regardless of whether "Yes" or "No" is checked, the operation status should be described in the summary description field.

- (VII) Inquiry method if the Company has formulated the code of corporate governance and relevant rules and regulations
- (VIII) Other information which may enhance the understanding of the operation status 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 courses for the further education of directors and supervisors to implement the spirit of corporate governance from the Board of Directors.

(IX) Implementation status of internal control system

1. Internal Control System Statement

<p>Sesoda Corporation Internal Control System Statement</p> <p style="text-align: right;">Date: 2022/3/24</p> <p>Based on the findings of the self-assessment, the Company states the following with regard to its internal control system for the year 2021:</p> <p>I. 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.</p> <p>II. 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.</p> <p>III. 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.</p> <p>IV. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.</p> <p>V. Based on the evaluation results in the preceding paragraph, the Company believes that as of December 31, 2021 for its internal control systems (covering supervision and management of subsidiaries), which include understanding of the effectiveness of operations and the extent to which efficiency goals are achieved, the reporting is reliable, timely, transparent, and compliant with relevant laws and regulations, and the design and implementation of relevant internal control systems are effective to reasonably ensure the achievement of the objectives above.</p> <p>VI. 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.</p> <p>VII. This statement was passed by the Company's board in their meeting held on March 24, 2024, and all ten directors present agreed to the content of this Statement.</p> <p style="text-align: center;">Sesoda Corporation</p> <p style="text-align: center;">Chairman: Chen Rong Yuan</p> <p style="text-align: center;">President: Huang Chih Cheng</p>
--

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

- (X) In the most recent year and as of the date of publication of the annual report, whether the Company and its internal personnel have been disciplined according to law, the Company's disciplining of its internal personnel for violating the provisions of the Internal Control System, and major deficiencies and improvements:

Major deficiencies:

Environmental Case:

The Environmental Protection Bureau of the Yilan County Government inspected the Su'ao Plant many times in 2021, and imposed a fine of NTD\$444 thousand for not re-arranging the designated waste personnel within the time limit and stacks not being keep clean in the plant.

Improvements:

The Company actively cooperated with the relevant competent authorities on the improvement requirements; unit supervisors are required to strengthen inspections and audits of on-site work conditions to avoid disasters and accidents.

(XI) In the most recent year and as of the printing date of the annual report, important resolutions of the shareholders' meeting and Board of Directors:

1. Shareholders' Meeting

Summary of content		
Shareholders' Meeting		
Resolution Date	Proposal	Resolution:
2021/07/05	Resolution to convert earnings into capital increase and issue new shares.	The proposal has been approved by BOD and registered on July 29, 2021.
	To change its name as Sesoda Corporation	The proposal has been approved by BOD and will be approved by shareholders' meeting
	The amendment of Articles of Incorporation	The proposal has been approved by BOD and will be approved by shareholders' meeting
	To elect 11 directors of the 24th BOD, including three independent directors, with a term of 3 years, from July 5, 2021 to July 4, 2024.	Director: Representative of Sincere Industrial Corporation: Chen Kai-Yuan Representative of Zhengbang Investment Co., Ltd.: Chen Rong-Yuan Representative of Zhengbang Investment Co., Ltd.: Chen Li-Te Representative of Sincere Industrial Corporation: Chen Cheng-Te Representative of Yalan Investment Consulting Co., Ltd.: Wu Chung-Li Representative of Sincere Industrial Corporation: Chu Yuan-Hua Representative of Zhengbang Investment Co., Ltd.: Huang Chih-Cheng Representative of Jian – Kai Property Management Co., Ltd.: Liu, Po-Chien Independent Director Elected: Wang Po-Hsin, Tsao Ming, Jih-Chuan Chu
	To lift the restriction on the 24th directors of the company, including the representative of corporate directors.	The proposal has been approved by BOD and will be approved by shareholders' meeting

2.Proposal of BOD

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
23rd session of the 23rd term	2021/02/22	Arrangement to hold the 2021 general shareholders' meeting. Resolution result: Approved by all directors present	
24th session of the 23rd term	2021/03/29	Resolution on the 2020 Financial statements (including consolidated financial statements). Resolution result: Approved by all directors present	V
		Resolution on 2020 earnings distribution. Resolution result: Approved by all directors present	
		Resolution to convert 2020 earnings into capital increase and issue new shares. Resolution result: Approved by all directors present	
		Resolution on 2020 dividend distribution. Resolution result: Approved by all directors present	
		The shareholders proposed to distribute a cash dividend of NT\$1 dollar per share and a stock dividend of NT\$1.5 dollars this year, and it will be approved by the shareholders' general meeting. Resolution result: Approved by all directors present	
	2021/03/29	Resolution on appointment of Corporate Governance Officer Resolution result: Approved by all directors present	V
		Resolution to lift the non-competition restriction on 24th directors and independent directors Resolution result: Approved by all directors present	
Internal Control System Statement Resolution result: Approved by all directors present			
	1. Increase in capital on subsidiaries 2. Increase in capital on investee Resolution result: Approved by all directors present		
23rd-26	2021/05/10	To renovate the baking soda factory of the Su'ao Factory. Resolution result: Approved by all directors present	V
24th-2	2021/08/12	We proposed that ex-dividend record date was on September 4, 2021 for the distribution of cash dividend, and the delivery date for the cash	

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-5 of the Securities and Exchange Act
		dividends was on October 15, 2021. Resolution result: Approved by all directors present	
		We proposed that ex-rights record date was on September 4, 2021 for the capitals increasing, and the delivery date for the stock dividends was on October 15, 2021 Resolution result: Approved by all directors present	
		New endorsements and guarantees. Resolution result: Approved by all directors present	V
		New endorsements and guarantees. Resolution result: Approved by all directors present	V
		To authorize the chairman and vice chairman to purchase bulk carriers at an appropriate time. Resolution result: Approved by all directors present	V
24th session of the 23rd term	2021/11/11	Appointment of CPA Resolution result: Approved by all directors present	
		New endorsements and guarantees. Resolution result: Approved by all directors present	
		Increase in capital on subsidiaries Resolution result: Approved by all directors present	V
		Proposal for 2022 Internal Audit Plan Resolution result: Approved by all directors present	
24th-6	2022/2/16	Arrangement to hold the 2021 general shareholders' meeting. Resolution result: Approved by all directors present	

All members of the Audit Committee have no objection or expressed an unqualified opinion to the above proposals.

- (XII) Different opinions of directors on important resolutions passed by board meetings, with records or written statements in place in the most recent year and up to the date of publication of the annual report with records or written statements: NA.

(XIII) The resignation and removal of the Company's chairman, President, chief accountant, treasurer, internal audit supervisor and R&D supervisor in the most recent year and up to the date of publication of the annual report: No such situation.

V. Information about CPA Professional Fees

(I) Are the non-audit public expenses paid to the certifying accountant or the certifying accountant's firm and its affiliates more than one-fourth of the audit fee: None; see the table below for details.

Currency unit: NTD thousand

Accounting firm name	Accountant name	Accountant audit period	Audit fees	Non-audit fees(Note 2)	Total	Note
KPMG Taiwan	Steven Huang and Stella Huang	2021.1.1–2021.12.31	2,540	450	2,990	Note 1

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

Note 2: Including fees and expenditures of tax audit, and audit of checking lists of employee salaries, Capital increase from earnings

(II) Is the audit fee of the new accounting firm in the year of replacement less than the audit fee of the previous year: No. Is the audit fee of the new accounting firm in the year of replacement less than the audit fee of the previous year: No.

(III) Is the audit fee reduced by more than 15% compared with the previous year: No.

VI. Changes in Accountant Information:

No such situation.

VII. Where the Company's chairperson, President, 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. Changes in equity ownership transfer and pledge by directors, managers and shareholders holding more than 10% of the shares in the most recent fiscal year and up to the date of publication of the annual report equity pledge changes

(I) Changes in the shareholdings of directors, managers and major shareholders:

Unit: Shares

Title (Note)	Name	2021		From the current year up to March 22	
		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 Rong-Yuan	1,328,250	4,700,000 (6,700,000)	0	0
Vice Chairman	Sincere Industrial Corporation Representative: Chen Cheng-Te	308,333	0	0	0
Director	Sincere Industrial Corporation Representative: Chen Kai-Yuan	308,333	0	0	0
Director	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	1,328,250	4,700,000 (6,700,000)	0	0
Director	Sincere Industrial Corporation Representative: Chu Yuan-Hua	308,333	0	0	0
Director	San De International Investment Co., Ltd. Representative: Chen Kai-Yuan (2021.7.5. appointed)	447,071	0	0	0
Director	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Li	361,613	0	0	0
Independent Director	Tsao Ming	0	0	0	0
Independent Director	Wang Po-Hsin	0	0	0	0
Independent Director	Jih-Chuan Chu	0	0	0	0
President	Huang Chih-Cheng	6,577	0	0	0

Deputy President	Chen Yi-Te	0	0	0	0
Deputy President	Liu Chih-Yung	18,782 (13,000)	0	0	0
Director of Main Plant:	Shih Yueh-Hui	11	0	0	0
Director of Main Plant:	Hsu, Teng-Hui	0	0	0	0
Deputy President	Lin Shu-Yuan	0	0	0	0
Finance Supervisor	Chen Chih-Chun	1,122	0	0	0
Accounting Supervisor	Chu Ching-Yun	0	0	0	0
Audit Supervisor	Li Yen-Ling	0	0	0	0
Corporate Governance Officer	Huang Mei-Ling	0	0	0	0

Note: Shareholders holding more than 10% of the Company's total shares shall be marked 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 in terms of shareholding ratio

2022/03/22

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	--	--	
Chu Ying-Piao	12,650,048	5.08%	0	0	0	0	Chu Hsiang-Hua	Father and son	
Zhifu Investment Co., Ltd. Responsible person: Chao Tien-Hsing	11,795,945 0	4.74% 0	0 0	0 0	0 0	0 0	--	--	
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	
CTBC Bank in custody for Masterlink Securities (Hong Kong) Co., Ltd. special account	6,000,243	2.41%	0	0	0	0	--	--	
San De International Investment Co., Ltd. Responsible person: Liao Wei-Min	5,414,533 0	2.17% 0	0 0	0 0	0 0	0 0	--	--	
J.P. MORGAN SECURITIES LTD	5,054,415	2.03%	0	0	0	0	--	--	
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	Responsible person Same	

							Education Charity Foundation		
Mr. Zhong-Yae Wu Education Charity Foundation	4,130,662	1.69%	0	0	0	0	Wu Chung-Li	Responsible person	
Responsible person: Wu Chung-Li	4,283,199	1.72%	856,914	0.34%	0	0			

X. Number of shares held by the Company, its directors, managers, and enterprises directly or indirectly controlled by the Company in the same reinvestment enterprise and the comprehensive shareholding ratio

2021/12/31

Reinvested business	The Company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Number of shares (shares)	Percentage of shareholding (%)	Number of shares (shares)	Percentage of shareholding (%)	Number of shares (shares)	Percentage of shareholding (%)
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
Sesoda Investment (BVI) Ltd.	880	50.00	880	50.00	1,760	100.00

Four. Status of Fundraising

I. Capital and Shares

(I) Sources of equity

Month and year	Issuing price (Dollar)	Approved share capital		Paid-in capital		Remarks							
		Number of shares (thousand shares)	Amount (NT\$ thousand)	Number of shares (thousand shares)	Amount (NT\$ thousand)	Source of equity capital (NT\$ thousand)					Property other than cash contributed as equity capital	Others	
						Capital increase in cash	Capital increase from earnings	Employee bonus	Capital surplus	Capital reduction in cash			
46/02	100	100	10,000	100	10,000	10,000	-	-	-	-	-	None	None
47/12	100	260	26,000	260	26,000	16,000	-	-	-	-	-	None	None
48/06	100	340	34,000	340	34,000	8,000	-	-	-	-	-	None	None
49/09	100	420	42,000	420	42,000	8,000	-	-	-	-	-	None	None
50/07	100	520	52,000	520	52,000	10,000	-	-	-	-	-	None	None
53/11	10	6,000	60,000	6,000	60,000	8,000	-	-	-	-	-	None	None
56/12	10	7,000	70,000	7,000	70,000	-	10,000	-	-	-	-	None	None
57/12	10	8,000	80,000	8,000	80,000	3,300	6,700	-	-	-	-	None	None
59/11	10	9,000	90,000	9,000	90,000	-	10,000	-	-	-	-	None	None
67/07	10	11,250	112,500	11,250	112,500	-	22,500	-	-	-	-	None	None
67/11	10	16,830	168,300	16,830	168,300	-	-	-	55,800	-	-	None	None
69/05	10	20,028	200,277	20,028	200,277	-	31,977	-	-	-	-	None	None
70/07	10	30,000	300,000	30,000	300,000	34,032	65,691	-	-	-	-	None	None
71/06	10	32,700	327,000	32,700	327,000	-	-	-	27,000	-	-	None	None
73/11	10	39,567	395,670	39,567	395,670	-	52,320	-	16,350	-	-	None	None
74/08	10	53,020	530,198	53,020	530,198	-	118,701	-	15,827	-	-	None	None
75/07	10	60,071	600,714	60,071	600,714	-	60,973	-	9,543	-	-	None	None
76/07	10	69,082	690,821	69,082	690,821	-	80,496	-	9,611	-	-	None	None
77/06	10	79,444	794,444	79,444	794,444	-	95,333	-	8,290	-	-	None	None
78/06	10	85,403	854,028	85,403	854,028	-	55,611	-	3,973	-	-	None	None
79/06	10	98,213	982,132	98,213	982,132	-	128,104	-	-	-	-	None	None
80/07	10	108,184	1,081,845	108,184	1,081,845	-	98,213	1,500	-	-	-	None	None
81/06	10	150,000	1,500,000	119,163	1,191,629	-	88,711	1,600	19,473	-	-	None	None
82/06	10	150,000	1,500,000	133,331	1,333,307	-	140,612	1,066	-	-	-	None	None
83/06	10	150,000	1,500,000	140,069	1,400,687	-	66,665	715	-	-	-	None	None
84/06	10	150,000	1,500,000	147,177	1,471,771	-	70,035	1,049	-	-	-	None	None
85/05	10	154,607	1,546,071	154,607	1,546,071	-	44,153	712	29,435	-	-	None	None
86/05	10	185,800	1,858,000	162,409	1,624,094	-	46,382	719	30,922	-	-	None	None
87/05	10	228,000	2,280,000	178,809	1,788,091	-	138,048	1,588	24,361	-	-	None	None
88/05	10	228,000	2,280,000	189,638	1,896,382	-	76,888	1,005	30,398	-	-	None	None
89/06	10	228,000	2,280,000	193,431	1,934,310	-	20,860	-	17,068	-	-	None	None
90/05	10	228,000	2,280,000	210,453	2,104,529	-	154,745	-	15,474	-	-	None	None
96/07	10	228,000	2,280,000	157,840	1,578,397	-	-	-	-	526,132	-	None	None
102/06	10	228,000	2,280,000	165,732	1,657,316	-	78,919	-	-	-	-	None	None
103/06	10	228,000	2,280,000	174,018	1,740,182	-	82,866	-	-	-	-	None	None
104/06	10	228,000	2,280,000	182,719	1,827,192	-	87,009	-	-	-	-	None	None
105/06	10	228,000	2,280,000	191,855	1,918,551	-	91,360	-	-	-	-	None	None
106/06	10	228,000	2,280,000	201,448	2,014,479	-	95,928	-	-	-	-	None	None
108/06	10	250,000	2,500,000	211,520	2,115,203	-	100,724	-	-	-	-	None	None
109/06	10	250,000	2,500,000	228,442	2,284,419	-	169,216	-	-	-	-	None	None
110/08	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
June 20, 1989 (78) Taizaizheng (1) No. 24714
June 14, 1990 (79) Taizaizheng (1) No. 01238
July 04, 1991 (80) Taizaizheng (1) No. 01369

May 21, 1997 (86) Taizaizheng (1) No. 41352
May 21, 1998 (87) Taizaizheng (1) No. 45295
May 06, 1999 (88) Taizaizheng (1) No. 39929
June 23, 2000 (89) Taizaizheng (1) No. 54356

June 24, 2019 FSC approved
June 5, 2020 FSC approved
Approved by FSC on August 04, 2021

2022/3/22

Shares Type	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

2022/3/22

Shareholder structure	Government agency	Financial institution	Other juridical persons	Foreign institutions and foreign individuals	Individual	Total
Number of individuals	2	4	218	125	63,326	63,675
Number of shareholding	5	90,622	63,018,279	26,382,267	159,510,478	249,001,651
Percentage of ownership	0.00%	0.04%	25.31%	10.60%	64.05%	100.00%

(III) Distribution of Equity

2022/3/22

Shareholding class	Number of shareholders	Number of shareholding	Holding Ratio
1-999	39,626	4,142,811	1.66%
1,000-5,000	19,012	37,695,248	15.14%
5,001-10,000	2,616	19,688,363	7.91%
10,001-15,000	852	10,665,256	4.28%
15,001-20,000	488	8,811,762	3.54%
20,001-30,000	412	10,398,989	4.18%
30,001-40,000	203	7,219,083	2.90%
40,001-50,000	115	5,351,716	2.15%
50,001-100,000	194	13,708,621	5.51%
100,001-200,000	83	11,534,698	4.63%
200,001-400,000	34	9,353,946	3.76%
400,001-600,000	8	3,935,568	1.58%
600,001-800,000	8	5,653,209	2.27%
800,001-1,000,000	2	1,718,914	0.69%
More than 1,000,001	22	99,123,467	39.80%
Total	63,675	249,001,651	100.00%

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

2022/3/22

Name	Number of shareholding	Percentage of ownership
Zhengbang Investment Co., Ltd.	16,086,588	6.46%
Chu Ying-Piao	12,650,048	5.08%
Zhifu Investment Co., Ltd.	11,795,945	4.74%
Forbson International Co., Ltd.	7,720,328	3.10%
CTBC Bank in custody for Masterlink Securities (Hong Kong) Co., Ltd. special account	6,000,243	2.41%
San De International Investment Co., Ltd.	5,414,533	2.17%
J.P. Morgan Securities Ltd.	5,054,415	2.03%
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%

(V) Information about market price, net value, earnings, and dividends per share in the most recent two years

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

Item		Year		From the current year up to March 25, 2022	
		2020	2021		
Market price per share (Note 1)	High	Before retrospective adjustment	27.30	43.85	55.50
		After retrospective adjustment	24.54	39.40	
	Low	Before retrospective adjustment	18.50	21.50	30.90
		After retrospective adjustment	16.39	18.90	
	Average		23.44	29.74	45.19
Net value per share	Before distribution		25.37	24.23	
	After distribution		24.47 (Note 2)	22.23 (Note 4)	--
Earnings per share	Weighted average number of shares		228,441,881	249,001,651	249,001,651
	Earnings per share (Note 3)	Before retrospective adjustment	0.76	2.69	--
		After retrospective adjustment	0.7	--	--
Dividend per share (Note 4)	Cash dividend		0.9	2 (Note 4)	--
	Stock dividends	Stock dividends from capitalization of retained earnings	0.9	--	--
		Additional paid in capital	--	--	--
	Accumulated unpaid dividends (Note 5)		--	--	--
Return on investment analysis	P/E ratio (Note 6)		30.84	11.06	--
	Price to dividend ratio (Note 7)		26.04	14.87	--
	Cash dividend yield (Note 8)		3.84	6.72	--

Note 1: The highest and lowest market prices of ordinary shares for each year and as of the publication date of the annual report in 2022, and the average market prices for each year and as of the publication date of the annual report in 2022 are respectively calculated based on the daily transaction value and volume of each year and as of the publication date of the annual report in 2022.

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 stock dividends.

Note 4: The cash dividend was approved by the board meeting on March 24, 2022

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

Note 6: P/E ratio = average closing price per share for the year/earnings per share.

Note 7: P/E ratio = average closing price per share for the year/cash dividend per share.

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

(VI) Company Dividend Policy and Implementation Status

1. Dividend policy:

If there is a surplus in the Company's annual final accounts, it shall first pay taxes to make up for the accumulated losses over the years. A 10% withdrawal is the legal reserve, but this is not the limit when the legal reserve has reached the Company's paid-in capital. Furthermore, a special reserve shall be allocated or transferred according to laws and regulations or the competent authority. If there is still a surplus, the balance plus undistributed surplus earnings accumulated in previous years is the amount of dividends that can be distributed to shareholders. In addition, no less than 1% of the distributable amount shall be allocated for the distribution of shareholder dividends. The Board of Directors shall draft a distribution proposal and submit it to the shareholders' meeting for distribution after resolution.

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. As part of this approach, the proportion of cash dividend distribution shall be no less than 20% of the current year's dividend. Furthermore, all cash dividends must be issued.

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

(1) Cash dividend to shareholders: NT\$498,003,302 will be distributed from the cumulative distributable earnings in 2021 at NT\$2 per share.

(VII) The impact of free allotment proposed by the shareholders' meeting on the Company's operating performance and earnings per share:

the Company does not need to disclose the financial forecast information and have free allotment, so it's not applicable.

(VIII) Status of the Company's buyback of its own shares: None.

(IX) Remuneration of Employees and Directors

1. The percentage or scope of remuneration for employees, directors, and supervisors as set out in the Articles of Incorporation:

The Company shall allocate 3.5% of the current year's profit to employees and 1% of the special bonus, and the Company shall distribute directors' remuneration not exceeding 2% 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 remuneration distributed in cash was NTD 30,643,420, special incentives came to NTD 8,755,263, and directors' remuneration totaled NTD 17,510,526.
 - (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. The actual distribution of employee remuneration (including special incentives) and directors and supervisors in the previous year:
The employee's remuneration distributed in cash is NT\$7,016,744, the special reward is NT\$2,004,784, and the director's remuneration is NT\$4,009,568.

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. Overview of Operations

I. Business content

(I) Business Scope

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

(1) Core Industrial Chemical Business

A. Production and sales of fertilizers (potassium sulfate) and subsidiary products, including potassium sulfate, hydrochloric acid, and liquid calcium chloride.

B. Import, sale and re-export business of basic chemical raw materials such as soda ash, baking soda, Sodium bicarbonate, mixed calcium phosphate, ammonium bicarbonate, anhydrous sodium sulfate, hydrogen peroxide, potassium chloride and salt.

(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	Revenue in 2021	Operating profit contribution (%)
Manufacturing-chemical products	2,227,847	46.46
Trade-chemical products	804,992	16.79
Shipping transport	1,716,229	35.79
Catering	46,198	0.96
Total	4,795,266	100.00

Remarks: Among the chemical products, the manufacturing is potassium sulfate, hydrochloric acid and liquid calcium chloride, etc.; the trade is soda ash, baking soda, anhydrous sodium sulfate, potassium chloride and sun-dried salt.

3. Product items of the company and its subsidiaries:

Chemical products: Manufacture and sale of potassium sulfate, hydrochloric acid and liquid calcium chloride, and import, trading and sale of soda ash, Sodium bicarbonate, anhydrous sodium sulfate, potassium chloride, salt, and calcium chloride related products.

Subsidiary ship transportation: Provision of ship leasing services, and leasing of operation by time.

Subsidiary catering: Provision of on-site cooked/prepared food and beverages for in-store consumption by the public.

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. Open up new markets and new customers for potassium sulfate, and reduce the risk of regional demand and economic fluctuations.
- 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 and catering with market potential, and expand its operations steadily.
- 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.

At the beginning of 2021, by the spring farming season, demands in the major markets of potassium sulfate, such as India and Pakistan, become higher, and make orders increased. Because of shortage of containers and port congestion, the freight of ocean-going containers is highest, it is possible for long-term cooperative customers to change into bulk carriers to reduce freight costs. The price of potassium chloride on the global has increased a lot in April, indicating and its demands continue to rise. In last half of June, the European Union announced economic sanctions on Belarus. Although the impact on the export of potassium chloride was small, but due to strong global demand, low overall inventory and shortage of the supply, the international market for potassium chloride continues to rise. In Q3, the freight rates of the ship prices of global container cannot be foreseen, and the freight rates continue to rise. Owing to the epidemic, the operation efficiency of many ports and terminals has been affected, and port and ships congestion has become normal, but ocean-going routes and the freight rates in Pakistan, India and other places have started to increase again in the first half of August. The company's competitiveness and the amount of orders are affected, due to out-of-factory prices adjust or being closer to the market prices, plus with higher freight. Therefore, we also increase the markets in near-sea areas, such as, Japan and Southeast Asia, other than continuing to promote shipping opportunities of bulk carriers.

Our company has sold our products in the decentralized market, searched for new sales opportunities and markets, although facing challenges of increasing potassium chloride prices and higher prices of international potassium chloride prices in 2021, compared to the previous 10 years. Also, under the sales strategy changing due to the markets, although the sales amount decreased compared to 2020, we should react with changes of the market at times.

The total sales volume of export of potassium sulfate in 2022 was 125,651 tons, with a decrease of 4,674 tons compared to 130,325 tons in 2020. The operating income was NT\$1,727,629 thousand, with an increase of around 6% compared to 1,633,463 thousand in 2020.

In China, high domestic demand and ocean freight rates, as well as the customs inspection and control of export of chemical fertilizer in the middle of October, the annual volume of export of potassium sulfate in 2021 was 222.2 thousand tons, with a decrease by 40% compared to 2020. The above restriction of the export may lead to a further decline in the volume of the export of potassium sulfate in China in 2021, or whether the authorities' supervision on the export of chemical fertilizers will be lifted, it shall keep observed.

Global shipments of potash fertilizer exceeded our expectations at the beginning of the year in 2021, and we estimate its amount will be over 70 million tons. The price at the end of the year became twice that at the beginning of the year. It is expected that this demand force will continue in 2022. The demand for potassium sulfate is about 8 million tons, with an annual growth rate of 1–3 %. Belarus, the world's second largest manufacturer of potash fertilizer, is still suffered by economic sanctions from the European Union and the United States at present. Since Russia invaded Ukraine in the last half of February, it made the supply of fertilizers, including potassium chloride, even worse on the globe. Because Russia is the third largest manufacturers of potash fertilizers around the world, if the conflict between Russia and Ukraine become severe and the export of potash fertilizers is interrupted, it will have a significant impact on the supply, demand and trade of global potash fertilizers, and will increase many uncertain incidents in the global markets of potassium sulfate.

As we look forward to 2022, situations of the supply and demand of potassium chloride on the globe shall be unclear, and the market of the potassium sulfate shall be observed. The Company will adjust its sales strategies with times according to market prices, as well as consolidating and developing the markets. Due to severe challenges that near-sea and ocean-going freight rates of many major destination ports are rising, freight rates of the international container are still at a high level, and the price of potassium chloride is increasing, the company will continue to integrate all resources and reduce costs of sales, and develop new markets and customers for sales of potassium sulfate, including Europe.

- B. Soda ash is divided into the categories of dense soda ash and light soda ash, is one of the main raw material, mainly used in dyeing and finishing, cleaning, chemical industries, food industries, metallurgy, textile industry, petrochemical industry and military industry, etc.

The main source of growth in the global soda ash market in the past few years has come from the increase in major applications such as flat glass and glass containers, soaps and detergents, manufacturing dyes, and colorants. The growth in demand in the construction industry is the key factor that has driven the growth of the global soda ash market.

In 2022, the global market size of soda ash was about 60 million tons,

with an increase of about 4% compared to 2020. Since the recovery of the global economy and the impact of abundant liquidity, the global demand has increased and the prices of soda ash on the globe has risen. In the first half of 2021, the price of glass in China increased by 87%, and it makes prices of soda ash by more than 100%, and also prices of soda ash on the globe. Although the Chinese government's macro-control of the real estate industry in Q3 resulting in a sharp decrease in the demand for glass and making prices of soda ash decreased, prices of soda ash reach a high level, with an increasing shipping costs on the globe, in 2022.

The market of soda ash in 2021 shall be set apart into four stages. The first stage: we stimulate the macro fundamentals, soda ash will have a good start, and the global liquidity is abundant, the economy recovers, and inflation is expected to heat up, and prices of many commodities risen after the Spring Festival, from the beginning of January to the late half of March The second stage: Due to the suppressed demand, the market price fell slightly and edited, from the end of March to the beginning of May With increasing profits, the operating rate of soda ash in production plants increased from March to April, triggering an increase in the supply of goods, but the follow-up of downstream demands was insufficient, and make prices higher for a resraint of requirements. The third stage: When the supply and demand couldn't be balanced well, the prices will continue to increase, from the end of May to the middle of October The fourth stage: with the continuous decline of thermal coal prices, the price of soda ash lost its support by costs, and the terminal demand declined, resulting in a rapid decline in the prices of soda ash, from the last half of October to the end of the year, The company's sales of soda ash is reflection of the global market in 2021. The supply is affected by reduction of the supply and shortage of shipping. The decline in arrivals of goods has led to a decreasing amount of inventories, and costs of arrivals of goods reach a high level in history, owing to decreasing supply prices and sea freight.

Looking back in 2020, the first among the biggest challenges of soda ash is the fluctuation of the supply price; the price collapsed in the first half of the year, and then began to rise strongly after the fourth quarter. The second challenge is the inventory management, especially that mainland suppliers delayed shipments in March and April due to the impact of city lockdowns. Since the third quarter, it was that one of the main suppliers suspended its operations due to environmental issues, coupled with the recovery of demand, there was a shortage of supply and prices gradually rose, and the high ocean freight of light soda ash from mainland China impacted the Company's sales profit even further. By support of suppliers, and the promised quantity and price were still fully supported, so that the Company had no worries and still maintained a relative majority of the market share despite a decline in the overall demand.

Looking forward to 2022, it is expected that the pandemic will slow

down and soda ash sales are expected to gradually pick up. However, due to the high-end ocean freight rate, the quotations of light soda ash from mainland China continue to increase, resulting in high overall sales costs as well as difficult shipping schedules and inventory management challenges. Future ocean shipping price trends will be one of the focuses of attention. Another serious challenge is the soaring raw materials, which drove the global soda ash price to increase substantially in the second quarter, and the rising trend will continue. Faced with the aggressive attack of competitors grabbing orders at low prices, whether customers can accept the steadily rising prices will be a big test for the Company's market share defense.

(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
Main cargo content	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
Features	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Maximum tonnage through the Panama Canal Mainly carry ocean cargo 	<ul style="list-style-type: none"> Can carry far and near-sea cargo. 	<ul style="list-style-type: none"> Can carry cargos for far and near oceans, inland rivers and canals.

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.

Owing to the port- congestion by the epidemic of Covid-19, it makes shipping of the light bulk unable to be arranged, and has good impact on the company's fleet, whose rent need to be exchanged, since the freight rate increased. Statistics indicate that the average rent has increased by more than 80%, compared to the beginning of 2021. In 2022, we expect that the increase in the penetration rate of vaccine of Covid-19, the demand of economies will increase. After the problem of port congestion has been solved, prices of shipping shall keep stable.

As for costs, due to the impact of the epidemic, the salaries, shift costs and shift time of the crew have all increased significantly in 2021 compared to the past. The company insists on the concept of long-term safe operation, and puts much effort in inspection and safety measures for the crew during the shift.

Assessment of Ukraine and Russia war in 2022 will affect import of coal,

grain and other bulk goods from Europe to the Americas, so the sea mileage will make pressure of the shipping capacity, for keeping the freight rate. As for costs, Ukrainian crew members staying at Black Sea ports during the war will affect the human resources for crew rotation. In the long run, we estimate that the demand for Chinese crew will increase, and the costs of crew employment and shift will be difficult to decrease.

(3) Subsidiary catering business

Under the Level 3 epidemic alert, the catering industry was severely affected in 2011. Fortunately, after the epidemic was under control, customers returned quickly and losses reduced. The restaurant also developed a take-out lunch box suitable, and a consumer group for eating at home, so revenues increased at the end of the year.

We will continue to develop Japanese-style fresh food without burden, and also increase the willingness for customers to enjoy healthier and convenient food, for growth in the future.

2. Relevance of the upstream, middle and downstream industries

(1) Core Industrial Chemical Business

A. Sulfate of potash

- (a) The upstream industry is mainly potassium chloride and sulfuric acid. The two major sources of potassium chloride minerals come from Canada and the former Soviet Union, and their production accounts for about 70% of the world's volume. Potassium chloride produced by Canadian mineral sources is marketed through Canpotex and K+S, while the two Russian manufacturers of the former Soviet Union, BPC and Uralkali, have been selling separately since they parted in 2013. MOP production is an oligopolistic industry, and manufacturers often control the MOP market with volume-based pricing to achieve operating profits.

In the long run, global demand for potash fertilizer will increase by about 1–3% annually, and the growth rate in Northeast Asia will exceed 4%. The demand is mainly from China. In the long run, global demand for potash fertilizer will increase by 500 thousand tons. Most of this increase will come from capacity expansion in Australia, China and Russia.

According to the United Nations report, the world's total population will increase from 7.9 billion in 2021 to 8.6 billion in 2030, and reach 9.8 billion in 2050. Faced with the continuous growth of the global population, the new population is bound to increase the demand for agricultural products, especially food crops. However, the per-capita arable land area has been declining year by year, and the growing demand for agricultural products has formed a major contradiction in agricultural production. Therefore, it is a long-term trend to increase the amount of crops per unit of cultivated land by increasing the application rate of chemical fertilizers. The rigid demand for agricultural products will support the steady growth of chemical fertilizer demand. In recent years, grain prices around the world have increased, and farmers have invested in resources to purchase fertilizers to support the fertilizer market. South Asia will

continue to drive the expansion of global fertilizer application, followed by Eastern Europe, Central Asia, Latin America and Africa. In relative terms, the fastest-growing markets will be Eastern Europe, Central Asia and Africa, followed by South Asia.

Shipment of potash fertilizer on the globe has estimated to exceed 70 million tons in 2021; potassium sulfate is about 8 million tons, with an annual growth of 2–3%, and the production is about 9 million tons. According to the estimation by IFA, global fertilizer demand increased by 6% in 2020/2021, and potash demand increased by 9%. In 2021, production and trade increased annually to meet demand of potash.

Although the economic sanctions imposed by the European Union and the United States on Belarus, and the conflict between Russia and Ukraine have induced serious risks to the market of potash fertilizer in the future, we assume that global demand of potassium chloride is still higher in 2022 (including using fertilizer and industrial consumption). The price of potassium chloride has increased a lot, since 2021 Q1, and reached a high level at the end of year, compared to the previous ten years. However, whether the global market of potassium chloride could endure higher selling price for a long time shall be observed. When the market price is expected to stabilize depends on the global delivery of Covid-19 vaccines, as well as when the pandemic will finally be brought under control, and development of regional politics in Russia, Ukraine and Belarus, the speed of inventory depletion, the global climate and economic prosperity. Faced with the high-end international freight rate, it is a great challenge for potassium sulfate manufacturers as the price of potassium chloride remains at a high level.

- (b) The source of sulfuric acid is mainly a by-product in the process of sulfur production and metal refining. The price of sulfur fluctuates greatly; in the free market, the price is mainly based on supply and demand. The sulfuric acid by-product of metal refining is affected by the prosperity 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), molecular weight 105.99, chemical purity is more than 99.5 (mass fraction) is also called soda ash, but it is classified as a salt, not as 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 that is easily soluble in water. The solution is alkaline (it can make the phenolphthalein solution light red). It can be decomposed at high temperature and will not be decomposed by heating.

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 joint soda method, developed by Mr. Hou Debang in the mainland, also known as the “Hou’s soda method.” After the successful discovery of trona, the cost has a considerable advantage.

Ammonia soda method:

The raw materials salt (NaCl) and water can be obtained directly. The raw material CO² comes from calcined limestone.

Advantages: 1. The raw materials of limestone, salt (NaCl) and water are cheap and easy to obtain.

2. Another raw material, ammonia, can be recycled with less damage.

3. Capable of large-scale continuous production, easy to mechanize and automate, and obtain high-quality soda ash.

Disadvantages: 1. The utilization rate of raw materials is low, causing a large amount of waste liquid containing Cl⁻ to be discharged, 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.

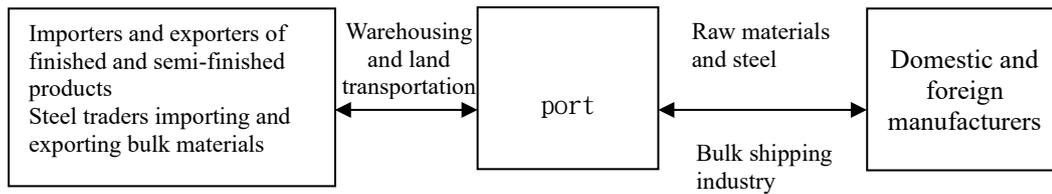
The difference between the soda method and the ammonia soda method is the treatment of ammonium chloride. The ammonia soda method is to add quicklime to make ammonia escape, while the soda method is to add salt to crystallize ammonium chloride.

An increase in demand for soda ash, in raw materials and energy led to a sharp rise in prices in 2021. As for the expansion plans announced by several suppliers, including the expansion of Solvay by 600,000 tons, Ciner by 1 million tons, and Genesis by 750,000 tons, but since ocean freight continues to rise, and prices of soda ash cannot help but keep increasing, we need to observe how they impact on soda ash of the global markets. In short, obtaining advantageous prices and a stable supply of goods are still the core competitiveness of maintaining leading sales in the market.

(2) Subsidiary shipping business

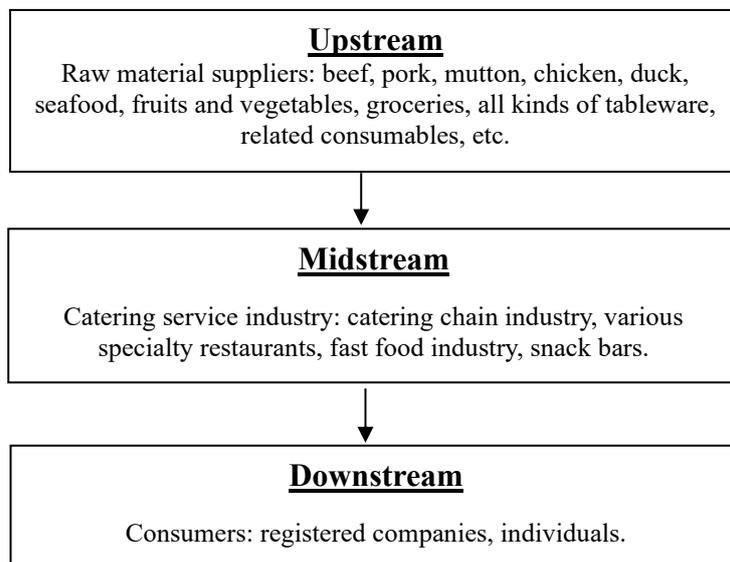
The bulk shipping industry is a transportation service industry, and its business scope is mainly to carry bulk goods and bulk goods such as civilian biological materials. Its main demand industries cover almost all industrial divisions and are different from general manufacturing. The production process 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

- A. The potassium sulfate – The economic recession induced by the epidemic will have a negative impact on the demand and consumption of agricultural products, but this impact is relatively small, compared with other commodities. Although some countries and specific industries have reduced the demand and consumption of chemical fertilizers for different factors, its demand has not declined during the epidemic, but has grown a lot. The most famous trend in the global fertilizer market in 2021: Except for a few fertilizers, the prices declined, and most of them made prices increase. For example, the price of potassium chloride increased by more than double at the end of the year. One major reason for the increase in fertilizer prices is owing to strong demand. In 2021, the demand for fertilizers has returned to the level before the epidemic. People’s strong psychological demands for the supply of safe food has increased prices of major crops, resulting in increased usage of fertilizer and outputs of crops. Besides this, the government sets up measures and policies and increasing of crop prices make the relationship between crops and prices of fertilizer more attractive. Secondly, the increase in global raw materials and energy, and the disruption of logistics and supply chains

due to the impact of the epidemic, and the impact of geopolitical instability on supply and demand in major fertilizer producing countries, such as Belarus, will cause an increase in fertilizer prices.

Therefore, the demand of potassium sulfate is stable in 2021, as well as the demand and inquiry of customers are also higher. The turning point of the epidemic, and the ups and downs of the economy are one of the most important impacts on sales, except that the price of potassium chloride on the main upstream has risen to a new high level compared to the previous ten years, making an increase in the cost of potassium sulfate, which is a disadvantage to price competition, but the ups and downs of freight rates also closely linked with success and failure of sales and ocean freight. Before the epidemic era, the basic supply and demand of the international market of potash fertilizer were balanced. As the epidemic became severe, the shadow overflows the schedule of shipping containers in 2021. And, there are still shortages of space, labor, and even ships in major ports, and prices continued to rise again from the last half of April, and the second half of the year entered into the peak season for festive freight. It was not only difficult to find a cabin, but also the freight rates of different routes continued to increase. Therefore, the company continues to insist the strategy of flexible sales in the decentralized market, focusing on the market where the freight is more favorable for competition, adjusting the selling prices times, and seeking more orders.

The global demand for potash fertilizer at the end of 2021 exceeded the expected demand at the beginning of the year, and the price also increased a lot. While we look forward to 2022, the epidemic, geopolitics and policies will continue to affect the economic and prospects of fertilizers in the markets. However, since higher international freight rates and severe challenges of geopolitical instability of major potash fertilizer producing countries, prices of potassium chloride may be expected to increase. We expect that competition of prices of potassium sulfate will become severe, but whether customers are affected by higher prices, it will be difficult to satisfy targets of sales and profits compared to the previous years.

- B. Soda ash – The rapid growth of China’s economy, coupled with the rapid rise of new cities in China, has promoted the demand for architectural glasses. The production of flat glasses is for windows in buildings and cars, accounting for nearly 39% of the total global demand for soda ash in 2020. Besides this, products, such as soaps and detergents have grown against the trend due to the surge in consumer demand for handwashing and anti-epidemic concept. In general, overall economic recovery in China in 2021 has increased the demand for soda ash by 10%.

The company’s sales of soda ash in 2021 were affected by decreasing supply and higher prices. Although the price of soda ash increased according to the trend, the volume for the arrival of goods was insufficient owing to the influence of shipping, and it will affect total sales amounts. As we look forward to 2022, ocean freight is still at a high level, and the quotation of light alkali in China continues to reach a high

level, and it makes high costs of sales. Thus, the future trend of ocean freight will be a key to sales and profits; another challenge is the reason for the increase in soda ash, and prices of soda ash shall be expected to rise around the globe. Even if the amount of soda ash used by end customers gradually picks up, a more intense price competition in the market will be inevitable, which will have a greater impact on profits. Therefore, it will be more important for the Company to defend or increase its market share of soda ash if upstream suppliers can continue to provide support in terms of advantageous prices and stable volume.

(2)Subsidiary shipping business

For supply and demand: Since the return of global economic activities, the increase in demand for capacity of bulk shipping has made the freight rate rise in 2021. A rising inflation prices will make the price of plateau materials in the future, and during the Russian–Ukrainian war, the demand for transportation requirements will merely increase. As for supply, due to highest price of new ships, the number of new ships delivered is expected to be small in 2022, with a less effectiveness to the supply of market capacity. The epidemic has also affected the human sources of ship- scrapping workers. Due to the impact of environmental issues, the number of ship-scrapping has also decreased, and hence the supply of shipping capacity of bulk carriers shall be stable, but efficiency of the supply shall be decreased by many factors, with no problem of low-price competition.

Based on the above, the shipping boom in 2021 shall continue until 2022, or even 2023. The incidents still depend on the aforementioned factors, and political disputes, bans, and other situations shall be observed.

(3)Subsidiary catering business

Since the epidemic has been controlled, and customers have had increasing willingness to eat at restaurants after the restriction of level 3 alert was lifted, the catering business has developed a strategy based on its brand that will be effective. Level 3 alert has also changed the catering market. Many of them face problems of closure or transition. By continuous improvement and development of the Group’s catering business, we research and develop availability of take-out food with of the best quality, increase competitiveness and studies to the epidemic or environmental changes in the future, so that the catering business will continue to increase profits.

(III) Technology and R&D Overview

1. Core Industrial Chemical Business

(1) R&D expenses invested in the year and as of the publication date of the annual report

Unit: NTD Thousand

	2021	As of the printing date of the annual report
R&D expenses	3,882	971

(2) Successfully developed technologies or products:

- A. Taking into account the trend of consumer application of granular potassium sulfate in the international market, the Company will continue to develop the round granular potassium sulfate in order to expand the sales of granular potassium sulfate. At present, we have acquired the relevant production technology and equipment suppliers. After the epidemic becomes stabilized, and prevention measures of other countries have stopped, and we will set up the relevant production equipment after on-site inspections.
- B. The granular potassium sulfate is sprayed with the outer coating agent to prevent the granular potassium sulfate product from being powdered due to external forces such as transportation, packaging, stacking, etc.; and some processes have been improved to reduce the powder content of the product. The customer has reflected that it has effectively improved the delivery quality of granular potassium sulfate. Also, we will develop and try new spraying, improve the spraying volume and atomization degree of the procedure, for reducing costs, improve the procedure and capacity of production.
- C. The Su'ao General Plant has implemented the establishment and collection of big data, such as improving the efficiency of heavy oil combustion in the potassium sulfate process, and adding oxygen/combustible gas detection and control, heavy oil flow meters and liquid level radar waves for exhaust gas from combustion, which has effectively improved fuel efficiency, reduced oil consumption and reduced costs; other measures include equipment vacuum monitoring and environmental real-time photographic monitoring which can effectively monitor environmental protection and industrial safety.
- D. In order to actively solve the problem of high chlorine content in inorganic sludge in the calcium chloride process, the company has jointly developed a sludge washing and filter press process with domestic sludge treatment equipment manufacturers. After process design, equipment selection, and actual machine testing, we established treatment equipment of the low-chlorine inorganic sludge for reduction of the content of chloride ion in the inorganic sludge, and is equipped with the post-drying treatment equipment for reducing the moisture content. Except for reducing the cost of outsourcing treatment, it can also improve the follow-up applicability, such as taking advantage of its high calcium and magnesium content, planning to develop mixed fertilizers of potassium-containing mixed fertilizers to meet market demands.

- E. To correspond with the policy of environmental protection and waste reduction, the acid is mixed with production of the potassium sulfate, and reacted with an appropriate amount of calcium chloride. After centrifugal separation, washing and dehydration, high-purity calcium sulfate is produced. At present, as one of the important raw materials for cement production, it has been mass-produced and supplied to the domestic cement industry. The plant, as one of the important raw materials for cement production, for a successful example for achieving a circular economy.
 - F. For the international trend of reducing carbon emissions, avoid expenditures carbon tax in the future, and the purpose of carbon neutrality on the earth, we plan to capture carbon dioxide in production procedure of calcium chloride, and import heavy alkali as raw material, study the control parameters of crystal size, and build a product line of baking soda. We expect to produce in the local area, reduce carbon footprint, adopt “green products” that effectively reduce carbon dioxide emissions, and supply a fast-growing market for treatment applications of incinerator flue gas in the future.
 - G. As production procedures of baking soda needs to use a lot of heating energy, we will save energy and reduce carbon and to save energy and reduce carbon emissions, decrease production costs and improve competitiveness of products, we shall design and set up a recovery system of potassium sulfate at high temperature for flue gas heat, Except for used in the production of baking soda, it can also be used in supply of the heat source for drying sludge and decrease heat emissions. To improve global warming and climate changes, we cooperate with CSR responsibility, and set the goal of ESG.
- (3)Future R&D Plan and Estimated R&D Expenses
- A. Based on the trend of consumers who use round and granular potassium sulfate in the international market, we continue to develop round and granular sulfuric acid Granular Appearance of Potassium to Increase Sales of Granular Potassium Sulfate Benefit: expanding product market and enhancing product competitiveness.
Estimated cost: NTD 5,000 thousand.
 - B. Development of potassium/magnesium/calcium/mixed fertilizer, integration of existing materials, developing new fertilizer items, and planning to provide customized mixed fertilizer in the supply market for conditions of soil in different areas.
Benefit: To expand new markets, take diversity of sales products, and create growth momentum.
Estimated cost: NTD 10,000 thousand.
 - C. To capture the carbon dioxide gas produced in the production procedure of calcium chloride, liquefy under high pressure after purification, and supply to general industries/food industries/semiconductor industries application of General industry/food industry/semiconductor industry. Benefits: To reduce carbon emissions, avoid carbon tax collection, turn waste into gold, and improve corporate reputation.
Estimated cost: NTD 20,000 thousand. 2. Subsidiary shipping business: as service industry, it is not applicable.

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) The Company has successfully applied for the REACH registration required for exporting potassium sulfate to the EU market, and its products can be sold directly to the EU market. After the container freight rate stabilizes, it will develop the European market with full force.
- (2) Consolidate the source of potassium sulfate customers, strengthen quality, and meet the needs of different customers in different markets.

[Medium and long-term plan]:

- (1) Introduce agency opportunities of special chemical production or sales and grow in line with the vigorous development of Taiwan's electronics industry.
- (2) Develop product diversification to provide customers with all-round integrated services. Seek new applications for existing products, expand customers in new industries, and increase sales. In response to the rising awareness of environmental protection, Taiwan's waste incinerators will use sodium bicarbonate (baking soda) in Europe and the United States to replace the currently used liquid caustic soda and nitrate lime to remove sulfur or reduce chlorine; two incineration plants are under negotiation in 2021 (it is expected that more than 20 waste incineration plants in Taiwan will adopt the same in ten years).

2. Subsidiary shipping business

[Short-term plan]:

- (1) Pay attention to shipping market trends and seek the best opportunities to establish long-term leases for the fleet.
- (2) Continue to strengthen the benign interaction with financial institutions, and prepare in advance to expand the source of funds for the fleet.

[Long-term plan]:

- (1) Shipping is an industry with a high concentration of capital. In addition to operating profits and financing from financial institutions, participation in the capital market is one of the options for the development of the shipping industry.
- (2) As the fleet continues to expand, in addition to maintaining close cooperation with existing lessors, 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.
- (4) To evaluate availability of take-out and delivery for foods, in order to increase sources of new customer.

[Long-term plan]:

- (1) Continue to improve customer satisfaction and loyalty.
- (2) Develop new brands and develop new customer groups.

II Market and production and sales overview

(I) Market analysis

1. Main product sales areas

(1) Proportion of domestic and foreign sales:

Unit: NTD Thousand

Year Product	2021					
	Domestic sales			Exports		
	Amount	Ratio	Market share	Amount	Ratio	Market share
Manufacturing-chemical products	500,218	10.43%	About 62%	1,727,629	36.03%	About 2%
Trade-chemical products	804,992	16.79%	About 38%	--	--	--
Shipping transport		--	--	1,716,229	35.79%	--
Catering	46,198	0.96%	--	--	--	--
Total	1,351,408	28.18%		3,443,858	71.82%	

(2) Proportion of major export regions:

A. Core Industrial Chemical Business

Region	Ratio of 2021
Pakistan	29.86%
Japan	21.53%
Other regions (none reached the 10% standard)	48.61%
Total exports	100.00%

B. Subsidiary shipping business

Region	Ratio of 2021
Singapore	28.56%
Australia	18.97%
Bahamas	18.86%
Denmark	18.14%
Other regions (none reached the 10% standard)	15.47%
Total exports	100.00%

C. Subsidiary catering business: Not applicable.

2. Market supply and demand in the future

(1) Core Industrial Chemical Business

[Soda Ash]

Since the shortage of supply and high prices in 2021, although the demand in industries has recovered, high pressure suppressed purchases, and overall revenue has substantially dropped 7% from 2020, and sales and profits were far below the average level of previous years. At the beginning of this year, the economy of various regions has improved slightly. However, ocean freight schedules have been disrupted and the turnover of containers has been slow. This has led to skyrocketing shipping prices and chaos in global trade, and the chaos has spread to 2021. The strengthening of the economic recovery has caused the prices of major raw materials to rise rapidly, and soda ash was not immune to this wave of price increase. Benefiting from the gradual improvement in global economy and trade and the robust application demand, plus that the domestic pandemic is well controlled, the daily life of Taiwanese people almost unaffected, and Taiwan's exports, investment and consumption all have an optimistic outlook, these should be able to drive the overall economic growth. Sales are optimistic but the outlook is cautious in 2022; however, the high raw material price drove the global soda ash price up sharply in the second quarter, and the rising trend will continue. It is expected that the price competition in the soda ash market will become more intense, and the cooperation with suppliers will be deepened in the future. When encountering the impact of low-price competition from competitors, the Company will try its best to get orders, hoping to stabilize its market share.

[Fertilizer category]

The epidemic of Covid-19 has continued for three years, and recovery of the global economy faces multiple challenges. At the end of 2020, due to the epidemic of Covid-19, many countries re-imposed measures to restrict the flow of people, and the shortage of labor supply appeared. The supply chain on the globe had been reorganized owing to the interruption by the epidemic. In 2022, as the epidemic has become stable, borders have gradually opened, and the economy is expected to recover. It seemed like the dawn of a stable ocean for freight rate was finally seen, but dark clouds gathered again, due to ripple effects of the Ukraine–Russian conflict.

Russian and Ukrainian wheat occupy an important position in the global supply of wheat, corn and other grain in markets. If the conflict between the two countries becomes severe, food security around the world may face risks. Russia is the third largest fertilizer producer compared to China and Canada, and also one of the top three exporters of nitrogen and phosphate fertilizers in the world, and the second and third largest exporter of potash fertilizers, like Belarus, around the world. The Russian–Ukrainian war has made the global supply of potash fertilizer become worse, owing to economic sanctions imposed on Belarus by Europe and the United States, and it will make the price of potash fertilizer increase. Potassium chloride suppliers, including those in Canada, who still have space to increase production capacity, indicate that the global supply will decrease, and they will produce more according to the demand in 2022; however, the price of potash fertilizer will only increase

gradually in the future.

In July 2021, IFA forecasts that fertilizer consumption will increase a bit in 2020/2021 and 2022/2023. IFA increases concerns about the shortage of fertilizers, and predicts the increase in prices of fertilizer demand outlook in 2020/2021 and 2022/2023, hence the demand of fertilizer shall be decreased in the short term. Changes in crop prices, agricultural policy and unusual weather incidents, and whether the government will continue to provide farmers with allowance will all affect the demand of fertilizer in 2022/2023.

We estimate that the trade volume of potash fertilizer will exceed 70 million tons, owing to increasing demand in the market in 2021. IFA expects that the increase in the production capacity and the foreseen demand of potash fertilizer shall be increased in 2022. As for sanctions on Belarus was one of the most important political turmoil in the fertilizer market in 2021, the conflict between Russia and Ukraine triggers an issue- Except for balancing global supply and demand, farmers may be unwilling to tolerate the rising prices, and change into other cheaper alternatives will increase the instability of supply and demand in the market.

For export of potassium sulfate, if the price of potassium chloride continues to rise in 2022, we will consider reducing the potassium sulfate. Whether customers for potassium sulfate can accept the rising prices will be the biggest challenge. The trend of prices of sea freight will also be an important point for price competitiveness. The company will also work closer with suppliers of raw materials to ensure price competitiveness and stable supplies.

(2) Subsidiary shipping business

In 2022, the global shipping market has rebounded due to increasing requirements; in addition, the reduced supply of shipping capacity during holidays has led to a strong rebound of freight rates and the market is optimistic. The Company will grasp the timing of contract renewal and try to lock in better leases for ships facing contract renewal, in the hope that the Company's revenue can therefore increase.

(3) Subsidiary catering business

Since the epidemic has been properly controlled, the catering market becomes stable in Taiwan, and markets have made some same industries being shut down. Unless the epidemic arises again in the future, the market demand will not be affected.

3. Product Niche

(1) Core Industrial Chemical Business

- A. The global market of potassium sulfate still has room for growth year by year in the future.
- B. The Company's potassium sulfate has obtained EU REACH certification, which is beneficial to the development of the European market.
- C. The Company's close cooperation with suppliers is built on a solid foundation, and the Company has obtained full support and trust from

suppliers for a long time to ensure that there is no worry about their supply.

(2) Subsidiary shipping business

In addition to selecting well-known international shipping companies from customers, the Company will strategically cooperate with its major suppliers of raw materials in the chemical industry to increase the momentum for the development of the shipping business through multiple partnerships.

(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 niche special chemicals]

A. Favorable factors: With the vigorous development of Taiwan's electronics industry (foundry and LCD panels), look for opportunities for 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 suppliers of the chemical industry are world-famous companies, and the company is familiar with them, because the company is familiar with

miners, due to our relationship with the chemical industry, and it can provide a reliable sources of potential customers for fleet, and bring positive effects on development of the shipping industry.

B. Unfavorable factors

Shipping is a business with a high concentration of capital, and if interest rates rise in the future, the cost of capital will also increase. In addition, due to the increase of issues of environmental protection, the old ships faced with the problem of maintenance and renovation of equipment.

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. The ship complies with the latest environmental regulations while waiting for changing to new ones.

(3) Subsidiary catering business

A. Favorable factors

a. Great business opportunities in Taiwan's Japanese restaurants

Japan and Taiwan have many geographical and historical connections, and Japan is the main area for Taiwanese people to travel abroad. First, Japanese food culture and food have also entered Taiwan with long-term exchanges. Japanese food is no longer unfamiliar to Taiwanese people. Recently, it has become a trend with the active introduction of many businesses.

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

Countermeasure: We keep qualities and reputation of the brand, hoping to provide customers with the most natural and healthy food, provide good services to win consumers' affirmation and build a good brand image and reputation, in order to respond to the trend of competition.

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

Countermeasure: We will actively establish a personnel training system and plan, and uphold the tradition of caring for employees and maintain employee benefits, so as to meet the needs of various types of talents for

future business expansion.

- c. External environment affects business: With the comprehensive and long-term impact of Covid-19 in recent years, it challenges cultural habits of traditional catering.

Countermeasures: To change the single mode of providing meals, research breakthroughs of quality assurance for take-out food, and attempt to evaluate availability of take-out meals for eating at home.

(II) Important Applications and Production Process of Main Products

1. Product application

1. Core Industrial Chemical Business

[Potassium Sulfate] High-grade potassium fertilizer, suitable for tobacco leaves, citrus, grapes and general fruit trees, vegetables, flowers and tobacco.

[Liquid Calcium Chloride] 1. Ice making 2. Wastewater treatment 3. Neutralizing additives

[Hydrochloric acid] 1. Chemical Industry 2. Metallurgical Industry 3. Wastewater treatment

[Soda Ash (Sodium Carbonate)]

1. Flat glass 2. Glass bottle 3. Chemical manufacturing 4. Detergent
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. Detergent 5. Waste incineration plant

[Mixed calcium phosphate] Various feed additives

[Salt] A basic chemical raw material for agriculture and industry

[Ammonium Powder (Ammonium Bicarbonate)]

1. Food (flour) 2. Pharmaceutical 3. Leather softening 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.

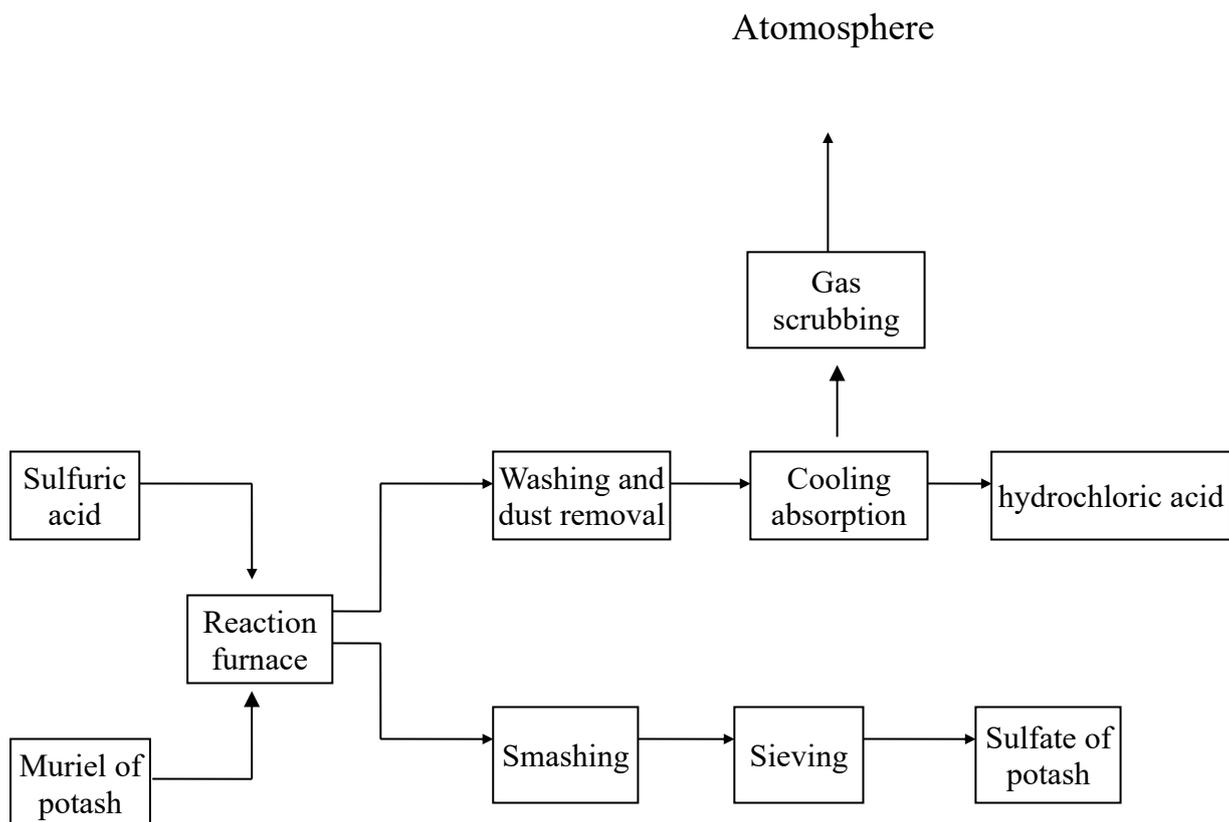
3. Subsidiary catering business

Catering services.

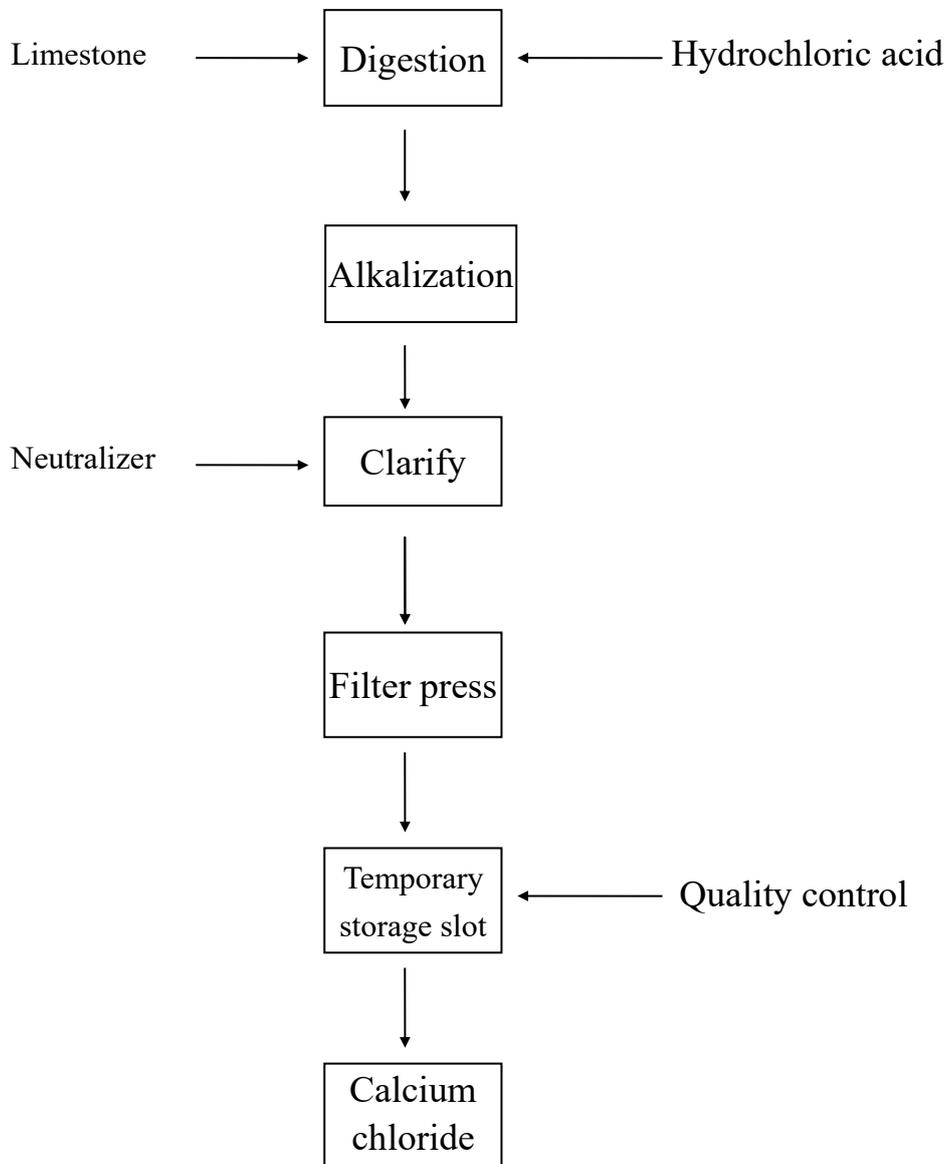
2. Production processes of main products:

(1) Core Industrial Chemical Business

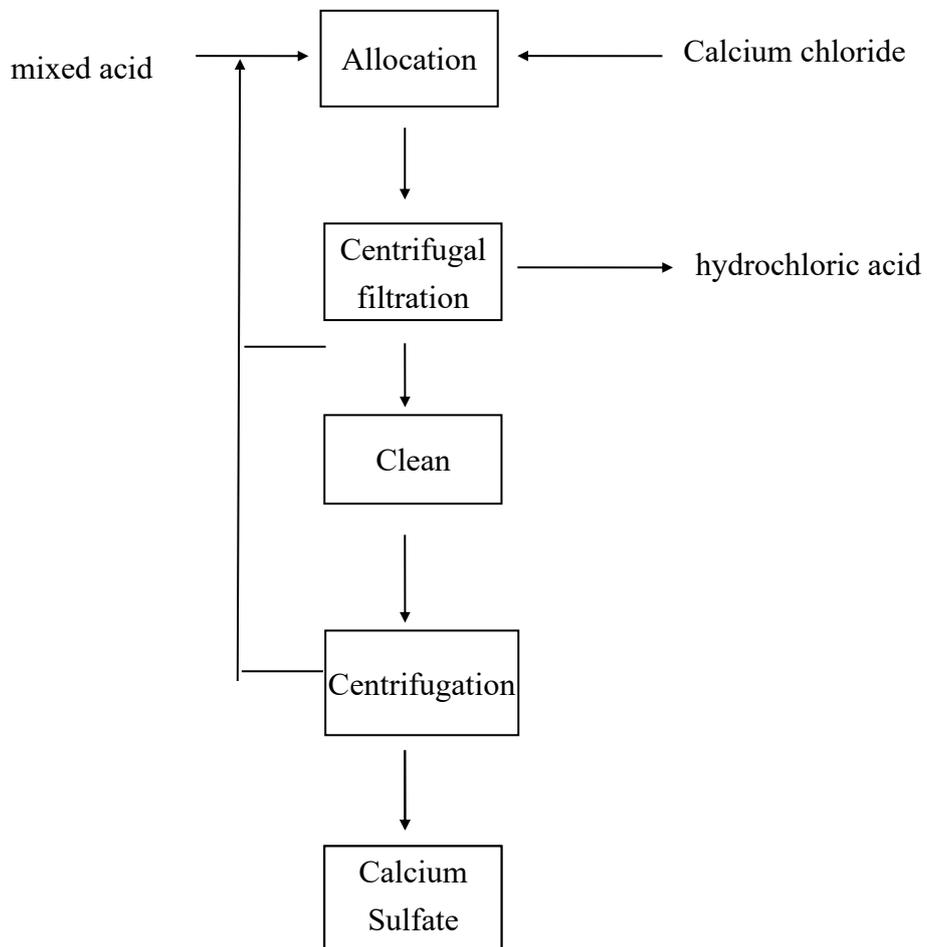
Sulfate of potash and hydrochloric acid



Liquid Calcium Chloride

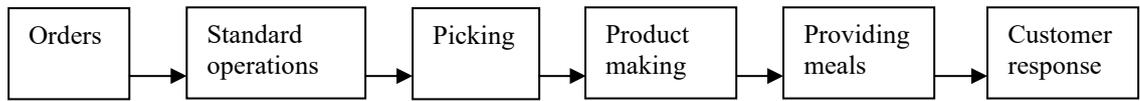


Calcium Sulfate (plaster)



(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 major purchase and sales customers in the last two years

1. Major customer transaction status:

Unit: NTD Thousand

Item	2020				2021			
	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 attaining 10%)	4,034,992	100.00	None	Others (none attaining 10%)	4,795,266	100.00	None
	Net sales	4,034,992	100.00		Net sales	4,795,266	100.00	

2. Supplier transaction status:

Unit: NTD Thousand

Item	2020				2021			
	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	941,286	57.05	None	Vendor A	1,128,129	57.06	None
2	Vendor D	317,555	19.25	None	Vendor D	227,683	11.52	None
	Others (none attaining 10%)	391,100	23.70	None	Others (none attaining 10%)	621,326	31.42	None
	Net purchases	1,649,941	100.00		Net purchases	1,977,138	100.00	

(V) Production value in the last two years

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

Production value Department	Year	2020			2021		
		Capacity	Yield (Including external purchase volumes)	Production value (Including external purchase volumes)	Capacity	Yield (Including external purchase volumes)	Production value (Including external purchase volumes)
Manufacturing-chemical products		365,140	335,931	1,843,366	364,428	362,555	2,349,715
Trade-chemical products		--	94,110	747,164	--	95,428	801,469
Total		--	--	2,590,530	--	--	3,151,184

- Remarks: 1. Among the chemical products, the manufacturing is potassium sulfate, hydrochloric acid and liquid calcium chloride, etc.; the trade is soda ash, baking soda, anhydrous sodium sulfate, potassium chloride and sun-dried 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 in the last two years

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

Sales value Department	Year		2020				2021			
			Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value		
Manufacturing-chemical products	206,896	248,010	130,325	1,633,463	228,824	500,218	125,651	1,727,629		
Trade-chemical products	97,358	785,549	--	--	97,021	804,992	--	--		
Shipping transport	--	--	--	--	--	--	--	1,716,229		
Catering	--	63,774	--	1,303,998	--	46,198	--	--		
Truck freight transportation	--	91	--	--	--	--	--	--		
Others	--	107	--	--	--	--	--	--		
Total	--	1,097,531	--	2,937,461	--	1,351,408	--	3,443,858		

Remarks: 1. Among the chemical products, the manufacturing is potassium sulfate, hydrochloric acid and liquid calcium chloride, etc.; the trade is soda ash, baking soda, anhydrous sodium sulfate, potassium chloride and sun-dried salt.

III. Practitioner information

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

1. Information on employees of Sesoda Corporation

2022/3/25

Year		2020	2021	From the current year up to March 25, 2022
Number of employees	Headquarters	38	39	37
	Su'ao Main Plant	112	111	116
	Changhua Plant	5	5	5
	Taichung Plant	4	5	5
	Total	159	160	163
Average age		43.90	44.10	44.26
Average years of service		13.95	13.58	13.59
Education distribution ratio	Ph.D.	0%	0%	0%
	Master's degree	8%	9%	8%
	College and university	50%	52%	49%
	High school	41%	38%	42%
	Below high school	1%	1%	1%

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

2022/3/25

Year Number of individuals Company	2020	2021	Current year as of March 25, 2022(Note)
SSC	0	0	0
SSMHC	0	0	0
SIL	0	0	0
East Tender Trading	0	0	0
E-Teq Venture Co.	1	1	1
Yukari Group	26	18	16
Yun-Chen Trading	0	0	2
Yun-Sheng Investment	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. Environmental protection expenditure information

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

	2020	2021
Pollution status (type, process)	(none)	as the table below
Compensation party or sanctioned unit	(none)	as the table below
The amount of compensation or sanctions	(none)	as the table below

Year	2021	
Item	Number	Amount of Pension (10 thousand)
Air pollution	0	0
Water pollution	0	0
Waste pollution	4	43.2
Security & Sanitary	0	0
Total	4	43.2

(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) The production process implements operating environment testing, and planting trees in the plant area establishes a clean operating environment.

2. Estimated environmental capital expenditure in the next three years

	2022	2023	2024
(a) Implement environmental improvement and beautification and pollution prevention.	Continuously improve the pollution prevention and control work of the main plant and the greening and beautification of the plant area	Continuously improve the pollution prevention and control work of the main plant and the greening and beautification of the plant area	Continuously improve the pollution prevention and control work of the main plant and the 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

	<u>2022</u>	<u>2023</u>	<u>2024</u>
(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 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 periodically holds labor and management meetings. It implements various employee vocational training according to actual needs, periodically 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. Further implement automatic safety and health inspections, implement safety and health regulations, implement a safety and self-protection system, promote zero-incident rewards and punishments, and encourage employees to participate in legitimate recreational activities.

The Company's employee welfare committee provides employee welfare projects every 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 status of employee refresher training

Names of further study and training courses	Implementation date	Course title	Amount	Hours
Act Governing Food Safety and Sanitation	2021/1/18	The Course of Guidelines of Food Safety Control System	12,000	64
Occupational Safety and Health Act	2021/1/25	Specific Chemical Operations Supervisor Training (new training)	4,286	18
Qualification of Internal Audit Personnel	2021/2/5	Credits for Further Study in Auditing	500	6

Qualification of Internal Audit Personnel	2021/2/22	Credits for Further Study in Auditing	500	6
Occupational Safety and Health Act	2021/2/26	On-the-job Re-training for Stacker Operators	8,000	30
Occupational Safety and Health Act	2021/4/21	Specific Chemical Operations Supervisor Training (re-training)	1,500	6
Occupational Safety and Health Act	2021/5/7	A training for controllers to Job Security and Sanity Management	15,000	115

Further education and training Method designation	Implementation date	Course title	Amount	Hours
Occupational Safety and Health Act	2021/5/27	A training for A-class waste disposal personnel	17,810	103
Act Governing Food Safety and Sanitation	2021/7/27	Food safety and sanitation training course	1,238	8
Qualification of Internal Audit Personnel	2021/8/30	Scores of Coursed of Corporate Governance Officer	6,000	12
Qualification of Internal Audit Personnel	2021/8/30	How to Prevent Material Financial Malpractices	3,000	6
Qualification of Internal Audit Personnel	2021/8/30	Notices and practical analysis of shareholder's meeting and the Company Law	3,000	6
Continuing Education for Accounting Staff of TWSE/TPEX Listed Companies	2021/9/7	Accounting Supervisor Continuing Education Course	7,200	12
Qualification of Internal Audit	2021/9/15	Credits for Internal Audit	3,000	6

Personnel		Agency		
Occupational Safety and Health Act	2021/9/29	Education and training fees for C-Type security & Sanity	3,200	21
Occupational Safety and Health Act	2021/10/15	A training for emergency personnel (new training)	-	72
Occupational Safety and Health Act	2021/10/21	A training for sanity management personnel	238	4
Continuing Education for Accounting Staff of TWSE/TPEX Listed Companies	2021/11/1	Continuing Education for Accounting Staff of TWSE/TPEX Listed Companies	3,150	6
Occupational Safety and Health Act	2021/11/23	A training for sanity management personnel	-	8
Occupational Safety and Health Act	2021/11/29	Stacker Training (re-training)	571	3
Continuing Education for Accounting Staff of TWSE/TPEX Listed Companies	2021/12/9	Continuing Education for Accounting Staff of TWSE/TPEX Listed Companies	3,150	6
Occupational Safety and Health Act	2021/12/23	Re-training for Security & Sanity Officer	1,500	6
Occupational Safety and Health Act	2021/12/24	Accounting Supervisor Continuing Education	7,200	12

3. Circumstances of relevant personnel obtaining pertinent licenses

License designation	Organizer	Personnel list		
		Department	Title	Name
Accountants	Examination institute	Management Department	Senior Deputy President	Liu Chih-Yung
Test of Fundamental Capabilities for Enterprise Internal Control	Securities & Futures Institute	Procurement Office	Specialist	Lin Yi-Cheng
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	Sales Staff	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 Deputy President	Liu Chih-Yung
Internal auditor	Internal Audit Association	Procurement Office	Specialist	Lin Yi-Cheng
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

The Company is a traditional manufacturer of chemical industrial materials. It has always attached importance to the occupational safety and hygiene of its employees. It implements "safety first" as the most basic operational requirement, providing hardware facilities that comply with hygiene and

safety in the manufacturing environment. It has set up complete protective measures for machinery and equipment (fences, protection, marking, etc.) and established standard work procedures requiring operator implementation in accordance with measures ensuring the safety of operations, considering operating environment conditions and complying with legal requirements. It periodically implements concentrated measurement of the working environment (dust, noise, lighting, concentration of hazardous substances, etc.) to control and monitor the working 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.

We periodically implement occupational safety and health education and training for operating employees, and in response to special operating requirements, personnel engaged in special operations are first sent out to obtain qualified training licenses before they can engage in related operations to ensure that employees are familiar with operating standards and operations. The awareness and concepts of safety are strengthened to enhance employees' awareness of safety and reduce human errors. For the management of contractors, in addition to regular supplier evaluations to ensure the supplier or contractor's supply and operation quality, the contractor shall notify the hazards of construction operations in addition to the implementation of safety and health coordination meetings when entering the factory. Prohibition, hot work permit system control, and overhead work, all take "safety" as a 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 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

In accordance with the Labor Standards Act, the Company has established employee retirement measures in conjunction with implementation of the Labor Pension Regulations. The employee retirement measures were revised on August 23, 2005. Starting from July 1, 2005, employees who originally applied the old system may choose the old system or the new system according to their personal wishes. If service years after the new system is selected or if employees who take up the job after the implementation of the new system, they will be changed to a defined contribution plan and no less than 6% of their monthly salaries shall be paid by the Company on a monthly basis as retirement pensions and deposited in individual labor pension

accounts. 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. 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. Cyber security management

(I) CYBER SECURITY MANAGEMENT

The information department is responsible for coordinating and implementing policies of cyber security, advocating information of cyber security, enhancing employees' awareness in cyber security, collecting and improving technologies, products or procedures for performance and effectiveness of our organization's management system of cyber security. The audit office conducts audit of cyber security each year based on the internal control system – electronic computer cycle, and evaluates the effectiveness of the company's internal control of information operations.

(II) THE POLICY OF CYBER SECURITY

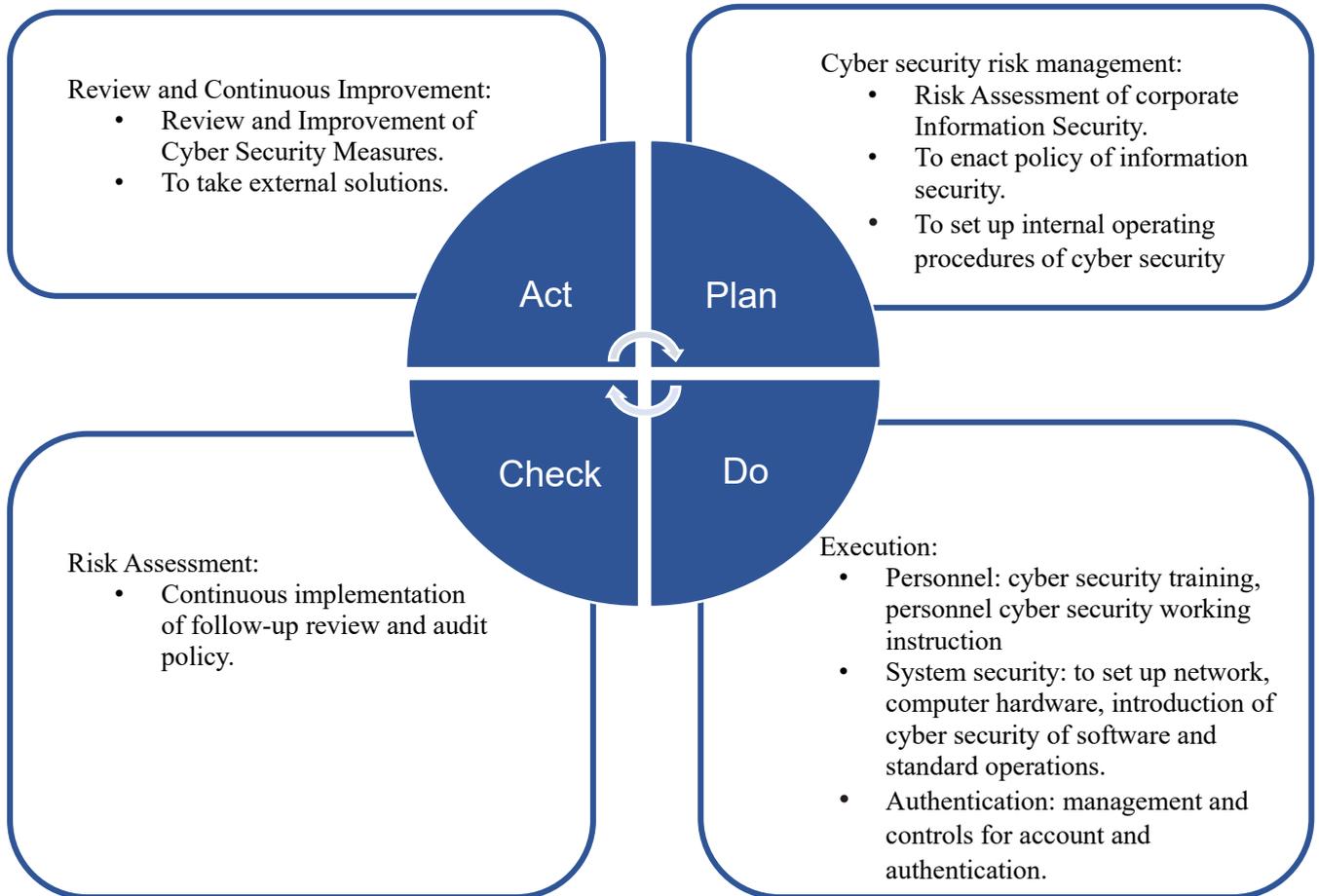
To implement cyber security management, the company has established an internal control system to reach the goals as follows, through much effort of all employees

- To establish regulations of cyber security management according to regulations and customer requirements.
- Through the awareness of all employee, we have consensus that everyone is responsible for cyber security.
- To ensure the confidentiality and completed of information assets.
- To ensure that data access according to functions in different departments.
- To ensure the continuous operation of information system.
- To prevent from unauthorized modification or use of information and system.
- Periodic audit of cyber security to ensure implementation of cyber security.

1. SPECIFIC MANAGEMENT PLAN

Controls of network cyber security	data access controls	recovery mechanism	Advocacy and Inspection
<ul style="list-style-type: none"> ● Set up a firewall ● Periodically check computer system and data storage media for virus scanning. ● The use network services and implement them in accordance with the policy of cyber security ● To periodically review all network services. ● Records of items, and situations of inspection of error or misconduct. 	<ul style="list-style-type: none"> ● Computer equipment should be kept by a special person, and an account number and password should be set. ● Rights of different access are allowed by competency. ● Employee who have been transferred shall be cancelled their original authentication. ● Confidential, sensitive information and copyrighted software should be removed or overwritten before the equipment is disposed of. ● information system of remote access management shall be properly approved. ● Regular inspection of employee accounts/authentication. 	<ul style="list-style-type: none"> ● To periodically review emergency plans. ● Regular drills for annual disaster recovery. ● To establish a backup mechanism of system and implement off-site backup. ● To periodically review the control policy computer network security. 	<ul style="list-style-type: none"> ● To propaganda information security and enhance employees' awareness for cyber security.

2. STRUCTURES FOR IMPROVEMENT



(III) EXECUTION

- The company doesn't have any losses suffered due to significant cyber security incidents.
- To keep implement the objective of the management policy of information security, and drills of recovery plan to protect the company's important systems and data security.

VII Important contracts:

Long-term loan contracts

Item	Contract nature	Group subsidiary	Contract counterparty	Contract date	Contract period	Main content
1	Collateralized bank loans	Southeast Marine Globe Corporation	Bank of Taiwan, Chung Hsiao Br.	2020/09/30	3 years from the contract signing date	Lending receipts
2	Collateralized bank loans	Southeast Marine Transport Corporation	Bank of Taiwan, Chung Hsiao Br.	2020/09/30	3 years from the contract signing date	Lending receipts
3	Collateralized bank loans	SEBulker Corporation	Bank of Taiwan, Chung Hsiao Br.	2013/07/12	10 years from the start date	Credit agreement
4	Collateralized bank loans	SEMarine Corporation	Bank of Taiwan, Chung Hsiao Br.	2015/11/10	10 years from the start date	Credit agreement
5	Collateralized bank loans	SEDelta Corporation	The Export-Import Bank of the Republic of China	2016/06/02	10 years from the start date	Credit agreement
6	Collateralized bank loans	SECarrier Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement
7	Collateralized bank loans	SEEvermore Corporation	The Export-Import Bank of the Republic of China	2016/12/20	10 years from the start date	Credit agreement
8	Collateralized bank loans	SEVictory Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement
9	Collateralized bank loans	SERoyal Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/12/28	10 years from the start date	Credit agreement
10	Collateralized bank loans	SEGlory Corporation	The Export-Import Bank of the Republic of China	2018/10/03	10 years from the start date	Credit agreement
11	Collateralized bank loans	SEFortune Corporation	Bank of Taiwan, Chung Hsiao Br.	2018/11/07	10 years from the start date	Credit agreement
12	Collateralized bank loans	SEPeace Corporation	Mega International Commercial Bank Co., Ltd. Central Branch	2018/09/28	10 years from the start date	Credit agreement

Six. Financial Overview

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

(I) Condensed Balance Sheet-Consolidated

Unit: NTD Thousand

Item		Financial data for the most recent five years (Note 1)				
		2017	2018	2019	2020	2021
Current assets		1,836,532	2,089,898	1,877,065	1,843,321	2,591,857
Property, plant and equipment		7,388,267	8,946,803	9,970,017	9,289,285	8,894,391
Intangible assets		--	--	--	--	--
Other assets		1,422,253	1,169,325	728,939	745,679	639,788
Total assets		10,647,052	12,206,026	12,576,021	11,878,285	12,126,036
Current Liabilities	Before distribution	1,561,963	2,149,825	2,025,065	2,335,674	2,915,148
	After distribution	1,763,411	2,250,549	2,194,281	2,541,271	3,413,151
Non-current liabilities:		3,556,368	4,255,652	4,618,728	3,746,534	3,177,781
Total Liabilities	Before distribution	5,118,331	6,405,477	6,643,793	6,082,208	6,092,929
	After distribution	5,319,779	6,506,201	6,813,009	6,287,805	6,590,932
Equity attributable to owners of parent		5,521,788	5,800,549	5,932,228	5,796,077	6,033,107
Capital stock		2,014,479	2,014,479	2,115,203	2,284,419	2,490,017
Capital surplus		13,967	15,924	17,420	102,594	103,111
Retained Earnings	Before distribution	3,577,213	3,756,000	3,831,436	3,668,193	3,925,484
	After distribution	3,375,765	3,554,552	3,493,004	3,256,998	3,427,481
Other equity interest		(83,871)	14,146	(31,831)	(259,129)	(485,505)
Treasury shares		--	--	--	--	--
Non-controlling interests		6,933	--	--	--	--
Total Equities	Before distribution	5,528,721	5,800,549	5,932,228	5,796,077	6,033,107
	After distribution	5,327,273	5,699,825	5,763,012	5,590,480	5,535,104

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

Note 2: The board meeting on March 24, 2022 resolved to distribute NT\$2 per share for 2021 earnings

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

(II) Concise balance sheet-parent company only

Unit: NTD Thousand

Year		Financial data for the most recent five years (Note 1)				
		2017	2018	2019	2020	2021
Item						
Current assets		1,281,282	1,461,787	1,218,020	1,172,530	1,783,005
Property, plant and equipment		1,787,213	1,869,915	1,956,695	1,974,870	2,047,051
Intangible assets		--	--	--	--	--
Other assets		3,503,350	3,785,595	3,980,608	4,104,955	4,504,349
Total assets		6,571,845	7,117,297	7,155,323	7,252,355	8,334,405
Current Liabilities	Before distribution	647,717	908,371	786,205	1,010,513	1,751,074
	After distribution	849,165	1,009,095	955,421	1,216,110	2,249,077
Non-current liabilities:		402,340	408,377	436,890	445,765	550,224
Liabilities	Before distribution	1,050,057	1,316,748	1,223,095	1,456,278	2,301,298
	After distribution	1,251,505	1,417,472	1,392,311	1,661,875	2,799,301
Total						
Equity attributable to owners of parent		--	--	--	--	--
Capital stock		2,014,479	2,014,479	2,115,203	2,284,419	2,490,017
Capital surplus		13,967	15,924	17,420	102,594	103,111
Retained Earnings	Before distribution	3,577,213	3,756,000	3,831,436	3,668,193	3,925,484
	After distribution	3,375,765	3,554,552	3,493,004	3,256,998	3,427,481
Other equity interest		(83,871)	14,146	(31,831)	(259,129)	(485,505)
Treasury shares		--	--	--	--	--
Non-controlling interests		--	--	--	--	--
Equities	Before distribution	5,521,788	5,800,549	5,932,228	5,796,077	6,033,107
	After distribution	5,320,340	5,699,825	5,763,012	5,590,480	5,535,104
Total						

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

Note 2: The board meeting on March 24, 2022 resolved to distribute NT\$2 per share for 2021 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)				
	2017	2018	2019	2020	2021
Operating revenue	3,876,952	4,068,623	4,343,168	4,034,992	4,795,266
Operating margin	1,109,491	1,041,447	1,019,111	837,080	1,566,204
Operating profit and loss	556,639	518,354	449,474	254,328	813,900
Non-operating income and expenses	26,965	(95,647)	(127,085)	(66,055)	5,234
Net profit before tax	583,604	422,707	322,389	188,273	819,134
Profit from continuing operations	492,064	351,736	274,641	174,129	670,871
Profit or loss from discontinued operations	--	--	--	--	--
Profit (loss) for the period	492,064	351,736	274,641	174,129	670,871
Other comprehensive income for the period (net after tax)	(215,189)	62,671	(43,734)	(226,238)	(228,761)
Total comprehensive income for the period	276,875	414,407	230,907	(52,109)	442,110
Net profit attributable to owner of the parent company	490,813	351,180	274,641	174,129	670,871
Net profit attributable to non-controlling interest	1,251	556	--	--	--
Total comprehensive income attributable to owners of the parent company	275,624	413,851	230,907	(52,109)	442,110
Total comprehensive profit and loss attributable to non-controlling interests	1,251	556	--	--	--
Earnings per share	1.98	1.41	1.10	0.70	2.69

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) Condensed Income Statement – Individual

Unit: NTD Thousand

Item \ Year	Financial data for the most recent five years (Note 1)				
	2017	2018	2019	2020	2021
Operating revenue	2,953,089	2,828,375	2,757,197	2,667,022	3,032,839
Operating margin	896,247	654,259	474,798	516,861	964,687
Operating profit and loss	420,836	243,113	51,797	69,248	375,169
Non-operating income and expenses	160,493	178,040	268,868	118,119	443,448
Net profit before tax	581,329	421,153	320,665	187,447	818,617
Profit from continuing operations	490,813	351,180	274,641	174,129	670,871
Profit or loss from discontinued operations	--	--	--	--	--
Profit (loss) for the period	490,813	351,180	274,641	174,129	670,871
Other comprehensive income for the period (net after tax)	(215,189)	62,671	(43,734)	(226,238)	(228,761)
Total comprehensive income for the period	275,624	413,851	230,907	(52,109)	442,110
Earnings per share	1.98	1.41	1.10	0.70	2.69

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) Names and certifying CPAs and their audit opinions in the last five years

Year	Accountants	Audit opinion
2017	Steven Huang Oliver Chang	Unqualified opinion
2018	Steven Huang Stella Huang	Unqualified opinion
2019	Steven Huang Stella Huang	Unqualified opinion
2020	Steven Huang Stella Huang	Unqualified opinion
2021	Steven Huang Stella Huang	Unqualified opinion

II. Financial analysis for the last five years

(I) Financial Analysis – Consolidated

Year (Note 1)		Financial analysis for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Analysis item						
Financial structure (%)	Debt to asset ratio	48	52	53	51	50
	Ratio of long-term capital to fixed assets	123	112	106	103	104
Debt repayment ability (%)	Current ratio	118	97	93	79	89
	Quick ratio	87	75	68	61	63
	Interest coverage ratio (times)	7	4	3	3	16
Operating ability	Accounts receivable turnover (times)	6.27	7.87	8.36	7.92	8.57
	Average cash collection days	58	46	44	46	43
	Inventory turnover (times)	7.43	7.59	8.18	8.69	6.70
	Payables turnover (times)	8.73	11.09	16.61	13.66	9.59
	Average sales days	49	48	45	42	54
	Property, plant, and equipment turnover rate (times)	0.52	0.45	0.44	0.43	0.54
	Total asset turnover (times)	0.36	0.33	0.35	0.34	0.40
Profitability	Return on assets (%)	6	4	4	2	6
	Return on equity (%)	9	6	5	3	11
	Net profit before tax to paid-in capital ratio (%)	29	21	15	8	33
	Net profit rate (%)	13	9	6	4	14
	Earnings per share (NTD)	1.98	1.41	1.10	0.70	2.69
Cash flows (%)	Cash flow adequacy ratio (%)	53	35	32	38	32
	Cash flow ratio (%)	67	62	54	61	67
	Cash reinvestment ratio (%)	6	4	4	5	5
Leverage	Operating leverage	3.07	3.53	4.28	6.94	3.05
	Financial leverage	1.21	1.41	1.79	1.70	1.07
	<p>Changes in various financial ratios in the last two years that have increased or decreased by 20%:</p> <p>Interest coverage ratio (times): The increase in times was due to the increase in profits, compare to the previous year, and the decrease in interest expenses owing to paying loans and the decrease in interests.</p> <p>Inventory turnover: The decrease in the ratio was due to the impact of the epidemic this year, the shipping schedule of raw materials was arranged in advance and the prices of raw materials/commodities increased, so it results in an increase in the amount of inventories.</p> <p>Payables turnover: The decrease in the ratio was due to the impact of the epidemic this year, the shipping schedule of raw materials was arranged in advance, and the increase in payables for raw materials.</p> <p>Fixed assets turnover rate: The increase in the ratio was due to an increase in profit compared to the previous year.</p> <p>Profitability: Due to the increase in the price of self-made products in the chemical industry and daily rental price of the shipping business.</p> <p>Leverage: The decrease in the ratio was due to an increase in profit compared to the previous year.</p>					

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 116.

(II) Financial Analysis – Individual

Year (Note 1)		Financial analysis for the last five years (Note 1)				
		2017	2018	2019	2020	2021
Analysis item						
Financial structure (%)	Debt to asset ratio	16	19	17	20	28
	Ratio of long-term capital to fixed assets	331	332	326	316	322
Debt repayment ability (%)	Current ratio	198	161	155	116	102
	Quick ratio	130	114	98	82	62
	Interest coverage ratio (times)	328	133	52	36	113
Operating ability	Accounts receivable turnover (times)	4.80	5.56	5.33	5.25	5.49
	Average cash collection days	76	66	68	70	66
	Inventory turnover (times)	5.54	5.46	5.63	5.86	4.30
	Payables turnover (times)	6.58	8.1	11.67	9.4	6.25
	Average sales days	66	67	65	62	85
	Property, plant, and equipment turnover rate (times)	1.65	1.51	1.41	1.35	1.48
	Total asset turnover (times)	0.45	0.4	0.39	0.37	0.36
Profitability	Return on assets (%)	8	5	4	2	9
	Return on equity (%)	9	6	5	3	11
	Net profit before tax to paid-in capital ratio (%)	29	21	15	8	33
	Net profit rate (%)	17	12	10	7	22
	Earnings per share (NTD)	1.98	1.41	1.10	0.70	2.69
Cash flows (%)	Cash flow adequacy ratio (%)	85	35	0	48	8
	Cash flow ratio (%)	174	154	123	116	76
	Cash reinvestment ratio (%)	6	2	(1)	4	(1)
Leverage	Operating leverage	2.05	2.82	9.09	7.76	2.32
	Financial leverage	1.00	1.01	1.10	1.06	1.02

Changes in various financial ratios in the last two years that have increased or decreased by 20%:

Liabilities to assets ratio: The increase in the ratio was due to the increase in short-term borrowings and payables for raw materials.

Quick ratio: The decrease in the ratio was due to the increase in short-term borrowings and payables for raw materials.

Interest coverage ratio (times): The increase in times was due to the increase in profits.

Inventory turnover: The decrease in the ratio was due to the impact of the epidemic this year, the shipping schedule of raw materials was arranged in advance and the prices of raw materials/commodities increased, so it results in an increase in the amount of inventories.

Payables turnover: The decrease in the ratio was due to the impact of the epidemic this year, the shipping schedule of raw materials was arranged in advance, and the increase in payables for raw materials.

Profitability: The increase in ratio was due to the increase in prices of self-made products

Cash flow adequacy ratio and cash reinvestment ratio: The decrease in the ratio was due to the increase in short-term borrowings and payables for raw materials.

Cash flow ratio: The decrease in the ratio was due to the increase in the amount of inventories.

Operating leverage: The increase in ratio was due to the increase in prices of self-made products

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 prepared the Company's 2021 business report, financial statements and earnings distribution proposal, among which the financial statements were audited by the CPAs of PwC and an audit report was issued accordingly. The above-mentioned business report, financial statements and profit distribution proposal has been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with relevant provisions of the Securities and Exchange Act and the Company Act.

Sincerely

The Company's 2021 general shareholders' meeting

Convener of Audit Committee Wang Po-Hsin

March 24, 2022

IV. The most recent annual financial reports

V. Parent company's only financial statement for the most recent fiscal year, certified by a CPA

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 Status and Financial Performance and Risk Issues

I. Review and analysis financial status

(I) Comparative Analysis Table of Financial Status

Unit: NTD Thousand

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	2,591,857	1,843,321	748,536	40.61
Property, plant and equipment	8,894,391	9,289,285	(394,894)	(4.25)
Intangible assets	--	--	--	--
Other assets	639,788	745,679	(105,891)	(14.20)
Total assets	12,126,036	11,878,285	247,751	2.09
Current liabilities:	2,915,148	2,335,674	579,474	24.81
Non-current liabilities:	3,177,781	3,746,534	(568,753)	(15.18)
Total liabilities	6,092,929	6,082,208	10,721	0.18
Capital stock	2,490,017	2,284,419	205,598	9.00
Capital surplus	103,111	102,594	517	0.50
Retained earnings	3,925,484	3,668,193	257,291	7.01
Other equity interest	(485,505)	(259,129)	(226,376)	(87.36)
Total equity	6,033,107	5,796,077	237,030	4.09

(II) Description of Major Changes:

1. Current assets: The decrease in the ratio was due to the impact of the epidemic this year, the shipping schedule of raw materials was difficult to be arranged and the prices of raw materials/commodities increased, so it results in an increase in the amount of inventories.
2. Current liabilities: Due to the increase in short-term borrowings and payables for raw materials.
3. Other equity interest: Due to the increase in the unrealized loss of securities and the appreciation of the NTD, exchange differences on translation increases

II. Financial Performance

(1) Comparative analysis of business results

Unit: NTD Thousand

Item	Year		Amount of increase or decrease	Change (%)
	2021	2020		
Operating revenue	4,795,266	4,034,992	760,274	18.84
Operating costs	<u>3,229,062</u>	<u>3,197,912</u>	31,150	0.97
Operating margin	1,566,204	837,080	729,124	87.10
Operating Expenses	<u>752,304</u>	<u>582,752</u>	169,552	29.10
Operating profit	813,900	254,328	559,572	220.02
Non-operating income and expenses	<u>5,234</u>	<u>(66,055)</u>	71,289	107.92
Profit (loss) from continuing operations before tax	819,134	188,273	630,861	335.08
Less: Income tax expense	<u>148,263</u>	<u>14,144</u>	134,119	948.24
Net profit after tax for continuing operations	<u>670,871</u>	<u>174,129</u>	496,742	285.27

Analysis and explanation of increases and decreases in ratios reaching 20%:

1. Operating margin: Due to the increase in the price of self-made products in the chemical industry and daily rental price of the shipping business.
2. Operating Expenses: Due to the increase in shipping freight rates of export.
3. Non-operating income and expenses: Mainly due to the decrease in borrowing interest rates in 2021 and the gradual repayment of ship loans, which resulted in a decrease in interest expenses.
4. Income tax expenses: Mainly due to the increase in profits.

(II) Estimated Sales Volume and Basis:

The Company's estimated sales volume for 2022 is compiled based on reasonable assumptions such as the Company's business strategy, operating goals and budget, with reference to the overall industry prospects and development trends and operating performance over the years. Projected sales volumes are as follows:
Projected sales volumes are as follows:

Unit: Tons

Product type	Expected Sales Volume in 2022
Manufacturing	349,196
Trading	98,419

(III) The possible impact on the company's future financial business and the corresponding plan:

Continue to explore new markets and strengthen customer benefits to achieve profit

targets.

III. Cash flows

Cash flow analysis

Unit: NTD Thousand

Beginning cash balance	Annual net cash inflow (outflow) from operating activities	Annual cash inflow (outflow) from other activities	Cash balance (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
923,288	922,436	(890,168)	955,556	0	0

(I) Analysis of the changes in cash flows for the current year:

1. Operating activity: Net cash inflow (outflow) from operating activities	922,436
2. Investment activity: Net cash inflow (outflow) from investing activities	(298,340)
3. Financing activities: Net cash inflows (outflows) from financing activities	(569,773)
4. Effect of exchange rate changes	<u>(22,055)</u>
Net cash inflow for the year	<u>32,268</u>

※ Analysis and explanation of increases and decreases in ratios:

The increase in cash flow ratio was mainly due to the increase in sales.

(II) Analysis of cash liquidity in the coming year

Unit: NTD Thousand

Beginning cash balance	Estimated annual net cash inflow (outflow) from operating activities throughout the year	Estimated other annual cash inflows (outflows)	Cash balance (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
955,556	1,101,080	(1,023,036)	1,033,600	0	0

1. Analysis of cash flow status in the coming year:

- (1) Operating activities: Mainly the cash inflows of the estimated profit of the Company and adjustment to depreciation expenses irrelevant to the cash flow.
- (2) Investment activities: Mainly the estimated capital expenditures for recurrent maintenance equipment of the chemical industry, the purchase expenditures of light bulk cargo vessels and the expenditures for foreign investment.
- (3) Financing activities: Mainly due to expected cash dividend distribution and long-term and short-term loan repayments.

2. Remedial measures and liquidity analysis for expected cash shortage: None.

IV. The impact of major capital expenditures in recent years on financial operations

(I) Application of major capital expenditures and sources of funds:

Unit: NTD Thousand

Plan item	Actual or expected source of funds	Actual or expected completion date	Funding required (as of 2021)	Actual use of funds		
				2019	2020	2021
Inorganic sludge processing equipment of Calcium chloride	Own funds and bank loans	2022.12.31	50,418	5,514	11,000	33,904
renovation of baking soda workshop	Own funds and bank loans	2022.12.31	35,536			35,536

(II) Expected benefits:

1. Improve plant operating environment and space facilities to enhance labor safety and health goal management.
2. Development of new products and supply for 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) Reinvestment 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 reason for profit or loss

In 2021, profit of investments for the equity method was NT\$421,878 thousand, due to the increase in operating income from recovery in 100% holding shipping business by environmental impact.

(III) Improvement program

Non-productive investments will be disposed of or urged for activation for the best benefit the Company, while profitable investments will continue to be assessed for investment adjustment or an increase in return.

(IV) Investment plan for the coming year

The changes in the world situation and the Covid-19 pandemic have made the Company realize the need to diversify risks. Therefore, in addition to maintaining the business in a steady manner, the Company will strengthen its cooperation with the industry peers to strive for strategic alliance.

Development of new or strengthening or increasing existing investments with good performance.

VI. Analysis and assessment of risk issues in the most recent year and up to the date of publication of the annual report

(I) The impact of interest rate, exchange rate changes, and inflation on the Company's profit and loss and future countermeasures:

Item	2021
Interest expense (net)	52,354
Currency conversion Losses (net)	10,527

The Company's main risks are the risks of exchange rate changes and interest rate changes.

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 periodically locked in for ship loans to delay

the impact of interest rate changes; the Company will also periodically 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, according to the investment plan, after the interest rate is raised, we will repay the idle funds to reduce the interest burden.

- (II) Policies for engagement in high risk and high leverage investment, loaning to a third party, guarantee/endorsement, and derivative trade, the main reason for profit or loss, and the response in the future:

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.

Loans to others and endorsements and guarantees: Currently the Company only provides necessary guarantees to 100% controlled subsidiaries required for operation, and they are all handled in accordance with the “Procedures of Loans to Others and Endorsements and Guarantees” formulated in accordance with the regulations of the competent authority; the risks are all under control. For details, please refer to note 13 of “IV. Financial Statements of the Most Recent Year” and its attached schedule.

- (III) Future R&D plans and estimated R&D expenses:

1. Core Industrial Chemical Business

- (1) Considering the improvement of the quality of existing production chemicals, the Company will implement process and equipment improvements to enhance the stability of product quality and process capabilities, so that the Company’s products can meet the needs of the international market and users.

Benefit: expanding product market and enhancing product competitiveness.

Estimated cost: NTD 10,000 thousand.

- (2) Comply with the Company’s operating strategy, break through the bottleneck of traditional industries, and seek opportunities for diversified chemical industry cooperation.

Estimated cost: NTD 1,000 thousand.

- (3) To capture the carbon dioxide gas produced in the production procedure of calcium chloride, liquefy under high pressure after purification, and supply to general industries/food industries/semiconductor industries.

Benefits: To reduce carbon emissions, avoid carbon tax collection, turn waste into gold, and improve corporate reputation.

Estimated cost: NTD 400,000 thousand.

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) The impact of important domestic and foreign policies and legal changes on the Company’s financial business and corresponding 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:

Actively update regulatory information to obtain sufficient time to respond to changes. In addition to updating or formulating methods, we will also cooperate with qualified suppliers/maintainers to update equipment. 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) The impact of technological changes and industrial changes on the Company's financial business and corresponding measures:

There is no obvious change in the manufacturing or related technology of the industry or market to which the Company and its subsidiaries belong, and temporarily it will have no impact on the Company's business or finance.

Countermeasures:

The Company and its subsidiaries will continue to pay attention to domestic and foreign technological or industrial changes, and if there is an impact, they will immediately take appropriate responses.

- (VI) The impact of corporate change 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 will respond to shareholders' or media's calls or visits in accordance with the regulations. He will take the initiative to face internal and external problems of the Company, and actively deal with them with the Company's method of self-improvement from the root cause, so there will be no corporate image change that will cause a crisis.

- (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 of plant expansion and countermeasures

1. Core Industrial Chemical Business: Not applicable.

2. Subsidiary shipping business:

Not applicable.

3. Subsidiary catering business:

Not applicable.

- (IX) Risks and countermeasures faced by purchase or sales concentration:

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.

Risk: very small, as explained above.

- (2) Sales: Since present clients have not accounted for 10 percent or more of the company's total sales amount, we don't have any problems of risks of sales concentration

2. Subsidiary shipping business

(1)Purchase: The suppliers of main equipment parts and consumables are long-term suppliers, and the supply status is stable and good; because of the global route operation, there are many suppliers and the substitution is also high, so there is no risk of concentration of purchases.

(2)Sales: The existing tenants are all reputable international companies with good relationships and normal payment status, so such risks are slight.

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 concentration of sales. Due to the effect of the epidemic, such as Covid-19, it will limit the willingness of customers who are likely to eat in the restaurant.

Countermeasures:

The company develops Japanese-style lunch boxes for taking out, it can maintain revenues and reputation, and also increase sources of customers at home.

- (X) The influence and risk of the massive transfer of shares or the replacement of the directors, supervisors, or major shareholders holding more than 10% of the shares issued by the Company, and the response:

The Company's directors, supervisors or major shareholders holding more than 10% of the Company's shares have not undergone a massive transfer of equity.

Risk: Not applicable because of the absence of the above facts.

- (XI) Impact, risks and countermeasure of 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 incidents: Major litigations, non-litigations or administrative litigations of the Company, its directors, supervisors, president, substantive person in charge, major shareholders with more than 10% shareholding or affiliated companies that have been judged and decided or are still being processed, the outcome of which may have a significant impact on shareholder rights 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) Risk Assessment of Information Security

The company pays attention to information security protection, establishes firewalls and many internal control systems to assure the ability to defend external attacks. The Company has fully implemented information security

management and control, including installing anti-virus software for personal computers and servers, and building necessary information backups. Colleagues are also not allowed to use the Company's internal system from the outside, and the wireless network is separated from the internal network line to strengthen the security of information.

The Company has established a backup mechanism and disaster recovery plan, and sends backup media to a remote site for storage, and backs up the data at the remote site to reduce the possibility of loss of assets due to service interruption caused by man-made or force majeure events, so as to ensure the work can resume to normal operation.

Also, disaster recovery drills are conducted every three years to ensure that the target time for expected system recovery is met.

In response to the external changes, the Company will continue to adjust its protection and management methods of information security to ensure the resilience of information services and reduce the impact on its operation.

VII. Other important matters: None

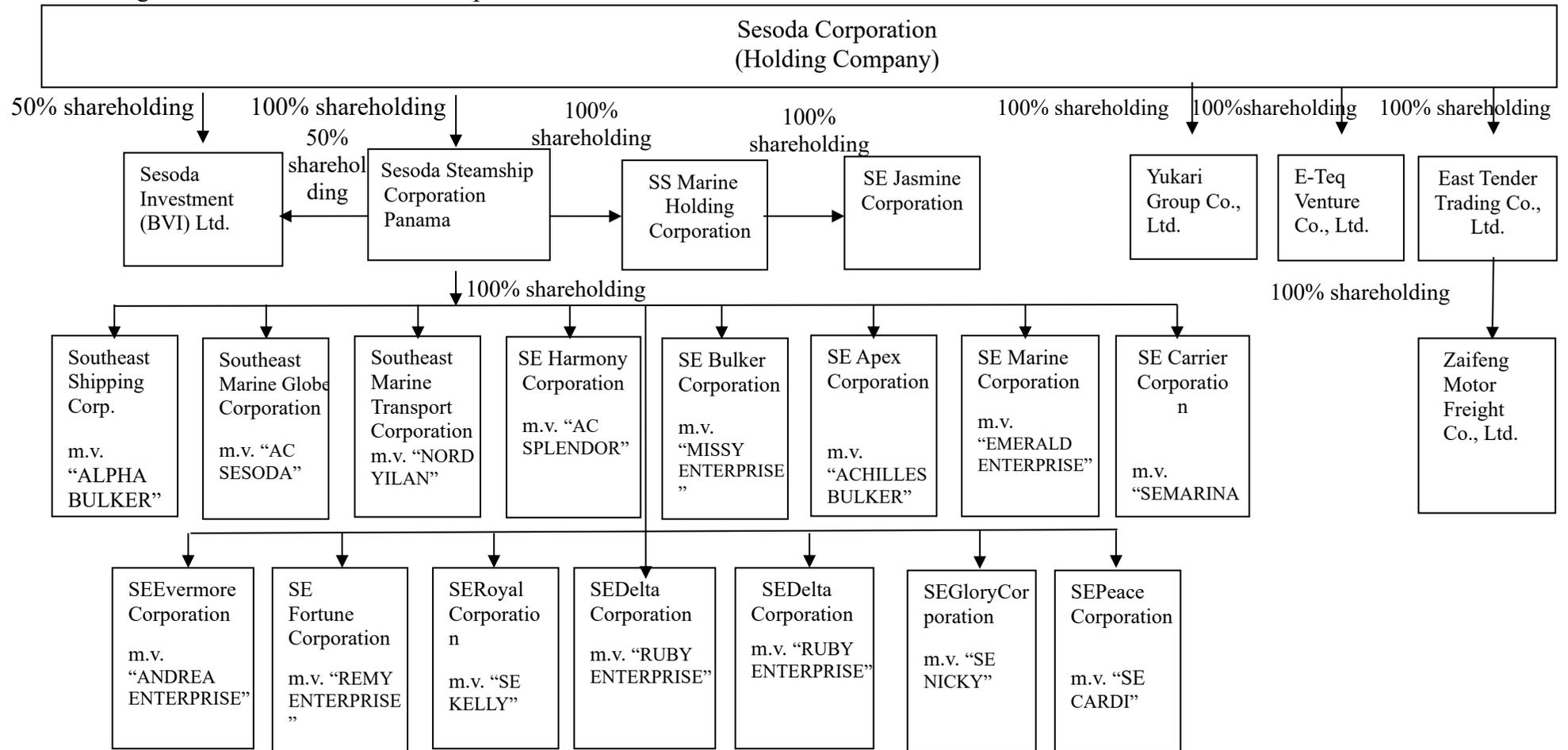
Eight. Special Records

I. Related information of affiliated companies:

(I) Affiliated business merger report

1. Organization chart of affiliated companies:

2021/12/31



2. Basic information of each affiliated company:

2021/12/31

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
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 USD44	Overseas investment holding company
Southeast Shipping Corp.	2005.08.10	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD20	Bulk carrier shipping
Southeast Marine Transport Corporation	2009.07.27	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
Southeast Marine Globe Corporation	2010.01.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	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)	USD10	Bulk carrier shipping
SE Carrier Corporation	2013.02.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping

2021/12/31

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)	USD10	Bulk carrier shipping
SE Fortune Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Royal Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Delta Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Glory Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Peace Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Victory Corporation	2014.03.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Jasmine Corporation	2015.10.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	Share capital collected in advance USD6	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	NTD12,000	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 Presidents of related companies

Unit: share December 31, 2021

Enterprise Name	Title	Name or representative	Number of shares held		Note
			Shares	Percentage of shareholding	
East Tender Trading Co., Ltd. (Note 1)	Chairman/President Director Director Supervisor	Chen Rong-Yuan Huang Chih-Cheng Liu Chih-Yung Lin Hung-Chung	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 Lin Hung-Chung	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
Sesoda Steamship Corporation (Note 1)	Director/President President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Corporation
SS Marine Holding Corporation (Note 1)	Director/President President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	(Note 2)	100%	Representative of Sesoda Steamship Corporation
Southeast Shipping Corp. (Note 1)	Director/President President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
Southeast Marine Transport Corporation (Note 1)	Director/President President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	11	100%	Representative of Sesoda Steamship Corporation
Southeast Marine Globe Corporation (Note 1)	Director/President President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	11	100%	Representative of Sesoda Steamship Corporation
SE Harmony Corporation (Note 1)	Director/President President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Bulker Corporation (Note 1)	Director/President President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Apex Corporation	Director/President President	Chen Kai-Yuan Chen Rong-Yuan	10	100%	Representative of Sesoda

(Note 1)	Director Director	Wu Chung-Li			Steamship Corporation
----------	----------------------	-------------	--	--	-----------------------

Unit: share December 31, 2021

Enterprise Name	Title	Name or Representative	Number of shares held		Note
			Shares	Percentage of shareholding	
SE Marine Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Carrier Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Evermore Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Fortune Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Royal Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Delta Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Glory Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Peace Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation
SE Victory Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Steamship Corporation

SE Jasmine Corporation (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	(Note 2)	100%	Representative of Sesoda Steamship Corporation
Sesoda Investment (BVI) Ltd. (Note 1)	Director/President Director Director	Chen Kai-Yuan Chen Rong-Yuan Wu Chung-Li	1,760	100%	Representative of Sesoda Corporation
Zaifeng motor freight Co., Ltd. (note 1)	Chairman/ President Director Director Supervisor	Chen Hsin-Hung Huang Chih-Cheng Liu Chih-Yung Lin Hung-Chung	12,000	100%	East Tender Trading Co., Ltd. Representative:

Note: 1. It is a company 100% directly (indirectly) held by the Company.

2. The share capital is being collected in advance, and the investment has not been completed yet.

6. Overview of operations of each affiliated company

Unit: NTD Thousand unless otherwise specified

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Current profit and loss (after tax)	Earnings per share (NTD) (after tax)
East Tender Trading Co., Ltd.	32,000	54,325	15,805	38,520	--	(48)	1,614	0.50
Yukari Group Co., Ltd.	21,000	31,029	18,664	12,365	46,771	(6,028)	(5,914)	(2.82)
E-Teq Venture Co., Ltd.	103,800	101,530	190	101,340	--	(2,333)	(2,875)	(0.28)
Sesoda Steamship Corporation	312	4,326,980	598,178	3,728,802	--	(17,514)	449,283	44,928,339.80
Southeast Shipping Corp.	661	188,601	11,628	176,973	89,236	3,605	5,556	555,591.10
Southeast Marine Transport Corporation	344	373,587	18,218	355,369	158,468	79,501	83,802	7,618,323.91
Southeast Marine Globe Corporation	352	280,611	17,565	263,046	176,673	90,408	98,177	8,925,173.82
SE Harmony Corporation	314	345,700	13,948	331,752	174,378	71,788	73,380	7,338,010.70
SE Bulker Corporation	295	613,622	143,704	469,918	189,896	100,891	104,634	10,463,373.90
SE Apex Corporation	300	197,566	15,163	182,403	100,078	7,160	12,010	1,200,997.90
SE Marine Corporation	307	537,713	260,302	277,411	142,406	57,069	54,537	5,453,734.10
SE Carrier Corporation	306	559,583	304,886	254,697	96,065	15,547	11,051	1,105,136.80
SE Evermore Corporation	313	588,110	330,092	258,018	85,155	10,317	6,260	626,047.70
SE Fortune Corporation	309	651,714	381,961	269,753	89,065	12,964	9,317	931,725.00
SE Royal Corporation	308	665,514	375,719	289,795	93,813	16,052	11,151	1,115,139.30
SE Delta Corporation	316	559,875	309,155	250,720	90,972	7,070	3,683	368,317.60

SE Victory Corporation	309	569,476	337,241	232,235	98,528	9,425	4,792	479,245.10
SE Glory Corporation	310	665,548	377,302	288,246	88,416	10,870	10,106	1,010,627.10
SE Peace Corporation	302	752,230	401,972	350,258	43,079	(29,987)	(11,160)	(1,115,952.20)
Sesoda Investment (BVI)Ltd.	51	803	19	784	--	(142)	(143)	(81.53)
SS Marine Holding Corporation	--	74	20	54	--	(358)	(395)	--
Zaifeng Motor Freight Co., Ltd.	12,000	20,949	2,031	18,918	14,393	2,499	2,022	168.51
SE Jasmine Corporation	--	--	20	(20)	--	(37)	(37)	--

(II) Consolidated statements of related companies:

Please refer to item V of “**Six. Financial Overview**” (CPA Audited and Certified Consolidated Financial Statements of the Parent and Subsidiary Companies for 2021).

(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. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the date of publication of the annual report: None.
- IV. Other necessary supplementary explanations: None

Nine. Events with 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.