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Sesoda Corporation
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2022 Annual Report



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For information about Annual Report, visit:

[http : //mops.twse.com.tw](http://mops.twse.com.tw)

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

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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

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The names of any exchanges where the Company's securities are traded offshore: Not applicable

The locations of any exchanges where the Company's securities are traded offshore: Not applicable

The URLs of any exchanges where the Company's securities are traded offshore: Not applicable

Company website: <http://www.sesoda.com.tw>

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One. Letter to Shareholders

2022 Business Report

I. In 2022, the global economy and international political situation were like a roller coaster. While governments followed one another to lift restrictions that helped curb the pandemic and were about to have business as usual, the Russia-Ukraine War broke out to everyone's surprise. The supply and demand of fertilizers, food staples, and energy were imbalanced as such, which devastated the global supply chain that had been impacted by the pandemic. With the supply chain impacts and skyrocketing energy prices, persistent inflation pushed prices of raw materials and regular materials further up. What followed were stern challenges such as the unsteady supply and demand on the mainstream product market and the fierce price fluctuations. Fortunately, the Company took advantage of flexible distribution strategies and proactively developed the market and managed to render outstanding performance in both sales and profits. For 2023, it remains unknown when the Russia-Ukraine War will come to an end and there are still many uncertainties and variables in domestic and international economies. Besides continuing with the goals of energy conservation and carbon reduction, for the first half of the year, the focus will be placed on reduction of high-price raw materials and regular materials and products in stock. The Company is cautious yet optimistic about a better global economy for the second half of the year so that the overall sales throughout the new year can reach new heights.

(I) Business Plan Implementation Results and Budget Implementation Status
Core Industrial Chemical Business

The consolidated operating income of the Company in 2022 amounted to NTD8,025,189 thousand, an increase of 67.4% from the previous year, and the net profit after tax was NTD1,204,422 thousand, an increase of 79.5% from the previous year. The earnings per share were NTD4.84.

Exports of potassium sulfate in the first half of the year continued to bear the brunt of high container and shipment charge and skyrocketing prices of raw materials and regular materials. Competition on the market was even more fierce. Russia invaded Ukraine in early February, resulting in an imbalance in the supply and demand of fertilizers on the global market. The price of potassium chloride, the main raw material of potassium sulfate, hit a record high in ten years. Despite the fierce price fluctuations on the market, customers were concerned about a shortage in the supply and hence purchased potassium chloride in even larger quantities. To cope with market and customer demands, the Company adequately adjusted its distribution strategy and prices and increased export purchase orders delivered through bulk carriers. The overall sales up to the third quarter hence met expectations and were outstanding. In the fourth quarter, however, due to the gradually stabilized supply on the market of potassium chloride, prices around the world fell drastically. Customers turned conservative in the purchase of potassium sulfate out of the expectation that prices will slide as a result of the high inventory level of potassium sulfate. Sales of potassium sulfate throughout 2022 rose slightly by several hundreds of tons from 2021. Due to the increased mean selling price, both the operating income and profit grew significantly.

The domestic market for various fundamental chemical engineering raw materials, as a result of stagnant sea freight and surging charge in addition to the significantly increases supply prices and the sluggish economy, demand from downstream customers and on the market dropped and sales were met with extreme pressure. Suppliers in the upstream, on the other hand, were constantly raising their prices due to the stress associated with surging costs of raw materials and regular

materials and sea freight. Competition also impacted sales. In addition, stagnant sea freight around the world and seriously delayed arrivals of some goods at port led to tense stocks of certain products. As a result, maintaining steady supply comparable to the market share was another challenge. Although it is impossible to eliminate vicious price competition on the domestic market, the flexible adjustment of distribution strategies reflective of changes on the market went well. The sales overall in 2022 did not differ from those in 2021. Both the operating income and profit grew significantly.

Subsidiary shipping business:

For the first half of 2022, due to the returning shipping business and renewal of leases, daily rentals throughout the year grew at least 30% compared to 2021. The shipping business saw obvious growths in terms of operating income. Transport cost: The pandemic, inflation, interest rate rise, and trade barriers set politically in countries around the world also resulted in the operating cost remaining at a high level. The profits, as a whole, however, grew positively throughout 2022. It also contributed to the profitability of the Group relatively significantly.

Subsidiary catering business:

After the restriction over dining in at restaurants was lifted in 2022, local customers returned. It helped reduce the operating loss throughout the year. Restrictions imposed to keep the pandemic at bay were lifted in the fourth quarter in Taiwan. It takes time for international visitors to return. Growths and profits will hopefully return to normal slowly.

(II) Analysis of financial revenue and expenditure and profitability

1. Revenues and expenses

Unit: NTD Thousand

Item	2022	2021	Increase (Decrease)
Operating revenue	8,025,189	4,795,266	3,229,923
Operating costs	5,177,065	3,229,062	1,948,003
Operating profit	1,748,524	813,900	934,624
Net profit for the period	1,204,422	670,871	533,551

2. Profitability analysis

Item	2022	2021
Return on assets	10%	6%
Return on equity	18%	11%
Net profit before tax to paid-in capital ratio	64%	33%
Net profit margin	15%	14%
Earnings per share (NT Dollars)	4.84	2.69

(III) Research and development status

Core Industrial Chemical Business

A. Investigate crystal particle control parameters, proactively restore the production line for baking soda, and hopefully produce locally, reduce carbon footprint, and recycle carbon dioxide to manufacture "green products" for supplying the reactor flume processing and application market, which is quickly growing, in the future in response to the greater directive of international greenhouse gas emission reduction and corporate sustainable operation, realizing goals of reduced carbon emissions and carbon neutralization with the generated carbon dioxide and imported heavy soda as the raw materials.

- B. Proactively plan water and electricity conservations, check the amount of water used at each department, plan the circulated use procedure, investigate the rainwater recycling solution, and effectively utilize water resource in order to effectively conserve energy and reduce carbon emissions, bring down the production cost, and enhance competitive advantages of products. Replacement of high-performing motors is planned to improve the electricity use efficiency. The high-low load automatic frequency conversion control system is adopted to avoid invalid energy consumption and output. Meanwhile, energy-saving lights are used and sensor switches are designed to realize water and electricity conservations on multiple fronts, getting ready for the high electricity charge and water consumption charge policy early on.
- C. Take 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. Related production technologies and production equipment suppliers are now available. Once the pandemic eases and anti-pandemic measures are adjusted in countries around the world, site equipment visits are intended and related production equipment will be installed.

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, 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 poach its competitors' customers,

effectively improve sales and consolidate its market share.

Export of potassium sulfate will continue to be met with fluctuating prices of the raw material potassium chloride and the competition on the market will be even fiercer. Most of the primary destination ports have their sea-freight container and shipment costs returned to the pre-pandemic level, which relatively lessens some price competition pressure. A lot of customers are on the lookout and are relatively conservative about the procurement of potassium sulfate. Meanwhile, to lower their inventory level, competitors cut prices, which further impact selling prices on the market. The Company will, depending on market and customer demands, adequately adjust its distribution strategies and prices in response. Product strategies, as a whole, will grow towards diversification. Meanwhile, the focus will remain on research and development in order to meet the different needs of customers.

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

Product type	Unit: Tons	
	Estimated production/purchase quantity	Estimated sales quantity
Manufacturing	346,176	341,142
Trading	85,671	88,614
Total	431,847	429,756

Subsidiary shipping business:

Robust operation remains a priority in the shipping business. Although rents of bulk carriers fell back in the low season of 2022, the shipping demand is expected to gain support as the demand for transport of food staples increases after the lock-down in China is lifted. The operating cost that increased during the pandemic is expected to drop, yet certain time is required in order for it to gradually show. Interest rate rise, on the other hand, will become a main addition to the operating cost. Therefore, in light of environmental protection and capital cost, elimination of old vessels and how to adjust the financial cost will be important in this year's operation.

Catering business:

Inflation is likely to offset the benefits of lock-down removal. Besides maintaining the quality of seasonal star-rate meals, efforts will continue to promote take-out options. Meanwhile, besides increasing the aura felt by customers who dine in and the flexible adjustment of dietary options for respective customers, new items will be developed to reinforce brand loyalty.

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. For the Su-ao Main Plant, besides ISO9001, it has been ISO45001 and ISO14001 certified. In response to the goal and strategy of net zero carbon emissions planned for ESG, the Company is currently getting ready for ISO14064-1 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.

In shipping business: Given the fact that environmental protection laws and regulations are getting stricter and stricter each day and higher maintenance cost of old vessels and greater impacts on cruising restrictions, elimination of old vessels will be prioritized. In addition, short-term and long-term rentals will be assigned in order to more effectively utilize funds and control the cost.

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 "Chian'anhe" restaurant under it has won the one-star rating by the "Michelin Guide Taipei" for five consecutive years; in addition to increased cleaning to prevent against the pandemic, food safety and fresh and healthy meals of the season are equally emphasized. Home dining may be a market to be explored. The service quality will continue to be improved in order for the catering business to cope with environmental changes.

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, and increase business flexibility, efficiency and electronic management systems. The Company will continue to track related compliance 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 Jung-Yuan

Two. Company Profile

I. Date Established

- (I) Date Established: 1957/03/02
- (II) Main Office: 23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan
Telephone: (02)2704-7272 (Representative)
Fax: (02)2704-3380
Paid-in Capital Size: NTD2,490,016,510
- (III) Core industrial chemical business
 - Su'ao General Plant: No. 120, Xincheng 1st Road, Suao Town, Yilan County
Telephone: (03)990-5121 (Representative)
Fax: (03)990-3235
 - Changhua Plant: No. 1--6, Gongxi 1st Road, Quanxing Industrial Zone, Shengang Township, Changhua County
Telephone: (04)798-8931
Fax: (04)798-8933
 - Taichung Plant: No. 12, Gong 10th Road, Youshi Industrial Zone, Dajia District, Taichung City
Telephone: (04)2681-6685
Fax: (04)2681-6686
- (IV) Shipping business: Sesoda Steamship Corporation
Salduba Building, Top Floor, Urbanizacion Obarrio, Panama City, Panama
Telephone: (02)2704-7272 (Representative)
Fax: (02)2704-3380
- (V) Catering business: Yukari Group Co., Ltd.
1st Floor, No. 9, Lane 160, Yanji Street, Taipei
Telephone: (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 to be delivered in the first quarter of 2006 and 2007.

- 2004
 1. Improved storage capacity and implemented expansion of Changhua Plant.
 2. The first granular sulfate of potash (SOP) production line was built at the Suao Main Plant.
- 2005
 1. East Tender Optoelectronics Corporation shifted from losses to begin making profits.
 2. Expanded second granular SOP production line.
- 2006
 1. The newly built 32,600 DWT bulk carrier m.v. "Crystal Ocean" was delivered.
 2. Disposed of the bulk carrier m.v. "East Tender".
 3. Expanded the third and fourth granular SOP production lines.
- 2007
 1. Disposed of the bulk carrier m.v. "Mount Baker".
 2. Cash capital was reduced by 25% and paid-in capital was NTD 1.578 billion.
 3. Invested in China Hebeike Fine Chemical Co., Ltd.
 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 28,306 DWT bulk carrier m.v. "ANSAC SESODA."
 2. Purchased 32,739 DWT bulk carrier m.v. "ANSAC SPLENDOR."
 3. Delivered new 28,191 DWT bulk carrier m.v. "NORD YILAN."
- 2011
 1. m.v. "CRYSTAL OCEAN" was renamed m. v. "ALPHA BULKER"
 2. Ordered a 32,600 DWT bulk carrier for delivery in the second half of 2013.
 3. Complete the expansion of the ninth and tenth SOP production lines.
- 2012
 1. Purchased 32,729 DWT bulk carrier m. v. "ACHILLES BULKER."
 2. East Tender Optoelectronics completed public offering of shares.
- 2013
 1. Two 33,000 DWT bulk carriers were ordered with expected delivery before the end of November 2015 and the end of March 2016.
 2. Took delivery of newly built 32,706 DWT bulk carrier m. v. "ANSAC

ENTERPRISE”.

3. Invested in Qingdao Soda Industry Potash Technology Co., Ltd. of China.
- 2014
 1. Ordered seven 33,000~38,000 DWT bulk carriers.
 2. East Tender Optoelectronics completed a cash reduction of NTD 70 million.
 3. Invested in Yukari Group Co., Ltd.
 - 2015
 1. Completed expansion of the 11th and 12th SOP production lines.
 2. Eight SOP production lines were completed at Qingdao Soda Industry Potash Technology Co., Ltd. of China.
 3. East Tender Optoelectronics canceled the public offering of shares.
 4. Hebei Oxen Special Chemicals completed listing on the New Third Board.
 5. Took delivery of newly built 33,199 DWT bulk carrier m. v. "EMERALD ENTERPRISE."
 6. Invested in E-Teq Venture Co., Ltd.
 - 2016
 1. Completed expansion of the ninth and tenth granular SOP production lines.
 2. East Tender Optoelectronics completed the public offering of stocks and emerging market registration.
 3. Took delivery of newly built 33,415 DWT bulk carrier m. v. "RUBY ENTERPRISE."
 - 2017
 1. The Company marked its 60th anniversary.
 2. Took delivery of newly built 34,552 DWT bulk carrier m. v. "ANDREA ENTERPRISE."
 3. Launched expansion of the thirteenth and fourteenth SOP production lines with expected completion and start of production in 2018.
 4. Took delivery of newly built 33,428 DWT bulk carrier m. v. "CIARA ENTERPRISE."
 5. Delivered 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 Ken Anho 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. The newly built 34,000 DWT bulk carrier m. v. "Remy Enterprise" was delivered.
 3. Took delivery of newly built 38,000 DWT bulk carrier m. v. "SE CARDI."
 4. Chian'anhe Restaurant won the one-star rating of "Michelin Guide Taipei" in 2019.

- 2020

The catering business exhibition shop "Qian Yi Guo (Qianxing)", at the same time Chian'anhe won the "Michelin Guide Taipei" one-star appraisal for the third consecutive year.

- 2021

1. Increased the investment size and maintained the shareholding ratio to meet the demand for funds to support the expanded production at China Qingdao Alkali Potash Technology Co., Ltd.
2. The Company changed its Chinese name (English name remains as Sesoda Corporation).
3. The Suao Main Plant was ISO14001 and ISO45001-certified.
4. Chian'anhe rated one-star for the fourth year in "Michelin Guide Taipei".

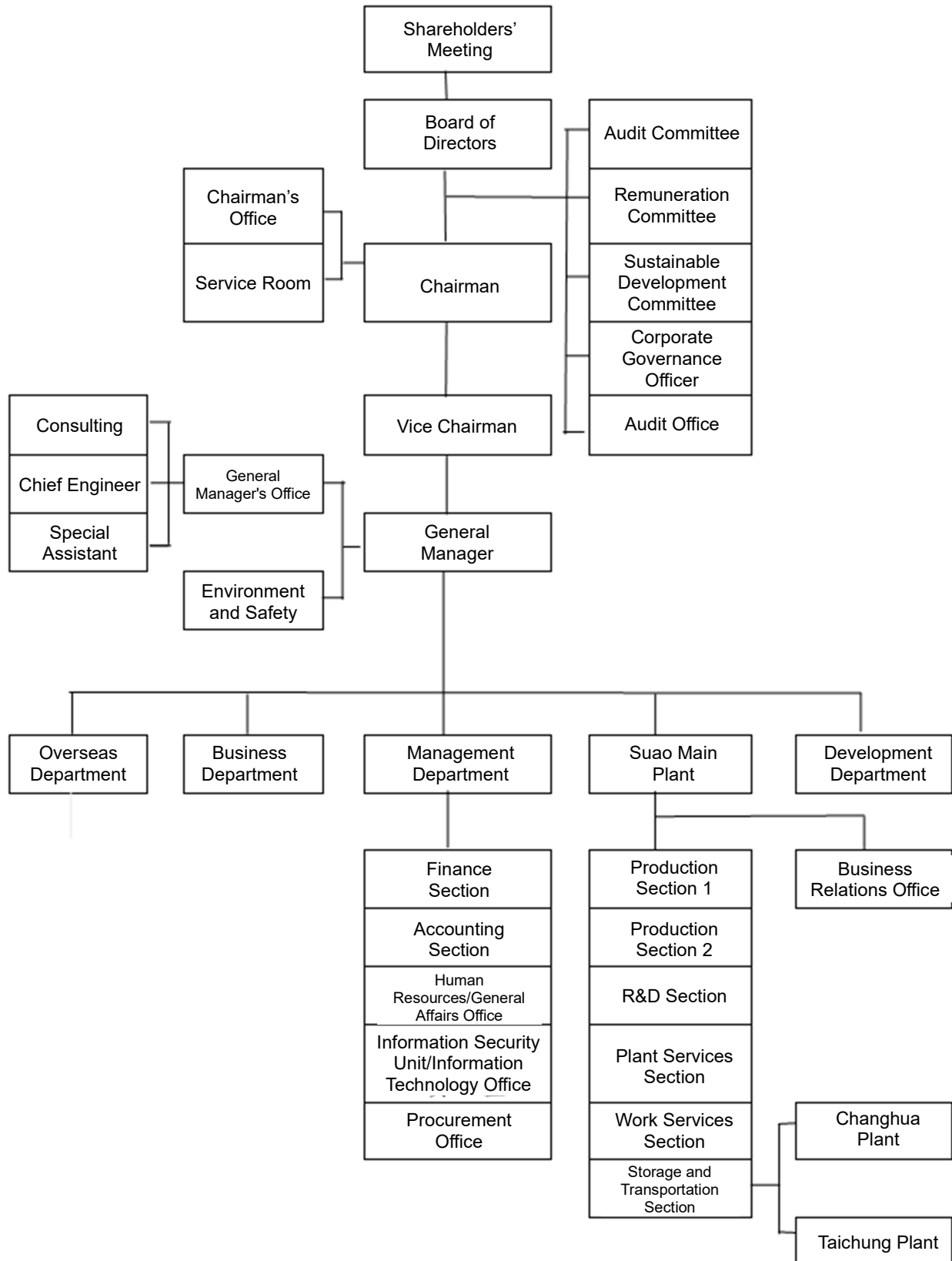
- 2022

1. Established Yun Sheng Investment Co., Ltd.
2. Chian'anhe rated one-star for the fifth year in "Michelin Guide Taipei".

Three. Corporate Governance Report

I. Organization system

(1) Organizational structure



(2) Responsibilities of Reach Major Department

1. Corporate Governance Officer:
 - (1) Address Board of Directors meetings and shareholders' meetings-related matters.
 - (2) Preparing minutes of the Board of Directors meetings and shareholders' meetings.
 - (3) Assist directors and supervisor in taking office and continuing education.
 - (4) Provided directors and supervisors with materials needed for them to fulfill their duties.
 - (5) Help directors and supervisors comply with regulatory requirements.
 - (6) Other matters described or established in the Articles of Incorporation or contracts, etc.

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

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

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

5. Stock Services Office:
 - (1) Preparatory arrangements for the shareholders' meetings
 - (2) Preparatory arrangements for the board of directors and the compilation and review of meeting handbooks.
 - (3) Establishment of business contacts and public relations with stock agencies and securities authorities.

- (4) Cooperation in providing relevant information about securities related laws and regulations.
 - (5) Processing of new share issuance related affairs and verification and statistics of shareholder equity.
 - (6) Research of laws and regulations related to stock affairs.
6. Business Department:
- (1) Domestic business production and sales planning, market research, formulation and implementation of sales strategies.
 - (2) Product sales, account processing, after-sales service.
 - (3) Responsible for long-term domestic sales business goals and product development planning.
 - (4) Formulate marketing strategies and push forward based on domestic market information.
 - (5) Develop domestic sales of new products and new customers.
 - (6) Regularly review sales strategies and market responsiveness.
7. Foreign Department:
- (1) Centrally handle export-oriented business.
 - (2) Formulation and implementation of the management, deployment, supervision, assessment, pre-employment training and on-the-job training plan for export sales personnel.
 - (3) Establishment, implementation, review and improvement of export business objectives.
 - (4) Formulation, promotion and review of marketing strategies based on the information on the export market.
8. Management:
- (1) Coordinate financial capital scheduling, routine accounting treatment and tax planning.
 - (2) Compilation and review of annual reports and shareholders' meeting handbooks.
 - (3) Supervision and management of 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.
9. Su'ao General Plant:
- (1) Control of product production, manufacturing, process control, quality, capacity, delivery time 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.

10. Development Department:

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

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

(I) Directors

1. Information of Directors

March 20, 2023

Title (Note 1)	Nationality or places of registration	Name	Gender (Note 2)	Date appointed (look 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)	Offices (Concurrently Held in the Company and Other Companies)	Spouses or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 5)
							Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
Chairman	Republic of China Republic of China	Zhengbang Investment Co., Ltd. Representative: Chen Jung-Yuan	Male 68	2021/07/05 2024/07/04	2021/07/05- 2024/07/04	2009/05/22- 2015/05/14	14,758,338	6.46%	16,086,583 6,899	6.46%	0 527	0 0 0	0 0 0	0 0 0	Master's degree, Florida Institute of Technology	Chairman/General Manager of East Tender Trading Co., Ltd. Director, Hebei Owen Special Chemicals Co. Director, Qingdao Alkali Potash Technology Co. Ltd.	--	--	--	
Vice Chairman	Republic of China United States	Sincere Industrial Corporation Representative: Chen Cheng-fe	Male 44	2021/07/05 2024/07/04	2021/07/05- 2024/07/04	1994/04/21- 2008/05/22	3,425,923	1.50%	3,734,256	1.50%	0	0	0	0	Master of Business Administration, New York University	Director, Sincere Industrial Corporation General Manager of Sande International Investment Co., Ltd. Chairman of East Tender Optoelectronics Co., Ltd. Chairman, Yuncheng Investment Co., Ltd. Chairman, Sincere Social Welfare Foundation in Yitan County	Director Director Director	Chen Kai-Yuan Chen Li-Fe Chen Yi-Fe	Father and son Brothers Brothers	
Director	Republic of China Republic of China	Sincere Industrial Corporation Representative: Chen Kai-Yuan	Male 77	2021/07/05 2024/07/04	2021/07/05- 2024/07/04	1954/04/21- 1979/03/30	3,425,923	1.50%	3,734,256	1.50%	0	0	0	0	Department of Industrial Education, Chung Yuan Christian University	Chairman, Zhengbang Investment Co., Ltd. Sincere Industrial Corporation Director/President Sincere Investment (BVI) Ltd. Director/President	Director Director Director	Chen Li-Fe Chen Cheng-fe Chen Yi-Fe	Father and son Father and son Father and son	
Director	Republic of China United States	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	Male 57	2021/07/05 2024/07/04	2021/07/05- 2024/07/04	2009/05/22- 2006/05/12	14,758,338	6.46%	16,086,583	6.46%	0	0	0	0	Department of Business Administration, University of Southern California	Director, Sincere Industrial Corporation	Director Director	Chen Kai-Yuan Chen Cheng-fe Chen Yi-Fe	Father and son Brothers Brothers	
Director	Republic of China Republic of China	Yuan Investment Consulting Co., Ltd. Representative: Wu Chung-Ji	Male 80	2021/07/05 2024/07/04	2021/07/05- 2024/07/04	2008/05/22- 1982/03/31	4,917,229	1.76%	4,375,542 4,293,199	1.76% 1.72%	0 856,914	0 0.34%	0 0	0 0	Department of Business Administration, Chu Hai College of Higher Education, Hong Kong	Director, Teh-Hu Cargoscan Management Company Limited	--	--	--	
Director	Republic of China Republic of China	Sande International Investment Co., Ltd. Representative: Chen Yi-Fe	Male 42	2022/02/10 2024/07/04	2021/07/05- 2024/07/04	2006/05/22- 2012/05/28	4,987,462	2.17%	5,414,533	2.17%	0	0	0	0	Department of Management, Hohai University	Chairman of Yukair Co., Ltd. Chairman of Henyou Industrial Co., Ltd. President of Heilongjiang Yuhang Industrial Co., Ltd. Senior Vice President of Sincere Corporation	Director Director	Chen Kai-Yuan Chen Li-Fe Chen Cheng-fe	Father and son Brothers Brothers	

Title (Note 1)	Nationality or place of registration	Name	Gender Age (Note 2)	Date appointed (lock 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 Experiences (Note 4)	Officer'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	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Shares	Percentage of ownership	Title	
Director	Republic of China Singapore	Sincere Industrial Corporation Representative: Chu Yuan-Hua	Male 57	2021/07/05	2021/07/05- 2024/07/04	1994/04/21 2018/06/08	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 President, Junhui Textile & Garment International Co., Ltd. Supervisor of Faragshun International Co., Ltd.	--	--	--	
Independent Director	Republic of China	Wang Pao-Hsin	Male 69	2021/07/05	2021/07/05- 2024/07/04	2018/06/08	0	0	0	0	0	0	0	0	Master of Business Administration, Michigan State University United States	Independent Director, Prudential Life Insurance Co., Ltd. Director, Micropolis 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 77	2021/07/05	2021/07/05- 2024/07/04	2015/05/14	0	0	0	0	0	0	0	0	Master of Advanced Business Administration, National Sun Yat-sen University	Director/President of Formosa Petrochemical Corporation Chairman of Formosa Oil (Asia Pacific) Corporation Chairman of Identosa Formosa Specialty Chemicals Corporation Chairman of Kration Formosa Polymers Corporation General Manager of Mai-Liao Power Corporation	--	--	--	
Independent Director	Republic of China	Chu Ji-Chuan	Male 49	2021/07/05	2021/07/05- 2024/07/04	2021/07/05	0	0	0	0	0	0	0	0	Master of Law, Northwestern University	Partner, Liu Cheng & Partners Assistant/Partner, Baker McKenzie Attorney, Formosa Transnational Attorneys at Law, Attorney, Taiwan Depository & Clearing Corporation Attorney, Central Deposit Insurance Corporation	--	--	--	

- Note 1: For legal person shareholders, list the names of them and their representatives separately (for representatives of legal person shareholders, indicate the names of the legal person shareholders), and fill in Table 1 below.
- Note 2: Please include the actual age and it may be expressed in ranges, such as 41-50 years old or 51-60 years old.
- Note 3: It shall show when did he/she assume position of director or supervisor for the first time. If it is discontinued, 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 chairman of the Company and the president or the person with an equivalent position (the top manager) are the same person, each other's spouse or relatives, state the reason, rationality, necessary character and corresponding measures (such as increasing the number of independent directors, and that there should be more than half of the directors not concurrently serving as employees or managers).

Table 1: Major Shareholders of Institutional Shareholders

March 28, 2023

Name of corporate shareholder (note 1)	Major shareholders of corporate shareholders (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 (8.9%), Chu Ying-Piao (7.31%) Ting Chao-Kuo (4.4%), Lai Wen-Chang (3.5%), 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 institutional shareholder (with the shareholding ratio falling within the top ten) and the 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 (refer to the announcement of the Judicial Yuan) and the ratio of capital contribution or donation. When the donor is already deceased, please indicate "Deceased".

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

March 28, 2023

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

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

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

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

2. Information of Directors

Disclosure of Professionalism of Directors and Supervisors and Independence of Independent Directors:

Terms Name	Professionalism and experience (Note 1)	Independence (Note 2)	Number of other public companies where he/she concurrently serves as an independent director
Chen Jung-Yuan	<p>Major Education: Master of Business Administration, Florida Institute of Technology</p> <p>Major Experience: 1. Chairman of Sesoda Corporation 2. President of Hebei Oxen Special Chemicals Co., Ltd. 3. University Lecturer</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①③④⑥⑦⑧⑨⑩	0
Chen Kai-Yuan	<p>Major Education: Department of Industrial Engineering, Chung Yuan Christian University</p> <p>Major Experience: 1. Director of Sincere Industrial Corporation 2. Chairman of Zhengbang Investment Co., Ltd.</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①③⑥⑦⑧⑨	0
Chen Li-Te	<p>Major Education: MBA, University of Southern California</p> <p>Major Experience: Director of Sincere Industrial Corporation</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①③⑥⑦⑧⑨	0

Chen Cheng-Te	<p>Major Education: Master of Business Administration, New York University Stern School of Business</p> <p>Major Experience: 1. Vice Chairman of Sesoda Corporation 2. Chairman of East Tender Optoelectronics Co., Ltd. 3. Director of Sincere Industrial Corporation</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①③⑥⑦⑧⑨	0
Chu Yuan-Hua	<p>Major Education: MBA, Holy Names University</p> <p>Major Experience: Macy's Department Store Business Administrative Assistant</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①③⑥⑦⑧⑨⑩	0
Chen Yi-Te	<p>Major Education: Department of Management, Hofstra University</p> <p>Major Experience: 1. Chairman of Yukari Co., Ltd. 2. Chairman of Sincere Industrial Corporation 3. President of Chengbang Investment Co., Ltd.</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①③⑥⑦⑧⑨	0

Wu Chung- Li	<p>Major Education: Department of Business Administration, Chu Hai College of Higher Education, Hong Kong</p> <p>Major Experience: Director, Teh-Hu Cargocean Management Company Limited</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①④⑥⑦⑧⑨⑩	0
Tsao Ming	<p>Major Education: Master of Advanced Business Administration, National Sun Yat-sen University</p> <p>Major Experience: 1. President of Kuokuang Petrochemical Corporation</p> <p>2. Executive Vice President of CPC Corporation</p> <p>3. Chairman of OPIC Investment Company</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	①②③④⑤⑥⑦⑧⑨⑩⑪	0

Chu Ji-Chuan	<p>Major Education: Master of Law, Northwestern University</p> <p>Major Experience: 1. Assistant/Partner, Baker McKenzie 2. Attorney, Formosa Transnational Attorneys at Law. 3. Attorney, Taiwan Depository & Clearing Corporation 4. Attorney, Central Deposit Insurance Corporation</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ ⑩ ⑪	0
Wang Po-Hsin	<p>Major Education: Master of Business Administration, Michigan State University, United States</p> <p>Major Experience: 1. Chairman of East Asia Securities Company Limited in Taiwan 2. Independent Director of PCA Life Assurance Co., Ltd.</p> <p>None of the conditions indicated under Article 30 of the Company Act</p>	① ② ③ ④ ⑤ ⑥ ⑦ ⑧ ⑨ ⑩ ⑪	1

Note 1: Professionalism and experience: Specify the professionalism and experience of individual directors and supervisors. For those who are Audit Committee members with accounting or financial expertise, for example, the accounting or financial background and work experience shall be specified. Meanwhile, presence or not of the conditions under Article 30 of the Company Act shall be indicated.

Note 2: Note 2: For independent directors, the status of independence shall be specified, including, without limitation, whether or not the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the director, supervisor of, or working for the Company or any of its affiliates, the number and weight of shares the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship holds, whether or not the independent director himself/herself, his/her spouse, or a relative within the second degree of kinship is serving as the supervisor of, or working for a company in a specific relationship with the Company (refer to the requirements in Article 3 Paragraph 1 Sub-paragraphs 5-8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and the amount of rewards received for corporate commerce, legal affairs, financial affairs, and accounting services provided over the past two years to the Company or any of its affiliates.

* When any of the following conditions is met for each director or supervisor for the two years prior to and during their tenure, circle each of the criteria below in the form above.

- (1) Not an employee of the Company or its affiliates.
- (2) The director is not a director or supervisor of the Company or its affiliated enterprises (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) The director or supervisor is not a government agency, a legal person or their representative as stipulated in Article 27 of the Company Act.

3. Diversification in Board of Directors Membership:

The Company promotes and respects the diversification policy regarding the Board of Directors. In order to reinforce corporate governance and to promote the normalized composition and structure of the Board of Directors, it is believed that the policy will help boost the overall performance of the Company. Members of the Board of Directors are elected on the basis of their talent and possess cross-disciplinary diversified complementary capabilities, including demographics (such as age, gender, nationality, etc.), respective industrial experience and related skills (such as sea freight, finance and accounting, and law/insurance), and capabilities such as operational judgment, operation and management, leadership, decision-making, and crisis management.

In order to reinforce the functions of the Board of Directors and to accomplish ideal goals of corporate governance, Article 20 of the Company's Corporate Governance Best Practice Principles stipulates that the Board of Directors, in general, shall be capable of the following:

1. The ability to determine operations
2. Accounting and financial analyses
3. Operational management
4. Crisis management
5. Industrial knowledge
6. International market views
7. Leadership
8. Decision-making ability

Core Diversification Projects	Gender	Employee	Age			Independent Director		The ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Industrial knowledge	An international market perspective	Leadership	Decision-making ability	Law
			40-50 years old	51-60 years old	70 years and above	3 years and less	6-9 years									
Director name																
Chen Jung-Yuan	Male			V			V	V	V	V	V	V	V	V		
Chen Kai-Yuan	Male				V		V	V	V	V	V	V	V	V		
Chen Li-Te	Male			V			V	V	V	V	V	V	V	V		
Chen Cheng-Te	Male		V				V	V	V	V	V	V	V	V		
Chu Yuan-Hua	Male			V			V	V	V	V	V	V	V	V		
Wu Chung-Li	Male				V		V	V	V	V	V	V	V	V		
Chen Yi-Te	Male		V				V	V	V	V	V	V	V	V		
Tsao Ming	Male				V		V	V	V	V	V	V	V	V		
Chu Ji-Chuan	Male		V				V	V	V	V	V	V	V	V		V
Wang Po-Hsin	Male			V			V	V	V	V	V	V	V	V		

- (1) The ten directors of the 24th intake of the Board of Directors (including 3 independent directors), in general, are capable of operational judgment, leadership and decision-making, operation and management, international market views, and crisis management and possess industrial experience and professional skills. Those with chemical engineering industrial experience, in particular, include Chairman Chen Jung-Yuan, Director Chen Kai-Yuan, Director Wu Chung-Li, Director Chen Li-Te, Director Chen Cheng-Te, Director Chen Yi-Te, and Independent Director Chao Ming; those with shipping industry experience are Director Chen Kai-Yuan, Director Wu Chung-Li, Director Chen Li-Te, Director Chen Cheng-Te, and Director Chen Yi-Te; those specializing in marketing are Director Chen Jung-Yuan, Director Chen Kai-Yuan, Director Wu Chung-Li, Director Chu Yuan-Hua, Director Chen Li-Te, Director Chen Cheng-Te, and

Director Chen Yi-Te; and the one specializing in legal affairs is Independent Director Wang Po-Hsin, on the other hand, has financial and managerial skills and experience.

Directors of the Company serve a term of 7 years on average. The 6 directors have served their term for at least 7 years. Independent Director Chao Ming, in particular, has served for 8 years. Despite the fact that Independent Director Chao Ming is serving his third intake, his chemical engineering knowledge and managerial skills will help the Company in respective business developments. Therefore, the Company still needs his expertise while supervising the Board of Directors and providing professional opinions. Among the directors, 7 are Taiwanese, 2 American, and 1 Singaporean. There are 3 independent directors 30% and 1 director is also the Company's employee, accounting for 10%. In terms of age range, 3 directors are 40-50 years old; 2 are 51-60 years old; 2 are 61-70 years old; and 3 are 70 years and above.

(2) The diversification, complementation, and fulfillment of the Board of Directors are meeting the criteria specified in Article 20 of the "Corporate Governance Best Practice Principles". In the future, efforts will continue to be made to adequately increase and modify the diversification policy reflective of operation, operational pattern, and developmental demand of the Board of Directors, including, without limitation, the basic criteria and values, professional knowledge and skills in order to ensure that members of the Board of Directors shall possess the knowledge, skills and attainments needed to perform their duties.

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

March 28, 2023

Title (Note 1)	Nationality	Name	Gender	Date appointed (took office)	Number of shares held		Spouse and minor children holding shares		Shares held in the name(s) of others		Main Experience (Education) (Note 2)	Office(s) Concurrently Held in Other Companies	Spouse or relatives within the second degree of kinship or closer acting as Manager			Remarks (Note 3)
					Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
General Manager	Republic of China	Huang Chih-Cheng	Male	2019/12/01	74,662	0.03%	0	0	0	0	Arizona State University	Director, Zaifeng Motor Freight Co., Ltd. Director, East Tender Trading Co., Ltd.	--	--	--	--
Senior Deputy General Manager, Management Department	Republic of China	Liu Chih-Yung	Male	2015/09/21	209,479	0.08%	0	0	0	0	Accounting Institute, National Cheng Kung University	Director, Zaifeng Motor Freight Co., Ltd. Director, East Tender Trading Co., Ltd. Chairman of E-Teq Venture Co., Ltd. Director, Sesoda Social Welfare Foundation in Yilan County	--	--	--	--
Chief Director, Suao Main Plant	Republic of China	Shih Yueh-Hui	Male	2019/08/01	137	0	0	0	0	0	Department of Chemical Engineering, Chinese Cultural University	CEO, Sesoda Social Welfare Foundation in Yilan County	--	--	--	--
Deputy Director, Suao Main Plant	Republic of China	Hsu Teng-Hui	Male	2022/02/01	327	0					Graduate Institute of Mechanical and Electro-mechanical Engineering, National Ilan University	None	--	--	--	--

Senior Vice President, International Department	Republic of China	Chen Yi-Te	Male	2020/07/01	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Department of Management, Hofstra University	Chairman of Yukari Co., Ltd. Chairman of Hsinyou Industrial Co., Ltd. President of Chengbang Investment Co., Ltd.	--	--	--	--
Vice President, International Department	Republic of China	Lin Shu-Yuan	Female	2020/02/03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	University of Alabama Marketing Institute	None	--	--	--	--
Associate Manager, Chairman's Office	Republic of China	Chiu Chuang-Chien	Male	2021/06/15	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Graduate Institute of Agricultural Chemistry, National Taiwan University	None	--	--	--	--
Finance Supervisor	Republic of China	Chen Chih-Chun	Female	2018/07/23	13.596	0.01%	0	0	0	0	0	0	0	0	0	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	0	0	0	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	0	0	0	0	0	0	0	0	0	Department of International Trade, National Taipei University of Business	None	--	--	--	--
Audit Supervisor	Republic of China	Li Yen-Ling	Female	2017/02/06	0	0	228	0	0	0	0	0	0	0	0	0	0	0	0	Department of Accounting, Tamkang University	None	--	--	--	--

Note 1: Includes general manager, deputy general managers, associate managers, and the chiefs of all the company's divisions and branches. Regardless of position, all assignments equivalent to general manager, deputy general manager, and 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 the person with an equivalent position (the top manager) and the chairman are the same person, each other's spouse or relatives, state the reason, rationality, necessary character and corresponding measures (such as increasing the number of independent directors, and that there should be more than half of the directors not concurrently serving as employees or managers).

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

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

December 31, 2022
Unit: NTD Thousand

Title	Name	Directors' Remuneration				Ratio of the total of A, B, C and D to net income after tax		Remuneration from concurrently serving as employee			Ratio of the total of A, B, C, D, E, F, and G to net income after tax		Remuneration received from investee companies outside of subsidiaries or from the parent company			
		Remuneration (A)		Retirement pension (B)		Director's remuneration (C) (Note 2)		Business execution expenses (D) (Note 1)		Salary, bonus, and special expenditure (E)		Retirement pension (F)		Employee bonuses (G)		
		The Company		The Company		The Company		The Company		The Company		The Company		The Company		
Chairman	Zhengbang Investment Co., Ltd. Representative: Chen Jung-Yuan	12,740	0	43,741	11,732	5.66%	2,739	36,514	0	0	662	0	5.95%	8.75%	4,902	
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	Sande International Investment Co., Ltd. Representative: Huang Chih-Cheng															
Director	Sande International Investment Co., Ltd. (Former) (Note 5)															
Director	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Li															
Independent Director	Tsao Ming															
Independent Director	Wang Po-Hsin															
Independent Director	Chu Ji-Chuan															

Note 1: The Company paid NTD 5,684 thousand to the directors and the driver of the chairman for the year and it is not included in the remuneration mentioned above.

Note 2: According to articles of resolution of the Board of Directors on March 27, 2023, directors' remuneration for 2022 is calculated to be NTD43,741 thousand and directors' distribution amounts are estimated based on last year's allotment ratios. As of the publication date of the annual report, there is no resolution on the detailed distribution.

Note 3: Besides those disclosed in the above table, remuneration paid to directors in the most recent year for the services provided (such as working as a consultant who is not an employee at the parent company/all affiliates/reinvested businesses included in the financial statements); 0.

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

Note 5: Representative Huang Chih-Cheng of the institutional director San De International Investment Co., Ltd. resigned on February 9, 2022. Representative: Chen Yi-Te succeeded.

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 H	The Company	All companies in the financial reports I
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)	--	--	--	--
NTD 3,500,000 (inclusive) - NTD 5,000,000 (exclusive)	Chu Yuan-Hua, Chen Yi-Te	Chu Yuan-Hua, Chen Yi-Te	Chu Yuan-Hua	Chu Yuan-Hua
NTD 5,000,000 (inclusive) - NTD 10,000,000 (exclusive)	Chen Kai-Yuan, Wu Chung-Li, Chao Ming, Wang Po-Hsin, Chu Ji-Chuan	Chen Kai-Yuan, Wu Chung-Li, Chao Ming, Wang Po-Hsin, Chu Ji-Chuan	Chen Kai-Yuan, Wu Chung-Li, Chen Yi-Te, Chao Ming, Wang Po-Hsin, Chu Ji-Chuan	Chen Kai-Yuan, Wu Chung-Li, Chen Yi-Te, Chao Ming, Wang Po-Hsin, Chu Ji-Chuan
NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	Chen Li-Te, Chen Jung-Yuan, Chen Cheng-Te	Chen Li-Te, Chen Jung-Yuan, Chen Cheng-Te	Chen Li-Te, Chen Jung-Yuan, Chen Cheng-Te	Jung-Yuan Chen, Cheng-Te Chen
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	--	--	--	--
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	--	--	--	Chen Li-Te
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	--	--	--	--
Over NTD 100,000,000	--	--	--	--
Total	10	10	10	10

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

December 31, 2022
Unit: NTD Thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonuses and special expenses (C) (Note 1)		Employee compensation amount (D) (Note 2)			Ratio of the total of A, B, C and D to net income 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	Cash amount	Stock amount	The Company	All companies in the financial reports		
General Manager	Huang Chih-Cheng													
Deputy General Manager	Chen Yi-Te													
Deputy General Manager	Liu Chih-Yung	12,446	13,736	324	324	592	592	15,826	0	15,826	0	2.42%	2.53%	None
Deputy General Manager	Lin Shu-Yuan													
Director of Main Plant:	Shih Yueh-Hui													

Note 1: The Company paid NTD1,358 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 the General Manager's employee compensation has not yet been determined. It shall be estimated based on the actual distribution ratio last year. Relevant operations will be carried out after the resolutions of the shareholders' meeting of this year are passed, and the annual report information will be updated and disclosed on the Company's website.

Table of Remuneration Scales

Bracket by which remuneration is paid to individual presidents and vice presidents	Name of General Manager and Deputy General Manager(s)	
	The Company	All companies in the financial reports E
Less than 1,000,000	--	--
NTD 1,000,000 (inclusive) - NTD 2,000,000 (exclusive)	--	--
NTD 2,000,000 (inclusive) - NTD 3,500,000 (exclusive)	--	--
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, Liu Chih-Yung, Shih Yueh-Hui,	Chen Yi-Te, Huang Chih-Cheng, Liu Chih-Yung,
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

December 31, 2022
Unit: NTD Thousand

	Title	Name	Share remuneration amount	Amounts of cash compensation (Note 1)	Total	As percentage of income after tax (%)
Manager	General Manager	Huang Chih-Cheng	0	27,613	27,613	2.29%
	Deputy General Manager	Liu Chih-Yung				
	Deputy General Manager	Chen Yi-Te				
	Deputy General Manager	Lin Shu-Yuan				
	Director of Main Plant:	Shih Yueh-Hui				
	Deputy Chief Director	Hsu Teng-Hui (Took office on February 1, 2022)				
	Associate Manager	Chiu Chuang-Chien				
	Finance Supervisor	Chen Chih-Chun				
	Accounting Supervisor	Chu Ching-Yun				
	Corporate Governance Officer	Huang Mei-Ling				
	Audit Supervisor	Li Yen-Ling				

Note 1: As of the publication date of the annual report, the Company's proposed distribution of employee remuneration to managers has not yet been determined, and the 2023 estimate is based on the actual distribution ratio of 2022. The proposed distribution will be carried out after the resolution is passed in the 2023 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 procedures for setting the remuneration, and the relevance to the performance of the Company and future risks:

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

Unit: NTD Thousand

Item	Year	2021		2022	
		The Company	All companies in the financial reports	The Company	All companies in the financial reports
Total directors' remuneration and proportion to net profit after tax:		46,379 6.91%	60,060 8.95%	71,614 5.95%	105,389 8.75%
Total Remuneration Paid to General Manager and Deputy General Manager(s)		17,859	18,573	29,188	30,478
Remuneration paid to General Manager and deputy general managers and ratio to net profit after tax		2.66%	2.77%	2.42%	2.53%

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

IV. Status Corporate Governance:

(I) Board of Directors

In 2022, the Board of Directors met 7 times (A), and the status of the directors' attendance was as follows:

Title	Name	Number of times actually attending (observing) (B)	Frequency of attendance	Actual attendance (observation) rate (%) (B/A)	Note
Chairman's Institutional Representative	Representative of Zhengbang Investment Co., Ltd.: Chen Jung-Yuan	7	0	100%	
Vice Chairman's Institutional Representative	Representative of Sincere Industrial Corporation: Chen Cheng-Te	7	0	100%	
Director's Institutional Representative	Representative of Sincere Industrial Corporation: Chen Kai-Yuan	7	0	100%	
Director's Institutional Representative	Representative of Zhengbang Investment Co., Ltd.: Chen Li-Te	7	0	100%	
Director's Institutional Representative	Representative of Sincere Industrial Corporation: Chu Yuan-Hua	5	2	71%	
Director's Institutional Representative	Representative of Yalan Investment Consulting Co., Ltd.: Wu Chung-Li	7	0	100%	
Director's Institutional Representative	Representative of San De International Investment Co., Ltd.: Chen Yi-Te	7	0	100%	
Wang Po-Hsin		7	0	100%	
Tsao Ming		7	0	100%	
Chu Ji-Chuan		7	0	100%	

Other matters to be recorded:

- I. If any of the following occurs in the operation of the Board, specify the date, the session, the content of the motion, the opinions of the Independent Directors, and the response of the Company to the 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.

2. 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:

Board meeting on February 16, 2022:

- (I) Intended raise of the salary for Chairman Chen Yi-Te of Yukari Co., Ltd., effective January 1, 2022 according to the decision made in the fifth meeting of the 5th intake of the Remuneration Committee to NTDXXX; it is

brought forth for a decision.

Decision: Directors Chen Kai-Yuan, Chen Li-Te, Chen Cheng-Te, and Chen Yi-Te excused themselves and did not take part in the discussion and voting, while other directors present unanimously passed the proposal without objection.

- (II) Intended issuance of 15-day bonus for the Dragon Boat Festival and Mid-Autumn Festival and 30-day year-end bonus to directors who performed duties and received salaries throughout 2022 (Chen Li-Te, Chen Jung-Yuan, Wu Chung-Li, and Chen Cheng-Te) as if they were ordinary employees according to the decision made in the fifth meeting of the 5th intake of the Remuneration Committee; it is brought forth for a decision.

Decision: Directors Chen Kai-Yuan, Chen Li-Te, Chen Jung-Yuan, Wu Chung-Li, Chen Cheng-Te, and Chen Yi-Te excused themselves and did not take part in the discussion and voting, while other directors present unanimously approved the proposal without objection.

Board meeting on March 24, 2022:

- (I) Collection of additional commercial management fee from respective shipping companies at 1.25% of the actual daily rent of each vessel under the condition that the monthly management fee of USDXXX per vessel remains unchanged by the business manager Bright Charter Shipping Limited; it is brought forth for a decision.

Decision: Due to the fact that certain materials were pending preparation, it was approved unanimously by all attending directors that the case would not be discussed.

- (II) Intended lifting of business strife restriction of Director Chen Yi-Te as the Director of Sincere Industrial Corporation and is brought forth in this year's General Shareholders' Meeting for a decision.

Clarification: The representative of the Company's institutional director San De International Investment Co., Ltd. has been changed to Chen Yi-Te, effective February 10, 2022. Please lift the restriction according to Article 209 of the Company Act as there is no harm done to the interest of the Company.

Decision: Directors Chen Kai-Yuan, Chen Li-Te, Chen Cheng-Te, and Chen Yi-Te excused themselves and did not take part in the discussion and voting, while other directors present unanimously passed the proposal without objection.

Board meeting on November 8, 2022:

- (I) Intended delegation of Director Chen Jung-Yuan, Vice Chairman Chen Cheng-Te, Director Chao Ming, Director Chu Ji-Chuan, President Huang Chih-Cheng, and Senior Vice President Liu Chih-Yung to serve as members of the first intake of the Sustainable Development Committee, with a term in office from November 8, 2022 to July 4, 2024 and Director Chen Jung-Yuan will be the Chairman, President Huang Chih-Cheng will be the Vice Chairman, and Senior Vice President Liu Chih-Yung will be the director; it is brought forth for a decision.

Decision: Chairman Chen Jung-Yuan, Vice Chairman Chen Cheng-De, Director Chao Ming, and Director Chu Ji-Chuan excused themselves and did not take part in the discussion and voting. The remaining directors present unanimously approved the proposal.

III. 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 regularly every year.	The performance of the Board of Directors from January 1, 2022 to December 31, 2022 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</p>

				<p>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.
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The performance evaluation results of the Board of Directors, the Audit Committee, and the Remuneration Committee in 2022 were presented during the Board of Directors meeting on March 27, 2023 and will be disclosed on the Company's website after the meeting.

- 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, etc.) and the status of evaluation: Handled in compliance with laws and regulations

(II) Audit Committee

1. Audit Committee:

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

(A) There are 3 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, 2022, the Audit Committee of the Company held five 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 2022, the Audit Committee held 5 meetings (A), and the attendance was as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance rate (%) (B/A)	Note
Audit Committee Member	Wang Po-Hsin	5	0	100%	
Audit Committee Member	Tsao Ming	5	0	100%	
Audit Committee Member	Chu Ji-Chuan	5	0	100%	

Other matters to be recorded:

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

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

Audit Committee	Date	Proposal content and subsequent handling
2 nd intake 3 rd meeting	2022/02/16	Establishment of subsidiary Resolution: All members present agree to pass the resolution.
2 nd intake 4 th meeting	2022/03/24	Change of financial statement certification CPAs. Resolution: All members present agree to pass the resolution.

		2021 Financial Statements (Including Consolidated Financial Statements) Resolution: All members present agree to pass the resolution.
		2021 Business Report. Resolution: All members present agree to pass the resolution.
		2021 Earnings Distribution Resolution: All members present agree to pass the resolution.
		Lifting of the business strife restriction of Director Chen Yi-Te. Resolution: All members present agree to pass the resolution.
		2021 Internal Control System Declaration. Resolution: All members present agree to pass the resolution.
		Additional endorsements and guarantees. Resolution: All members present agree to pass the resolution.
		Revision of internal control system. Resolution: All members present agree to pass the resolution.
2 nd intake 5 th meeting	2022/05/09	Additional endorsements and guarantees. Resolution: All members present agree to pass the resolution.
		Consolidated Financial Statement for the first quarter of 2022. Resolution: All members present agree to pass the resolution.
		Revision of internal control system. Resolution: All members present agree to pass the resolution.
2 nd intake 6 th meeting	2022/08/09	Consolidated Financial Statement for the second quarter of 2022. Resolution: All members present agree to pass the resolution.
		Revision of internal control system. Resolution: All members present agree to pass the resolution.
2 nd intake 7 th meeting	2022/11/08	2023 Audit Plan. Resolution: All members present agree to pass the resolution.
		Consolidated Financial Statement for the third quarter of 2022. Resolution: All members present agree to pass the resolution.
		Additional endorsements and guarantees. Resolution: All members present agree to pass the resolution.
		Revision of internal control system.

		Resolution: All members present agree to pass the resolution.
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- (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: None.
- (III) Recusal of independent directors upon conflicts of interest in proposals being discussed: statement: None.
- (IV) Communication between independent directors (Audit Committee) and the internal audit director and accountant
 - (1) Communication policy between independent directors (Audit Committee) and internal audit supervisors and accountants:
 - (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 2022.

Date	Focus of communication
2022/03/24	Explanation of the review of the financial quarterly report for the 4 th quarter of 2021: <ol style="list-style-type: none"> 1. Independence. 2. The responsibility of audit personnel to audit the financial statements. 3. Type of audit opinions provided. 4. Audit scope. 5. Audit findings. 6. Main impacts of Statement of Auditing Standards No. 75 on the Company. 7. Other matters to be paid attention to. 8. Update of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations
2022/05/09	Explanation of the review of the financial quarterly report for the 1 st quarter of 2022:

	<ol style="list-style-type: none"> 1. Independence. 2. Responsibility of audit personnel for auditing interim financial reports. 3. Type of review conclusions provided. 4. Audit scope. 5. Audit findings. 6. Main impacts of Statement of Auditing Standards No. 75 on the Company. 7. Other matters to be paid attention to. 8. Update of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations
2022/08/09	<p>Explanation of the review of the financial quarterly report for the 2st quarter of 2022:</p> <ol style="list-style-type: none"> 1. Independence. 2. Responsibility of audit personnel for auditing interim financial reports. 3. Type of review conclusions provided. 4. Audit scope. 5. Audit findings. 6. Main impacts of Statement of Auditing Standards No. 75 on the Company. 7. Other matters to be paid attention to. 8. Update of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations
2022/11/08	<p>Explanation of the review of the financial quarterly report for the 3st quarter of 2022:</p> <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 of important accounting standards or clarification letters, securities control laws and regulations, and taxation laws and regulations
<p>Result: All the matters above have been reviewed or approved by independent directors with no objection.</p>	

(3) Summary of communications between independent directors (Audit Committee) and the internal audit director in 2023.

Audit Committee /Date	Communication items
2022/02/16	1. Report on the implementation of the Audit Plan from October to December of 2021.
2022/03/24	<ol style="list-style-type: none"> 1. Report on the implementation of the Audit Plan from January to February of 2022. 2. Revision of “internal control system”. 3. Review of the “2021 Internal Control System Declaration”.
2022/05/09	1. Report on the implementation of the Audit Plan in March 2022.

	2. Revision of “internal control system”.
2022/08/09	1. Report on the implementation of the Audit Plan from April to June of 2022. 2. Revision of “internal control system”.
2022/11/08	1. Report on the implementation of the Audit Plan from July to September of 2022. 2. Review of 2023 Audit Plan. 3. Revision of “internal control system”.
Result: All the matters above have been reviewed or approved by Audit Committee members, and independent directors had no objection.	

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

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
1. Has the Company prepared and disclosed the Corporate Governance Best Practice Principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies?	Yes		The contents are revised reflective the Company's practice and answers to the essence of the "Corporate Governance Best-Practice Principles for TWSE/TPEX-Listed Companies".
2. The equity structure and shareholders' equity of the Company (I) Does the Company have internal operating procedures in place to deal with shareholder recommendations, doubts, disputes and litigation matters according to the procedures? (II) Does the Company have a list of major shareholders and ultimate controllers of major shareholders who actually control the Company?	Yes		The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(III) Has the Company established and implemented the risk management, control and prevention mechanisms	Yes		The Company's Management Department handles shareholder suggestions, doubts or disputes. If there are litigation matters involved, they will be referred to the Company's legal counsel for handling. The Company does not have major shareholders holding 10% and more shares. Information of shareholders holding 5% and more shares is disclosed in the financial report on a quarterly basis as required. Directors and managers file changes to the shares they hold with the Company on a monthly basis as required. The Company also discloses such information on the website designated by the competent authority where it is declared.

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
<p>for affiliated companies?</p> <p>(IV) Has the Company established internal regulations that prohibit insiders from using unpublished information in the market to buy and sell securities?</p>	Yes		
<p>3. Composition and Duties of the Board of Directors</p> <p>(I) Has the Board of Directors developed diversification policies, substantial management goals and enforced them?</p>	Yes		<p>The “Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.</p>

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
		<p>limitation, the following two major dimensions, and enforce them:</p> <ol style="list-style-type: none"> 1. Basic requirements and values: Gender, age, nationality, and culture. 2. Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience. <p>Each board member shall have the necessary knowledge, skill, and experience to perform their duties. In order to achieve the goal of corporate governance, the board of directors should have the following capabilities as a whole: (Refer to Paragraph 1 Sub-paragraph 1 Item 3 of the Corporate Governance Report - Diversification of Directors)</p> <ol style="list-style-type: none"> 1. The ability to make judgments about operations. 2. Accounting and financial analysis ability. 3. Business management ability. 4. Crisis management ability. 5. Knowledge of the industry. 6. An international market perspective. 7. Leadership ability. 8. Decision-making ability. 9. Law 	
(II) Has the Company voluntarily set up other functional committees other than the Remuneration Committee and the Audit Committee according to law?		No	The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
(III) Has the Company formulated the board's performance assessment and evaluation method, conduct performance evaluation annually and	Yes		The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
regularly, and report the results of the performance evaluation to the Board of Directors, and apply it to individual directors' remuneration and nomination renewal?		<p>the Sustainable Development Committee in 2022, with related functions and responsibilities provided in "Promotion of sustainable development and its implementation status and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons" of this Annual Report.</p> <p>The Company prepared the "Board Performance Evaluation Measures" on November 12, 2020, and in accordance with the regulations of the competent authority, has been conducting self-assessment of the board of directors, individual directors and functional committees regularly every year since the first quarter of 2021. The evaluation results of 2022 were already presented to the Board of Directors on March 27, 2023. It is rated overall as optimal, but sub-optimal in "involvement in corporate cooperation" and "composition and structure of the Board of Directors" mainly because some directors had no time to take part in corporate operation due to their other tasks. There are a total of 4 directors are one another's relatives within the second degree of kinship.</p> <p>Generally speaking, the Board of Directors is functioning optimally and will continue to become better based on the current</p>	Companies are fulfilled.
(IV) Has the Company assessed the independence status of the CPAs at regular intervals?	Yes		The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

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

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
	Summary Description		
4. 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	<p>independence and suitability.</p> <p>The Company approved the setup of the position for Corporate Governance Officer through the Board of Directors meeting on March 29, 2021. The Corporate Governance Officer already possesses multiple years of experience serving as the head of a stock affairs unit in a public company. Related responsibilities and tasks performed are highlighted as follows:</p> <ul style="list-style-type: none"> I. Address Board of Directors meetings and shareholders' meetings-related matters. II. Prepare minutes of the Board of Directors meetings and shareholders' meetings. III. Assist directors and supervisor in taking office and continuing education. IV. Provide directors and supervisors with materials needed for them to fulfill their duties. V. Help directors and supervisors comply with regulatory requirements. VI. Other matters described or established in the Articles of Incorporation or contracts, etc. <p>Continuing Education Completed by the Corporate Governance Officer: refer to the Table below for details.</p>	The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
5. Has the Company established channels for the communications with the stakeholders (including but not limited to the shareholders, employees, customers, and suppliers), and the section for the shareholders on the official website of the Company to respond to all concerns of the stakeholders on corporate social responsibility?	Yes	The Company has set up a special area for stakeholders on the Company's website. Stakeholders are contacted by related departments. The Management Department assists in properly handling important corporate social responsibility issues which are of the concern of stakeholders.	The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
6. Has the Company appointed a professional share registration and investors service agent for handling matters pertaining to the Shareholders Meeting?	Yes	The Company has appointed the Stock Affairs Department of Chinatrust Commercial Bank to handle shareholders' meeting related matters.	The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.
7. 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? (II) Has the Company adopted other means for disclosure (such as the installation of a website in the English language, appointment of designated persons for the collection and disclosure of information on the Company, the implementation of a spokesman system, and videotaping institutional investor conferences)?	Yes Yes No	The Company's website discloses company profiles, business overviews, financial information, and corporate governance information in accordance with the regulations. 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.	The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled." The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled." The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled."

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
(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?			Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled, without significant differences.
8. 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		The "Corporate Governance Best Practice Principles for TWSE/TPEX-Listed Companies are fulfilled.

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
			<p>questions from investors or shareholders and help them understand the Company's operating conditions. However, in accordance with the rules set down by the securities regulatory authority: no separate disclosure of regulated information is allowed.</p> <p>2. 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>3. The Company's website has set up a special area for stakeholders and prepares a ESG report every year so that all stakeholders can understand the company's operations and express views or make inquiries through contact channels.</p> <p>4. The Company's risk management has always been based on the principles of immediacy, openness, honesty, and compliance with government regulations and related laws.</p> <p>5. The Company arranges liability insurance for directors and supervisors every year with an insured amount of NTD92,670 thousand.</p> <p>6. Status of advanced training for directors: detailed in the Table below.</p>

Evaluation item	Status		Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
9. Please explain corrective action taken in response to the result of the Corporate Governance Evaluation conducted by the Corporate Governance Center of Taiwan Stock Exchange Corporation, and the priority of action on issues pending for corrective action in the most recent year. Besides reinforced contents of the corporate web page with addition of corporate information transparency, improvements that have been made of corporate governance evaluation indicators are clarified as follows			
Evaluation indicator	Improvement/Response		
Did the Company upload the shareholders' meeting handbook along with supplementary meeting materials 30 days before the General Shareholders' Meeting?			Data were uploaded within 30 days.
Have members of the Company's Remuneration Committee attended at least two meetings a year and is information about periodic discussions of director/supervisor/manager performance evaluations and Remuneration/remuneration policies, systems, standards, and structures disclosed?			The dates of, proposals included in, and decisions made during Remuneration Committee meetings throughout the year are already disclosed in the Annual Report.
Is the Company certified by ISO 14001, ISO 50001, or similar environmental or energy management systems?			Yes, and validity of certification obtained is disclosed on the official website.
Does the Company have a Corporate Governance Officer to take charge of corporate governance affairs, with the scope of responsibility, highlights of implementation throughout the year, and continuing education clarified on the Company's website and in the Annual Report?			The scope of responsibility and continuing education (including hours) for the said year of the Corporate Governance Officer are already disclosed in the Annual Report and on the website.

Status of directors' advanced study:						
Participants	Title	Name	Date	Class Hours	Organizer	Course title
Director	Chen Kai-Yuan	2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era	
Director	Wu Chung-Li	2022/09/20	3.0	Taiwan Corporate Governance Association	Challenges and Opportunities of the Sustainable Development Roadmap	
Director	Wu Chung-Li	2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era	
Director	Chen Li-Te	2022/09/20	3.0	Taiwan Corporate Governance Association	Challenges and Opportunities of the Sustainable Development Roadmap	
Director	Chen Li-Te	2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era	
Director	Chen Jung-Yuan	2022/09/20	3.0	Taiwan Corporate Governance Association	Challenges and Opportunities of the Sustainable Development Roadmap	
Director	Chen Jung-Yuan	2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era	
Director	Chen Cheng-Te	2022/09/20	3.0	Taiwan Corporate Governance Association	Challenges and Opportunities of the Sustainable Development Roadmap	
Director	Chen Cheng-Te	2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era	
Director	Chen Yi-Te	2022/09/20	3.0	Taiwan Corporate Governance Association	Challenges and Opportunities of the Sustainable Development Roadmap	
Director	Chen Yi-Te	2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era	
Director	Chen Yi-Te	2022/03/08	6.0	The Institute of Internal Auditors	Insights of Reinforced Three-line Protection and How the Board of Directors Functions (Including Reporting Mechanism)	
Director	Chu Yuan-Hua	2022/12/30	6.0	R.O.C. Accounting Research and Development Foundation	Latest developments on policies concerning "ESG Sustainability" and "self-preparation of financial statements" and internal control and management practice	
Independent Director	Wang Po-Hsin	2022/09/20	3.0	Taiwan Corporate Governance Association	Challenges and Opportunities of the Sustainable Development Roadmap	
Independent Director	Wang Po-Hsin	2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era	
Independent Director	Tsao	2022/11/17	3.0	Securities and Futures Institute	2023 Economic Outlook and Industry Trends	

nt Director	Ming			
Independen nt Director	Tsao Ming	2022/11/17	3.0	Taiwan Corporate Governance Association
Independen nt Director	Chu Ji- Chuan	2022/09/20	3.0	Taiwan Corporate Governance Association
Independen nt Director	Chu Ji- Chuan	2022/09/20	3.0	Taiwan Corporate Governance Association

Continuing Education Completed by the Corporate Governance Officer:

Date	Class hours	Organizer	Course title
2022/03/08	6.0	The Institute of Internal Auditors	Insights of Reinforced Three-line Protection and How the Board of Directors Functions (Including Reporting Mechanism)
2022/07/22	2.0	Taiwan Stock Exchange and Taipei Exchange	Sustainable Development Roadmap Industrial Topic Communication Seminar
2022/09/20	3.0	Taiwan Corporate Governance Association	Practice of How Information Security Accidents are Addressed in the Post-Pandemic Era
2022/09/20	3.0	Taiwan Corporate Governance Association	Challenges and Opportunities of the Sustainable Development Roadmap
2022/10/05	3.0	Securities and Futures Institute	2022 Promotional Workshop on Compliance with Law and Regulations Governing Equity Trading of Insiders
2022/10/11	3.0	Taiwan Stock Exchange and Taipei Exchange	2022 Listed Company - Release of Reference Guide to Functions of Independent Directors and Audit Committee and Director/Supervisor Communication
2022/10/28	3.0	Securities and Futures Institute	2022 Communication on Prevention Against Insider Trading

Note: Criteria for assessing the independence and suitability of CPAs
AQI Disclosure Framework - 5 Major Constructs, 13 Indicators

Construct	No.	Audit Quality Indicator
Professionalism	1	Auditing experience
	2	Number of hours acquired on training
	3	Liquidity
	4	Professional support
Quality control	5	CPA load
	6	Auditing commitment
	7	Engagement quality control review (EQCR)
	8	Quality control support capability

Independence.	9	Non-audit service
	10	Customer familiarity

Supervision	11	External check of deficiency and disposition
	12	Issuance of letter demanding correction from competent authority
The ability to innovate	13	Innovative planning or initiative

Factors affecting the independence of CPAs

Possible influential factors	Explanation of definition	Example of general possible influential conditions	Evaluation Results
1. Self interest (Duty + 8)	When independence is affected by “ self interest ”, it means financial interest obtained from the customer being audited or conflicts of interest from the customer being audited as a result of other stakes.	<p>Example of general possible influential conditions</p> <ol style="list-style-type: none"> 1. Direct or significant indirect financial interests in the customer being audited 2. Financing or guarantee with the customer being audited or its directors/supervisors 3. Taking the possibility of losing the customer into consideration 4. Close business relationships with the customer being audited 5. Potential employer/employee relationships with the customer being audited 6. Public expenses, if any, concerning the case being audited 	None of above
2. Self Evaluation (Duty + 9)	When independence is affected by “ self evaluation ”, it means that the report presented or the judgment made by CPAs on “non-audit service cases” serves as important criterion for rendering conclusions of the audit while financial information is being audited or reviewed	<p>Example of general possible influential conditions</p> <ol style="list-style-type: none"> 1. Members of the Audit Group are not serving or holding now or have not served for the past two years as the director, supervisor, or manager or held a position offered by the customer being audited with significant impacts on the case being audited. 2. There are no significant items that will impact the case being audited directly as a result of non-auditing 	None of above

Possible influential factors	Explanation of definition	Example of general possible influential conditions	Evaluation Results
	<p>or a member in the Audit Group once served as the director/supervisor of the customer being audited or held a position with direct and material impacts on the said audit case.</p>	<p>service provided to the customer being audited.</p>	
<p>3. Defense (Duty + 10)</p>	<p>When independence is affected by “defense”, it means that a member in the Audit Group becomes the defender of the stance or opinions of the customer being audited to result in questionable objectivity.</p>	<p>1. Promoting or brokering shares or other securities issued by the customer being audited 2. Serving as the defendant of the customer being audited or coordinating on behalf of the customer being audited over conflicts with other third parties.</p>	<p>None of above</p>
<p>4. Familiarity (Duty + 11)</p>	<p>When independence is affected by “familiarity”, it means that, because of the close relationships with the customer being audited, the director/supervisor, or the manager, the CPAs or a member in the Audit Group overly cares about or sympathizes with the customer being audited.</p>	<p>1. Kinship with the director/supervisor, manager, or the staff with significant impacts on the case of the customer being audited 2. A co-practicing CPA that has retired for less than 1 year serving as the director/supervisor, manager, or a post with significant impacts on the case being audited a position with a significant influence on the case being audited 3. Acceptance of any offering or gift of significant value from the customer being audited or its director, supervisor, or manager</p>	<p>None of above</p>
<p>5. Coercion (Duty + 12)</p>	<p>When independence is affected by “coercion”, it means that a member in the Audit Group bears or senses intimidation from the customer being audited so that he/she is unable to remain objective and</p>	<p>1. Requesting acceptance by the CPA improper choice of accounting policy made by the management or improper disclosure in Statement. 2. Pressurizing the CPA with reduced public expenses so as to make him/her cut down the expected scope</p>	<p>None of above</p>

Possible influential factors	Explanation of definition	Example of general possible influential conditions	Evaluation Results
	clarify professional doubts.	<p>of work to be completed for the audit</p> <ol style="list-style-type: none"> 3. Threatening the CPA with a lawsuit 4. Threatening to cancel the delegation of non-audit cases to force the firm to accept the improper accounting management policy selected in some specific transactions 5. Threatening to dismiss the delegation or extended delegation of the case being audited 	

Possible matters affecting the independence of CPAs and descriptions:

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

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
<p>members of the Audit Group, the accounting firm, the accounting firm's affiliates)</p> <p>4. Hired or serving a post offered by the customer being audited:</p> <p>4.1 CPAs serving as the director/supervisor, manager, or holding a position with significant impacts on the auditing task offered by the customer being audited now or over the past two years</p> <p>4.2 Serving as the director/supervisor, manager, or holding a position with significant impacts on the auditing task offered by the customer being audited</p> <p>4.3 Serving as the director/supervisor, manager, or holding a position with significant impacts on the auditing task during the audit</p> <p>4.4. Confirmed to serve as the director/supervisor, manager, or holding a position with significant impacts on the auditing task offered by the customer being audited in the future</p> <p>4.5 Serving as the director/supervisor in other companies controlled by the customer being audited</p> <p>4.6 Providing the customer being audited with the service provided by a director/supervisor or someone holding an equivalent position.</p> <p>4.7 Performing routine duties as hired by the authorizer or the auditee with a fixed salary</p> <p>5. Non-audit tasks:</p> <p>5.1 Appraisal:</p> <p>5.11 Providing the customer being audited with appraisal service with significant impacts and a high level of</p>	<p>members of the Audit Group, the accounting firm, the accounting firm's affiliates)</p> <p>4. Possible impacts of "self interest", "coercion", and "familiarity" will result from serving as or having served as during the audit the director/supervisor, manager offered by the customer being audited or from holding a post with direct and significant impacts on the auditing task and confirmed fulfillment of any of the foregoing positions in the future (Possible position holders: CPAs and their families, relatives, members of the Audit Group and their families, close relatives, other co-practicing CPAs at the firm and their families, the accounting firm, the accounting firm's affiliates)</p>	<p>No position hired for or served</p>
<p>5. Non-audit tasks:</p> <p>5.1 Appraisal:</p> <p>5.11 Providing the customer being audited with appraisal service with significant impacts and a high level of</p>	<p>5.1 Possible impacts of "self evaluation" will result from providing the customer being audited with value determination or</p>	<p>None of above</p>

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
<p>subjectivity that is part of the financial statements service without significant impacts or a high level of subjectivity despite the fact that it is part of the financial statements</p> <p>5.2 Bookkeeping service:</p> <p>5.21 Providing bookkeeping service not meeting the requirements of the occupational Code of Ethics</p> <p>5.22 Providing public offering companies with concurrent auditing and bookkeeping services</p> <p>5.3 Internal audit service:</p> <p>5.31 Assisting or undertaking internal audit service not provided according generally accepted auditing standards</p> <p>5.32 Assisting or undertaking internal audit service relevant to corporate business operations</p> <p>5.4 Short-term personnel dispatch service:</p> <p>5.41 Dispatching internal staff to help the customer being audited perform tasks relevant to management</p>	<p>appraisal service regarding an asset/liability project or the overall corporate value, whose results will become part of the financial statements (Possible service providers: CPAs and their relatives, members of the Audit Group, the accounting firm, the accounting firm's affiliates.)</p> <p>5.2 Possible impacts of "self evaluation" will result from performing auditing services such as bookkeeping provided to the customer being audited that involves "confirming accounting records on behalf of the customer and being held accountable for it" or "managerial and operational decision-making". (Possible service providers: accounting firm, accounting firm's affiliates.)</p> <p>5.3 Possible impacts of "self evaluation" will result from performing internal audit tasks outside the scope of internal audit tasks required for the purpose of auditing financial statements in compliance with generally accepted auditing standards on behalf of the customer being audited. (Possible providers: accounting firm, accounting firm's affiliates)</p> <p>5.4 Possible impacts of "self evaluation" will result from assigning internal staff of the accounting firm or the accounting firm's affiliate to help the customer being audited</p>	

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
<p>decision-making, approval or signing of contracts or documents, or authorized retention of financial notes signed</p> <p>5.42 Dispatching internal staff to help the customer being audited perform tasks irrelevant to management decision-making, approval or signing of contracts or documents, or authorized retention of financial notes signed</p> <p>5.5 Recruitment of high-ranking managers:</p> <p>5.51 Recruitment of high-ranking managers with direct and significant impacts on the case on behalf of the customer being audited</p> <p>5.6 Corporate wealth management:</p> <p>5.61 Selling, promoting, or trading shares or other securities issued by the customer being audited</p> <p>5.62 Trading or making commitment about the transaction conditions on behalf of the customer being audited with a third party</p> <p>5.63 Helping the customer being audited develop corporate strategies</p> <p>5.64 Brokering sources of funds required by the customer being audited</p> <p>5.65 Providing the customer being audited with structured advice on a transaction and helping the customer analyze accounting impacts</p> <p>6. Other matters:</p> <p>6.1 Offering and gift:</p>	<p>perform tasks relevant to customer's management decision-making, reviewing and signing contracts or similar documents on behalf of the customer, or exercising customer functions. (Possible service providers: accounting firm, accounting firm's affiliates)</p> <p>5.5 Possible impacts of "self evaluation/interest", "familiarity", and "coercion" will result from the recruitment of high-ranking managers with direct and significant impacts on the case on behalf of the customer being audited (Possible service providers: accounting firm, accounting firm's affiliates.)</p> <p>5.6 Impacts of "self evaluation" and "defense" will result from selling or trading shares or other securities issued by the customer being audited, making commitment about transaction conditions or completing a transaction on behalf of the customer being audited or helping the customer being audited develop corporate strategies, brokering sources of funds for customers, providing structured advice on a transaction or helping analyze accounting impacts. (Possible service providers: accounting firm, accounting firm's affiliates.)</p> <p>6.1 Possible impacts of "self interest",</p>	<p>None of above</p>

Possible matters affecting the independence of CPAs	Description of possible influential matters	Evaluation Results
<p>6.11 Acceptance of any offering or gift of significant value from the customer being audited</p> <p>6.12 Acceptance of any offering or gift of significant value from the director/supervisor or manager of the customer being audited</p> <p>6.2 Reward and commission:</p> <p>6.21 Public expenses, if any, for the audit concluded with the customer being audited.</p> <p>6.22 Soliciting, agreeing to accept, or accepting any reward than that required</p>	<p>“familiarity”, and “coercion” will result from accepting an offering or gift or improper reception of significant value from the customer being audited or its director/supervisor or manager because of the over concern or sympathy over the interest of the customer being audited from such a close relationship (Possibly affected parties: CPAs and their relatives, members of the Audit Group and their families)</p> <p>6.2 Impacts of “self interest” will result from concluding with the customer being audited “public expenses, if any” relevant to the audit or soliciting, agreeing to accept, or accepting any reward other than that required for the audit. (Possibly affected party: CPAs, accounting firm)</p>	
<p>6.3 Business undertaking:</p> <p>6.31 Having served as a CPA for 7 years in a row as delegated by a listed company</p>	<p>6.3 Possible impacts of “familiarity” will result from the fact that CPAs having served a listed company for 7 years in a row; it is the particular requirement of the Taiwan Stock Exchange or the Taipei Exchange. (Affected parties: CPAs)</p>	
<p>6.4 Professional act and stained professional reputation:</p> <p>6.41 Purchasing real or personal property under his or her management as a CPA</p> <p>6.42 Taking advantage of one's position as a CPA to engage in improper industrial or commercial competition</p> <p>6.43 Coordinating conflicts with other third parties, defending, or making claims on behalf of the customer being audited</p>	<p>6.4 The said item is found to undermine the professional image and the dignity of tasks performed by the CPA and affect the CPA in terms of “self interest” or “defense”. (Possibly affected parties: CPAs, members of the Audit Group)</p>	

(IV) Composition, Responsibilities, and Operation of the Remuneration Committee:
 1. Information of Remuneration Committee Members

December 31, 2022

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

Others	Liang Chi-Yen	<p>Major Education: Master of Business Administration, National Chenchi University Bachelor of Chemical Engineering, National Tsing Hua University Professionalism: Part-time instructor, Soochow University Major Experience: 1. Executive Vice President of Venture Capital, China Development Industrial Bank 2. Manager, Hewlett-Packard Company 3. Chairman, Institutional Representative TAINET COMMUNICATION SYSTEM CORP. 4. Director, Institutional Representative OCTTEL COMMUNICATION CO., LTD. 5. Director, Institutional Representative FLEXIUM INTERCONNECT INC 6. Director, TA CHEN STAINLESS PIPE CO., LTD. 7. Director, Ruijin Technology Consulting Co., Ltd. 8. Independent Director and Member of Remuneration Committee of eMemory Technology Inc. 9. Independent Director and Member of Remuneration Committee, Excelliance MOS Corporation 10. Member of the Remuneration Committee, SHINKONG TEXTILE CO., LTD. 11. Supervisor, ASMEDIA TECHNOLOGY INC. 12. Supervisor, Institutional Representative Huahe Cultural Creativity Management Consulting Co., Ltd. 13. Supervisor, csrCommunity International Limited</p>	①②③④⑤⑥⑦⑧⑨⑩	3
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Note 1: Please specify years of work experience, professionalism, and experience and status of independence of individual members of the Compensation and Remuneration Committee in the table. For independent directors, notes may be added. Refer to (I) of Exhibit 1 Profile of directors and supervisors on Page 17 for related information. Provide "independent director" or "other" for "Status" (add a note for the convener).

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

Note 3: When any of the following conditions is met for each member during the two years prior to and during their tenure, fill in the box underneath with the corresponding conditional code.

- (1) Not an employee of the Company or its affiliates.
- (2) The director is not a director or supervisor of the Company or its affiliated enterprises (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) Regularly review the organizational procedures of the Remuneration Committee and propose amendments.
- (2) Formulate and regularly review the Company's policies, systems, standards and structures of annual and long-term performance targets and remuneration for directors, supervisors, and managers.
- (3) Regularly evaluate the achievement of the performance goals of the company's directors, supervisors and managers, and determine the content and amount of their individual remuneration.

3. Information on the operation of the Remuneration Committee

- (1) There are members of the Remuneration Committee of the Company.
- (2) The Remuneration Committee held five meetings (A) in 2022; the status of member attendance is as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance (%) (B/A)	Note
Convener	Wang Po-Hsin	5	0	100%	
Member	Chu Ji-Chuan	5	0	100%	
Member	Liang Chi-Yen	4	1	80%	

Other matters to be recorded:

- I. If the board meeting does not adopt or amends the recommendation of the Remuneration 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 Remuneration Committee (if the Remuneration adopted by the board meeting is better than the proposal of the Remuneration Committee, state the difference and reason):
 - (I) Matters being discussed by the Remuneration Committee and the decisions made.

Date of Remuneration Committee Meeting	Matter discussed	Decision made
The 5 th meeting of the 15 th intake 2022/01/21	1. 2022 Three-festival bonus for employees.	The proposal was approved as is unanimously by all members
	2. 2021 Advance remuneration to some employees.	The proposal was approved as is unanimously by all members
	3. 2021 Issuance of additional 15 days of special Chinese New Year bonus to employees	The proposal was approved as is unanimously by all members
	4. Salary adjustment for Chairman Chen Yi-Te of Yukari Co., Ltd.	The proposal was approved as is unanimously by all members
	5. Three-festival bonus for directors having performed duties and received salaries in 2022.	The proposal was approved as is unanimously by all members
The 6 th meeting of the 5 th intake 2022/03/09	1. 2021 Remuneration and special rewards to employees and remuneration to directors	The proposal was approved as is unanimously by all members
	2. 2021 Board of Directors and functional committees performance review results.	The proposal was approved as is unanimously by all members
	3. 2022 employee salary adjustment	The proposal was approved as is unanimously by all members

	4. Salary of Mr. Hsu Teng-Hui, Deputy Director of Suao Main Plant	The proposal was approved as is unanimously by all members
The 7 th meeting of the 5 th intake 2022/06/10	1. 2021 Remuneration and special rewards to managers and employees	The proposal was approved as is unanimously by all members
	2. Distribution of 2021 remuneration to directors.	The proposal was approved as is unanimously by all members
	3. 2021 Annual compensation review of directors and managers	The proposal was approved as is unanimously by all members
The 8 th meeting of the 5 th intake 2022/09/23	1. Compensation for retired cadres who continued to be hired as consultants to meet the needs of remodeling of the baking soda plant.	The proposal was approved as is unanimously by all members
	2. Revision of the "Employee Evaluation Guidelines"	The proposal was approved as is unanimously by all members
	3. Preparation of the "Personnel Review Committee Establishment Guidelines"	The proposal was approved as is unanimously by all members
The 9 th meeting of the 5 th intake 2022/11/23	1. Revision of the "Business Travel Rules and Travel Expense Reimbursement Guidelines"	The proposal was approved as is unanimously by all members

	2. 2022 Advance issuance of remuneration to some employees	The proposal was approved as is unanimously by all members
	3. 2022 Advance issuance of remuneration to some directors	The proposal was approved as is unanimously by all members
	4. 2023 Three-festival bonus for employees	The proposal was approved as is unanimously by all members

- (II) Resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee: 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) Information on Member Profile and Status of the Sustainable Development Committee:

1. Composition of Sustainable Development Committee
The Company formed the Sustainable Development Committee in 2022. All members are directors (including 2 independent directors) and the management. It is responsible for helping the Board of Directors prepare sustainable development policies, systems, or related management directives and planning sustainability-related affairs in compliance with regulatory requirements. It reports to the Board of Directors once every six months related ESG strategies and implementation efficacy.
2. Responsibilities of Sustainable Development Committee
 - (1) Review sustainable development policies
 - (2) Plan sustainable development strategies and decide the annual plan
 - (3) Supervise the consolidation of sustainable development-related matters and evaluate the implementation status
 - (4) Review the Sustainability Report.
 - (5) Report to the Board of Directors the annual sustainable development implementation status
 - (6) Other matters it is in charge of based on decisions made by or instructions provided by the Board of Directors
3. Profile and Status of the Sustainable Development Committee
 - (1) The Company's Sustainable Development Committee consists of 6 members in total.
 - (2) Current members will serve from December 30, 2022 to July 4, 2024. The Sustainable Development Committee met 1 time (A) in the past year.

Professionalism qualifications, experience, and attendance of the members are as follows:

Title	Name	Actual number of attendances (B)	Frequency of attendance	Actual attendance (%) (B/A)	Note
Chairman	Chen Jung-Yuan	1	0	100%	New term
Member	Chen Cheng-Te	0	1	0%	New term
Vice Chairman	Huang Chih-Cheng	1	0	100%	New term
Director	Liu Chih-Yung	1	0	100%	New term
Member	Tsao Ming	1	0	100%	New term
Member	Chu Ji-Chuan	1	0	100%	New term

(3) Matters reported by the Sustainable Development Committee:

Date of Sustainable Development Committee meeting	Matter reported
1 st meeting of the 1 st intake 2022.12.30	1. Implementation status of the greenhouse gas inventory check and validation progress
	2. Briefing of circular economy

(VI) Promotion of Sustainable Development and Its Implementation Status and Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed and Reasons

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
<p>I. Does the Company have the governance framework in place to help promote sustainable developments and have a unit that specializes (or is involved) in promoting sustainable developments and have the Board of Directors to empower high-ranking management to take care of it and report the progress to the Board of Directors?</p>	V		<p>No differences.</p>

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
<p>II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the Company's operation in accordance with the principle of materiality, and formulate relevant risk management policies or strategies? (Note 2)</p>	V		<p>Sesoda Corporation, including the main office in Taipei, the main plant in Su'ao, the plants in Taichung and Changhua, among which the financial data are cited from the released information in the Consolidated Financial Statement, including the financial performance of subsidiaries, has been audited and certified by external CPAs according to the International Financial Reporting Standards (IFRS). New Taiwan Dollar is adopted as the calculation unit. For environmental and social data, on the other hand, only those of Sesoda are disclosed, excluding subsidiary data. The responsible department at Sesoda is to compile and tally them and present them in internationally acceptable indicators. In the future, depending on the overall operational scale, we will include subsidiaries in the scope of corporate social responsibility for complete disclosure.</p> <p>The Company's Sustainable Development Committee evaluates environmental, social, and corporate governance risks of the Company according to the extent of impacts on stakeholders (the evaluation boundary is mainly the Company) and prepares management strategies to effectively identify, weigh, evaluate, supervise, and control risks so as to reduce impacts of related risks. The Company identifies major stakeholders each year and internal and external experts discuss together major issues of concern and weighs their impacts on the Company (for the analysis of related materiality issues, refer to the Company's "2022 Sustainability Report" - Identification of Stakeholders and</p> <p style="text-align: right;">No differences.</p>

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
		Material Topics).	
<p>III. Environmental Issues</p> <p>(I) Has the Company established an appropriate environmental management system according to its industrial characteristics?</p>	V	<p>The Company defines environmental management guidelines according to the environmental protection laws and regulations prepared by the Environmental Protection Administration (such as the Air Pollution Control Act, Water Pollution Control Act, and Waste Disposal Act) and reinforces the management of plants through a sound system. Refer to the Company's "2022 Sustainability Report" - Leading in Green Century</p> <p>1. The Su'ao Main Plant introduced the ISO 14001 Environmental Management System and the ISO 45001 Occupational Safety and Health Management System in 2021 and was issued the Certificate from UNIVERSAL CERTIFICATION SERVICE CO., LTD.</p>	No differences.
(II) Has the Company endeavored to improve the energy utilization efficiency and use renewable materials with minimal impacts on the environment?	V	To go with the national policy, the Company enforces net zero emission-related measures. The unit product oil consumption goal is set at the Su'ao Main Plant at baseline (in 2019) and energy reforms will follow the goal, with related equipment added to facilitate low fuel consumption.	No differences.

Action item	Implementation status					Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons								
	Yes	No	Summary Description											
			Year	2019	2020		2021	2022						
			Reduction ratio of unit fuel consumed	Baseline	5%	7%	10%							
(III) Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopt related responsive measures?	V		<p>The Company continues to evaluate the potential risks and opportunities associated with climate change and sets energy conservation goals, energy-saving measures and promotes environmentally friendly products after comprehensive considerations of financial impacts, impacts on the reputation, the global economy, energy cost volatility, and environmental regulatory costs, among others, in order to ensure steady corporate operations and remain competitive, to evaluate the risks and opportunities associated with the climate-related financial disclosure (TCFD) and to disclose accordingly related information such as related governance, strategies, risk management, indicators, and goals of the Company, etc. Refer to the Company's "2022 Date Sustainability Report" - Robust Corporate Governance for details.</p>					No differences.						
(IV) Does the Company tally the total greenhouse gas emissions, water consumption, and waste generated over the past two years and have greenhouse gas reduction, water reduction, or other waste management policies in place?	V		<p>1. The Company continues to promote energy conservation measures, greenery, and plantation. The overall greenhouse gas emissions throughout Sesoda Corporation in 2021 and 2022 (Scope 1 + Scope 2) are as follows:</p> <table border="1"> <thead> <tr> <th>Plant Area/Process</th> <th>2021</th> <th>2022</th> </tr> </thead> <tbody> <tr> <td>Carbon emissions (CO2e/Year)</td> <td>59,218.43</td> <td>59,151.77</td> </tr> </tbody> </table>					Plant Area/Process	2021	2022	Carbon emissions (CO2e/Year)	59,218.43	59,151.77	No differences.
Plant Area/Process	2021	2022												
Carbon emissions (CO2e/Year)	59,218.43	59,151.77												

Action item	Implementation status		Summary Description	Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons						
	Yes	No								
			<table border="1"> <tr> <td>Amount of water consumed (Million liters/Year)</td> <td>719.83</td> <td>772.18</td> </tr> <tr> <td>Total weight of waste (Ton/Year)</td> <td>934.96</td> <td>874.62</td> </tr> </table> <p>The Company self-checked its greenhouse gas inventory in 2022, which was not validated by a third-party qualifying organization.</p> <p>2. Meanwhile, various types of energy and pollutants such as water and waste are tallied periodically, with goals set and followed accordingly.</p>	Amount of water consumed (Million liters/Year)	719.83	772.18	Total weight of waste (Ton/Year)	934.96	874.62	
Amount of water consumed (Million liters/Year)	719.83	772.18								
Total weight of waste (Ton/Year)	934.96	874.62								
<p>IV. Social Issues</p> <p>(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?</p>	V		<p>1. To protect the basic human rights of stakeholders such as employees and customers, the Company follows applicable labor laws and regulations such as the Labor Standards Act in the protection of employees' rights and provides steady and outstanding treatments, complete educational trainings, promotion and development systems, and creates a safe and healthy workplace that helps boost professionalism of its employees.</p> <p>2. The Company examines its own operation, value chain, and other related activities by closely watching major issues in society and through questionnaires periodically each year in order to identify and evaluate the human right risk involved and prepare the action plan based on potential risks.</p>	No differences.						

Action item	Implementation status		Deviation from Sustainable Development Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
(II) Has the Company established and implemented reasonable employee welfare measures (including Remuneration, vacation and other benefits), and properly reflected the operating performance or results in employee Remuneration?		<p>1. Remuneration to employees: The Company regularly distributes the three-festival bonus. The remuneration to employees is based on the Articles of Incorporation. The Company assigns 4.8% of the profit from the current year to be the remuneration to employees and 1.2% to be the special rewards and distributes it to all employees according to their annual performance evaluation in order to inspire all colleagues to work together towards corporate goals.</p> <p>2. Employee benefits: The Company has the Employee Welfare Committee in place and sets aside the welfare fund as required on a yearly basis, plans and provides its people with a variety of quality benefits, such as travel subsidies, birthday gift certificates, scholarships, and festival allowances, among others; colleagues are also entitled to free health examinations.</p> <p>In terms of the leave system, on the basis of fixed two days off per week, the number of days available for corresponding leaves is defined as required by the Labor Standards Act. For colleagues caught in sudden situations, such as child care, major injuries and diseases, and major accidents that require a leave involving a relatively long period, they may apply for retention of their position without pay so that they can take care of personal demand and the need to care for</p>	No differences.

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
			<p>their families.</p> <p>3. Workplace diversification and equality: Men and women are entitled to equal pay for same work and equal opportunities of promotion. There are 38.46% of supervisory positions filled by women. It helps contribute to sustainable and harmonious economic growths.</p> <p>4. Operational performance reflected in employee remuneration: • Articles of Incorporation 28: The Company shall allocate 4.8% of the profit from the current year to be the remuneration to employees and 1.2% to be the special rewards; in addition, the remuneration distributed to directors may not exceed 2.5%. The distribution targets for the remuneration to employees include employees of subsidiaries fulfilling certain conditions. • Overall remuneration policy: The Company takes part in the market remuneration survey each year and adjusts salaries reflective of the market level, economic trends, and personal performance to remain competitive as a whole in terms of remuneration.</p>
(III) Does the Company provide a safe and healthy work environment for its employees and conduct regular safety	V		1. The Company provides employees with periodic health examinations and signs a contract with collaborating healthcare facilities to ensure visits compliant with the No differences.

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	
and health education for them?			<p>regulatory schedule and to provide employees with related health education and information. To improve safety and health awareness among employees, the "Safety and Health Code of Conduct" is distributed at the Su'ao Main Plant. Employees are reminded of operational safety through educational trainings and safety observations (for the various ways to improve employee and workplace safety, refer to the Company's "2022 Sustainability Report" - Realize a Harmonious Life).</p> <p>2. The Company's Su'ao Main Plant was certified by "ISO 145001 Occupational Safety and Health Management System" in 2021.</p> <p>3. A total of 0 occupational hazards occurred in 2022. The employee occupational hazard rate was 0%. The Company reinforces the educational training available for each department and precisely requires that colleagues follow the requirements of the Company and eradicate abnormalities completely.</p>
(IV) Has the Company established an effective career development training program for its employees?	V		<p>1. The Company plans complete occupational trainings for its management and staff, including those for new hires, professional advanced trainings, management trainings, etc. to help colleagues continue to learn and grow through diversified learning. Meanwhile, the Company applies the belief in corporate ethics and develops related training courses to nurture key</p> <p>No differences.</p>

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
			competencies in its colleagues (educational trainings throughout 2022 totaled 1,789.5 hours. Refer to the Company's "2022 Sustainability Report"). 2. Reviews and feedback are provided periodically each year to help personalize optimal development plans for employees.
(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers or customers?	V		1. Most of the Company's products are not sold to consumers directly and hence there are fewer media advertisements or promotions, among other marketing activities. In cases of regulatory promotions, respective unit will consult attorneys to avoid violation of laws. 2. Customer relations are an important part of sustainable corporate operation. In order to know the valuable opinions from customers, the Company has the "Customer Satisfaction Survey" each year to allow expression of related appeals. Product complaints, on the other hand, are subject to completion of the "Customer Complaint Management Form" by the sales unit. The final management results will be archived in the Sales Department. The product distribution service hotline and email are provided on the website to facilitate direct expression of opinions by customers through a variety of channels and to ensure that customers' demand is addressed.
(VI) Does the Company have a supplier management policy that requires	V		1. The Company has the staff at the responsible department to evaluate and confirm different products according to No differences.

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	
suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues?		<p>their characteristics in terms of supplier quality, lead time, price, environmental protection, and food safety. Qualified suppliers will be included in the list of suppliers and then purchases will take place periodically and from time to time.</p> <p>2. Procurement staff periodically performs evaluations. The Procurement Department compiles the score and submits it to the head to be signed off. Once the evaluation is completed, written advice about how deficiencies may be corrected shall be provided for the supplier's reference and to help with improvements.</p>	
V. Does the Company prepare the Sustainability Report or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?	V	<p>For the "2022 Sustainability Report" of the Company, the framework is based on the GRI Standards and is composed according to the directives and framework listed for core items, with primary sustainability issues, strategies, goals, and measures disclosed. Crowe Horwath (TW) CPAS has provided limited assurance in compliance with the ROC Assurance Guidelines Communique 1 "assurance over the inspection or review of non-historical financial information" released by the Accounting Research and Development Foundation. It is expected to be completed at the end of June and be released on the Company's website.</p>	
VI. If the Company has established its own sustainable development principles according to the Sustainable Development Best Practice Principles for TWSE/TPEX-Listed Companies, please describe the differences between its implementation and the established principles: The Company defined the "Corporate Social Responsibility Best Practice Principles" as decided by its Board of Directors in March 2015. Despite the fact that the practices were slightly modified and they were amended to be the "Sustainable Development Best Practice			

Action item	Implementation status		Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons	
	Yes	No		
Principles" in 2022, they are essentially identical to the "Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies." For the sustainable development status of the Company, refer to the Company's "2022 Sustainability Report" and information provided on the website.				
<p>VII. Other Important Information to Help Understand Implementation Status in the Promotion of Sustainable Developments: Clarification: Related systems and frameworks: The Company formed the "ESG Development Committee" in 2022; its scope of operation includes environmental protection (E), social responsibility (S), and corporate governance (G). Environmental protection (E), in particular, is further divided to: climate-related financial disclosure, circular economy - enhanced energy (resource) efficiency), circular economy - CO2 Recovery, among other important issues. For the "ESG Development Committee", Chairman Chen Jung-Yuan of the Board of Directors serves as the Chairman of ESG; President Huang Chih-Cheng serves as the Vice Chairman. It is in charge of preparing the Company's ESG strategies, goal planning, performance supervision and management policies. Under it are a total of five groups, namely, corporate governance, employee care, environmental protection and energy conservation, customer relations, and social care. It is responsible for corporate governance, industrial safety, environmental protection, and environmental sustainability, water and energy conservation, product and customer service, supplier and contractor management, happy workplace and community relations, among others. It meets from time to time where respective departments are gathered to discuss the implementation of respective ESG tasks in order to reduce energy consumption and pollution and to create ecological balance, realizing sustainable values in terms of the environment, society, and governance. The establishment of the Company's environment and occupational safety responsible unit or personnel:</p>				
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. FA230234
3	Waste Disposal Specialist	Chang Chun-Hao	Grade A waste disposal	(111) Environmental Protection Administration Training Certificate No. HA120228
4	Occupational Safety and Health Management Class B Technician	Lai Chien-Jen	Occupational safety	222-005605
5	Type A Occupational Safety and Health Officer	Wang Hung-Wan	Occupational safety	Labor Safety Manager No. 26709

Action item	Implementation status		Summary Description	Deviation from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons				
	Yes	No						
6			<table border="1"> <tr> <td>Energy management staff</td> <td>Hsu Kun-Fu</td> <td>Energy management</td> <td>Energy Management No. 10320204</td> </tr> </table>	Energy management staff	Hsu Kun-Fu	Energy management	Energy Management No. 10320204	
Energy management staff	Hsu Kun-Fu	Energy management	Energy Management No. 10320204					
<p>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.</p> <p>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.</p> <p>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</p> <p>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.</p> <p>1.Environmental Protection</p> <p>(1) Greenhouse Gas Emission and Reduction</p> <p>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.</p> <p>In terms of greenhouse gas emission and reduction, the Su'ao General Plant pays attention to the energy consumption control in the production process, reduces through management combustion energy consumption and use of 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.</p> <p>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. Adjustment of related production processes and reduction of fuel consumption, among other measures</p>								

(2) Air and Water Pollution Prevention

In the prevention against air and water pollutions, in addition to the establishment of complete prevention and control equipment, related air pollution and water pollution prevention are strictly controlled as required. Environmental testing is scheduled according to applicable regulations. Throughout 2022 were 1 scheduled air pollution test and 4 water pollution tests in order to meet regulatory emission criteria. 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 Suao Main Plant still uses groundwater for its production process. Although Yilan has abundant groundwater resources, the Suao Main Plant still actively saves and makes good use of water resources. In addition to setting up a cooling water recovery system, the non-contact cooling water in the process is recovered and cooled for reuse, and the process is actively evaluated to improve and reduce process water consumption. The water level control of the cooling water recovery system has been controlled by the motor frequency conversion of the groundwater extraction system to further save water resources. 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 Suao Main Plant is based on waste reduction and resource reuse. Set up special personnel for the management and planning of waste reduction and entry and exit control of the main plant, so that the treatment and disposal of the main plant's industrial waste comply with environmental protection regulations. At present, on the waste in the general plant, employees' domestic waste and general waste are regularly cleaned and transported to the incinerator for treatment, and other resource waste (scrap iron, PVC pipes, packaging bags, etc.) are recycled and processed by resource recyclers.

(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 Suao 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. This Main Plant follows ISO 45001 and regulatory requirements. As such, there were 0 occupational hazards in 2022.
- (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 imposes respective safety and health management processes. There are, for example, the Automatic Inspection Management Regulations, the Hazardous Operation Permit Regulations, and the Contractor Management Regulations. Meanwhile, general education on working environment testing and hazards, TPM system check, zero disaster reward/discipline procedure, and safety and health inspection procedure as part of safety management, and audits are enforced. 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. The number of related external training hours completed throughout 2022 reached 671.
- (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. The main plant also scheduled 2 workplace inspections in 2022.
- (5) **Emergency Response**
 The Company's Suao Main 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 to deal with it in written documents, it has established an emergency response organization for the Main Plant, and set up emergency response teams in each unit to comprehensively evaluate and consider possible situations in advance, and set up emergency response procedures, such as: fires, electric shock, container explosions, earthquakes, typhoons, and leakage of specific chemical substances (e.g., hydrochloric acid, sulfuric acid, heavy oils, etc.). Each unit must carry out an emergency drill at least once a year, organizing personnel to determine the correct handling procedures through regular education and training, and at the same time be 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. The hope is to reduce the damage caused by such incidents to a minimum.

(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 regularly implements occupational 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: 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) Climate-related Information and Implementation Status

Item	Implementation status
<p>1. Specify the supervision and governance of the Board of Directors and the management over climate-related risks and opportunities</p>	<p>Sesoda Corporation has its Sustainable Development Committee to discuss and evaluate related climate change management. Climate change-related decisions, on the other hand, are discussed by the ESG members.</p>
<p>2. Specify how the identified climate risks and opportunities affect corporate operations, strategies, and finance (short-term, mid-term, and long-term).</p>	<p>Sesoda Corporation gradually pushes the overall value chain towards net zero by enhancing its energy efficiency, maximizing the use of renewable energy, and investing in innovative carbon reduction technologies in the future to convert remaining carbon emissions. ISO 14064-1 was first introduced in 2022. The greenhouse gas inventory check was performed and the annual energy use criteria were set. The energy use status is to be improved and reflected upon on a monthly basis. The budget for process improvement and equipment update is allocated on a yearly basis to continue reducing energy use; the mean electricity conserved each year needs to be at least 1%.</p>
<p>3. Specify the financial impacts of extreme weathers and transformation.</p>	<p>The Greenhouse Gas Reduction and Management Act is changed to be the Climate Change Response Act. Carbon charge will apply in the future to products with high direct or indirect emissions. Possible financial impacts are increased operational cost; there are no huge impacts, however, on the overall</p>

<p>4. Specify how climate risk identification, evaluation and management procedure is combined in the overall risk management system.</p>	<p>operation.</p> <ul style="list-style-type: none"> ➤ Transition risk - Policy and regulatory risks Under the Climate Change Response Act, carbon charge will apply in the future to products with high direct or indirect emissions. Possible financial impacts are increased operational cost. Sesoda Corporation responded by applying the greenhouse gas inventory check in 2022, with carbon reduction goals set. ➤ Physical risk - immediate In light of the increased number of extreme weather incidents as a result of global warming that lead to elevated frequencies of typhoons and heavy storms and may cause flooding of the plants in Yilan to impact operations, with possible financial losses taken into consideration, flood-preventing facilities are installed in the plants. Therefore, the overall operation shall not be impacted much in this regard. Sesoda Corporation responded by consolidating periodic cleaning, maintenance, and care of drainage systems and has prepared the typhoon and heavy storm emergency response plan to reduce the immediate risk to a minimum. Disrupted transportation and jeopardized personnel safety as well as increased cost in the transport of raw materials and products may occur as a result of extreme weather. Sesoda Corporation responded by combing multiple purchase orders in one shipment to reduce the trips needed
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	and to accordingly accomplish carbon reduction and avoid product and staff losses.
5. It scenario analysis is adopted to evaluate the resilience in the face of the climate change risk, the scenario, parameters, assumptions, analytical factors, and primary financial impacts shall be clarified.	Once the TCFD is introduced, related information may be disclosed.
6. If a transition plan is in place in response to the management of climate-related risks, clarify what is included in the plan and the indicators adopted to identify and manage the physical risk and the transition risk and the goals.	Once the TCFD is introduced, related information may be disclosed.
7. If internal carbon pricing is adopted as the planning tool, how the prices are set shall be clarified.	Once the TCFD is introduced, related information may be disclosed.
8. In the event that climate-related goals are in place, the activities covered, the scope of greenhouse gas emission, the planned schedule, and the status fulfilled each year shall be clarified. If carbon offsets or renewable energy certificates (RECs) are adopted to fulfill related goals, the sources and quantities of carbon reduction quotas offset or the number of RECs shall be specified.	Once the TCFD is introduced, related information may be disclosed.

9. GHG Inventory Check and Validation

<p>Company Profile</p> <ul style="list-style-type: none"> <input type="checkbox"/> Companies, steel and iron businesses, cement businesses with a capital size of \$10 billion and above <input type="checkbox"/> Companies with a capital size of \$5 billion and less than \$10 billion <input checked="" type="checkbox"/> Companies with a capital size of less than \$5billion 	<p>As is required according to the Sustainable Development Roadmap for TWSE/TPEX-listed Companies, the disclosure shall at least cover</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Parent company-only check <input type="checkbox"/> Check of subsidiaries included in the Consolidated Financial Statement <input checked="" type="checkbox"/> Parent company-only validation <input type="checkbox"/> Validation of subsidiaries included in the Consolidated Financial Statement
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Scope 1	Total emissions (ton of CO2e)	Intensity (Ton of CO2e/\$million)	Validating institution	Description of validation status
Parent company	51,834.7046	6.46	AFNOR ASIA LTD.	ISO14064-1 scheduled for completion in August 2023.
Subsidiary	No information for now	No information for now		
...(Note 1)	No information for now	No information for now		
Total	51,834.7046	6.46		
Scope 2	Total emissions (ton of CO2e)	Intensity (Ton of CO2e/\$million)	Validating institution	Description of validation status
Parent company	7,317.0684	0.91	AFNOR ASIA LTD.	ISO14064-1 scheduled for completion in August 2023.
Subsidiary	No information for now	No information for now		
...(Note 1)	No information for now	No information for now		
Total	7,317.0684	0.91		
Scope 3	No information for now			

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

Evaluation item	Operational status (Note)		Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
<p>1. Formulation of ethical management policy and plans</p> <p>(I) Does the Company have an ethical corporate management policy approved by the Board of Directors, and clearly state the ethical corporate management policy and practice in the internal regulations and external documents, as well as the commitment of the board of directors and senior management to actively implement the corporate management policy?</p> <p>(II) Has the Company established an evaluation mechanism for the risk of unethical behavior, regularly analyzed and evaluated the business activities with high unethical behavior risk within the business scope, and formulated a plan to prevent unethical behavior accordingly which at least covers the preventive measures for the behaviors in paragraph 2, Article 7 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p> <p>(III) Does the Company stipulate the operating procedures, behavior guidelines, and disciplinary and grievance systems in its unethical behavior prevention plan and implement them, and regularly review and revise the plan?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>The Company strictly abides by laws and ethical norms. Besides following the Company Act, the Securities and Exchange Act, among others, in honor of its "diligent and solid-grounded" corporate culture and the management beliefs "honest and integrity, fairness and transparency, self-discipline and responsibility", the Company had the Board of Directors to approve the prepared "Ethical Corporate Management Best Practice Principles". The President's Office is responsible for the implementation, preparing and enforcing respective ethical norms and policies, creating optimal corporate governance and risk control mechanisms, and seeking sustainable developments of the Company. The Board of Directors and the management also promise that they will proactively enforce and supervise the implementation of ethical corporate management policies.</p> <p>The Company already has a rigid code of conduct and ethical norms in place as part of its "Code of Ethical Conduct" where applicable penalty and reward requirements are specified. It is strictly prohibited for the directors, managers, employees of the Company or its affiliates/subsidiaries to directly or indirectly offer, promise, request, or accept any unjustified interest or be engaged in other dishonest or illegal acts or acts against the authorized duties in order to prevent against malpractices/frauds, embezzlements, bribery, disclosure of secrets, or false reports, among other dishonest acts.</p> <p>The Company specifies its ethical norms and policies on ethical corporate management and related operating procedures, behavioral guides, and requirements about reporting, punishments in cases of violations, and complaint-filing in its Ethical Corporate Management Best Practice Principles and has established the "Code of Ethical Conduct". All systems are reflected upon from time to time to meet practical demand.</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	Operational status (Note)		Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies and causes thereof
	Yes	No	
2. Implementation of Ethical Corporate Management (I) Does the Company assess the ethical corporate management records of its counterparts and specify the ethical corporate management terms in the contracts it enters into with them?	V		There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(II) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent against unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)?		V	Currently there is an implementation unit in place, yet it is not an exclusive responsible unit. In the future, periodical reports to the Board of Directors will be a goal.
(III) Does the Company have a conflict of interest prevention policy to provide appropriate channels for explanation and implement it?	V		There is no deviation from the spirit of the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit, according to the assessment results of the risk of unethical behavior, drawn up relevant audit plans to	V		There is no deviation from the spirit of the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and

<p>check the status of unethical behavior prevention accordingly, or entrusted an independent auditor to carry out the audit?</p> <p>(V) Does the Company regularly conduct internal and external for ethical corporate management?</p>	<p>V</p>	<p>audit plan each year that is to be followed in the inspection of compliance with the regulatory system in order to reduce the risk of unethical behavior. The Corporate Main Management Office takes charge of Level 2 with communications from time to time that help consolidate the essence of internal control to each level throughout the Company.</p> <p>The Company proactively communicates to and educates its staff to help them internalize honest and integrity, fairness and transparency, self-discipline, and accountability in ethical corporate management and acquire correct attitudes. In addition, training courses on laws and regulations and anti-corruption and fraud prevention are held on a yearly basis in order to reinforce the commitment of staff to complying with ethical corporate management regulations. Throughout 2022, the Company held a total of about 32.25 hours of internal educational trainings on ethical corporate management topics (including compliance with ethical corporate management laws and regulations and prevention against insider trading, among others).</p>	<p>implementation has been carried out</p> <p>There is no deviation from the spirit of the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out</p>
<p>3. Operation of the Company's reporting system</p> <p>(I) Does the Company have a specific accusation and reward system, establish a convenient accusation channel, and assign appropriate personnel to the accused person?</p> <p>(II) Has the Company established the standard operating procedures for investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism?</p> <p>(III) Does the Company take measures to protect the accuser from improper treatment due to the accusation?</p>	<p>V</p> <p>V</p> <p>V</p>	<p>The Company has the "Corporate Management Best Practice Principles" and the "Whistleblowing System" in place, with clear and appropriate reporting channels defined and suitable personnel assigned to take charge of related tasks.</p> <p>The investigation of the accused matters is actively handled and kept confidential in accordance with the established operating procedures of the Company; the "Whistleblowing System" is in place</p> <p>The accuser is protected from being improperly dealt with because of the accusation; the "Whistleblowing System" is in place.</p>	<p>There is no deviation from the spirit of the 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 the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out</p>

<p>IV. Does the Company disclose the content and promotion effect of its ethical corporate management best practice principles on its website and the MOPS?</p>	<p>V</p>	<p>The Company has its own official website and discloses related information in the Annual Report, on the Company's website, and in the MOPS (Corporate Governance Section).</p>	<p>There is no deviation from the spirit of the Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out</p>
<p>V. If the Company has established its own Ethical Corporate Management Best-Practice Principles in accordance with the "Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies," please describe its current practices and any deviations from the Best-Practice Principles: Clarification: No major deviations.</p>			
<p>VI. Other important information that helps understand the implementation of ethical corporate management of the company: (such as the reflection upon and revision of the Ethical Corporate Management Best-Practice Principles by the Company) Clarification: None.</p>			

Note: Whether "yes" or "no" is checked, a description shall be made in the summary description field.

(9) If the Company has corporate governance best practice principles and related regulations, disclose the query method: Website: <https://www.sesoda.com.tw/governance-regulations/All>

(10) Other important information which may improve the understanding of the operation of the Company's 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.

(11) Implementation of Internal Control System

1. Internal Control System Statement

Sesoda Corporation

Internal Control System Statement

Date: March 27, 2023

Based on the results of the self-assessment, the Company hereby states the following on its internal control system for 2022:

1. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the Board and managerial officers of the Company, and that such a system has been implemented within the Company. The purpose of the system is to reasonably ensure that the effectiveness and efficiency of operations (including profits, performance, and protecting the security of assets), reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws are achieved.
2. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.
3. The Company evaluates the design and execution of its internal control system based on the criteria specified in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations") to determine whether the existing system continues to be effective. The criteria defined in "the Regulations" include five elements depending on the management control process: 1. environment control, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several sub-elements. Please refer to "the Regulations" for details.
4. The Company has adopted the said criteria to validate the effectiveness of its internal control system design and execution.
5. Based on the evaluation results in the preceding paragraph, the Company believes that as of December 31, 2022, 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.
6. The Statement of Declaration will be the major contents of the annual report and prospectus of the Company and to be publicly disclosed. The Company

shall be held liable for misrepresentation or nondisclosure in the above content, according to Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This statement was approved by the Company's Board of Directors on March 27, 2023. Among the 10 directors present all agreed to the content of this statement and hereby declaration.

Sesoda Corporation

Chairman:

Signature

General Manager:

Signature

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

(12) During the most recent year and up to the date of printing of the annual report, the punishment of the Company and its insiders in accordance with the law, the Company's punishment on its insiders for violating the provisions of the internal control system, and the major deficiencies and improvement:

Major deficiencies:

Environmental Protection:

The Environmental Protection Bureau of Yilan County Government gives out a fine of NTD18 thousand in case of failure to reassign someone when the person in charge of waste is changed.

Occupational safety:

The Labor Affairs Department of Yilan County Government gives out a fine of NTD50 thousand in case of failure to pay overtime.

Improvements:

Improvements are made proactively as requested by the competent authority and the unit head and people in charge of environmental protection and occupational safety are asked to reinforce rounding tours and field inspections to prevent against deficiencies and disasters/accidents.

(13) Important resolutions of shareholders' meetings and board meetings in the most recent year and as of the printing date of the annual report:

1. Shareholders' meeting proposals

Summary of content		
Shareholders' Meeting		
Decision	Proposal	Decision and implementation status
2022/05/20	2021 Business Report and Financial Statements (Including Consolidated Financial Statements)	Resolution: Approved: 140,657,113 for 88.62% of voting rights Opposed: 16,591 for 0.01% of voting rights Abstentions and non-voting: 18,034,932 for 11.36% of voting rights The case is adopted as is according to the voting result. Implementation status: The decision made in the shareholders' meeting was followed.
	2021 Earnings Distribution	Resolution: Approved: 140,995,045 for 88.83% of voting rights Opposed: 25,126 for 0.01% of voting rights Abstentions and non-voting: 17,688,465 for 11.14% of voting rights The case is adopted as is according to the voting result. Implementation status: The Board of Directors decided on June 20, 2022 that July 27 of the same year would be the base date to exercise cash dividend right and cash dividends were distributed on August 19.
	Revision of the Articles of Incorporation	Resolution: Approved: 140,991,429 for 88.83% of voting rights Opposed: 15,498 for 0.00% of voting rights Abstentions and non-voting: 17,701,709 for 11.15% of voting rights The original motion was passed for this proposal in accordance with the voting result. Implementation status: The decision made in the shareholders' meeting was followed and change registration was completed on June 27, 2022.
	Revision of the "Rules of Procedure for Shareholders' Meetings"	Resolution: Approved: 140,991,345 for 88.83% of voting rights Opposed: 15,241 for 0.00% of voting rights Abstentions and non-voting: 17,702,050 for 11.15% of voting rights The original motion was passed for this proposal in accordance with the voting result. Implementation status: The decision made in the shareholders' meeting was followed.
	Revision of the "Procedure for the Acquisition or Disposal of Assets"	Resolution: Approved: 140,991,692 for 88.83% of voting rights Opposed: 15,985 for 0.01% of voting rights Abstentions and non-voting: 17,700,959 for 11.15% of voting rights The original motion was passed for this proposal in accordance with the voting result.

		Implementation status: The decision made in the shareholders' meeting was followed.
	Revision of the "Operational Procedure for Lending of Funds and Endorsement/Guarantee"	Resolution: Approved: 140,987,310 for 88.83% of voting rights Opposed: 17,344 for 0.01% of voting rights Abstentions and non-voting: 17,703,982 for 11.15% of voting rights The original motion was passed for this proposal in accordance with the voting result. Implementation status: The decision made in the shareholders' meeting was followed.
	Lifting of the business strife restriction for Director Chen Yi-Te	Resolution: Approved: 140,941,992 for 88.80% of voting rights Opposed: 62,395 for 0.03% of voting rights Abstentions and non-voting: 17,704,249 for 11.15% of voting rights The original motion was passed for this proposal in accordance with the voting result. Implementation status: The decision made in the shareholders' meeting was followed.

2. Board of Directors meeting

Board of Directors	Date	Proposal content and subsequent handling	§14-5 of the Securities and Exchange Act Items
24 nd intake 6 th meeting	2022/02/16	Convening of the 2022 General Shareholders' Meeting Resolution result: Approved by all directors present	
		Handling of proposals brought forth by shareholders in the 2022 General Shareholders' Meeting Resolution result: Approved by all directors present	
		Extension of the Line of Credit Contract with banks Resolution result: Approved by all directors present	
		Establishment of wholly owned subsidiary and assignment of the representative Resolution result: Approved by all directors present	V
		Distribution of employee bonus Resolution result: Approved by all directors present	
		Salary raise for Chairman of Yukari Co., Ltd. Decision: Directors Chen Kai-Yuan, Chen Li-Te, Chen Cheng-Te, and Chen Yi-Te excused themselves and did not take part in the discussion and voting, while other directors present unanimously approved the proposal without objection.	V
		Distribution of three-festival bonus to paid directors Decision: Directors Chen Kai-Yuan, Chen Li-Te, Chen Jung-Yuan, Wu Chung-Li, Chen Cheng-Te, and Chen Yi-Te excused themselves and did not take part in the discussion and voting, while other directors present unanimously approved the proposal without objection.	V
24 nd intake 7 th meeting	2022/03/24	Extension of the Line of Credit contract with banks and providing endorsement/guarantee to subsidiary Resolution result: Approved by all directors present	V
		Appointment of director for Sesoda Social Welfare Foundation in Yilan County Resolution result: Approved by all directors present	
		Promotion of Hsu Teng-Hui as Deputy Director of Suao Main Plant and adjustment of his salary Resolution result: Approved by all directors present	
		Employee salary raise Resolution result: Approved by all directors present	
		Distribution of 2021 remuneration and special rewards to employees and remuneration to directors Resolution result: Approved by all directors present	
		2021 Business Report. Resolution result: Approved by all directors present	V
		2021 Financial Report (Including Consolidated Financial Statements) Resolution result: Approved by all directors present	V

Board of Directors	Date	Proposal content and subsequent handling	§14-5 of the Securities and Exchange Act Items
		2021 Earnings Distribution Resolution result: Approved by all directors present	V
		2021 Cash dividend distribution Resolution result: Approved by all directors present	
		Revision of internal control system. Resolution result: Approved by all directors present	V
		2021 Internal Control System Declaration Resolution result: Approved by all directors present	V
		Change of financial statement certification CPAs. Resolution result: Approved by all directors present	V
		Collection of additional business administration charge by the company managing the shipping business Decision: Due to the fact that certain materials were pending preparation, it was approved unanimously by all attending directors that the case would not be discussed.	
		Lifting of the business strife restriction of Director Chen Yi-Te. Decision: Directors Chen Kai-Yuan, Chen Li-Te, Chen Cheng-Te, and Chen Yi-Te excused themselves and did not take part in the discussion and voting, while other directors present unanimously approved the proposal without objection.	V
		Authorization of Chairman to take charge of the national compensation lawsuit with the Environmental Protection Bureau of Yilan County Government Resolution result: Approved by all directors present	
24 nd intake 08 th meeting	2022/05/09	The decision of no further appeal regarding the national compensation lawsuit with the Environmental Protection Bureau of Yilan County Government Resolution result: Approved by all directors present	
		Extended hiring of Attorney Chen Chih-Shung as permanent legal advisor Resolution result: Approved by all directors present	
		Extension of the loan contract between subsidiary and banks and providing endorsement/guarantee to subsidiary Resolution result: Approved by all directors present	V
		Revision of internal control system. Resolution result: Approved by all directors present	V
		Recognition of the impairment loss of NTD82 million of East Tender Optoelectronics Co., Ltd. Resolution result: Approved by all directors present	

Board of Directors	Date	Proposal content and subsequent handling	§14-5 of the Securities and Exchange Act Items
		Consolidated Financial Statement for the first quarter of 2022. Resolution result: Approved by all directors present	√
24 nd intake 9 th meeting	2022/06/20	Setup of July 27, 2022 as the base date for the cash dividend right and August 19, 2022 as the date when cash dividends would be distributed. Resolution result: Approved by all directors present	
		Donation of NTD1 million to the Sesoda Social Welfare Foundation in Yilan County Resolution result: Approved by all directors present	
24 nd intake 10 th meeting	2022/08/09	Non-funds-lending nature of the account receivable USD1,438,896 over 90 days cumulatively from customer Resolution result: Approved by all directors present	
		Extension of the Line of Credit Contract with banks Resolution result: Approved by all directors present	
		Recognition of the impairment loss of NTD23 million of East Tender Optoelectronics Co., Ltd. Resolution result: Approved by all directors present	
		Establishment of related regulations in response to the name change from Corporate Social Responsibility Committee to Sustainable Development Committee Resolution result: Approved by all directors present	√
		Consolidated Financial Statement for the second quarter of 2022. Resolution result: Approved by all directors present	√
24 nd intake 11 th meeting	2022/09/26	Distribution of cash dividends worth USD10 million only of Subsidiary SSC Resolution result: Approved by all directors present	
		Extended hiring of the consultant for the Su'ao Main Plant Resolution result: Approved by all directors present	
		Revision of internal control system. Resolution result: Approved by all directors present	√
24 nd intake 12 th meeting	2022/11/08	2023 Audit Plan. Resolution result: Approved by all directors present	√
		Set up of functional committee and preparation of the Sustainable Development Committee Organic Charter Resolution result: Approved by all directors present	√
		Delegation of members for the first intake of the Sustainable Development Committee Decision: Chairman Chen Jung-Yuan, Vice Chairman Chen Cheng-De, Director Chao Ming, and	√

Board of Directors	Date	Proposal content and subsequent handling	§14-5 of the Securities and Exchange Act Items
		Director Chu Ji-Chuan excused themselves and did not take part in the discussion and voting. The remaining directors present unanimously approved the proposal.	
		Revision of internal control system. Resolution result: Approved by all directors present	V
		Extension of the contract on working capital with banks Resolution result: Approved by all directors present	
		Extension of the contract on working capital loans between subsidiary and banks and providing endorsement/guarantee to subsidiary Resolution result: Approved by all directors present	V
		Financial Statement for the third quarter of 2022. Resolution result: Approved by all directors present	V

All of the proposals above were approved unanimously by all members of the Audit Committee with no objection or unqualified opinions.

- (14) Do directors have different opinions, with records or written statements in place, on important resolutions passed by the board meeting in the most recent year and as of the publication date of the annual report? This did not happen.
- (15) Summary of the resignation and dismissal of persons related to the financial report in the most recent year and as of the date of publication of the annual report: This did not happen.

V. Information on Public Expenditure on CPAs

- (1) 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	Chen Ya Lin and Huang Po-Shu	2022/01/01~2022/12/31	2,620	505	3,125	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: Mainly due to taxation certification and consultation, the certification fees of employee salary checklist, and the amount of capital increase from earnings.

- (2) Reduced audit fee of the new accounting firm in the year of replacement compared to the previous year: None.
- (3) Audit fees paid for the current fiscal year below those for the previous fiscal year by 15 percent or more: None.

VI. Changes in Accountant Information:

No such situation.

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

No such situation.

VIII. Transfer of equity and equity pledge change of directors, managers, and shareholders holding more than 10% of the shares in the most recent year

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

Unit: Shares

Title (Note)	Name	2022		From the current year up to March 20	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Zhengbang Investment Co., Ltd. Representative: Chen Jung- Yuan	0	0	0	0
Vice Chairman	Sincere Industrial Corporation Representative: Chen Cheng-Te	0	0	0	0
Director	Sincere Industrial Corporation Representative: Chen Kai- Yuan	0	0	0	0
Director	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	0	0	0	0
Director	Sincere Industrial Corporation Representative: Chu Yuan- Hua	0	0	0	0
Director	San De International Investment Co., Ltd. Representative: Chen Yi-Te	0	0	0	0
Director	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Li	0	0	0	0
Independent Director	Tsao Ming	0	0	0	0
Independent Director	Wang Po-Hsin	0	0	0	0
Independent Director	Chu Ji-Chuan	0	0	0	0
General Manager	Huang Chih-Cheng	0 (5,000)	0	0	0
Deputy General Manager	Chen Yi-Te	0	0	0	0
Deputy General Manager	Liu Chih-Yung	0 (18,000)	0	0	0
Deputy General Manager	Lin Shu-Yuan	0	0	0	0
Director of Main Plant:	Shih Yueh-Hui	0	0	0	0
Deputy Chief Director	Hsu Teng-Hui (Date inaugurated: February 1, 2022)	0 (15,751)	0	0	0

Associate Manager	Chiu Chuang-Chien	0	0	0	0
Finance Supervisor	Chen Chih-Chun	0	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
Information Security Officer	Chen Hui-Hua	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.

- (2) Is the counterpart of the equity transfer is a related party: None.
- (3) Is the counterpart of the equity pledge is a related party: None.

IX. Information about the relationship of the ten largest shareholders

March 20, 2023

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 or relative within the scope of their spouse or relative within the second degree of kinship, the name or designation and the relationship.	Relationship with the Company	Note
	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			
Zhengbang Investment Co., Ltd. Responsible person: Chen Kai-Yuan	16,086,588 0	6.46% 0	0 0	0 0	0 0	0 0	Chen Yi-Te	Father and son	
Chu Ying-Piao	12,650,048	5.08%	0	0	0	0	Chu Hsiang-Hua	Father and son	
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	5,800,243	2.33%	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	--	--	
Yalan Investment Consulting Co., Ltd. Responsible person: Wu Chung-Li	4,379,542 4,283,199	1.76% 1.72%	0 856,914	0.34% 0.34%	0 0	0 0	Wu Chung-Li	Responsible person	
Wu Chung-Li	4,283,199	1.72%	856,914	0.34%	0	0	Yalan Investment Consulting Co., Ltd. Mr. Zhong-Yae Wu Education Charity Foundation	Same responsible person	
Mr. Zhong-Yae Wu Education Charity Foundation Responsible person: Wu Chung-Li	4,130,662 4,283,199	1.69% 1.72%	0 856,914	0 0.34%	0 0	0 0	Wu Chung-Li	Responsible person	
Sincere Industrial Corporation Responsible person: Chen Yi-Te	3,734,256 0	1.50% 0	0 0	0 0	0 0	0 0	Chen Kai-Yuan	Father and son	

X. Corporate The number of shares held by the Company's directors, managers, and businesses directly or indirectly controlled by the Company in the same reinvested enterprise, and the consolidated comprehensive shareholding ratio:

December 31, 2022						
Reinvested business	The Company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Number of shares (share)	Holding ratio (%)	Number of shares (share)	Holding ratio (%)	Number of shares (share)	Holding ratio (%)
Assessment using the equity method:						
Sesoda Steamship Corporation	10	100.00	-	-	10	100.00
Todian Trading Co., Ltd.	3,200,000	100.00	-	-	3,200,000	100.00
Yukari Co., Ltd.	2,100,000	100.00	-	-	2,100,000	100.00
Donghua Technology Co., Ltd.	10,380,000	100.00	-	-	10,380,000	100.00
Yun Sheng Investment Co., Ltd.	3,000,000	100.00	-	-	3,000,000	100.00
Sesoda Investment (BVI) Ltd.	880	50.00	880	50.00	1,760	100.00

Four. Status of Fundraising

I. Capital and Shares (1) Sources of equity

Month and year	Issuing price (NT\$)	Approved share capital		Paid-in capital		Remarks								
		Number of shares (thousand shares)	Amount (NT\$ thousand)	Number of shares (thousand shares)	Amount (NT\$ thousand)	Capital increase in cash	Capital increase from earnings	Employee bonus	Capital surplus	Capital reduction in cash	Property other than cash contributed as equity capital	Others		
1957/02	100	100	10,000	100	10,000	-	10,000	-	-	-	-	-	None	None
1958/12	100	260	26,000	260	26,000	-	16,000	-	-	-	-	-	None	None
1959/06	100	340	34,000	340	34,000	-	8,000	-	-	-	-	-	None	None
1960/09	100	420	42,000	420	42,000	-	8,000	-	-	-	-	-	None	None
1961/07	100	520	52,000	520	52,000	-	10,000	-	-	-	-	-	None	None
1964/11	10	6,000	60,000	6,000	60,000	-	8,000	-	-	-	-	-	None	None
1967/12	10	7,000	70,000	7,000	70,000	-	-	10,000	-	-	-	-	None	None
1968/12	10	8,000	80,000	8,000	80,000	-	3,300	6,700	-	-	-	-	None	None
1970/11	10	9,000	90,000	9,000	90,000	-	-	10,000	-	-	-	-	None	None
1978/07	10	11,250	112,500	11,250	112,500	-	-	22,500	-	-	-	-	None	None
1978/11	10	16,830	168,300	16,830	168,300	-	-	-	55,800	-	-	-	None	None
1980/05	10	20,028	200,277	20,028	200,277	-	-	31,977	-	-	-	-	None	None
1981/07	10	30,000	300,000	30,000	300,000	-	34,032	65,691	-	-	-	-	None	None
1982/06	10	32,700	327,000	32,700	327,000	-	-	-	27,000	-	-	-	None	None
1984/11	10	39,567	395,670	39,567	395,670	-	-	52,320	-	16,350	-	-	None	None
1985/08	10	53,020	530,198	53,020	530,198	-	-	118,701	-	15,827	-	-	None	None
1986/07	10	60,071	600,714	60,071	600,714	-	-	60,973	-	9,543	-	-	None	None
1987/07	10	69,082	690,821	69,082	690,821	-	-	80,496	-	9,611	-	-	None	None
1988/06	10	79,444	794,444	79,444	794,444	-	-	95,333	-	8,290	-	-	None	None
1989/06	10	85,403	854,028	85,403	854,028	-	-	55,611	-	3,973	-	-	None	None
1990/06	10	98,213	982,132	98,213	982,132	-	-	128,104	-	-	-	-	None	None
1991/07	10	108,184	1,081,845	108,184	1,081,845	-	-	98,213	1,500	-	-	-	None	None
1992/06	10	150,000	1,500,000	119,163	1,191,629	-	-	88,711	1,600	19,473	-	-	None	None
1993/06	10	150,000	1,500,000	133,331	1,333,307	-	-	140,612	1,066	-	-	-	None	None
1994/06	10	150,000	1,500,000	140,069	1,400,687	-	-	66,665	715	-	-	-	None	None
1995/06	10	150,000	1,500,000	147,177	1,471,771	-	-	70,035	1,049	-	-	-	None	None
1996/05	10	154,607	1,546,071	154,607	1,546,071	-	-	44,153	712	29,435	-	-	None	None
1997/05	10	185,800	1,858,000	162,409	1,624,094	-	-	46,382	719	30,922	-	-	None	None
1998/05	10	228,000	2,280,000	178,809	1,788,091	-	-	138,048	1,588	24,361	-	-	None	None
1999/05	10	228,000	2,280,000	189,638	1,896,382	-	-	76,888	1,005	30,398	-	-	None	None
2000/06	10	228,000	2,280,000	193,431	1,934,310	-	-	20,860	-	17,068	-	-	None	None
2001/05	10	228,000	2,280,000	210,453	2,104,529	-	-	154,745	-	15,474	-	-	None	None

2007/07	10	228,000	2,280,000	157,840	1,578,397	-	-	-	-	526,132	None	None
2013/06	10	228,000	2,280,000	165,732	1,657,316	-	78,919	-	-	-	None	None
2014/06	10	228,000	2,280,000	174,018	1,740,182	-	82,866	-	-	-	None	None
2015/06	10	228,000	2,280,000	182,719	1,827,192	-	87,009	-	-	-	None	None
2016/06	10	228,000	2,280,000	191,855	1,918,551	-	91,360	-	-	-	None	None
2017/06	10	228,000	2,280,000	201,448	2,014,479	-	95,928	-	-	-	None	None
2019/06	10	250,000	2,500,000	211,520	2,115,203	-	100,724	-	-	-	None	None
2020/06	10	250,000	2,500,000	228,442	2,284,419	-	169,216	-	-	-	None	None
2021/08	10	300,000	3,000,000	249,002	2,490,017	-	205,598	-	-	-	None	None

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

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

March 20, 2023

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

Information concerning the collective reporting system: Not applicable.

(2) Shareholder Structure

March 20, 2023

Shareholder structure	Government agency	Financial institution	Other juridical persons	Foreign institutions and foreign individuals	Individual	Total
Number of individuals	2	3	237	169	75,105	75,716
Number of shareholding	5	22,622	57,926,375	22,180,216	168,872,433	249,001,651
Percentage of ownership	0.00%	0.01%	23.26%	8.91%	67.82%	100.00%

(3) Decentralization of Equity

March 20, 2023

Shareholding class	Number of shareholders	Number of shareholding	Holding ratio %
1-999	43,290	3,965,031	1.59%
1,000-5,000	26,695	52,117,493	20.93%
5,001-10,000	3,172	24,852,982	9.98%
10,001-15,000	831	10,649,442	4.28%
15,001-20,000	552	10,175,270	4.09%
20,001-30,000	401	10,310,532	4.14%
30,001-40,000	189	6,684,755	2.68%
40,001-50,000	94	4,394,268	1.76%
50,001-100,000	169	12,131,475	4.87%
100,001-200,000	70	9,597,714	3.85%
200,001-400,000	21	5,494,688	2.21%
400,001-600,000	6	2,932,448	1.18%
600,001-800,000	5	3,529,549	1.42%
800,001-1,000,000	3	2,671,370	1.07%
1,000,001 or more	18	89,494,634	35.95%
Total	75,516	249,001,651	100.00%

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

March 20, 2023

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	5,800,243	2.33%
San De International Investment Co., Ltd.	5,414,533	2.17%
Yalan Investment Consulting Co., Ltd.	4,379,542	1.76%
Wu Chung-Li	4,283,199	1.72%
Mr. Zhong-Yae Wu Education Charity Foundation	4,130,662	1.66%
Sincere Industrial Corporation	3,734,256	1.50%

(5) 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	2021	2022	The current year as of March 28, 2023
Market price per share (Note 1)	High	Before retrospective adjustment		43.85	73.10	45.95
		After retrospective adjustment		39.40	71.10	
	Low	Before retrospective adjustment		21.50	30.90	39.80
		After retrospective adjustment		18.90	28.90	
	Average			29.74	46.76	42.78
Net value per share	Before distribution			24.23	28.64	
	After distribution			22.23 (Note 2)	25.64 (Note 4)	--
Earnings per share	Weighted average number of shares			249,001,651	249,001,651	249,001,651
	Earnings per share (Note 3)	Before retrospective adjustment		2.69	4.84	--
		After retrospective adjustment		2.69	--	--
Dividend per share (Note 4)	Cash dividend			2	3 (Note 4)	--
	Stock dividends	Stock dividends from capitalization of retained earnings		--	--	--
		Additional paid in capital		--	--	--
	Accumulated unpaid dividends (Note 5)			--	--	--
Return on investment analysis	P/E ratio (Note 6)			11.06	9.66	--
	Price to dividend ratio (Note 7)			14.87	15.58	--
	Cash dividend yield (Note 8)			6.72	6.42	--

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 2023, and the average market prices for each year and as of the publication date of the annual report in 2023 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 2023.

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: Cash dividends were approved by the Board of Directors on March 27, 2023.

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

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

Note 7: P/D ratio = the average closing price per share of the year/cash dividends per share

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

(6) 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. The ratio of cash dividends to be distributed, in particular, is not below 20% of dividends for the same year and all may be distributed as cash dividends.

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

(1) Cash dividend to shareholders: NTD747,004,953 will be distributed from the cumulative distributable earnings in 2022 at NTD3 per share.

(7) 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:

The Company currently does not have released financial forecasts or "distribution of shares without charge" and hence it is not applicable.

(8) Repurchases of corporate shares by the Company: None.

(9) Remuneration to Employees and Directors

1. Percentage or range of remuneration to employees and that to directors as stated 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) The employee's remuneration distributed in cash is NTD83,981,870, the special reward is NTD20,995,468, and the director's remuneration is NTD43,740,557.

- (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 remuneration to directors and supervisors in the prior year:

The employee's remuneration distributed in cash is NTD30,643,420, the special reward is NTD8,755,263, and the director's remuneration is NTD17,510,526.

2. Handling of corporate bonds: None.

3. Disposal of preferred shares: None.

4. Circumstances of handling overseas depositary receipts: None.

5. Handling of employee stock options: None.
6. Handling of restricted employee shares: None.
7. Handling of M&A or transfer of shares of other companies to issue new shares: None.
8. 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, calcium chloride, mixed calcium phosphate, ammonium bicarbonate, anhydrous sodium sulfate, hydrogen peroxide, potassium chloride and solar salt.

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

(3) Subsidiary catering business: catering business.

2. Main scope of operation

Business item	2022 Revenue	Unit: NTD Thousand
		Operating profit contribution (%)
Manufacturing-chemical products	4,326,291	53.91
Trade-chemical products	984,132	12.26
Shipping transport	2,662,617	33.18
Catering	52,149	0.65
Total	8,025,189	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, baking soda, anhydrous sodium sulfate, potassium chloride, solar 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- and site cooked/prepared food and

beverages for in-store and take-out 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. Guided by customer needs, develop different specifications of potassium sulfate to increase sales profit.
- F. Open up new markets and new customers for potassium sulfate, and reduce the risk of regional demand and economic fluctuations.

(2) Subsidiary shipping business

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

(3) Subsidiary catering business

- A. Give priority to improving the visibility of self-made brands.
- B. Continue to develop Japanese cuisine 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.

The economic recession caused by the pandemic has undoubtedly made a negative impact on the demand and consumption of agricultural products, but compared to other products, the impact on chemical fertilizers is relatively small. Therefore, despite certain national and regional factors that lead to reduced demand and consumption of specific types of chemical fertilizers, generally speaking, the global demand for fertilizers since the outbreak of the pandemic has not dropped; instead, it is slowly growing. The powerful psychological demand for sufficient supply of food staples leads to surging prices of major agricultural crops; as a result, the quantities of fertilizers used are increasing to ensure output of such crops. Meanwhile, the government measures and policies in many countries and the climbing prices of agricultural crops result in more attractive correlation between crops and prices of fertilizers. Secondly, the surging price of raw materials, regular materials, and energy around the world in addition to the impacted and disrupted logistics and supply chain because of the pandemic and the impacts of major producers of fertilizers, such as Belarus, on the supply and demand due to unstable geopolitical situations all contribute to surging prices of fertilizers.

In the beginning of 2022, upon extended increases in shipping charge for containers from the preceding quarter, major customers switched to bulk carriers for shipments in order to bring down the cost. The shipment sizes climbed significantly in the first quarter. In the second half of February, Russia invaded Ukraine and it largely impacted the supply of fertilizers, including potassium chloride. Generally speaking, as a result of the Russia-Ukraine in the first half of the year, customers were highly concerned about the steady supply of the main ingredient potassium chloride of potassium sulfate. As a result, they followed one another to increase their potassium sulfate inventory level. The demand and buying power in primary user countries and regions obviously climbed.

The concern over an imbalance in the supply and demand of potassium chloride and the sense of crisis mainly originated from the world's second and third largest countries, Russia and Belarus of potassium-based fertilizers. First, Belarus suffered economic sanctions imposed by European countries and the US in mid-2021, which led to gradually reduced exports of potassium-based fertilizers. The worsened Russia-Ukraine conflicts resulted in European countries and the US imposing a series of sanctions to the Putin Administration. Despite the fact that chemical fertilizers were not included directly in the sanctions, indirect impacts from related sanctions such as financial remittance and Russia

port exports and logistics restrictions in addition to the residual effects from the disrupted supply chain of the pandemic, supply of potassium chloride around the world fell short of meeting the demand and prices continued with the climbing stream; they were once above the peak price on the market during the financial crisis in 2008. By the end of the second quarter, with the supply of potassium chloride from Belarus and Russia gradually restored through layovers in China and other friendly countries, prices of potassium chloride around the world plummeted, too. Lots of potassium sulfate customers, on the one hand because of the still high stock or inventory level and on the other hand because of the expectation that prices of potassium chloride would drop further, were on the lookout on the market and were unwilling to place new purchase orders. As a result, the sales rate obviously slowed down.

Generally speaking, 2022 was a record-setting year where drastic rises and falls in prices of potassium chloride were seen. Under the stern challenge posed by the roller-coasting prices on the market, the Company flexibly adjusted its distribution strategies while at the same time constantly expanding its sales market and hence managed to render not-so-bad results in sales for the year.

Exports of potassium chloride in 2022 totaled 129,837 tons, not much different from the 112,651 tons in 2021. The operating income, however, reached NTD3,448,910 thousand, a growth of around 99.63% from NTD1,727,629 thousand in 2021. It was mainly due to the constantly record-setting mean selling prices of potassium sulfate.

For 2023, when the Russia-Ukraine War will come to end remains unknown and the supply and demand of potassium chloride around the world is yet to be stabilized. For the prices of potassium chloride, compared to the peak in 2022, they are nearly cut in half now. When the international prices of potassium sulfate will reach the bottom remains unknown. As a result, a majority of players on the market are closely monitoring the developments. Faced with the challenge to lower the high inventory level of the pricey raw material potassium chloride, which impacts the sales and profits in the first half of the year significantly, the Company will, in response to the prices on the market, timely adjust its distribution strategy to proactively secure and explore the market. It is hoped that for the second half of the year, the shadow of the high potassium chloride inventory level will disappear and sales and profits will be resumed again.

- B. Soda ash can generally be divided into heavy one and light one; it is an important chemical engineering raw material that is extensively applied in fields such as light-industry daily chemicals, glass, chemical industry, food industry, metallurgy, textile, petroleum, and national defense, 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. The use in soaps and detergents, manufacturing dyes, colorants, etc. are steadily growing, too. The growth in demand in the construction industry is the key factor that has driven the growth of the global soda ash market.

It is estimated that the global market size of soda ash in 2022 grew by around 20% from that in 2021 mainly because of the consequences of the supply chain disruption from the pandemic. The surging prices of raw

materials and regular materials around the world led to equally surging prices of soda ash. In the first half of the year, customers in the mid-stream and down-stream were worried about impacts from unsteady shipping schedule and restrictions posed by suppliers over shipments; as a result, the false demand appeared. Customers followed one another to increase their inventory level excessively. Sales of soda ash were promising. Prices of soda ash on Asian markets climbed nearly 40% in the first half of the year.

For the third quarter, on the other hand, impacted by the excessive stocks of mid-stream and down-stream customers in the preceding two quarters, reverse effects started to surface; as a result the demand for soda ash in the second half of the year became sluggish. Under normal circumstances, in case of sluggish demand, one should lower the selling price to bring up the buying power. Due to tightened supplies from international manufacturers, however, suppliers did not reduce the selling price. As a result, the Company suffered double impacts, that is, price increase by suppliers and sliding demand, with a sudden increase in its inventory level in the second half of the year and was highly stressed in operations.

The Company's sales of soda ash in 2022 are nearly a nutshell of the sales on the global market. The supplies were impacted by reduced sources and stagnant logistics. Reduced deliveries plus sluggish demand led to a historical high inventory level. A recall of the year reveals that the biggest challenges in the sale of soda ash included one, continuously climbing supply prices, which drove up prices throughout the year and two, the inventory management challenge, particularly the unsteady shipments of suppliers in addition to the sluggish demand in the third quarter that led to a sudden increase in the inventory level and further impacted the profits of sales of the Company.

Looking forward to 2023, it is expected that the sales of soda ash will gradually return in the post-pandemic era. Despite the fact that quotations of light soda ash continue to reach record highs to lead to the overall sales cost remaining high and the difficulty in scheduling shipments and the inventory management challenge, trends of future sea freight prices will one of the keys. Another stern challenge is the high prices of raw materials and regular materials, which result in the prices of soda ash around the world remaining high. Faced with aggressive competition, whether customers can accept the steadily rising prices or not will be a big test for the Company in terms of sales.

(2) Subsidiary shipping business

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

Classification of main bulk ship types

Bulk Ship Type	Cape Size (Cape Size)	Panamax (Panamax)	Handymax/ Supramax (Handymax/ Supramax)	Handy Size (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	Grains, limestone ore sand, coal, cement and wood.	Grain, limestone, ore sand, coal, cement and wood.
International Quotation Index	BCI	BPI	BSI	BHSI
Features	•Ships with large tonnages cannot cross artificial canals. They must detour through the Strait of Magellan in South America to ports on the East Coast of the United States, mainly on ocean routes.	•Maximum tonnage through the Panama Canal •Mainly carry ocean cargo	•Can carry far and near ocean cargoes	•Can carry far and near ocean, inland river and canal cargoes.

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

The light bulk carrier shipments continued to rise in pricing throughout 2022 and prices returned to normal in the fourth quarter. Adjustments were made to renewals of contracts upon expiration of current ones with the Company's fleet, too. Statistics show that the mean rent rose by more than 30% from 2021 at of the end of 2022. In 2023, on the other hand, it is expected that the rent will gain support due to the sluggish economy and the evaluation of supply and demand on the market. Impacts of interest rate rises, however, will surface and will likely erode operational profits.

(3) Subsidiary catering business

In 2022, restrictions over dining-in were lifted. Customers returned and operations gradually recovered. In the future, efforts will continue to be devoted to the development of load-free Japanese-style fresh diets. Boxed cuisines developed are devoted to healthier and more convenient foods and increased willingness to spend money so that growths will continue 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.

Three major mineral sources of potassium chloride are Canada, Russia, and Belarus. The production volume in these three countries account for about 70% of the global production volume. As global mineral sources are highly focused on a few regions, the production of potassium chloride is a monopoly. Primary producers often control the market for potassium chloride to improve profits with limited quantities that help bring up the prices.

It is estimated that before the Russia-Ukraine War, the global use of potassium-based fertilizers came to about 88 million tons (potassium chloride accounted for about 88% and potassium sulfate about 9%). It is estimated by the International Fertilizer Association (IFA) that the geopolitical clashes and related economic sanctions in 2022 led to the greatly reduced supplies from Russia and Belarus and a reduction of around 14% in the supply of global potassium-based fertilizers from 2021. The increased productions in Canada, Laos, and other regions remained insufficient to fill the resultant gap. Since the second half of 2022, Russia and Belarus have been gradually expediting the restoration of supplies to previous levels. In addition, a new mineral plant in Russia and Laos, respectively, will be commissioned in 2023. Growths in the global supply of potassium chloride are expected in 2023 and it will help balance the demand and supply and stabilize the market. The market forecast reveals that the global demand for potassium chloride will gradually return as the global economy slowly recovers in 2023 (including fertilizers and industrial consumption).

Prices of potassium chloride saw drastic rises and falls in 2022. They reached new heights over the past ten years and now are cut in half. When prices on the market will hopefully stabilize depend on the political situations in regions such as Russia, Ukraine, and Belarus, the global climate, and the economy. For producers of potassium sulfate, the imbalanced supply and demand of potassium chloride led to the drastic rises and falls in prices of potassium sulfate and posed extreme challenges to both sales and profits.

- (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 CO_2 comes from calcined limestone.

Strengths: 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.

Weaknesses: 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.

Ammonia soda method plants are widely spread throughout the world, with a throughput accounting for nearly half and natural soda plants around one-fourth. They are primarily located in the US, Turkey, and China. The remainder of the throughput comes from joint soda method plants, nearly all of which are located in China.

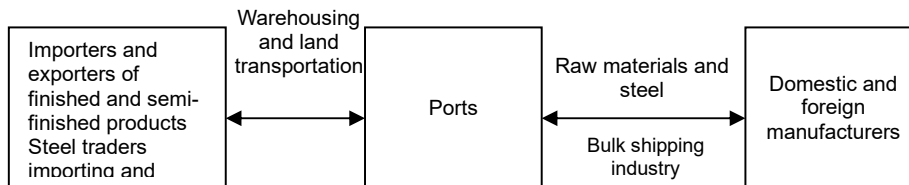
The price-rising stream for soda ash did not slow down in the beginning of 2023 and how it will impact the soda ash market is worth watching. In short, obtaining a stable supply of goods and advantageous prices are still the core competitiveness of maintaining leading sales in the market.

(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

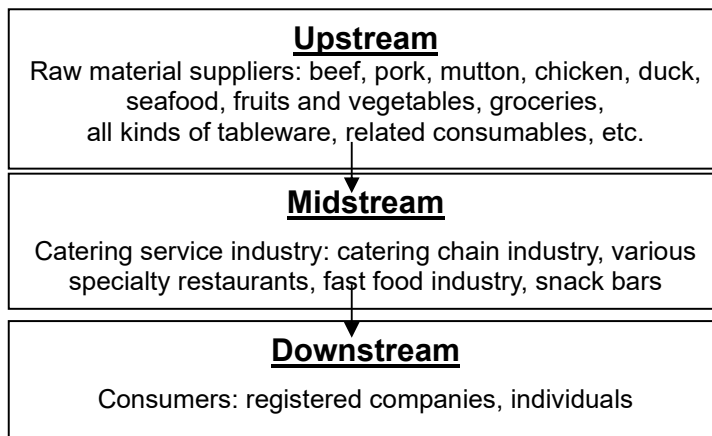
product and the supply of the main original products have no obvious relationship between upstream, middle and downstream.

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

As countries around the world followed one another to rid the impacts of the pandemic and under the impacts of other factors such as the Russia-Ukraine War, high inflation, and climate change, the global economy did not perform well in 2022. Most governments adopted the tightening monetary policy so as to curb inflation. Increased inflation, tightened policies, and financial stress, among other negative impact, diluted the promising global economic outlook. It was originally expected that the high economic growth rate of 6.28% in 2021 could be continued given the returning domestic demand and the persistent investments of domestic and international manufacturers in Taiwan and that the economic growth of 2022 would hopefully exceed 4% and render another performance that was better than expected. The Russia-Ukraine War, however, broke out. Impacted by the global political and economic situations, the economy in Taiwan gradually slid. It is estimated by the Chung-Hua Institution for Economic Research (December 2022) that the economic growth rate in Taiwan for 2022 would be 3.04%.

For 2023, it is estimated by the Chung-Hua Institution for Economic Research that the economic growth rate is 2.72%. External factors remain as primary uncertainty factors in the economic growth of our nation. Impacted by the persistent Russia-Ukraine War, the US-China Trade War, inflation, and climate change, despite it is hopeful that the China economy will bottom out as its anti-pandemic policy is largely relaxed, how much it will bounce and the duration

of impacts on the economy still need to be closely watched. As such, international organizations consistently forecast the global economic growths in 2023 will further slow down compared to those in 2022 to even below 2.0%. The IMF (October 2022), in particular, forecasts that the growth rates of 2022 and 2023 are 3.2% and 2.7% and forecasts made by the WTO (October 2022) for 2022 and 2023 are 2.8% and 2.3% and those by the EIU (October 2022) 2.8% and 1.6%, and by S&P Global (November 2022) 2.9% and 1.5%, respectively. Generally speaking, the later the forecasts were released, the forecasts rendered for 2023 were lower. For the various products imported and exported in the core chemical engineering industry of the Company, faced with the difficulties and challenges in the macro-environment that is highly uncertain, countermeasures will be carefully prepared and deployment will be based on the market characteristics and customer demand.

A. Sulfate of potash

According to the IFA's observations, in the traditional market cycle, the balance between the supply and demand of fertilizers and consumption is usually determined by cost competitive advantages and the production demand of agricultural crops. Since the breakout of the Russia-Ukraine War, whether or not the supply of fertilizers is ample will impact and be reflected in the consumption of fertilizers over the short term. Compared to nitrogen-based fertilizers and phosphorus-based fertilizers, potassium-based fertilizers are the nutritional element impacted the most significantly by disrupted throughput. The distribution of global mineral resources led to the concentration of potassium-based fertilizers in a few countries, potassium chloride in Russia accounts for around 20% of the global supply and it is expected that 80% of the recent expansion in the throughput comes from Russia. As such, global consumption of potassium chloride is seriously held back by the supply capacity. In case of an imbalance between supply and demand, a majority of countries relying on imports of potassium chloride will be at high risk of potential tightened supply and shortage.

This is why the global potassium chloride market saw surging prices and then an avalanche of falling prices throughout 2022 as a result of the chain reaction triggered by the Russia-Ukraine War and the geopolitics and the supply did not fall and rose instead against prior expectations. Prices of potassium sulfate also experiences highs and lows along with the fluctuating prices of the primary raw material potassium chloride. By 2023, geopolitics and policies have surpassed impacts of the pandemic and will dominate the economic and market outlooks of chemical fertilizers. Prices of potassium chloride, nevertheless, remain undefined. As supplies from Russia and Belarus gradually stabilize, whether or not prices will plummet again and even return to the pre-pandemic level remains as variables for the sales of potassium sulfate.

With primary competitors around the world trying to sell their pricey raw materials and regular materials and to lower their inventory level, the dropping stream in the prices of potassium sulfate because of the fluctuating prices of potassium chloride since the end of the third quarter of 2022, the gradually lifted restrictions over exports of chemical fertilizers in Mainland China that will contribute to gradual restoration of exports of potassium sulfate, and the commissioning of several new potassium sulfate plants in 2023 and 2024, it is inevitable that the sales of potassium sulfate and price competition will encounter a new wave of stern challenges

again. Customers may postpone order placement because of the high inventory level or expecting more room for price negotiation. It will be even more difficult for the Company to fulfill its sales and profit goals than before, too.

B. Soda ash

Over the past few years, both the demand and production of soda ash around the world have grown significantly. The rapid economic growths in China and the quick emergence of new cities throughout China, in particular, drove the demand for construction glass. Flat glass is mainly produced and used in the windows of buildings and automobiles in addition to containers, daily glass, and other glass. Therefore, the use in the glass sector accounts for more than 50% of the overall demand for soda ash around the world. Secondly, distinct products such as soaps and detergents, which have surged demand from consumers based on the idea about hand-wash to prevent against the pandemic, grew instead. It is generally estimated that they account for about 15% of the overall demand for soda ash. China tops the world in the throughput, production volume, and consumption of soda ash. Export trade accounts for about 10% of the global traded volume of soda ash. It is usually only adopted as a means for phased adjustments of the supply and demand on the domestic market to ensure a balance.

Generally speaking, the supply and demand of soda ash was relatively tense in 2022. Skyrocketing energy prices and high shipping costs for the first half of the year further drove the two major exporters, the US and Turkey, to increase the prices several times. In the second half of the year, faced with sliding demand and the high inventory level, most customers turned conservative in procurement. It is expected that supply and demand will gradually reach a balance in 2023. The up to 5 million tons of natural soda ash of Inner Mongolia Yuan Xing Energy Company Limited as part of the greatest soda ash production project in China will be gradually commissioned in June 2023. How it will impact the supply and demand of the global soda ash market is pending close observations.

(2) Subsidiary shipping business

As far as the capacity demand is concerned, the lifting of lock-down in China is expected to bring about an increase in the capacity demand. Moreover, in response to the expected slowing global economy, the increase in the demand for handy-size bulk carriers will be more obvious than that for capsized bulk carriers. In the future, given the inflation and surging commodity prices, elevated prices of raw materials and regular materials, and the persistent Russia-Ukraine War, the capacity demand will only grow further.

In terms of capacity supply, due to the persistent high prices of new vessels, it is expected that the number of new vessels delivered will be minimal. Old vessels, however, to meet regulatory requirements about environmental protection, will need to cruise at a low speed or be eliminated, which, therefore, will result in reduced supply.

Both will support the operations in the shipping business somewhat. The capital intensive nature of the shipping business, in the contrary, will erode profitability as a result of the increased capital cost from the interest rate rise.

To sum up, except for political factors that are relatively unpredictable variables in 2023, the economic outlook for the shipping business should be able to gain support.

(3) Subsidiary catering business

The catering business is slowly ridding the impacts of the pandemic. Inflation and changed consumption patterns, however, require the catering business to constantly advance. Adjustment of consumer positioning and distribution is also required for maximized competitive advantages and the ability to adapt to environmental changes in the future. Hopefully, the catering business can continue to exist and bring about profits.

(3) Technology and R&D Overview

1. Core Industrial Chemical Business

(1) Successfully developed technologies or products:

- A. The Su'ao Main 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 reinforcing control over the detection of exhaust gas from combustion. Oil consumption has been effectively reduced and the cost is lowered. There are other measures, including equipment vacuum monitoring and environmental real-time photographic monitoring which can effectively monitor environmental protection and industrial safety.
- B. To proactively respond to the international trend in the reduction of carbon emissions and to avoid expenditure on carbon tax in the future and in light of the carbon neutralization goal on earth, it is planned to capture the carbon dioxide gas generated in the calcium chloride process and heavy soda ash is adopted as the raw material for imported products for the time being. Prior production procedures are checked and improved and crystal particle size control parameters are investigated. Proactive efforts are devoted to rebuild the baking soda production line. Trial production is expected for the fourth quarter of 2022 and hopefully local "green products" with reduced carbon footprint and effectively reduced carbon dioxide emissions will successfully support the quickly growing market for the incinerator flume processing and application. The only domestic production plant will be able to supply the domestic market.
- C. In response to the environmentally-friendly waste reduction policy, the lower-grade mixed acid from the potassium sulfate process is reconstituted with an adequate amount of calcium chloride to render highly pure calcium sulfate through centrifugation, separation, rinsing, and dehydration. It is now produced in large quantities and steadily supplying domestic cement heavyweight manufacturers as one of the important raw materials and becomes a successful example of circular economy.
- D. To proactively address the issue of high chlorine content in inorganic sludge of the calcium chloride process, the Company jointly developed the sludge rinsing, pressing, and filtration process with domestic heavyweight manufacturers of sludge processing equipment. After process design, equipment prototyping, and actual testing, the low-chlorine inorganic sludge processing equipment is now successfully set up to effectively reduce the content of chlorine in inorganic sludge and to bring down the water content when used in combination with the later-stage drying equipment. It will not only effectively lower the cost of outsourced processing but also improve subsequent applicability. Taking advantage of its high calcium and magnesium contents, it is intended to develop potassium-based mixed fertilizers to meet the demand on the market.
- E. 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 quality of granular potassium sulfate delivered. It also proactively developed and attempted novel sprays and improved the amount sprayed and the atomization level during the manufacturing process. The cost is effectively reduced, with enhanced process stability and throughput.

- F. Take 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. Related production technologies and production equipment suppliers are now available. Once the pandemic stabilizes and governments lift their anti-pandemic measures and site visits to inspect the equipment are completed, related production equipment will be installed.

(2) Future R&D Plan

- A. Given 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.

Benefit: expanding product market and enhancing product competitiveness.

- B. Develop mixed potassium/magnesium/calcium-based fertilizers, combine multiple materials that are available now in the development of new fertilizers, and plan the supply of customized mixed fertilizers reflective of the soil conditions in different regions on the market.

Benefit: expansion to new markets, diversified portfolio, and creating growth momentum

- C. Capture carbon dioxide gas generated from the calcium chloride process, purify and liquefy it at high pressure for utilization in the general industry/food industry/semi-conductor industry.

Benefit: reduced carbon emissions, avoidance of carbon tax, turning waste into gold, improved corporate image

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

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

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

1. Core Industrial Chemical Business

【Short-term plan】 :

- (1) Once the shipping cost of containers and global supply of potassium chloride stabilize, fully take advantage of the required REACH registration for sales of potassium sulfate to the EU to devote to the developments on the European market.

- (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) The introduction of production or sales agency opportunities for specialty chemicals has grown simultaneously with the vigorous development of Taiwan's electronics industry.

- (2) Diversify product developments and provide customers with comprehensive integrated services in search for new applications of 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 110 (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】 :

- i. Pay attention to the dynamics on the shipping market and distribute between long-term and short-term contracts.
- ii. 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 vessels with new ones at appropriate times.

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) Develop take-out items to further explore new sources of customers

【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) Domestic and foreign sales contributions:

Unit: NTD Thousand

Product \ Year	2022					
	Domestic sales			Exports		
	Amount	Proportion	Market share	Amount	ratio	Market share
Manufacturing-chemical products	877,381	10.93%	Approximately 62%	3,448,910	42.98%	Approximately 62%
Trade-chemical products	984,132	12.26%	Approximately 62%	--	--	--
Shipping transport		--	--	2,662,617	33.18%	--
Catering	52,149	0.65%	--	--	--	--
Total	1,913,662	23.84%		6,111,527	76.16%	

(2) Contributions of major export regions:

A. Core Industrial Chemical Business

Region	2022 annual proportion
Japan	27.67%
Peru	16.39%
Other regions (none reached the 10% standard)	55.94%
Total exports	100.00%

B. Subsidiary shipping business

Region	2022 annual proportion
Singapore	45.50%
Denmark	25.71%
Bahamas	11.59%
Other regions (none reached the 10% standard)	17.20%
Total exports	100.00%

C. Subsidiary catering business: Not applicable.

2. Market supply and demand in the future

(1) Core Industrial Chemical Business

【Fertilizer category】

The annual demand for potassium sulfate around the world is up to nearly 8 million tons. Mainland China is the largest producer and consumer in the world of potassium sulfate. It is estimated that among the global throughput of around 10 million tons of potassium sulfate, more than half is from China, more than 25% from Europe, and nearly 10% from the US. The IFA forecasts that the annual demand growth rates are about 1 to 3% from 2020 to 2030. With the quantities from Mainland China subtracted, the demand from each of other regions in the world is about 1 to 2 million tons from Europe, 300 to 350 thousand tons from the US, 650 to 750 thousand tons from Latin America and Africa, and the remainder from the Middle East, Asia, and New Zealand/Australia, among other regions and countries. The global and local economies, seasonal nature of agricultural crops, food supply and market, currency fluctuations, climate change, farmers' income, among others, in the primary consuming countries or regions of potassium sulfate all affect the procurement and use of potassium sulfate.

Besides the 120 thousand tons from the potassium sulfate production line commissioned in 2022, by the end of 2024, it is expected that among the 720 thousand tons from new potassium sulfate production lines around the world, up to 680 thousand tons will be from China. For the exports of potassium sulfate from China, the customs export inspection control that began at the end of 2021 will continue. Only 7800 thousand tons were exported in 2022, a reduction of 65% from 2021. In order to continue to stabilize the demand for chemical fertilizers within China, the restrictions over exports of fertilizers continued to this date. Sources on the market indicate that the China government is likely to gradually relax such restrictions after the first half of 2023. The precise timing, however, pending verification. Once it is certain that restriction over the exports of potassium sulfate will be removed comprehensively, a new wave of impacts and challenges is inevitable in the supply and sale of potassium sulfate on the international market.

【Soda Ash】

China, like the US and Turkey, is known for its abundant reserve of natural soda ash except that its level of purity is lower and it is more difficult to mine. Over the past few years, however, such issues have been gradually overcome, contributing to a surge in the supply. In addition, environmental protection has been an issue gaining more and more attention in the manufacturing of raw materials and regular materials. The traditional ammonia soda method is associated with excessive waste gas generated during production and hence greater environmental protection pressure. The expansion in the throughput of the ammonia soda method in China is gradually met with restrictions. Estimates reveal that the overall throughput of soda ash in China, North America, and West Europe account for 80% of the global throughput.

Tense supply and demand remained throughout 2022 on the soda ash market. Supply could not catch up with demand. In 2023, it is expected that countries around the world will no longer be shadowed by the pandemic and the economy would recover, though slowly, and housing/construction and automobile sectors will be heated again. The demand for flat glass is likely to return. New energy fields will also drive up demand for soda ash. It is estimated that for the first half of the year, supply and demand will continue to remain tense and inventory levels may continue to be low. This will provide support for the higher prices of soda ash. For the second half of the year, the natural soda ash project of Yuan Xing Energy of 5 million tons will be gradually commissioned in June 2023. What are the changes to be brought about for the supply and demand in China and even the global market for soda ash is worth close observations.

(2) Subsidiary shipping business

Supply and demand on the market is likely to gain support in 2023 and the shipping cost will bounce.

(3) Subsidiary catering business

The pandemic helped eliminate a few counterparts on the catering market of Taiwan. The market demand will also return. Inflation, however, will impact the demand of mid-range consumers.

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. Take advantage of the fact that potassium sulfate has obtained EU REACH certification and proactively develop 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

The Handysize ship itself needs larger ships for stability due to its large navigation area. When the economy slows down and inflation rises, it will be more competitive.

(3) Subsidiary catering business

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

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

(1) Core Industrial Chemical Business

【Development Vision】

A. Favorable factors

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

B. Unfavorable factors and specific countermeasures

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

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

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

A. Favorable factors:

Look for opportunities for the manufacturing of specialty chemicals together with the vigorous development of Taiwan's electronics industry (foundry and LCD panels).

B. Unfavorable Factors and Specific Countermeasures:

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

(2) Subsidiary shipping business

A. Favorable factors

Many of the Company's chemical suppliers are internationally renowned shipping companies, and the Company is also familiar with miners due to relations in the chemical industry; these relations may provide a stable and reliable source of potential customers for the fleet and bring positive effects to the development of the shipping business. The types of vessels owned by the Company can also better remain stable on the fluctuating market.

B. Unfavorable factors

Shipping is a business with a high concentration of capital, and if interest rates rise, the cost of capital will also increase. In addition, due to the increased number of respective environmental protection issues, old vessels are associated with improvements of maintenance 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. Adequately eliminate vessels to keep the fleet competitive.

(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: Maintain brand quality and reputation to provide customers with the most natural and healthy food in addition to optimal service to gain recognition among consumers.

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

Countermeasure: Proactively 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. Business operation impacted by external macro-environment: the comprehensive and extended impacts of COVID-19 over the past years challenge the traditional dining culture and habit.

Countermeasure: Change the single meal supply model and investigate ways to keep take-outs fresh in order to reach out to take-out customers and to diversify dining options.

(II) Important uses and production processes 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 bottles
3. Chemical manufacturing 4. Detergent
5. Pulp 6. Water treatment 7. Textiles

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

【Baking Soda (Sodium Bicarbonate)】

1. Expanding agent 2. Extinguishing agent
3. Feed additive 4. Detergent 5. Waste incineration plants

[Mixed Calcium Phosphate] Various feed additives

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

【Ammonium Powder (Ammonium Bicarbonate)】

1. Food (Flour) 2. Pharmaceuticals
3. Leather softening 4. Electronics industry

[Calcium Chloride] 1. Ice making 2. Cement additives

3. Asphalt additives 4. Civil engineering

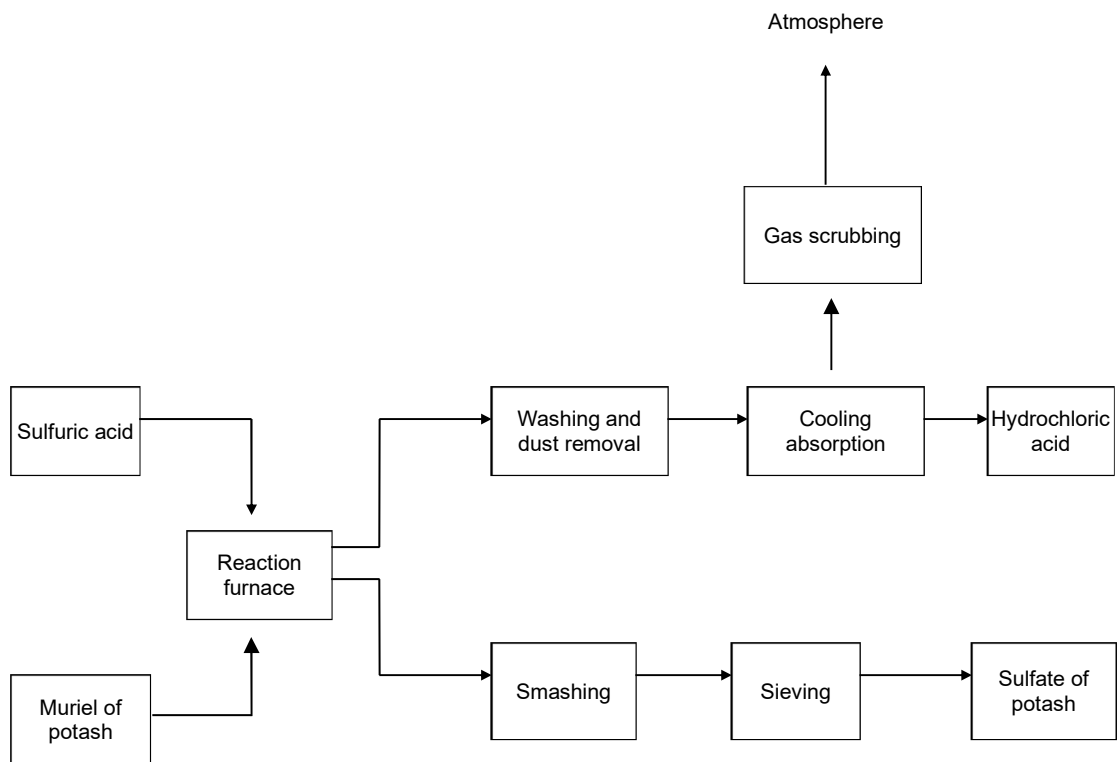
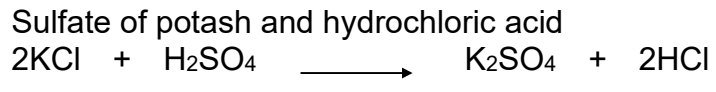
(2) Subsidiary shipping business

Not applicable to transportation services.

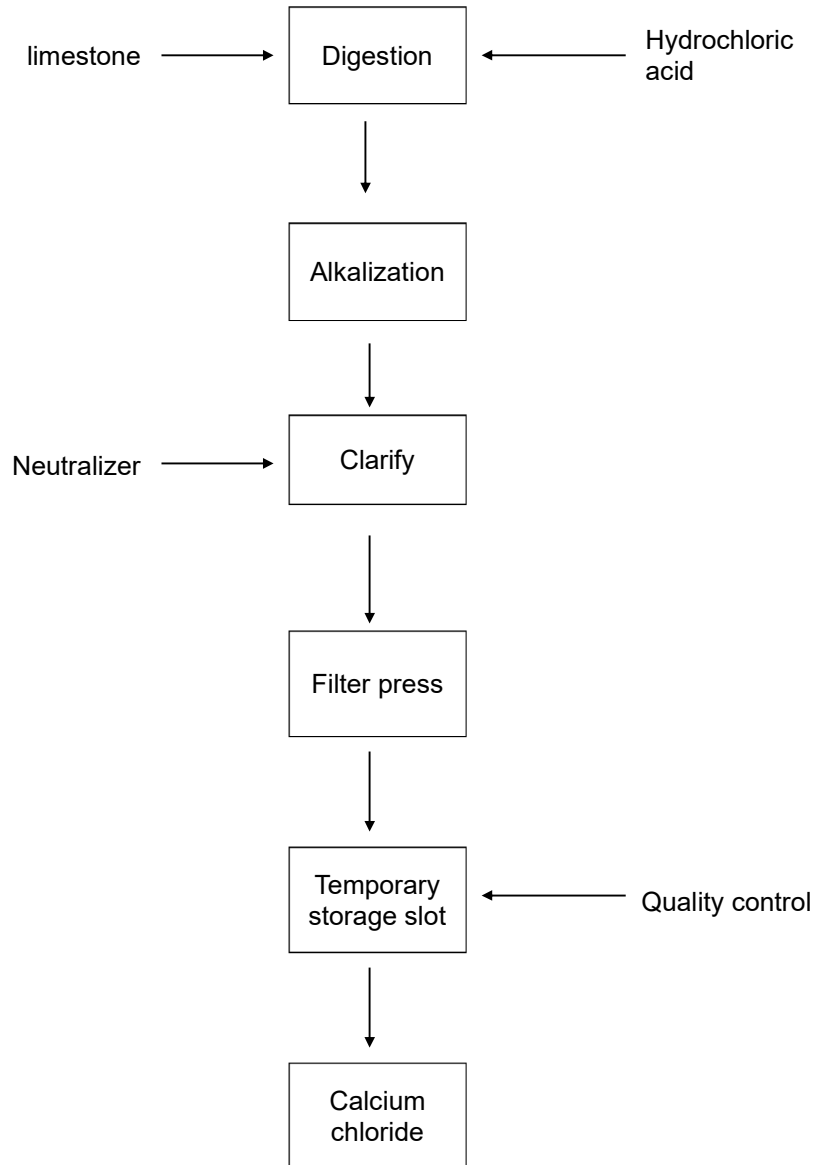
(3) Subsidiary catering business

Catering services.

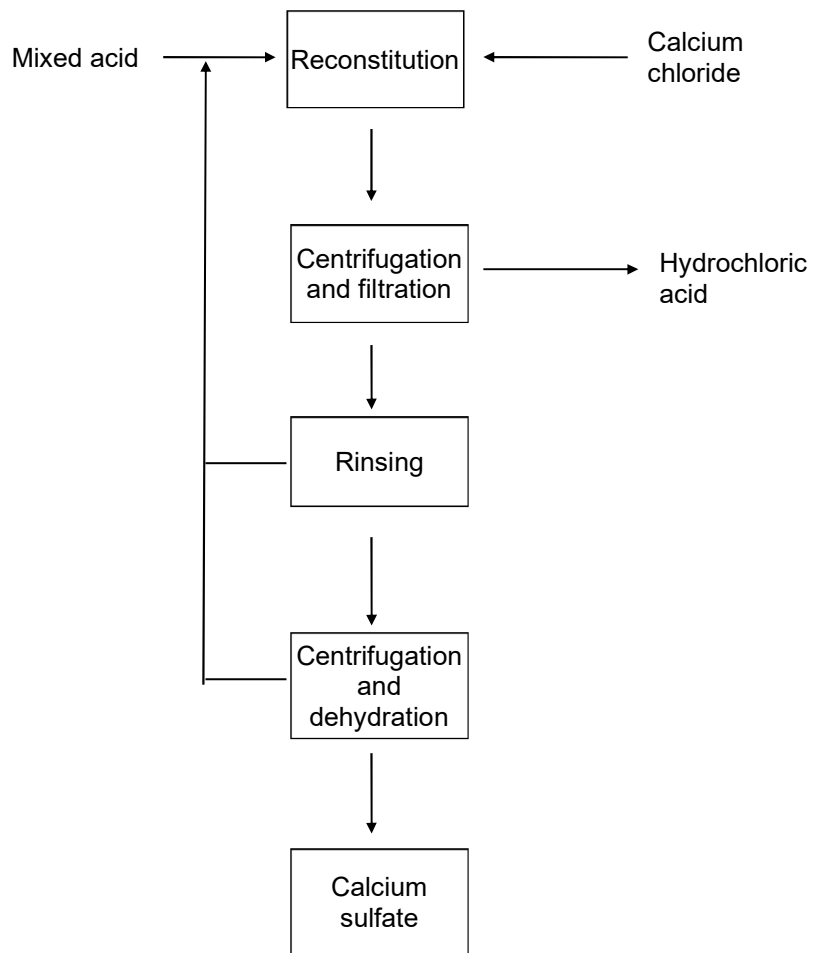
(II) Production Process of Main Products:
(1) Core Industrial Chemical Business



Liquid Calcium Chloride

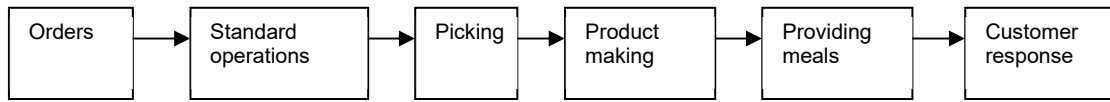


Calcium sulfate (plaster)



(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 main purchase and sales customers in the last two years

1. Major customer transaction status:

Unit: NTD Thousand

Item	2021				2022			
	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%)	4,795,266	100.00	None	Others (none attaining 10%)	8,025,189	100.00	None
	Net sales	4,795,266	100.00		Net sales	8,025,189	100.00	

2. Supplier transaction status:

Unit: NTD Thousand

Item	2021				2022			
	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	1,128,129	57.06	None	Vendor A	2,335,624	59.56	None
2	Vendor D	227,683	11.52	None	Vendor D	581,931	14.84	None
	Others (none attaining 10%)	621,326	31.42	None	Others (none attaining 10%)	1,003,722	25.60	None
	Net purchases	1,977,138	100.00		Net purchases	3,921,277	100.00	

(V) Production value in the last two years

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

Production value Department	2021		2022			
	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	364,428	362,555	2,349,715	352,063	370,185	4,458,778
Trade-chemical products	--	95,428	801,469	--	96,157	1,167,180
Total	--	--	3,151,184	--	--	5,625,958

- Note: 1. Among the chemical products, the manufactured products are potassium sulfate, hydrochloric acid and liquid calcium chloride, etc.; the trade items are soda ash, baking soda, anhydrous sodium sulfate, potassium chloride and sun-dried salt.
2. Production capacity refers to the quantity that the Company can produce under normal operation with existing production equipment, after considering necessary shutdowns, holidays and other factors.
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

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

Sales value Department	2021		2022					
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value.	Volume	Value.	Volume	Value.	Volume	Value.
Manufacturing-chemical products	228,824	500,218	125,651	1,727,629	236,448	877,381	129,837	3,448,910
Trade-chemical products	97,021	804,992	--	--	82,257	984,132	--	--
Shipping transport	--	--	--	1,716,229	--	--	--	2,662,617
Catering	--	46,198	--	--	--	52,149	--	--
Truck freight transportation	--	--	--	--	--	--	--	--
Others	--	--	--	--	--	--	--	--
Total	--	1,351,408	--	3,443,858	--	1,913,662	--	6,111,527

- Note: 1. Among the chemical products, the manufactured products are potassium sulfate, hydrochloric acid and liquid calcium chloride, etc.; the trade items are soda ash, baking soda, anhydrous sodium sulfate, potassium chloride and sun-

dried salt.

III. Practitioner information

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

1. Sesoda Corporation

March 28, 2023

Year		2021	2022	The current year as of March 28, 2023
Number of employees	Headquarters	39	38	38
	Suao Main Plant	111	126	131
	Changhua Plant	5	6	6
	Taichung Plant	5	5	5
	Total	160	175	180
Average age		44.10	43.01	42.72
Average years of service		13.58	11.85	11.53
Education distribution ratio	Ph.D.	0%	0%	0%
	Master's degree	9%	8%	8%
	College and university	52%	30%	30%
	High school	38%	52%	53%
	Below high school	1%	10%	9%

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

March 28, 2023

Number of individuals Company	Year		
	2021	2022	The current year as of March 28, 2023
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	18	15	15
Yun Sheng Investment Co., Ltd.	0	0	0
SESC	22	22	22
SMGC	22	22	22
SMTC	22	22	22
SEHC	22	22	22
SEBC	22	22	22
SEAC	22	22	22
SEMC	22	22	22
SECC	22	22	22
Zaifeng Motor	6	6	5
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

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

	2021	2022
Pollution status (type, process)	Waste	See the table below
Compensation party or sanctioned unit	Environmental Protection Bureau, Yilan County	See the table below
The amount of compensation or sanctions	NTD432,000	See the table below

Year	2022	
Item	Number of	Fine (NTD10 thousand)
Air pollution	0	0
Water pollution	0	0
Waste pollution	1	1.8
Safety and health	1	5.0
Total	2	6.8

(2) 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

	2023	2024	2025
(A) Implement environmental improvement and beautification work and pollution prevention and control work	Continuously improve pollution prevention of the general plant and greening and beautification of the plant area	Continuously improve pollution prevention of the general plant and greening and beautification of the plant area	Continuously improve pollution prevention of the general plant and greening and beautification of the plant area
(b) Expected performance improvement	Commitment to continuous improvement and enhancement of corporate image	Commitment to continuous improvement and enhancement of corporate image	Commitment to continuous improvement and enhancement of corporate image
(c) Capital expenditures	NTD 5,000 thousand	NTD 5,000 thousand	NTD 5,000 thousand

3. Impact after improvement			
	2023	2024	2025
(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

- (1) Various employee welfare measures, advanced education, training, retirement systems and their implementation status, as well as the agreements between labor and management and various employee rights protection measures
 1. Various employee welfare measures, further education, training, working environment and employee personal safety protection and their implementation status: The Company formulates work rules in accordance with the Labor Standards Act, establishes an employee welfare committee, allocates employee benefits on a monthly basis and regularly holds labor and management meetings. It implements various employee vocational training according to actual needs, regularly implements employee health inspections, implements various operating environment measurements, provides appropriate protective equipment and facilities, and protects employees' health. Greening and beautifying the plant environments, creating a beautiful and fresh workplace. 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
Occupational Safety and Health Act	2022/08/25	Specific Chemical Operations Supervisor Training (new training)	5,000	18
Occupational Safety and Health Act	2022/08/25	Specific Chemical Operations Supervisor Training (new training)	5,000	18
Occupational Safety and Health Act	2022/08/12	Occupational Safety and Health Manager (New training: sponsored by the government)	310	115
Fire prevention laws and regulations	2022/04/15	Fire prevention managers (refresher training)	1,800	6
Fire prevention laws and regulations	2022/04/15	Fire prevention managers (refresher training)	1,800	6
Fire prevention laws and regulations	2022/08/15	Security Supervisor (re-training)	2,571	8
Regulations Governing the Training of Environmental Protection Specialists and Technicians	2022/12/24	Class A Waste Disposal Specialists (New training)	17,810	103
Regulations Governing the Training of Environmental Protection Specialists and Technicians	2022/09/20	Class A Waste Disposal Specialists (New training)	14,857	81

Regulations Governing the Training of Environmental Protection Specialists and Technicians	2022/11/24	Class A Air Pollution Prevention Specialists (New training)	7,619	44
Regulations Governing the Training of Environmental Protection Specialists and Technicians	2022/10/29	Class A Wastewater Treatment Specialists (New training)	8,571	40
Occupational Safety and Health Act	2022/11/17	Heavy Machinery Operation - General Loaders/Disloaders (New training)	3,400	35
Occupational Safety and Health Act	2022/11/17	Heavy Machinery Operation - General Loaders/Disloaders (New training)	3,400	35
Occupational Safety and Health Act	2022/09/21	Heavy Machinery Operation - General Loaders/Disloaders (New training)	3,400	35
Occupational Safety and Health Act	2022/09/21	Heavy Machinery Operation - General Loaders/Disloaders (New training)	3,400	35
Occupational Safety and Health Act	2022/09/21	Heavy Machinery Operation - General Loaders/Disloaders (New training)	3,400	35
Occupational Safety and Health Act	2022/11/01	Operation of Stackers (New training)	7,870	18
Occupational Safety and Health Act	2022/08/12	Operation of Stackers (New training: sponsored by the government)	50	18
Occupational Safety and Health Act	2022/10/17	Operation of Stackers (Refresher training)	800	3
Occupational Safety and Health Act	2022/03/14	Operation of Stackers (Refresher training)	-	18
Occupational Safety and Health Act	2022/10/20	Operation of Stackers (Refresher training)	500	3
Act Governing Food Safety and Sanitation	2022/06/26	Food Safety and Sanitation Workshop (New training)	1,524	8
Occupational Safety and Health Act	2022/09/27	In-service Training for Officers of Occupational Safety and Health Hazardous Operations (Refresher training)	800	6
Occupational Safety and Health Act	2022/10/20	Operation of Stackers (Refresher training)	-	3
Occupational Safety and Health Act	2022/10/21	2022 Initial Training on Safety and Health for Officers of Hypoxia Operations (New training)	3,048	18
Occupational Safety and Health Act	2022/10/21	2022 Initial Training on Safety and Health for Officers of Hypoxia Operations (New training)	3,048	18

Occupational Safety and Health Act	2022/07/31	Operation of Stackers (Refresher training)	500	3
Occupational Safety and Health Act	2022/08/31	First Aid Staff Training (New training)	3,429	16
Occupational Safety and Health Act	2022/09/27	Educational Training on Confined Spaces (New training)	3,048	18
Occupational Safety and Health Act	2022/09/27	Educational Training on Confined Spaces (New training)	3,048	18
Occupational Safety and Health Act	2022/09/27	Educational Training on Confined Spaces (New training)	3,048	18
Occupational Safety and Health Act	2022/10/31	Operation of Stackers (Refresher training)	476	3
Professional Training	2022/02/10	Corporate Environmental and Humanity Courses	3,767	3
Professional Training	2022/03/16	HTML5, CSS, jQuery Web Design for Beginners	4,500	30
Professional Training	2022/03/16	HTML5, CSS, jQuery Web Design for Current Users	4,500	30
Professional Training	2022/03/16	Pythone Programming	4,500	12.5
Continuing Education for Accounting Staff of TWSE / TPEX Listed Companies	2022/08/31	Accounting Supervisor Continuing Education Course	7,200	12
Qualification of Internal Audit Personnel	2022/09/27	Credits for Internal Audit Agency	3,500	8
Occupational Safety and Health Act	2022/09/28	Occupational Safety and Health Manager	1,143	6
Qualification of Internal Audit Personnel	2022/10/20	Credits for Internal Audit Agency	3,000	6
Professional Training	2022/11/28	Financial and Audit EXCEL Advanced DATA Editing Hands-on Class	3,500	6
Professional Training	2022/11/30	Information Security Practice Class	4,710	30
Continuing Education for Accounting Staff of TWSE / TPEX Listed Companies	2022/12/28	Continuing Education for Accounting Staff of TWSE / TPEX Listed Companies	3,150	6

3. Circumstances of relevant personnel obtaining pertinent licenses

License designation	Organizer	Personnel list		
		Department	Title	Name
Accountants	Examination institute	Management Department	Senior Deputy General Manager	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	Organizer	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 Vice 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 chemical raw material manufacturing industry. It has always attached importance to the occupational safety and hygiene of its employees. The operation implements "safety first" as the most basic requirement. It provides hardware facilities that comply with hygiene and safety in the manufacturing environment. Set up complete protection measures for machinery and equipment (fences, protections, markings, etc.), and establish standard work procedures, requiring workers to implement operations in accordance with the operating procedures to ensure the safety of their operations, and considering the operating environment conditions to meet regulatory requirements, Regularly implement concentration measurement in the work environment (dust, noise, concentration of hazardous substances and lighting, etc.) to control and monitor the work environment of employees. It engages in comprehensive greening and beautification planning and maintenance of the plant area to provide employees with a safe, hygienic and comfortable working environment.

Regularly implement occupational safety and health training for operation employees, and in response to special operating requirements, employees

engaged in special operations are sent out to obtain qualified training licenses before they can engage in related operations, so as to ensure that employees are familiar with operating standards and operations. The awareness and concept 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.

6. Other important agreements: None.

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

VI. Information Security Management

(I) INFORMATION SECURITY MANAGEMENT STRUCTURE

The IT Office is responsible for preparing and enforcing information security policies, communicating information security, promoting employees' awareness of information security, and collecting and improving technologies, products, or procedures for the performance and validity of organizational information security management systems, etc. The audit Office inspects information security of the internal control system - electronic computing cycle each year to evaluate the validity of internal control for the company's IT operations.

(II) INFORMATION SECURITY POLICY

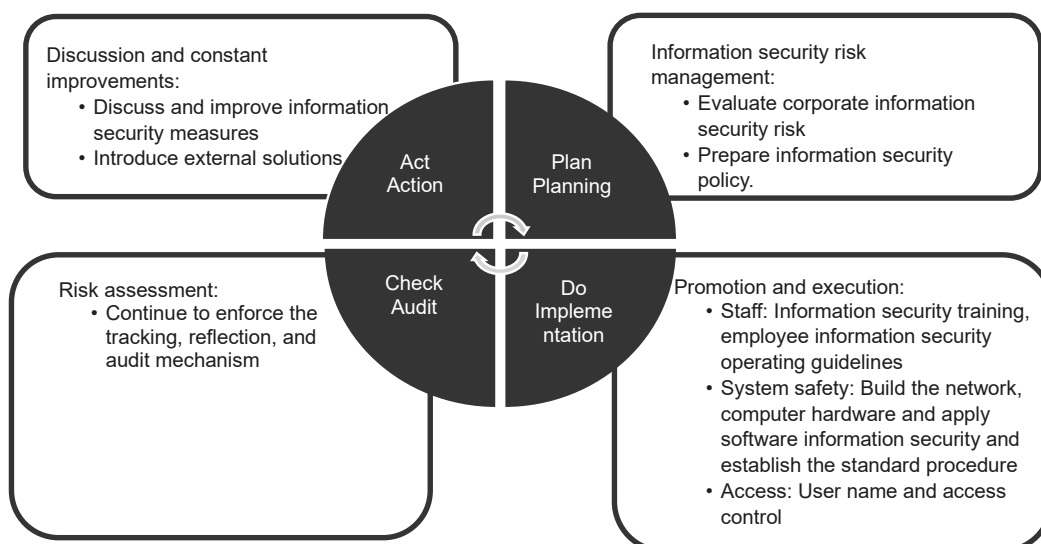
To consolidate information security management, the Company has the internal control system. All staff work together to hopefully accomplish the following policy goals.

- Establish information security management regulations compliant with regulatory requirements and meeting customer demand.
- Reach a consensus on accountability of everyone in information security through awareness among all staff.
- Ensure the confidentiality and integrity of information assets.
- Ensure governance over data access reflective of departmental function.
- Ensure continuous operation of the information system.
- Prevent against unauthorized modification or use of data or systems.
- Periodically perform information security audits to ensure consolidation and enforcement of information security.

1. SUBSTANTIAL MANAGEMENT SOLUTIONS

Internet information security control	Data access control	Response recovery mechanism	Communication
<ul style="list-style-type: none"> ● Set up the firewall. ● Periodically scan computer systems and data storage media for viruses. ● Follow the information security policy in the use of various web-based services. ● Periodically review records of respective web-based services and track abnormalities. 	<ul style="list-style-type: none"> ● Have someone to take charge of computer equipment and set the user name and password. ● Give different types of access reflective of the function. ● Cancel access upon transfer of staff. ● Remove or overwrite confidential and sensitive data and copyright software prior to voiding storage equipment. ● Adequate approval for remote logging into the management information system. ● Periodic inventory checks of employee account/access. 	<ul style="list-style-type: none"> ● Periodically review the emergency response plan. ● Periodic disaster recovery drills each year. ● Establish system backup mechanism and enforce remote backup. ● Periodically discuss computer network security control measures. 	<ul style="list-style-type: none"> ● Communicate information security information to improve employees' awareness of information security.

2. CONTINUOUS IMPROVEMENT FRAMEWORK



(III) IMPLEMENTATION STATUS

- The Company has not had any significant IT security incident so far that resulted in operational damages.
- IT security management policies will continue to be enforced and the recovery plan-based rehearsals will take place periodically to protect the security of important systems and data of the company.

VII. Important Contracts:

Long-term loan contracts

Item	Contract nature	Group subsidiary	Contract counterparty	Contract date	Contract period	Main content	Restrictions
1	Collateralized bank loans	Southeast Marine Globe Corporation	Bank of Taiwan, Chung Hsiao Br.	2020/09/30	3 years from the contract signing	Lending receipts	Note 1
2	Collateralized bank loans	Southeast Marine Transport Corporation	Bank of Taiwan, Chung Hsiao Br.	2020/09/30	3 years from the contract signing	Lending receipts	Note 1
3	Collateralized bank loans	SE Bulker Corporation	Bank of Taiwan, Chung Hsiao Br.	2013/07/12	10 years from the start date	Credit agreement	Note 1
4	Collateralized bank loans	SE Marine Corporation	Bank of Taiwan, Chung Hsiao Br.	2015/11/10	10 years from the start date	Credit agreement	Note 1
5	Collateralized bank loans	SE Delta Corporation	The Export-Import Bank of the Republic of China	2016/06/02	10 years from the start date	Credit agreement	Note 1
6	Collateralized bank loans	SE Carrier Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement	Note 1
7	Collateralized bank loans	SE Evermore Corporation	The Export-Import Bank of the Republic of China	2016/12/20	10 years from the start date	Credit agreement	Note 1
8	Collateralized bank loans	SE Victory Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement	Note 1
9	Collateralized bank loans	SE Royal Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/12/28	10 years from the start date	Credit agreement	Note 1
10	Collateralized bank loans	SE Glory Corporation	The Export-Import Bank of the Republic of China	2018/10/03	10 years from the start date	Credit agreement	Note 1
11	Collateralized bank loans	SE Fortune Corporation	Bank of Taiwan, Chung Hsiao Br.	2018/11/07	10 years from the start date	Credit agreement	Note 1
12	Collateralized bank loans	SE Peace Corporation	Mega International Commercial Bank Co., Ltd. Central Branch	2018/09/28	10 years from the start date	Credit agreement	Note 1

Note 1: Borrowings concluded between the Group's subsidiary and a bank are based on a loan contract entered into as part of common practice on the market; there are no material restrictions over business operations and shareholder's equity.

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		Year	Financial data for the most recent five years (Note 1)				
			2018	2019	2020	2021	2022
Current assets			2,089,898	1,877,065	1,843,321	2,591,857	3,861,485
Property, plant and equipment			8,946,803	9,970,017	9,289,285	8,894,391	9,472,908
Intangible assets			--	--	--	--	--
Other assets			1,169,325	728,939	745,679	639,788	502,183
Total assets			12,206,026	12,576,021	11,878,285	12,126,036	13,836,576
Current	Before distribution		2,149,825	2,025,065	2,335,674	2,915,148	3,616,105
Liabilities	After distribution		2,250,549	2,194,281	2,541,271	3,413,151	4,363,110
Non-current liabilities:			4,255,652	4,618,728	3,746,534	3,177,781	3,089,183
Liabilities	Before distribution		6,405,477	6,643,793	6,082,208	6,092,929	6,705,288
Total	After distribution		6,506,201	6,813,009	6,287,805	6,590,932	7,452,293
Equity attributable to owners of parent			5,800,549	5,932,228	5,796,077	6,033,107	7,131,288
Capital stock			2,014,479	2,115,203	2,284,419	2,490,017	2,490,017
Capital surplus			15,924	17,420	102,594	103,111	104,740
Retained	Before distribution		3,756,000	3,831,436	3,668,193	3,925,484	4,644,150
Earnings	After distribution		3,554,552	3,493,004	3,256,998	3,427,481	3,897,145
Other equity interest			14,146	(31,831)	(259,129)	(485,505)	(107,619)
Treasury shares			--	--	--	--	--
Non-controlling interests			--	--	--	--	--
Equity	Before distribution		5,800,549	5,932,228	5,796,077	6,033,107	7,131,288
Total	After distribution		5,699,825	5,763,012	5,590,480	5,535,104	6,384,283

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

Note 2: It was decided by the Board of Directors on March 27, 2023 to distribute NTD3 per share for 2022 earnings.

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

(II) Condensed Balance Sheet - Parent-company only

Unit: NTD Thousand

Item		Year	Financial data for the most recent five years (Note 1)				
			2018	2019	2020	2021	2022
Current assets			1,461,787	1,218,020	1,172,530	1,783,005	2,805,556
Property, plant and equipment			1,869,915	1,956,695	1,974,870	2,047,051	2,259,962
Intangible assets			--	--	--	--	--
Other assets			3,785,595	3,980,608	4,104,955	4,504,349	5,263,886
Total assets			7,117,297	7,155,323	7,252,355	8,334,405	10,329,404
Current Liabilities	Before distribution		908,371	786,205	1,010,513	1,751,074	2,417,450
	After distribution		1,009,095	955,421	1,216,110	2,249,077	3,164,455
Non-current liabilities:			408,377	436,890	445,765	550,224	780,666
Total Liabilities	Before distribution		1,316,748	1,223,095	1,456,278	2,301,298	3,198,116
	After distribution		1,417,472	1,392,311	1,661,875	2,799,301	3,945,121
Equity attributable to owners of parent			--	--	--	--	--
Capital stock			2,014,479	2,115,203	2,284,419	2,490,017	2,490,017
Capital surplus			15,924	17,420	102,594	103,111	104,740
Retained Earnings	Before distribution		3,756,000	3,831,436	3,668,193	3,925,484	4,644,150
	After distribution		3,554,552	3,493,004	3,256,998	3,427,481	3,897,145
Other equity interest			14,146	(31,831)	(259,129)	(485,505)	(107,619)
Treasury shares			--	--	--	--	--
Non-controlling interests			--	--	--	--	--
Total Equity	Before distribution		5,800,549	5,932,228	5,796,077	6,033,107	7,131,288
	After distribution		5,699,825	5,763,012	5,590,480	5,535,104	6,384,283

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

Note 2: It was decided by the Board of Directors on March 27, 2023 to distribute NTD3 per share for 2022 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)				
		2018	2019	2020	2021	2022
Operating revenue		4,068,623	4,343,168	4,034,992	4,795,266	8,025,189
Operating margin		1,041,447	1,019,111	837,080	1,566,204	2,848,124
Operating profit and loss		518,354	449,474	254,328	813,900	1,748,524
Non-operating income and expenses		(95,647)	(127,085)	(66,055)	5,234	(146,859)
Net profit before tax		422,707	322,389	188,273	819,134	1,601,665
Profit from continuing operations		351,736	274,641	174,129	670,871	1,204,422
Profit or loss from discontinued operations		--	--	--	--	--
Profit (loss) for the period		351,736	274,641	174,129	670,871	1,204,422
Other comprehensive gains or losses of current term (After-tax net value)		62,671	(43,734)	(226,238)	(228,761)	390,133
Total comprehensive income for the period		414,407	230,907	(52,109)	442,110	1,594,555
Net profit attributable to owner of the parent company		351,180	274,641	174,129	670,871	1,204,422
Net profit attributable to non-controlling interest		556	--	--	--	--
Total comprehensive income attributable to owners of the parent company		413,851	230,907	(52,109)	442,110	1,594,555
Total comprehensive profit and loss attributable to non-controlling interests		556	--	--	--	--
Earnings per share		1.41	1.10	0.70	2.69	4.84

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.

(4) Concise income statement-parent company only

Unit: NTD Thousand

Item	Year	Financial data for the most recent five years (Note 1)				
		2018	2019	2020	2021	2022
Operating revenue		2,828,375	2,757,197	2,667,022	3,032,839	5,310,423
Operating margin		654,259	474,798	516,861	964,687	1,608,722
Operating profit and loss		243,113	51,797	69,248	375,169	743,594
Non-operating income and expenses		178,040	268,868	118,119	443,448	857,310
Net profit before tax		421,153	320,665	187,447	818,617	1,600,904
Profit from continuing operations		351,180	274,641	174,129	670,871	1,204,422
Profit or loss from discontinued operations		--	--	--	--	--
Profit (loss) for the period		351,180	274,641	174,129	670,871	1,204,422
Other comprehensive gains or losses of current term (After-tax net value)		62,671	(43,734)	(226,238)	(228,761)	390,133
Total comprehensive income for the period		413,851	230,907	(52,109)	442,110	1,594,555
Earnings per share		1.41	1.10	0.70	2.69	4.84

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.

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

Year	Accountants	Audit opinion
2018	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2019	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2020	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2021	Huang Ming-Hung Huang Po-Shu	Unqualified opinion
2022	Chen Ya Lin Huang Po-Shu	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)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	52	53	51	50	48
	Ratio of long-term capital to fixed assets	112	106	103	104	108
Debt repayment ability (%)	Current ratio	97	93	79	89	107
	Quick ratio	75	68	61	63	65
	Interest coverage ratio (times)	4	3	3	16	15
Operating ability	Accounts receivable turnover (times)	7.87	8.36	7.92	8.57	10.77
	Average cash collection days	46	44	46	43	34
	Inventory turnover (times)	7.59	8.18	8.69	6.70	5.08
	Payables turnover (times)	11.09	16.61	13.66	9.59	9.87
	Average sales days	48	45	42	54	72
	Property, plant, and equipment turnover rate (times)	0.45	0.44	0.43	0.54	0.85
	Total asset turnover (times)	0.33	0.35	0.34	0.40	0.58
Profitability	Return on assets (%)	4	4	2	6	10
	Return on equity (%)	6	5	3	11	18
	Net profit before tax to paid-in capital ratio (%)	21	15	8	33	64
	Net profit rate (%)	9	6	4	14	15
	Earnings per share (NTD)	1.41	1.10	0.70	2.69	4.84
Cash flows (%)	Cash flow adequacy ratio (%)	35	32	38	32	48
	Cash flow ratio (%)	62	54	61	67	85
	Cash reinvestment ratio (%)	4	4	5	5	8
Leverage	Operating leverage	3.53	4.28	6.94	3.05	2.33
	Financial leverage	1.41	1.79	1.70	1.07	1.07
<p>Changes in various financial ratios in the last two years that have increased or decreased by 20%:</p> <p>Current ratio: The increase in the ratio is mainly due to the climbing prices of inventory in the fourth quarter and the increase in the quantity; current assets increased accordingly.</p> <p>Turnover rate of receivables: The increased rate is due to the increase in revenue compared to the first half of the year.</p> <p>Inventory turnover rate: The decreased rate is mainly due to climbing prices of raw materials because of the Russia-Ukraine War and the year-on-year increase in the inventory in the fourth quarter; inventory amount increased accordingly.</p> <p>Turnover rate of property, plant and equipment: The increased rate is mainly due to the increase in revenue compared to the first half of the year.</p> <p>Profitability: The increase is mainly due to the climbing prices of self-made products in the core chemical engineering business and the increase in the daily rent in the shipping business.</p> <p>Leverage: The decrease is mainly due to the increase in profits compared to the first half of the 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 133.

(II) Financial Analysis - Parent company only

Year (Note 1)		Financial analysis for the last five years (Note 1)				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt to asset ratio	19	17	20	28	31
	Ratio of long-term capital to fixed assets	332	326	316	322	350
Debt repayment ability (%)	Current ratio	161	155	116	102	116
	Quick ratio	114	98	82	62	57
	Interest coverage ratio (times)	133	52	36	113	101
Operating ability	Accounts receivable turnover (times)	5.56	5.33	5.25	5.49	7.2
	Average cash collection days	66	68	70	66	51
	Inventory turnover (times)	5.46	5.63	5.86	4.30	3.64
	Payables turnover (times)	8.1	11.67	9.4	6.25	7.13
	Average sales days	67	65	62	85	100
	Property, plant, and equipment turnover rate (times)	1.51	1.41	1.35	1.48	2.35
	Total asset turnover (times)	0.4	0.39	0.37	0.36	0.51
Profitability	Return on assets (%)	5	4	2	9	13
	Return on equity (%)	6	5	3	11	18
	Net profit before tax to paid-in capital ratio (%)	21	15	8	33	64
	Net profit rate (%)	12	10	7	22	23
	Earnings per share (NTD)	1.41	1.10	0.70	2.69	4.84
Cash flows (%)	Cash flow adequacy ratio (%)	35	0	48	8	13
	Cash flow ratio (%)	154	123	116	76	39
	Cash reinvestment ratio (%)	2	(1)	4	(1)	(2)
Leverage	Operating leverage	2.82	9.09	7.76	2.32	2.13
	Financial leverage	1.01	1.10	1.06	1.02	1.02

Changes in various financial ratios in the last two years that have increased or decreased by 20%:
 Turnover rate of receivables: The increased rate is due to the increase in revenue compared to the first half of the year.
 Turnover rate of property, plant and equipment: The increased rate is mainly due to the increase in revenue compared to the first half of the year.
 Profitability: The increase is mainly due to the climbing prices of self-made products in the core chemical engineering business and the increase in the daily rent in the shipping business.
 Cash flow ratio: The increase in ratio is mainly due to the increase in the profit of the current term compared to the first half of the year.
 Cash flow adequacy ratio, cash reinvestment ratio: The decrease in the ratio is mainly due to the increase in the inventory amount.

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

Note 2: The above calculation formulas are listed below:

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's review report on the latest annual financial report

Sesoda Corporation
Audit Committee's Review Report

The Board of Directors prepared the Company's 2022 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 2022 General Shareholders' Meeting

Convener of Audit Committee Wang Po-Hsin

March 27, 2023

IV. The Most Recent Annual Financial Report

Representation Letter

The entities that are required to be included in the combined financial statements of SESODA CORPORATION as of and for the year ended December 31, 2022 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, SESODA CORPORATION and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: SESODA CORPORATION
Chairman: R.Y. CHEN
Date: March 27, 2023



安侯建業聯合會計師事務所
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Independent Auditors' Report

To the Board of Directors of SESODA CORPORATION:

Opinion

We have audited the consolidated financial statements of SESODA CORPORATION and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(m) and note 6(p) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Group's finance and operating performance. In addition, since the Group is a listed company, there are risks of material misstatement due to revenue recognition. The accuracy of the timing and amount of revenue recognized have a significant impact on the financial statements. Therefore, we consider it as one of our key audit matters.



How the matter was addressed in our audit:

- Testing the effectiveness of design and implementing the internal control of sales and collecting cycle;
- Reviewing the revenue recognition of significant sales contracts to determine whether the accounting treatment key judgment and estimation are appropriate;
- Analyzing the changes in the top 10 customers from the previous year to the most recent period, as well as the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements;
- Selecting sales transactions from a period of time before and after the balance sheet date, and verifying the vouchers to determine the accuracy of the timing and amounts of revenue recognized;
- Understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

Other Matter

SESODA CORPORATION has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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



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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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



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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Po-Shu Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 27, 2023

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021		
	Amount	%	Amount	%	Amount	%	Amount	%	
Assets									
Current assets:									
1100 Cash and cash equivalents (note 6(a))	\$ 1,295,290	9	955,556	8	2100 Short-term borrowings (notes 6(i), (v) and 8)	\$ 1,618,520	12	1,518,240	13
1110 Current financial assets at fair value through profit or loss (note 6(b))	1,623	-	2,851	-	2322 Long-term borrowings, current portion (notes 6(i), (v) and 8)	516,275	4	443,889	4
1150 Notes receivable, net (note 6(d))	121,350	1	138,875	1	2170 Accounts payable	650,407	5	398,160	3
1170 Accounts receivable, net (note 6(d))	686,870	5	543,337	5	2200 Other payables (notes 6(g) and 7)	507,349	3	409,539	3
130X Inventories (note 6(e))	1,387,135	10	650,415	5	2230 Current tax liabilities	215,709	1	77,507	1
1476 Other current financial assets	138,862	1	174,893	1	2280 Lease liabilities-current (notes 6(i) and (v))	8,229	-	8,704	-
1470 Other current assets	230,355	2	125,930	1	2399 Other current liabilities	99,616	1	59,109	-
Total current assets	3,861,485	28	2,591,857	21	Total current liabilities	3,616,105	26	2,915,148	24
Non-current assets:					Non-current liabilities:				
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	13,123	-	2,720	-	2540 Long-term borrowings (notes 6(i), (v) and 8)	2,337,127	17	2,654,911	22
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	79,552	1	118,190	1	2570 Deferred tax liabilities (note 6(m))	744,360	5	510,460	4
1550 Investments accounted for using equity method, net (note 6(f))	290,707	2	464,335	4	2580 Lease liabilities-non-current (notes 6(j) and (v))	7,696	-	12,410	-
1600 Property, plant and equipment (notes 6(g), 8 and 9)	9,472,908	69	8,894,391	74	Total non-current liabilities	3,089,183	22	3,177,781	26
1755 Right-of-use assets (note 6(h))	15,382	-	20,487	-	Total liabilities	6,705,288	48	6,092,929	50
1840 Deferred tax assets (note 6(m))	47,872	-	248	-	Equity attributable to owners of parent (notes 6(c), (f), (l), (m) and (n)):	2,490,017	18	2,490,017	21
1975 Net defined benefit asset, non-current (note 6(l))	41,903	-	23,710	-	Capital stock	104,740	1	103,111	1
1995 Other non-current assets, others (note 9)	13,644	-	10,098	-	Retained earnings:				
Total non-current assets	9,975,091	72	9,534,179	79	Legal reserve	1,050,888	8	984,015	8
					Special reserve	485,496	3	258,877	2
					Unappropriated retained earnings	3,107,766	22	2,682,592	22
						4,644,150	33	3,925,484	32
					Other equity interest:				
					3410 Exchange differences on translation of foreign financial statements	84,420	1	(344,110)	(3)
					3420 Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(192,039)	(1)	(141,395)	(1)
						(107,619)	-	(485,505)	(4)
						7,131,288	52	6,033,107	50
					Total equity	13,836,576	100	12,126,036	100
					Total liabilities and equity	13,836,576	100	12,126,036	100

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
4110 Operating revenue (notes 6(k) and (p))	\$ 8,025,189	100	4,795,266	100
5111 Operating cost (notes (e), (g), (h), (j), (l) and 7)	<u>5,177,065</u>	<u>64</u>	<u>3,229,062</u>	<u>67</u>
Gross profit from operations	<u>2,848,124</u>	<u>36</u>	<u>1,566,204</u>	<u>33</u>
6000 Operating expenses (notes 6(d), (g), (h), (j), (l), (q) and 7):				
6100 Selling expenses	480,199	6	415,662	9
6200 Administrative expenses	538,550	7	336,642	7
6450 Expected credit loss	<u>80,851</u>	<u>1</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>1,099,600</u>	<u>14</u>	<u>752,304</u>	<u>16</u>
6900 Net operating income	<u>1,748,524</u>	<u>22</u>	<u>813,900</u>	<u>17</u>
7000 Non-operating income and expenses (notes 6(f), (g), (j) and (r)):				
7100 Interest income	6,619	-	708	-
7010 Other income	6,099	-	9,815	-
7020 Other gains and losses	120,725	1	67,223	1
7050 Finance costs	(113,880)	(1)	(52,354)	(1)
7060 Share of profit (loss) of associates accounted for using equity method	<u>(166,422)</u>	<u>(2)</u>	<u>(20,158)</u>	<u>-</u>
Total non-operating income and expenses	<u>(146,859)</u>	<u>(2)</u>	<u>5,234</u>	<u>-</u>
7900 Income before tax	1,601,665	20	819,134	17
7950 Less: Income tax expenses (note 6(m))	<u>397,243</u>	<u>5</u>	<u>148,263</u>	<u>3</u>
Net income	<u>1,204,422</u>	<u>15</u>	<u>670,871</u>	<u>14</u>
8300 Other comprehensive income (notes 6(f), (l), (m) and (n)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Gains or losses on remeasurements of defined benefit plans	13,370	-	(7,674)	-
8316 Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(48,874)	-	(121,249)	(3)
8320 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(219)	-	85	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>2,674</u>	<u>-</u>	<u>(1,535)</u>	<u>-</u>
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(38,397)</u>	<u>-</u>	<u>(127,303)</u>	<u>(3)</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	428,530	5	(101,568)	(2)
8370 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	110	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Components of other comprehensive income that will be reclassified to profit or loss	<u>428,530</u>	<u>5</u>	<u>(101,458)</u>	<u>(2)</u>
8300 Other comprehensive income	<u>390,133</u>	<u>5</u>	<u>(228,761)</u>	<u>(5)</u>
Total comprehensive income	<u>\$ 1,594,555</u>	<u>20</u>	<u>442,110</u>	<u>9</u>
Basic earnings per share				
9750 Basic earnings per share (note 6(o)) (expressed in New Taiwan Dollars)	<u>\$ 4.84</u>		<u>2.69</u>	
9850 Diluted earnings per share (note 6(o)) (expressed in New Taiwan Dollars)	<u>\$ 4.78</u>		<u>2.68</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
	Retained earnings					Total other equity interest				
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
\$ 2,284,419	102,594	966,494	163,741	2,537,958	3,668,193	(242,652)	(16,477)	(259,129)	5,796,077	
		17,521	-	(17,521)	-	-	-	-	-	
		-	95,388	(95,388)	-	-	-	-	-	
		-	-	(205,597)	(205,597)	-	-	-	(205,597)	
	205,598	-	-	(205,598)	(205,598)	-	-	-	-	
	-	-	(252)	252	-	-	-	-	-	
	-	-	-	670,871	670,871	-	-	-	670,871	
	-	-	-	(6,054)	(6,054)	(101,458)	(121,249)	(222,707)	(228,761)	
	-	-	-	664,817	664,817	(101,458)	(121,249)	(222,707)	442,110	
	-	-	-	3,669	3,669	-	(3,669)	(3,669)	-	
	517	-	-	-	-	-	-	-	517	
2,490,017	103,111	984,015	258,877	2,682,592	3,925,484	(344,110)	(141,395)	(485,505)	6,033,107	
		66,873	-	(66,873)	-	-	-	-	-	
		-	226,628	(226,628)	-	-	-	-	-	
		-	-	(498,003)	(498,003)	-	-	-	(498,003)	
		-	(9)	9	-	-	-	-	-	
		-	-	1,204,422	1,204,422	-	-	-	1,204,422	
		-	-	11,064	11,064	428,530	(49,461)	379,069	390,133	
		-	-	1,215,486	1,215,486	428,530	(49,461)	379,069	1,594,555	
		-	-	1,183	1,183	-	(1,183)	(1,183)	-	
	1,629	-	-	-	-	-	-	-	1,629	
2,490,017	104,740	1,050,888	485,496	3,107,766	4,644,150	84,420	(192,039)	(107,619)	7,131,288	

Balance at January 1, 2021

Appropriation and distribution of retained earnings:

Legal reserve
Special reserve
Cash dividends
Stock dividends
Reversal of special reserve
Net income
Other comprehensive income
Total comprehensive income
Disposal of investments in equity instruments designated at fair value through other comprehensive income
Change in capital surplus

Balance at December 31, 2021

Appropriation and distribution of retained earnings:

Legal reserve
Special reserve
Cash dividends
Reversal of special reserve
Net income
Other comprehensive income
Total comprehensive income
Disposal of investments in equity instruments designated at fair value through other comprehensive income
Change in capital surplus

Balance at December 31, 2022

See accompanying notes to consolidated financial statements.

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

SESODA CORPORATION AND SUBSIDIARIES**Consolidated Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,601,665	819,134
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	516,592	470,941
Expected credit loss	80,851	-
Loss on financial assets at fair value through profit or loss	6,387	528
Financial cost	113,880	52,354
Interest income	(6,619)	(708)
Dividend income	(6,078)	(9,815)
Share of loss of associates accounted for using equity method	166,422	20,158
Loss on disposal of property, plant and equipment	2,320	1,722
Property, plant and equipment transferred to expenses	43,904	15,375
Loss on disposal of investments accounted for using equity method	-	14
Gain on lease modification	(116)	(126)
Others	-	(2,123)
Total adjustments to reconcile profit (loss)	<u>917,543</u>	<u>548,320</u>
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	17,525	(58,926)
Increase in accounts receivable	(224,384)	(187,039)
Increase in inventories	(738,573)	(337,557)
Decrease (increase) in other current assets	(103,903)	10,811
Decrease (increase) in other current financial assets	36,586	(133,203)
Increase in net defined benefit assets	(4,823)	(4,875)
Increase in accounts payable	252,247	122,607
Increase in other payables	98,263	163,887
Increase in other current liabilities	40,507	14,795
Total changes in operating assets and liabilities	<u>(626,555)</u>	<u>(409,500)</u>
Cash inflow generated from operations	1,892,653	957,954
Interest received	5,843	1,219
Dividends received	13,065	22,888
Interest paid	(102,809)	(54,006)
Income taxes paid	(75,961)	(5,619)
Net cash flows from operating activities	<u>1,732,791</u>	<u>922,436</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(65,754)
Acquisition of financial assets at fair value through profit or loss	(15,274)	(3,211)
Proceeds from disposal of financial assets at fair value through profit or loss	1,824	4,417
Proceeds from disposal of investments accounted for using equity method	-	5,856
Acquisition of property, plant and equipment	(406,225)	(245,116)
Proceeds from disposal of property, plant and equipment	2,299	5,887
Increase in refundable deposits	(4,788)	(876)
Acquisition of right-of-use assets	(34)	-
Decrease in other non-current assets	169	457
Net cash used in investing activities	<u>(422,029)</u>	<u>(298,340)</u>
Cash flows from (used in) financing activities:		
Increase in short-term loans	8,949,235	7,300,448
Decrease in short-term loans	(8,903,495)	(7,102,512)
Proceeds from long-term borrowings	-	11,072
Repayments of long-term borrowings	(539,949)	(563,794)
Decrease in guarantee deposits received	-	(242)
Payment of lease liabilities	(9,168)	(9,665)
Cash dividends paid	(498,003)	(205,597)
Other financing activities	1,629	517
Net cash used in financing activities	<u>(999,751)</u>	<u>(569,773)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>28,723</u>	<u>(22,055)</u>
Net increase in cash and cash equivalents	339,734	32,268
Cash and cash equivalents at beginning of period	955,556	923,288
Cash and cash equivalents at end of period	<u>\$ 1,295,290</u>	<u>955,556</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

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

These consolidated financial statements were authorized for issue by the Board of Directors as of March 27, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts – Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its consolidated financial statements:

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

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

- (a) Statement of compliance

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

- (b) Basis of preparation

- (i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The net defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(n).

- (ii) Functional and presentation currency

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
The Company	Sesoda Steamship Corporation (SSC)	Ship operation and chartering	100.00 %	100.00 %
The Company	East Tender Trading Co., Ltd.	General trade and investments	100.00 %	100.00 %
The Company	Yukari Group Co., Ltd.	Wholesale of foods and groceries, sales of drinks and operation of restaurant	100.00 %	100.00 %
The Company	E-Teq Venture Co., Ltd.	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	100.00 %	100.00 %
The Company	Yun Sheng investment Co., Ltd.	General investments	100.00 %	-
The Company	Yun-Chen trading Co., Ltd.	International trade industry	-	- (Note)
The Company and SSC	Sesoda Investments (BVI) Ltd. (SIL)	Holding company	100.00 %	100.00 %
SSC	SS Marine Holding Corporation (SSMHC)	Holding company	100.00 %	100.00 %
SSC	Southeast Shipping Corporation (SESC)	Ship operation and chartering	100.00 %	100.00 %
SSC	Southeast Marine Globe Corporation (SMGC)	Ship operation and chartering	100.00 %	100.00 %
SSC	Southeast Marine Transport Corporation (SMTC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Harmony Corporation (SEHC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Bulker Corporation (SEBC)	Ship operation and chartering	100.00 %	100.00 %

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

<u>Name of investor</u>	<u>Name of subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
SSC	SE Apex Corporation (SEAC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Marine Corporation (SEMC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Carrier Corporation (SECC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Evermore Corporation (SEEC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Fortune Corporation (SEFC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Royal Corporation (SERC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Delta Corporation (SEDC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Victory Corporation (SEVC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Glory Corporation (SEGC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Peace Corporation (SEPC)	Ship operation and chartering	100.00 %	100.00 %
SSMHC	SE Jasmine Corporation (SEJC)	Holding company	100.00 %	100.00 %
East Tender Trading Co., Ltd	Zai Feng Auto Transportation Co., Ltd.	Automobile cargo transportation business	100.00 %	100.00 %

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

(d) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is due to be settled within twelve months after the reporting period; or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.

(f) Cash and cash equivalents

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(g) Financial assets

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

(i) Financial assets

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

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

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

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

5) Derecognition of financial assets

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

(ii) Financial liabilities

1) Other financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings	5~50 years
2) Machinery and equipment	5~15 years
3) Transportation equipment	3~5 years
4) Vessels	10~25 years
5) Leasehold improvement	2~7 years
6) Other equipment	2~15 years

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(k) Leases

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

(i) As a lessee

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

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

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

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

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

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

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

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

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

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

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

(ii) As a lessor

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

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

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

(l) Impairment of non-financial assets

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

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

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

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

(m) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

2) Financing components

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

(ii) Rental revenue

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

(n) Employee benefits

(i) Defined contribution plans

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(o) Income taxes

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

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

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (p) Earnings per share

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

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(q) Operating segments

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

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

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

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

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

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

As of December 31, 2022 and 2021, the Group holds both 34.89%, of the outstanding voting shares of EAST TENDER OPTOELECTRONICS CORPORATION (EOC), and is the single largest shareholder of the investee. Although the remaining shares are not concentrated within specific shareholders, the Group still failed to obtain more than half of the total number of directors' seats of EOC and it also failed to obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Group only has significant influence but not control over EOC.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of accounts receivable

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

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SESODA CORPORATION AND SUBSIDIARIES
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(b) Valuation of inventories

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

(c) Impairment of assets

The assessment of impairment requires the Group to make subjective judgments to identify the cash-generating units and estimate the future cash flow and useful life of its related assets. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note 6(g) for further description.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty Cash	\$ 26,319	16,148
Demand deposits	748,153	767,804
Time deposits	<u>520,818</u>	<u>171,604</u>
Cash and cash equivalents	<u>\$ 1,295,290</u>	<u>955,556</u>

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

	December 31, 2022	December 31, 2021
Foreign listed company's stocks	\$ 1,623	2,851
Open end Funds	4,215	2,720
Private Fund	<u>8,908</u>	<u>-</u>
Total	<u>\$ 14,746</u>	<u>5,571</u>
Current	\$ 1,623	2,851
Non-current	<u>13,123</u>	<u>2,720</u>
	<u>\$ 14,746</u>	<u>5,571</u>

In 2022, the Group acquired the private fund of CMIA Digital Growth VII and Yuanta Investment Grade Corporate Bond Fund, with a face value of \$13,739 and \$1,535, respectively.

In 2021, the Group invested the amount of \$3,211 in INTEL CORPORATION.

The aforementioned financial assets were not pledged.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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(c) Financial assets at fair value through other comprehensive income-non-current

	December 31, 2022	December 31, 2021
Domestic listed company's stocks	\$ 1,788	2,340
Foreign unlisted companies' stocks	77,764	115,850
Total	\$ 79,552	118,190

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

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

In 2021, the Group increased the capital of Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd. By CNY 15,000 thousand; the Group invested the amount of \$1,860 in APOGEE Optocom CO., LTD.

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

Due to the disposal of Pushi Venture Capital Co., Ltd. and Puxun Venture Capital Co., Ltd. in 2021, the Group received the amounts \$221 and of \$4,417 in cash, as of December 31, 2022 and 2021, respectively, resulting in the gain of \$3,669 to be reclassified from other equity to retained earnings in 2021.

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

(iii) The aforementioned financial assets were not pledged.

(d) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ 121,350	138,875
Accounts receivable—measured as amortized cost	775,334	554,640
Less: Loss allowance	(88,464)	(11,303)
Sub-total	686,870	543,337
Total	\$ 808,220	682,212

(Continued)

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

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 779,352	0~1.35%	10,444
1 to 30 days past due	31,912	9.15%	2,919
31 to 60 days past due	24,885	58.33%	14,566
61 to 90 days past due	7,396	100.00%	7,396
More than 90 days past due	<u>53,139</u>	100.00%	<u>53,139</u>
	<u>\$ 896,684</u>		<u>88,464</u>
	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 631,832	0~0.39%	2,422
1 to 30 days past due	45,097	2.53 %	1,141
31 to 60 days past due	8,565	7.60 %	651
61 to 90 days past due	4,062	74.22 %	3,015
More than 90 days past due	<u>3,959</u>	100.00 %	<u>3,959</u>
	<u>\$ 693,515</u>		<u>11,188</u>

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

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

	2022	2021
Balance at January 1	\$ 11,303	11,303
Impairment losses recognized	80,851	-
Amounts written off	<u>(3,690)</u>	<u>-</u>
Balance at December 31	<u>\$ 88,464</u>	<u>11,303</u>

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

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SESODA CORPORATION AND SUBSIDIARIES
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(e) Inventories

	December 31, 2022	December 31, 2021
Merchandise	\$ 267,066	94,369
Finished goods	504,816	183,303
Raw materials	594,646	350,724
Fuel	6,138	4,831
Supplies	14,469	17,188
	\$ 1,387,135	650,415

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

	2022	2021
Unallocated overheads	\$ 11,718	3,077
Losses (gains) on valuation of inventories	163,703	(24)
Losses (gains) on inventories count	(31)	98
	\$ 175,390	3,151

The inventories were not pledged.

(f) Investments accounted for using the equity method

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

	December 31, 2022	December 31, 2021
Associates	\$ 290,707	464,335

(i) Associates

<u>Name of Associates</u>	<u>Main business</u>	<u>Main operating location</u>	<u>Proportion of shareholding and voting rights</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
EOC	Manufacturing of DWDM filter components required for Optical communication	Yilan	34.89 %	34.89 %

	December 31, 2022	December 31, 2021
Fair value	\$ 292,532	463,952

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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The financial information of EOC was as follows:

	December 31, 2022	December 31, 2021
Current assets	\$ 306,676	428,981
Non-current assets	688,750	791,312
Current liabilities	(68,641)	(119,431)
Non-current liabilities	<u>(127,322)</u>	<u>(93,440)</u>
Net assets	<u>\$ 799,463</u>	<u>1,007,422</u>
Net assets attributable to the Group	<u>\$ 290,707</u>	<u>464,335</u>
	2022	2021
Operating revenue	<u>\$ 170,177</u>	<u>202,812</u>
Profit from continuing operations	\$ (22,278)	8,243
Other comprehensive income	<u>(628)</u>	<u>334</u>
Total comprehensive income	<u>\$ (22,906)</u>	<u>8,577</u>
Comprehensive income attributable to the Group	<u>\$ (11,026)</u>	<u>(41)</u>
	2022	2021
Share of net assets of associates as of January 1	\$ 464,335	498,351
Comprehensive income attributable to the Group	(11,026)	(41)
Dividends received from associates	(6,987)	(13,975)
Impairment loss	<u>(155,615)</u>	<u>(20,000)</u>
Share of net assets of associates as of December 31	<u>\$ 290,707</u>	<u>464,335</u>

The aforementioned impairment loss recognized as the book value of the Group's investment in EOC was lowered than the recoverable value (fair value).

In 2021, due to the disposal of Hsing Dian Industrial Co., Ltd., the Group received the amount of \$5,856 in cash, resulting in the disposal loss of \$14.

- (ii) The Group did not provide any investments accounted for using the equity method as collateral for its loans.

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SESODA CORPORATION AND SUBSIDIARIES
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(g) Property, plant and equipment

The cost, depreciation and impairment of the property, plant and equipment of the Group for the years ended December 31, 2022 and 2021 were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Vessels	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:									
Balance on January 1, 2022	\$ 1,204,924	735,366	1,506,615	44,604	10,012,002	19,221	237,919	108,049	13,868,700
Additions	-	200	2,409	-	52,529	-	118,958	221,678	395,774
Disposals	-	-	(4,847)	(2,850)	(19,292)	-	(8,185)	-	(35,174)
Reclassification	-	6,570	46,457	-	-	-	(105,042)	9,964	(42,051)
Effect on changes in foreign exchange rates	-	-	-	-	1,097,402	-	1,884	-	1,099,286
Balance on December 31, 2022	<u>\$ 1,204,924</u>	<u>742,136</u>	<u>1,550,634</u>	<u>41,754</u>	<u>11,142,641</u>	<u>19,221</u>	<u>245,534</u>	<u>339,691</u>	<u>15,286,535</u>
Balance on January 1, 2021	\$ 1,205,356	703,700	1,391,097	45,760	10,240,078	20,207	162,162	171,686	13,940,046
Additions	-	-	603	8,258	96,949	-	70,313	105,157	281,280
Disposals	(432)	-	-	(9,414)	(44,398)	(986)	(1,544)	-	(56,774)
Reclassification	-	31,666	114,915	-	-	-	7,441	(168,794)	(14,772)
Effect on changes in foreign exchange rates	-	-	-	-	(280,627)	-	(453)	-	(281,080)
Balance on December 31, 2021	<u>\$ 1,204,924</u>	<u>735,366</u>	<u>1,506,615</u>	<u>44,604</u>	<u>10,012,002</u>	<u>19,221</u>	<u>237,919</u>	<u>108,049</u>	<u>13,868,700</u>
Depreciation and impairments loss:									
Balance on January 1, 2022	\$ -	484,423	1,154,358	31,240	3,186,921	12,372	104,995	-	4,974,309
Depreciation	-	15,274	59,164	4,638	413,113	2,273	12,895	-	507,357
Disposals	-	-	(4,847)	(2,850)	(16,365)	-	(6,493)	-	(30,555)
Effect on changes in foreign exchange rates	-	-	-	-	360,835	-	1,681	-	362,516
Balance on December 31, 2022	<u>\$ -</u>	<u>499,697</u>	<u>1,208,675</u>	<u>33,028</u>	<u>3,944,504</u>	<u>14,645</u>	<u>113,078</u>	<u>-</u>	<u>5,813,627</u>
Balance on January 1, 2021	\$ -	470,387	1,096,272	32,196	2,944,755	10,483	96,668	-	4,650,761
Depreciation	-	16,159	58,086	4,282	369,907	2,613	10,175	-	461,222
Disposals	-	-	-	(5,238)	(41,737)	(724)	(1,466)	-	(49,165)
Others	-	(2,123)	-	-	-	-	-	-	(2,123)
Effect on changes in foreign exchange rates	-	-	-	-	(86,004)	-	(382)	-	(86,386)
Balance on December 31, 2021	<u>\$ -</u>	<u>484,423</u>	<u>1,154,358</u>	<u>31,240</u>	<u>3,186,921</u>	<u>12,372</u>	<u>104,995</u>	<u>-</u>	<u>4,974,309</u>
Carrying amounts:									
Balance on December 31, 2022	<u>\$ 1,204,924</u>	<u>242,439</u>	<u>341,959</u>	<u>8,726</u>	<u>7,198,137</u>	<u>4,576</u>	<u>132,456</u>	<u>339,691</u>	<u>9,472,908</u>
Balance on January 1, 2021	<u>\$ 1,205,356</u>	<u>233,313</u>	<u>294,825</u>	<u>13,564</u>	<u>7,295,323</u>	<u>9,724</u>	<u>65,494</u>	<u>171,686</u>	<u>9,289,285</u>
Balance on December 31, 2021	<u>\$ 1,204,924</u>	<u>250,943</u>	<u>352,257</u>	<u>13,364</u>	<u>6,825,081</u>	<u>6,849</u>	<u>132,924</u>	<u>108,049</u>	<u>8,894,391</u>

(i) Impairment losses

For the years ended December 31, 2022 and 2021, the movements in accumulated impairment loss were as follows:

	<u>2022</u>	<u>2021</u>
Balance at January 1	\$ 299,452	333,338
Transferred to accumulated depreciation	(26,613)	(24,542)
Effect on changes in foreign on exchange rates	32,772	(9,344)
Balance at December 31	<u>\$ 305,611</u>	<u>299,452</u>

The Group recognized the impairment losses on its vessels based on their values in use, which were estimated according to future cash flow, future trends and market competition of related industries. For the years ended December 31, 2022 and 2021, the estimated of values in use were determined using a pre-tax discount rate of 10.29%~ 10.63% and 5.41%~ 7.73%, respectively.

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(ii) Pledge information

Please refer to note 8 for the pledged and collateral information of the property, plant and equipment.

(iii) Capitalization of interest

	<u>2022</u>	<u>2021</u>
Capitalized amount	<u>\$ 2,045</u>	<u>692</u>
Interest rates	<u>0.96%~1.68%</u>	<u>0.90%</u>

(h) Right-of-use assets

The Group leases buildings and transportation equipment. The movements in right-of-use assets were as follows:

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 18,580	14,891	33,471
Additions	3,458	6,524	9,982
Disposals	<u>(3,456)</u>	<u>(8,047)</u>	<u>(11,503)</u>
Balance at December 31, 2022	<u>\$ 18,582</u>	<u>13,368</u>	<u>31,950</u>
Balance at January 1, 2021	\$ 22,067	8,252	30,319
Additions	613	14,891	15,504
Disposals	<u>(4,100)</u>	<u>(8,252)</u>	<u>(12,352)</u>
Balance at December 31, 2021	<u>\$ 18,580</u>	<u>14,891</u>	<u>33,471</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 9,811	3,173	12,984
Depreciation	3,988	5,247	9,235
Disposals	<u>(3,456)</u>	<u>(2,195)</u>	<u>(5,651)</u>
Balance at December 31, 2022	<u>\$ 10,343</u>	<u>6,225</u>	<u>16,568</u>
Balance at January 1, 2021	\$ 8,159	6,120	14,279
Depreciation	4,414	5,305	9,719
Disposals	<u>(2,762)</u>	<u>(8,252)</u>	<u>(11,014)</u>
Balance at January 1, 2021	<u>\$ 9,811</u>	<u>3,173</u>	<u>12,984</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 8,239</u>	<u>7,143</u>	<u>15,382</u>
Balance at January 1, 2021	<u>\$ 13,908</u>	<u>2,132</u>	<u>16,040</u>
Balance at December 31, 2021	<u>\$ 8,769</u>	<u>11,718</u>	<u>20,487</u>

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The Group leases the building as a parking space for the office. The lease period is usually one to four year; the lease period of the leased transportation equipment is usually one to three years.

(i) Short-term and long-term borrowings

(i) The short-term borrowings were summarized as follows:

December 31, 2022				
	Currency	Interest rate	Maturity date	Amount
Secured bank loans	NTD	1.75%~2.46%	2023/4/26~2023/6/21	\$ 690,000
Unsecured bank loans	NTD	1.33%~1.97%	2023/3/7~2023/7/4	560,000
Unsecured bank loans	USD	5.22%~5.42%	2023/1/5~203/1/19	368,520
				<u>\$ 1,618,520</u>
Unused credit lines (including short-term and long-term borrowings)				<u>\$ 2,244,851</u>

December 31, 2021				
	Currency	Interest rate	Maturity date	Amount
Secured bank loans	NTD	0.88%~0.96%	2022/1/1~2022/3/8	\$ 340,000
Unsecured bank loans	NTD	0.42%~1.10%	2022/1/1~2022/7/2	680,000
Unsecured bank loans	USD	0.75%~0.80%	2022/1/22~2022/1/29	498,240
				<u>\$ 1,518,240</u>
Unused credit lines (including short-term and long-term borrowings)				<u>\$ 2,165,339</u>

For the collateral for short-term borrowings, please refer to note 8.

(ii) The long-term borrowings were summarized as follows:

December 31, 2022				
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	USD	4.83%~6.05%	2023~2029	\$ 2,853,402
Less: current portion				516,275
Total				<u>\$ 2,337,127</u>
December 31, 2021				
	Currency	Interest rate	Maturity year	Amount
Secured bank loans	USD	1.11%~1.49%	2022~2029	\$ 3,098,800
Less: current portion				443,889
Total				<u>\$ 2,654,911</u>

For the collateral for long-term borrowings, please refer to note 8.

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SESODA CORPORATION AND SUBSIDIARIES
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(j) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2022	December 31, 2021
Current	<u>\$ 8,229</u>	<u>8,704</u>
Non-current	<u>\$ 7,696</u>	<u>12,410</u>

For the liquidity analysis, please refer to note 6(s).

The amounts recognized in profit or loss was as follows:

	2022	2021
Interest expenses on lease liabilities	<u>\$ 240</u>	<u>274</u>
Expenses relating to leases of low-value assets	<u>\$ 9,821</u>	<u>5,623</u>

The amounts recognized in the statement of cash flows were as follows:

	2022	2021
Total cash outflow for leases	<u>\$ 19,229</u>	<u>15,562</u>

(k) Operating lease

The Group's shipping industry focuses on lightweight bulk carriers, which are mainly based on the wide range of navigation. Ship chartering for large cargo owners and shipping companies adopts the hourly chartering model.

As of December 31, 2022 and 2021, the carrying amounts of resells were \$7,198,137 and \$6,825,081, respectively, recognized as property, plant and equipment.

As of December 31, 2022, the Group chartered out its entire vessels.

For the years ended December 31, 2022 and 2021, the income from chartering amounted to \$2,662,617 and \$1,716,229, respectively.

A maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date are as follows:

	December 31, 2022	December 31, 2021
Less than one year	<u>\$ 762,563</u>	<u>744,616</u>
One to two years	<u>99,771</u>	<u>15,225</u>
Total undiscounted lease receivables	<u>\$ 862,334</u>	<u>759,841</u>

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(l) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Present value of the defined benefit obligations	\$ 114,187	138,427
Fair value of plan assets	<u>(156,090)</u>	<u>(162,137)</u>
Net defined benefit assets	<u>\$ (41,903)</u>	<u>(23,710)</u>

The Group makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Group allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$156,090 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligation

Movements in the present value of the defined benefit obligations were as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligations at January 1	\$ 138,427	142,658
Current service costs and interest cost	723	1,006
Remeasurements of the net defined benefit asset:		
— Actuarial gains or losses arising from financial assumption	194	9,865
Benefits paid	<u>(25,157)</u>	<u>(15,102)</u>
Defined benefit obligations at December 31	<u>\$ 114,187</u>	<u>138,427</u>

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SESODA CORPORATION AND SUBSIDIARIES
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3) Movements in fair value of the defined benefit plan assets

Movements in the fair value of the plan assets were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 162,137	169,167
Interest revenue	796	845
Remeasurements of the net defined benefit asset:		
— Actuarial gains or losses arising from financial assumption	13,564	2,191
Amounts contributed to plan	4,750	5,036
Benefits paid	<u>(25,157)</u>	<u>(15,102)</u>
Fair value of plan assets at December 31	<u>\$ 156,090</u>	<u>162,137</u>

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	<u>2022</u>	<u>2021</u>
Current service costs	\$ 59	306
Net interest expense of net defined benefit assets	<u>(132)</u>	<u>(145)</u>
	<u>\$ (73)</u>	<u>161</u>
	<u>2022</u>	<u>2021</u>
Operating cost	\$ (66)	147
Operating expenses	<u>(7)</u>	<u>14</u>
	<u>\$ (73)</u>	<u>161</u>

5) The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning	\$ (11,821)	(4,147)
Recognized in the current period	<u>13,370</u>	<u>(7,674)</u>
Balance at the beginning	<u>\$ 1,549</u>	<u>(11,821)</u>

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SESODA CORPORATION AND SUBSIDIARIES
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6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.500 %	0.500 %
Future salary increasing rate	3.000 %	3.000 %

The Group expects to make contributions of \$4,286 to the defined benefit plans in the next year starting from December 31, 2022.

The weighted average duration of the defined benefit plans is 6.62 years.

7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences on defined benefit obligations	
	<u>Increased</u>	<u>Decreased</u>
December 31, 2022		
Discount rate decrease (increase) 0.25%	\$ 1,435	(1,404)
Future salary increasing rate increase (decrease) 0.25%	1,363	(1,341)
December 31, 2021		
Discount rate decrease (increase) 0.25%	1,896	(1,852)
Future salary increasing rate increase (decrease) 0.25%	1,789	(1,757)

There is no change in other assumptions when performing the above mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Group set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Group set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

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The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted for the years ended December 31, 2022 and 2021 were as follow:

	<u>2022</u>	<u>2021</u>
Operating cost	\$ 3,200	2,765
Operating expense	<u>2,305</u>	<u>2,175</u>
Total	<u><u>\$ 5,505</u></u>	<u><u>4,940</u></u>

(iii) Others

The Group paid and recognized the severance pay for the years ended December 31, 2022 and 2021 as follow:

	<u>2022</u>	<u>2021</u>
Operating cost	\$ 1,680	148
Operating expense	<u>140</u>	<u>256</u>
Total	<u><u>\$ 1,820</u></u>	<u><u>404</u></u>

(m) Income taxes

(i) Income tax expense

The amounts of income tax for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ 216,514	78,423
Adjustment for prior periods	<u>(2,872)</u>	<u>(8,981)</u>
	<u>213,642</u>	<u>69,442</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>183,601</u>	<u>78,821</u>
Income tax expense from continuing operations	<u><u>\$ 397,243</u></u>	<u><u>148,263</u></u>

The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u><u>\$ 2,674</u></u>	<u><u>(1,535)</u></u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Profit before tax	\$ <u>1,601,665</u>	<u>819,134</u>
Income tax using the Company's domestic tax rate	\$ 320,333	163,827
The income tax effects on permanent difference	37,406	6,051
Change in unrecognized temporary differences	42,350	(12,645)
Adjustment for prior periods	(2,872)	(8,981)
Others	26	11
	<u>\$ 397,243</u>	<u>148,263</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Aggregate amount of temporary differences related to investments in subsidiaries	\$ <u>455,012</u>	<u>408,343</u>

2) Recognized deferred tax assets and liabilities

Deferred Tax Assets:

	<u>Refund liability</u>	<u>Unrealized exchange loss</u>	<u>Loss on valuation of inventories</u>	<u>Impairment loss of property, plant and equipment</u>	<u>Expected credit loss</u>	<u>Total</u>
Balance at January 1, 2022	\$ -	218	30	-	-	248
Recognized in profit or loss	84	(218)	32,746	-	15,012	47,624
Balance at December 31, 2022	<u>\$ 84</u>	<u>-</u>	<u>32,776</u>	<u>-</u>	<u>15,012</u>	<u>47,872</u>
Balance at January 1, 2021	\$ 162	332	30	479	-	1,003
Recognized in profit or loss	(162)	(114)	-	(479)	-	(755)
Balance at December 31, 2021	<u>\$ -</u>	<u>218</u>	<u>30</u>	<u>-</u>	<u>-</u>	<u>248</u>

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Deferred Tax Liability:

	Land value increment tax	Investment income under equity method	Unrealized exchange gain	Defined benefit plans	Total
Balance at January 1, 2022	\$ 166,884	338,842	-	4,734	510,460
Recognized in profit or loss	-	229,295	966	965	231,226
Recognized in other comprehensive income	-	-	-	2,674	2,674
Balance at December 31, 2022	<u>\$ 166,884</u>	<u>568,137</u>	<u>966</u>	<u>8,373</u>	<u>744,360</u>
Balance at January 1, 2021	\$ 166,990	261,645	-	5,294	433,929
Recognized in profit or loss	(106)	77,197	-	975	78,066
Recognized in other comprehensive income	-	-	-	(1,535)	(1,535)
Balance at December 31, 2021	<u>\$ 166,884</u>	<u>338,842</u>	<u>-</u>	<u>4,734</u>	<u>510,460</u>

(iii) Assessment

The Company's income tax returns for all years through 2020 were assessed by the tax authorities.

(n) Capital and other equity

As of December 31, 2022 and 2021, the total number of authorized ordinary shares were both 300,000 thousand shares, with a par value of NTD 10 per share, of which, 249,002 thousand shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding was as follows:

(in thousands of shares)	Ordinary Shares	
	2022	2021
Balance on January 1	\$ 249,002	228,442
Capital increase by stock dividend	-	20,560
Balance on December 31	<u>\$ 249,002</u>	<u>249,002</u>

(i) Ordinary shares

A resolution was decided during the general meeting of the shareholders held on July 5, 2021 for a capital increase via stock dividends of 20,560 thousand shares amounting to \$205,598, with the base date set on September 4, 2021, which was approved by the FSC. All relevant registration procedures had been completed as of the reporting date.

In 2022, no stock dividends were distributed.

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SESODA CORPORATION AND SUBSIDIARIES
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(ii) Capital surplus

The detail of capital surplus were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
The subsidiaries acquired cash dividend from the Company	\$ 4,079	4,079
Gain on the subsidiaries sale of the Company's stock	2,379	2,379
Increase through changes in ownership interests in associates	91,152	91,152
Donation from shareholders	<u>7,130</u>	<u>5,501</u>
	<u>\$ 104,740</u>	<u>103,111</u>

In accordance with Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's Article of Incorporation stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes, of the remaining balance 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; a special reserve should also be set aside in accordance with the relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 1% of the remaining earnings. The Company's appropriations of earnings are decided in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

However, dividends issued in cash may be approved by the Board of Directors with more than two thirds of the directors' attendance, and resolved by more than half of the directors; thereafter, reported in the shareholders' meeting.

In response to the Company's long term development needs, the Company's capital structure and long-term financial planning were taken into consideration. Therefore, the Company formulated its dividend policy based on its operating performance and principle of balanced dividend payments. Furthermore, the proportion of cash dividend payment shall be no less than 20% of the current year's dividend, which should all be distributed in cash.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

2) Special reserve

The Company applied for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards endorsed by the FSC. Upon the Company's initial adoption of the above standards, its unrealized revaluation increments and cumulative translation adjustments under shareholders' equity had been reclassified to retained earnings at the adoption date. In accordance with Rule No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution. However, when the adjusted retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, are insufficient for the appropriation of special reserve at the transition date, the Company may appropriate a special reserve equals the amount of increase in retained earnings. Upon the use, disposal, or reclassification of its related assets, the Company may reverse the special reserve proportionately. As of December 31, 2022 and 2021, the special reserve were \$131,649 and \$131,658, respectively.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the special reserve were \$353,847 and \$127,219, respectively.

(iv) Earnings distribution

The appropriations of earning for 2021 had been approved in Board of Directors and shareholders' meetings held on March 24, 2022. The appropriations of earning for 2022 had been approved in Board of Directors and shareholders' meetings held on March 29, 2021 and July 5, 2021. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share (Dollars)	Total amount	Amount per share (Dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.00	498,003	0.90	205,597
Shares	-	-	0.90	205,598
Total		<u>\$ 498,003</u>		<u>411,195</u>

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

On March 27, 2023, the Company's Board of Directors' meeting resolved to appropriate the 2022 earnings. The earnings were appropriated as follows:

	2022		
	Amount per share (Dollars)	Total amount	
Dividends distributed to ordinary shareholders:			
Cash	\$ 3.00	747,005	
(v) Other equity interests, net of tax			
	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2022	\$ (344,110)	(141,395)	(485,505)
Exchange differences on foreign operations	428,530	-	428,530
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(49,461)	(49,461)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(1,183)	(1,183)
Balance as of December 31, 2022	\$ 84,420	(192,039)	(107,619)
	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (242,652)	(16,477)	(259,129)
Exchange differences on foreign operations	(101,568)	-	(101,568)
Exchange differences on subsidiaries accounted for using equity method	110	-	110
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(121,249)	(121,249)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(3,669)	(3,669)
Balance as of December 31, 2021	\$ (344,110)	(141,395)	(485,505)

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(o) Earnings per share

For the years ended December 31, 2022 and 2021, the Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	<u>2022</u>	<u>2021</u>
Profit belonging to common shareholders	\$ <u>1,204,422</u>	<u>670,871</u>
Weighted average number of outstanding shares of common stock (in thousand shares)	<u>249,002</u>	<u>249,002</u>
Basic earnings per share (in NTD)	\$ <u>4.84</u>	<u>2.69</u>

(ii) Diluted earnings per share

	<u>2022</u>	<u>2021</u>
Profit belonging to common shareholders	\$ <u>1,204,422</u>	<u>670,871</u>
Weighted average number of outstanding shares of common stock (in thousand shares)	249,002	249,002
Effect on potentially dilutive common stock-employee remuneration (in thousand shares)	<u>2,795</u>	<u>1,250</u>
Weighted average number of common stock (diluted) (in thousand shares)	<u>251,797</u>	<u>250,252</u>
Diluted earnings per share (in NTD)	\$ <u>4.78</u>	<u>2.68</u>

(p) Revenue from contracts with customers

	<u>2022</u>			
	<u>Chemical products</u>	<u>Charting</u>	<u>Catering</u>	<u>Total</u>
Primary geographical markets:				
Taiwan	\$ 1,861,513	8,132	52,149	1,921,794
Denmark	-	684,616	-	684,616
Peru	565,349	-	-	565,349
Singapore	-	1,211,472	-	1,211,472
Japan	954,164	29,271	-	983,435
Mozambique	304,768	-	-	304,768
Pakistan	263,385	-	-	263,385
Bahamas	-	308,505	-	308,505
Other countries	<u>1,361,244</u>	<u>420,621</u>	<u>-</u>	<u>1,781,865</u>
	<u>\$ 5,310,423</u>	<u>2,662,617</u>	<u>52,149</u>	<u>8,025,189</u>

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SESODA CORPORATION AND SUBSIDIARIES
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	2021			
	Chemical products	Charting	Catering	Total
Primary geographical markets:				
Taiwan	\$ 1,305,210	-	46,198	1,351,408
Denmark	-	311,269	-	311,269
Singapore	-	490,241	-	490,241
Japan	371,898	15,622	-	387,520
Pakistan	515,896	-	-	515,896
Australia	162,111	325,568	-	487,679
Other countries	677,724	573,529	-	1,251,253
	\$ 3,032,839	1,716,229	46,198	4,795,266

(q) Remuneration to employees and directors

In accordance with the articles of incorporation which was amended by the shareholders' meeting on May 20, 2022, the Company should contribute 1.2% of special bonus, 4.8% of employee remuneration, and less than 2.5% of directors' remuneration when there is profit for the year. (The original articles of incorporation was to contribute 1% of special bonus, 3.5% of employee remuneration, and less than 2% of directors' remuneration.) However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration, amounting to \$83,982 and \$30,643, special bonus amounting to \$20,995 and \$8,755, and directors' remuneration amounting to \$43,741 and \$17,511, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the employee remuneration, special bonus and directors' remuneration of each period, multiplied by the percentage of employee remuneration, special bonus and directors' remuneration as specified in the Company's articles. These remunerations and bonuses were expensed under operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts stated in the consolidated financial statements are identical to those of the actual distributions for 2022 and 2021.

(r) Non-operating income and expenses

(i) Interest revenue

	2022	2021
Interest income from bank deposits	\$ 6,619	708

(ii) Other revenue

	2022	2021
Rental income	\$ 21	-
Dividend income	6,078	9,815
Total	\$ 6,099	9,815

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) Other gains and losses

	<u>2022</u>	<u>2021</u>
Foreign exchange gains (losses)	\$ 87,261	(10,527)
Losses on disposals of investments	-	(14)
Losses on financial assets as fair value through profit or loss	(6,387)	(528)
Losses on disposals of property, plant and equipment	(2,320)	(1,722)
Compensation income	5	21,988
Subsidy to crew bonus	16,763	14,305
Subsidy to communication fee	7,442	6,662
Price difference from fuel	16,525	18,412
Others	<u>1,436</u>	<u>18,647</u>
Total	<u>\$ 120,725</u>	<u>67,223</u>

(iv) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expenses – bank loan	\$ (113,640)	(52,080)
Interest expenses – lease liabilities	<u>(240)</u>	<u>(274)</u>
Total	<u>\$ (113,880)</u>	<u>(52,354)</u>

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

For the year ended December 31, 2022 and 2021, there were 37% and 29% of the Group's account receivable balance were composed of 3 and 6 customers, respectively. In order to reduce the credit risk of accounts receivable, the Group continuously evaluated the financial position of customers, regularly assessed the possibility of collection of accounts receivables and recognized allowance losses. The impairment loss was within the manager's expectation.

3) Receivables securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(d).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(g).

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>Over 5 years</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term borrowing	\$ 1,618,520	1,628,914	1,628,914	-	-	-
Long-term borrowing(including current portion)	2,853,402	3,382,980	668,684	561,346	1,676,551	476,399
Accounts payable	650,407	650,407	650,407	-	-	-
Other payables	507,349	507,349	507,349	-	-	-
Lease liability	15,925	16,168	8,386	5,085	2,697	-
	<u>\$ 5,645,603</u>	<u>6,185,818</u>	<u>3,463,740</u>	<u>566,431</u>	<u>1,679,248</u>	<u>476,399</u>
December 31, 2021						
Non-derivative financial liabilities						
Short-term borrowing	\$ 1,518,240	1,520,206	1,520,206	-	-	-
Long-term borrowing(including current portion)	3,098,800	3,246,655	483,925	496,566	1,324,579	941,585
Accounts payable	398,160	398,160	398,160	-	-	-
Other payables	409,539	409,539	409,539	-	-	-
Lease liability	21,114	21,494	8,910	7,502	5,082	-
	<u>\$ 5,445,853</u>	<u>5,596,054</u>	<u>2,820,740</u>	<u>504,068</u>	<u>1,329,661</u>	<u>941,585</u>

The Group does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Group's significant exposure to foreign currency risk were as follows:

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 27,340	30.71	839,611	20,354	27.68	563,399
<u>Non-monetary items</u>						
CNY	56,646	4.41	249,809	56,646	4.34	245,844
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	20,178	30.71	619,666	13,599	27.68	376,420

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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2) Sensitivity analysis

The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, short-term loans and accounts payable that are denominated in foreign currency. A weakening (strengthening) 1 % of NTD against the USD for the years ended December 31, 2022 and 2021 would have increased (decreased) the net profit before tax by \$2,199 and \$1,870, respectively. The analysis assumes that all other variables remain constant.

Since the Group has many kinds of functional currencies, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2022 and 2021, foreign exchange gains (losses) (including realized and unrealized portions) amounted to \$87,261 and \$(10,527), respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Group's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Group management's assessment of the reasonably possible interest rate change.

If the interest rate increases (decreases) by 1%, the Group's net profit before tax would have decreased (increased) by \$44,719 and \$46,170 for the years ended December 31, 2022 and 2021, respectively, all other variable factors that remain constant. This is mainly due to the Group's borrowing in floating rates.

(v) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

	<u>2022</u>		<u>2021</u>	
	<u>Other comprehensive income before tax</u>	<u>Income before tax</u>	<u>Other comprehensive income before tax</u>	<u>Income before tax</u>
<u>Prices of securities at the reporting date</u>				
Increasing 1%	\$ <u>796</u>	<u>147</u>	<u>1,182</u>	<u>56</u>
Decreasing 1%	\$ <u>(796)</u>	<u>(147)</u>	<u>(1,182)</u>	<u>(56)</u>

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SESODA CORPORATION AND SUBSIDIARIES
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(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Group's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market data and the value measurements which are not reliable. No additional fair value disclosure is required in accordance with the regulations.

		December 31, 2022				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss						
Foreign listed company's stocks	\$ 1,623	1,623	-	-	1,623	
Open end funds	4,215	4,215	-	-	4,215	
Private fund	8,908	-	-	8,908	8,908	
Subtotal	<u>14,746</u>	<u>5,838</u>	<u>-</u>	<u>8,908</u>	<u>14,746</u>	
Financial assets at fair value through other comprehensive income						
Domestic listed company's stocks	1,788	1,788	-	-	1,788	
Foreign unlisted companies stocks	77,764	-	-	77,764	77,764	
Subtotal	<u>79,552</u>	<u>1,788</u>	<u>-</u>	<u>77,764</u>	<u>79,552</u>	
Total	<u>\$ 94,298</u>	<u>7,626</u>	<u>-</u>	<u>86,672</u>	<u>94,298</u>	
		December 31, 2021				
		Fair Value				
	Book Value	Level 1	Level 2	Level 3	Total	
Financial assets at fair value through profit or loss						
Foreign listed company's stocks	\$ 2,851	2,851	-	-	2,851	
Open end funds	2,720	2,720	-	-	2,720	
Subtotal	<u>5,571</u>	<u>5,571</u>	<u>-</u>	<u>-</u>	<u>5,571</u>	
Financial assets at fair value through other comprehensive income						
Domestic listed company's stocks	2,340	2,340	-	-	2,340	
Foreign unlisted company's stocks	115,850	-	-	115,850	115,850	
Subtotal	<u>118,190</u>	<u>2,340</u>	<u>-</u>	<u>115,850</u>	<u>118,190</u>	
Total	<u>\$ 123,761</u>	<u>7,911</u>	<u>-</u>	<u>115,850</u>	<u>123,761</u>	

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SESODA CORPORATION AND SUBSIDIARIES
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2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

When the financial instrument of the Group is not traded in an active market, its fair value is determined as follows:

- Unquoted equity instruments: The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

3) Reconciliation of Level 3 fair values

	<u>As fair value through profit or loss</u>	<u>Fair value through other comprehensive income</u>	<u>Total</u>
	<u>Privately funds</u>	<u>Unquoted equity instrument</u>	
Balance as of January 1, 2022	\$ -	115,850	115,850
Total gains and losses recognized:			
In profit or losses	(4,831)	-	(4,831)
In other comprehensive income	-	(37,681)	(37,681)
Purchase	13,739	-	13,739
Disposals	-	(429)	(429)
Effect on changes in foreign exchange rates	-	24	24
Balance as of December 31, 2022	<u>\$ 8,908</u>	<u>77,764</u>	<u>86,672</u>
Balance as of January 1, 2021	\$ -	181,374	181,374
Total gains and losses recognized:			
In other comprehensive income	-	(127,637)	(127,637)
Purchase	-	63,892	63,892
Disposals	-	(968)	(968)
Effect on changes in foreign exchange rates	-	(811)	(811)
Balance as of December 31, 2021	<u>\$ -</u>	<u>115,850</u>	<u>115,850</u>

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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- 4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value were “financial assets measured at fair value through profit or loss - private fund” and “financial assets measured at fair value through other comprehensive income - equity investments”.

Most of the Group's financial instruments and privately offered funds that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments and private funds that have no active markets because they were independent of each other.

Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through profit or loss-private fund	Comparable listed companies approach	·EBITDA (as of December 31, 2022 was 9.32~14.39) ·Market liquidity discount rate (as of December 31, 2022 were 40%)	· The higher the EBITDA ratio, the higher the fair value. · The higher the market liquidity discount rate, the higher the fair value
Financial assets at fair value through other comprehensive income - equity investments	Comparable listed companies approach	·PB ratio (as of December 31, 2022 was 0.5~1.4) ·EBITDA (as of December 31, 2021 was 17.6) ·Market liquidity discount rate (as of December 31, 2022 and 2021 were 40%)	·The higher the PB ratio, the lower the fair value. · The higher the EBITDA ratio, the higher the fair value. · The higher the market liquidity discount rate, the lower the fair value

- 5) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effect on other comprehensive income:

	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Effects of changes in fair value on profit and losses</u>		<u>Effects of changes in fair value on other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2022						
Financial assets at fair value through profit or loss	EBITDA ratio	10%	\$ 891	(891)	-	-
Financial assets at fair value through other comprehensive income	PB ratio	10%	\$ -	-	7,776	(7,776)
December 31, 2021						
Financial assets at fair value through other comprehensive income	EBITDA ratio	10%	\$ -	-	11,452	(11,452)

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter relationships with another input.

(t) Financial risk management

(i) Overview

The Group have exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how the supervision of the management is in compliance with the Group's risk management policies and procedures. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Board of Directors is assisted in its oversight role by an internal auditor. An internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

1) Notes and accounts receivables and other receivables

The credit risk exposure of the Group is mainly affected by the individual conditions of each customer.

The management also considers the statistical data of the Group's customer, including the default risk of the customer's industry and country, which may have an impact on credit risk.

Please refer to note 6(s) for the concentrated notes receivable and accounts receivable from transaction parties.

The Group has established a credit policy. According to this policy, the Group must analyze the credit rating of each new customer individually before granting standard payment and shipping conditions and terms. If the Group can obtain an external rating and in some other cases, the bank's notes will be reviewed. The credit limit, which is regularly reviewed, is established based on individual customers and need not be approved by the Board of Directors.

When the Group monitors the credit risk of its customers according to their credit characteristics, including whether they are distributors or end users; location, industry, age, expiration date, and previous financial difficulties. The main target of the Group's notes, accounts receivable and other receivables is the Group's dealer customers. Customers who are assessed as high-risk are included in the restricted customer list and monitored by the authorized supervisor of the combined company. Future sales with these customers must be based on advance receipts.

The Group regularly evaluates the losses incurred in bills, accounts receivable and other receivables. The Group has set up an allowance and impairment loss account to reflect the estimation of the losses incurred in the bills, accounts receivable and other receivables. The main components of the allowance account include specific losses with individual customers and loss estimates measured by expected credit losses during the lifetime.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions, with good credit rating. The Group expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Group's policy is to provide financial guarantees only to subsidiaries. As of December 31, 2022, the Group did not provide guarantee to other entities.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group calculates its cost of products and services by using the activity-based costing, which assists in monitoring its cash flow requirements and optimizing its cash return on investments.

Generally, the Group ensures that it maintains sufficient cash to meet expected operational expense with 60 days, including the fulfillment of financial obligations. However, potential impacts that cannot reasonably be expected in extreme cases such as natural disasters, are excluded.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

The financial assets of the Group with fair value risk of interest rate changes are bank deposits; financial liabilities are long-term and short-term borrowings. The impact of changes in interest rates on the fair value of the relevant financial assets and liabilities is not significant.

(u) Capital management

The Company's policy is to keep a strong capital base in order to maintain its investors, creditors and market confidence, and to sustain future development of its business. Equity consists of common stock, capital surplus, retained earnings and other equity interest of the Group. The Board of Directors monitors the return on its capital as well as the level of dividends to its shareholders.

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 6,705,288	6,092,929
Less: cash and cash equivalents	<u>1,295,290</u>	<u>955,556</u>
Net debt	\$ <u>5,409,998</u>	<u>5,137,373</u>
Total equity	\$ <u>7,131,288</u>	<u>6,033,107</u>
Debt-to-equity ratio	<u>75.86 %</u>	<u>85.15 %</u>

The decrease in debt-to-equity ratio on December 31, 2022 was due to the Group's significant increase in profit during the current year.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(v) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2022 and 2021 were as follows:

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Foreign exchange movement	New lease	Changes in lease payment	
Long-term borrowings (including current portion)	\$ 3,098,800	(539,949)	294,551	-	-	2,853,402
Short-term borrowings	1,518,240	45,740	54,540	-	-	1,618,520
Lease liabilities	21,114	(9,168)	-	9,947	(5,968)	15,925
Total liabilities from financing activities	<u>\$ 4,638,154</u>	<u>(503,377)</u>	<u>349,091</u>	<u>9,947</u>	<u>(5,968)</u>	<u>4,487,847</u>

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Foreign exchange movement	New lease	Changes in lease payment	
Long-term borrowings (including current portion)	\$ 3,749,675	(552,722)	(98,153)	-	-	3,098,800
Short-term borrowings	1,340,544	197,936	(20,240)	-	-	1,518,240
Lease liabilities	16,773	(9,665)	-	15,470	(1,464)	21,114
Total liabilities from financing activities	<u>\$ 5,106,992</u>	<u>(364,451)</u>	<u>(118,393)</u>	<u>15,470</u>	<u>(1,464)</u>	<u>4,638,154</u>

(7) Related-party transactions:

(a) Names and relationship with related parties

<u>Name of related party</u>	<u>Relationship with the Group</u>
Bright Charter Shipping Limited	Substantive related party (Note 1)
Sesoda Social Welfare Foundation	Other related party (Note 2)

(Note 1) The Company's Corporate director (SINCERE INDUSTRIAL CORPORATION) is the actual controller over the Bright Charter Shipping Limited.

(Note 2) The foundation was established by donations from the Company and was registered and established on May 31, 2022.

(b) Significant transactions with related parties

(i) Shipping agency expense

Bright Charter Shipping Limited	<u>2022</u> <u>\$ 59,024</u>	<u>2021</u> <u>55,361</u>
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Bright charter shipping Limited provides shipping agency service to the Group and settles related fee by the end of each month.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Donations

	<u>2022</u>	<u>2021</u>
Sesoda Social Welfare Foundation	<u>\$ 11,000</u>	<u>-</u>

(iii) Accounts payable

<u>Account</u>	<u>Relationship</u>	<u>Name of related party</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables	Substantive related party	Bright Charter Shipping Limited	<u>\$ 5,067</u>	<u>9,135</u>

(c) Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	<u>\$ 149,539</u>	<u>91,209</u>
Post-employment benefits	<u>1,437</u>	<u>748</u>
	<u>\$ 150,976</u>	<u>91,957</u>

(8) Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment			
– Land	Guarantees for long-term and short-term borrowings	<u>\$ 678,305</u>	<u>678,305</u>
– Buildings	Guarantees for long-term and short-term borrowings	<u>57,381</u>	<u>54,985</u>
– Vessels	Guarantees for long-term borrowings	<u>6,545,891</u>	<u>6,162,866</u>
		<u>\$ 7,281,577</u>	<u>6,896,156</u>

(9) Significant commitments and contingencies:

The Group entered into contracts with domestic and foreign vendors to purchase property, plant and equipment as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Total contract value	<u>\$ 358,379</u>	<u>108,025</u>
Cumulative payments	<u>\$ 235,103</u>	<u>86,614</u>

(10) Losses Due to Major Disasters:None**(11) Subsequent Events: Please refer to the note 6 (n).**

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SESODA CORPORATION AND SUBSIDIARIES
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(12) Other:

A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2022			2021		
		Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits							
Salary		578,123	160,021	738,144	456,410	90,179	546,589
Labor and health insurance		10,269	6,239	16,508	9,177	5,131	14,308
Pension		4,814	2,438	7,252	3,060	2,445	5,505
Remuneration of directors		-	98,657	98,657	-	58,084	58,084
Others		47,167	4,478	51,645	34,989	2,509	37,498
Depreciation		494,269	22,323	516,592	446,822	24,119	470,941
Depletion		-	-	-	-	-	-
Amortization		-	-	-	-	-	-

(13) Other disclosures:

(a) Information on significant transactions: None

The following were the information on significant transactions required by the Regulations for the Group for the year ended December 31, 2022:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to schedule A.
- (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule B.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.
- (x) Business relationships and significant intercompany transactions: Please refer to schedule C.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

- (b) Information on investees: Please refer to schedule D.
- (c) Information on investment in mainland China: None.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Zhengbang Investment Co., Ltd.		16,086,588	6.46 %
Chu Ying-Piao		12,650,048	5.08 %

(14) Segment information:

- (a) General information

The reportable segments are the Group's strategic divisions which should be reported as follows. They offer different products and services , and are managed seperately because they require different technology and marketing strategies. The chief of the Group should review the internal management report of each strategic division. Each reportable department of the Group is summarized below:

- (i) Manufacturing division: Import of sodium carbonate, manufacturing and selling of potassium sulfate, hydrochloric acid and liquid calcium chloride, trading of baking soda, salt and calcium chloride.
- (ii) Ships, boats and Transport division: Operates on its own ship charter and all ships have signed a charter agreement.
- (iii) Trucking division: Responsible for the delivery of the Company's sodium carbonate and other products.
- (iv) Catering division: It's engaged in the wholesale of food, Japanese restaurant and catering business.
- (b) Inormation about reportabe segments and their measurement and reconciliations:

The Group doesn't allocate income tax expense (benefit) or infrequent profit and losses to the reportable division. In addition, not all reportable segments include depreciation and amortization of significant non - cash items. The reportable amount is similar to that in the report used by the chief operating decision maker.

The operating segment accounting policies are similar to those described in note 4 "significant accounting policies" except for the recognition and measurement of pension cost, which is on a cash basis. The Group measured its operation segment through profit before tax, and serves as the basis for evaluating performance. The Group treated intersegment sales, and transfers as third-party transactions. They are measured at market price.

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The Group's operating segment information and reconciliation were as follows:

		2022							
		Chemical products							
		Oversea sales	Domestic sales	Chartering	Freight income	Catering	Others	Reconciliation and elimination (note)	Total
Revenue:									
Revenue from external customers	\$	3,448,910	1,861,513	2,662,617	-	52,149	-	-	8,025,189
Intersegment revenues		-	-	-	14,859	432	1,927	(17,218)	-
Interest revenue		1,357	734	3,870	29	11	618	-	6,619
Total revenue	\$	3,450,267	1,862,247	2,666,487	14,888	52,592	2,545	(17,218)	8,031,808
Interest expenses	\$	9,016	4,876	87,279	-	153	12,556	-	113,880
Depreciation and amortization	\$	55,629	36,472	415,462	2,566	6,475	17	(29)	516,592
Reportable segment profit or loss	\$	478,520	265,074	957,254	998	(1,259)	(98,922)	-	1,601,665
		2021							
		Chemical products							
		Oversea sales	Domestic sales	Chartering	Freight income	Catering	Others	Reconciliation and elimination (note)	Total
Revenue::									
Revenue from external customers	\$	1,727,629	1,305,210	1,716,229	-	46,198	-	-	4,795,266
Intersegment revenues		-	-	-	14,393	573	-	(14,966)	-
Interest revenue		49	37	525	29	1	67	-	708
Total revenue	\$	1,727,678	1,305,247	1,716,754	14,422	46,772	67	(14,966)	4,795,974
Interest expenses	\$	3,776	2,849	40,351	-	191	5,187	-	52,354
Depreciation and amortization	\$	46,882	43,306	372,218	1,227	7,319	-	(11)	470,941
Reportable segment profit or loss	\$	175,924	199,245	422,330	2,499	(6,028)	25,164	-	819,134

Note: For the years ended December 31, 2022 and 2021, the reportable segment should eliminate intersegment revenues by \$17,218 and \$14,966, respectively.

The Group's information

(i) Product and service information

Revenue from external customers of the Group was as follows:

	2022	2021
Soda Ash	\$ 650,911	502,201
Potassium sulfate	3,505,305	1,808,687
Chartering	2,662,617	1,716,229
Catering	52,149	46,198
Others	1,154,207	721,951
	\$ 8,025,189	4,795,266

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(ii) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Revenue from external customers was as follows:

<u>Geographical information</u>	<u>2022</u>	<u>2021</u>
Taiwan	\$ 1,921,794	1,351,408
Japan	983,435	387,520
Australia	348,175	487,679
Singapore	1,211,472	490,241
Denmark	684,616	311,269
Peru	565,349	93,707
Pakistan	263,385	515,896
Other	<u>2,046,963</u>	<u>1,157,546</u>
	<u>\$ 8,025,189</u>	<u>4,795,266</u>

Non-current assets:

<u>Geographical information</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Taiwan	\$ 2,290,337	2,088,161
Panama	<u>7,198,636</u>	<u>6,828,642</u>
	<u>\$ 9,488,973</u>	<u>8,916,803</u>

(iii) Major customers

The Group had no major customer who constituted 10% or more of revenue.

Schedule A Guarantees and endorsements for other parties:

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	7,131,288	2,576,700	1,842,600	368,520	-	25.84%	21,393,864	Y	N	N
0	The Company	SMTC	2	7,131,288	138,546	132,053	-	-	1.85%	21,393,864	Y	N	N
0	The Company	SMGC	2	7,131,288	112,770	107,485	-	-	1.51%	21,393,864	Y	N	N
0	The Company	SEBC	2	7,131,288	129,006	83,075	83,075	-	1.16%	21,393,864	Y	N	N
0	The Company	SECC	2	7,131,288	307,672	281,864	281,864	-	3.95%	21,393,864	Y	N	N
0	The Company	SEMC	2	7,131,288	254,821	228,839	228,839	-	3.21%	21,393,864	Y	N	N
0	The Company	SEDC	2	7,131,288	322,844	282,071	282,071	-	3.96%	21,393,864	Y	N	N
0	The Company	SEVC	2	7,131,288	333,387	309,437	309,437	-	4.34%	21,393,864	Y	N	N
0	The Company	SEFC	2	7,131,288	312,922	298,056	298,056	-	4.18%	21,393,864	Y	N	N
0	The Company	SEFC	2	7,131,288	382,285	313,490	313,490	-	4.40%	21,393,864	Y	N	N
0	The Company	SERC	2	7,131,288	345,153	321,167	321,167	-	4.50%	21,393,864	Y	N	N
0	The Company	SEGC	2	7,131,288	384,810	345,795	345,795	-	4.85%	21,393,864	Y	N	N
0	The Company	SEPC	2	7,131,288	419,540	389,607	389,607	-	5.46%	21,393,864	Y	N	N
						4,935,539							

Note 1: Company numbering as follows:

The Company—0

Note 2: Relationship with the Company:

1. For entities the guarantor has business transaction with.

2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.

Note 3: The Company's operating procedures of guarantee were as follows:

The guarantees and endorsements limit provided by The Company to other parties should not exceed 300% of its equity based on the most recent audited or reviewed financial statements by a certified accountant. The individual guarantee amount should not exceed 100% of its equity based on the most recent audited or reviewed financial statements by a certified accountant.

Schedule B. Securities held as of December 31, 2022

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance			Remark
				Shares/ Units	Carrying value	Percentage of ownership (%)	
E-TEQ VENTURE CO., LTD. "	Stock :						
	INTEL CORPORATION	-	Current financial assets at fair value through profit or loss	2,000	1,623	0.00%	1,623
	APOGEE Optocom CO., LTD. Subtotal	-	Non-current financial assets at fair value through other comprehensive income	30,000	1,788 3,411	0.07%	1,788 3,411
	Private Fund:						
E-TEQ VENTURE CO., LTD.	CMIA Digital Growth VII Subtotal	-	Non-current financial assets at fair value through profit and loss	500	8,908	0.33%	8,908
	Open-end Funds:						
	Schroder Asian Emerging Bond Fund Dis USD Yuania Investment Grade Corporate Bond Fund Subtotal	- -	Non-current financial assets at fair value through profit and loss Non-current financial assets at fair value through profit and loss	10,000 5,000	2,688 1,527 4,215	0.00% 0.00%	2,688 1,527 4,215
The company	Stock : Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd. Total	-	Non-current financial assets at fair value through other comprehensive income	0	77,764 94,298	15.00%	77,764 94,298

Schedule C. Relationships and important transactions between the Group and subsidiaries :

Number (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction			Percentage of consolidated sales revenue and total assets
				Account title	Amount	Credit term	
1	SSC	SMGC , SEHC , SEBC , SEAC , SECC , SEMC , SMTc , SEEC , SEDC , SEYC , SEFC , SERC , SEGC , SEFC , SEPC	2	Other payables-related parties	69,560	-	0.50%
2	SSC	SESC , SMGC , SMTc , SEHC , SEBC , SEAC , SEPC	2	Other receivables-related parties	229,839	-	1.66%

Note 1: Company numbering as follows:

1. 0 represents the parent company
2. Subsidiary company number starts with Arabic numeral 1

Note 2: Relationship of the counterparties:

1. Parent company to subsidiary.
2. Transactions are between subsidiaries.

Note 3: The section only disclosed the information of the account balance more than 0.5% of total consolidated assets .

Note 4: The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

Schedule D Information on investments:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at this year	The ending balance at the beginning	Shares	Percentage of ownership	Carrying value			
The Company	SSC	Panama	Ship operation and chartering	1,428,232	1,896,792	10	100.00%	4,611,618	934,695	Subsidiary	
"	East Tender Trading Co., Ltd.	Taipei	General trade and investments	38,023	38,023	3,200,000	100.00%	40,061	2,993	Subsidiary	
"	SIL	BVI	Holding company	21,145	21,145	880	50.00%	(33,690)	(31)	Subsidiary	
"	East Tender Optoelectronics Co., Ltd.	Yilan	Manufacturing of thin film filter components required for optical communication	97,142	97,142	9,316,297	34.89%	290,707	(17,618)	Associate	
"	Yuhari Group Co., Ltd.	Taipei	Wholesale of foods and groceries, sales of drinks, operation of restaurant	89,787	89,787	2,100,000	100.00%	10,943	(1,422)	Subsidiary	
"	E-Tay Ventures Co., Ltd.	Taipei	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	115,000	115,000	10,380,000	100.00%	94,024	(6,764)	Subsidiary	
"	Yun-Chen Trading Co., Ltd.	Taipei	International Trade	-	-	-	0.00%	-	(2,271)	Subsidiary	
"	YUN SHENG INVESTMENT CO., LTD.	Taipei	Investment	30,000	-	3,000,000	100.00%	29,985	(15)	Subsidiary	
SSC	SESC	Panama	Ship operation and chartering	1,819,329	2,237,889	-	-	5,043,648	266,763	Sub-Subsidiary	
"	SIL	BVI	Holding company	20	20	880	100.00%	163,954	4,292	Sub-Subsidiary	
"	SMGC	Panama	Ship operation and chartering	2,792	2,792	11	50.00%	32,097	(62)	Sub-Subsidiary	
"	SEHC	Panama	Ship operation and chartering	7,879	12,091	11	100.00%	246,310	113,796	Sub-Subsidiary	
"	SMTC	Panama	Ship operation and chartering	8,046	8,046	11	100.00%	298,689	50,080	Sub-Subsidiary	
"	SEBC	Panama	Ship operation and chartering	12,990	17,590	11	100.00%	373,932	117,384	Sub-Subsidiary	
"	SEAC	Panama	Ship operation and chartering	8,420	9,420	11	100.00%	494,732	115,522	Sub-Subsidiary	
"	SEMC	Panama	Ship operation and chartering	4,301	6,301	10	100.00%	137,484	83,998	Sub-Subsidiary	
"	SECC	Panama	Ship operation and chartering	7,504	7,504	11	100.00%	334,178	148,379	Sub-Subsidiary	
"	SEFC	Panama	Ship operation and chartering	8,108	7,608	11	100.00%	312,230	13,878	Sub-Subsidiary	
"	SEFC	Panama	Ship operation and chartering	8,751	8,451	11	100.00%	300,977	5,340	Sub-Subsidiary	
"	SEFC	Panama	Ship operation and chartering	7,761	7,761	11	100.00%	382,683	140,100	Sub-Subsidiary	
"	SEDC	Panama	Ship operation and chartering	9,115	8,615	11	100.00%	324,544	(11,966)	Sub-Subsidiary	
"	SEVC	Panama	Ship operation and chartering	9,428	8,828	11	100.00%	339,545	65,542	Sub-Subsidiary	
"	SECC	Panama	Ship operation and chartering	8,244	7,994	11	100.00%	336,218	109,689	Sub-Subsidiary	
"	SEPC	Panama	Ship operation and chartering	8,311	8,311	11	100.00%	337,406	17,092	Sub-Subsidiary	
"	SSMHC	Cayman Islands	Ship operation and chartering	11,219	11,169	11	100.00%	384,878	9,802	Sub-Subsidiary	
"	SEFC	Holding company	Investment	51	44	-	100.00%	59	(230)	Sub-Subsidiary(Note1)	
SSMHC	SEIC	Panama	Holding company	122,940	132,545	-	-	4,799,916	982,667	Sub-Subsidiary(Note1)	
East Tender Trading Co., Ltd.	Zai Feng Auto Transportation Co., Ltd.	Panama	Automobile cargo transportation business	7	6	-	100.00%	(22)	(36)	Sub-Subsidiary(Note1)	
"	Zai Feng Auto Transportation Co., Ltd.	Yilan	Automobile cargo transportation business	20,381	20,381	12,000	100.00%	18,173	1,277	Sub-Subsidiary	

(Note 1) The sub-subsidiary which is 100% held by the subsidiary has been established and registered. However, the funds have not been fully invested. Capital registration is handled until the funds are all in place.

(Note 2) The aforementioned inter-company transactions have been eliminated in the consolidated financial statements.

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



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of SESODA CORPORATION:

Opinion

We have audited the financial statements of SESODA CORPORATION (“the Company”), which comprise the balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

Please refer to note 4(m) and note 6(n) for disclosures related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Company's finance and operating performance. In addition, since the Company is a listed company, there are risks of material misstatement due to revenue recognition. The accuracy of the timing and amount of revenue recognized have a significant impact on the financial statements. Therefore, we consider it as one of our key audit matters.



How the matter was addressed in our audit:

- Testing the effectiveness of design and implementing the internal control of sales and collecting cycle;
- Reviewing the revenue recognition of significant sales contracts to determine whether the accounting treatment key judgment and estimation are appropriate;
- Analyzing the changes in the top 10 customers from the previous year to the most recent period, as well as the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements;
- Selecting sales transactions from a period of time before and after the balance sheet date, and verifying the vouchers to determine the accuracy of the timing and amounts of revenue recognized;
- Understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.



3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on these financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Ya-Ling Chen and Po-Shu Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 27, 2023

Notes to Readers

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

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
SESODA CORPORATION

Balance Sheets

December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021		December 31, 2022		December 31, 2021	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets								
Current assets :								
1100 Cash and cash equivalents (note 6(a))	\$ 482,598	5	360,847	4	2100	Short-term borrowings (notes 6(h) and 8)	\$ 1,250,000	12
1150 Notes receivable, net (note 6(c))	121,350	1	138,875	2	2170	Accounts payable	644,895	7
1170 Accounts receivable, net (note 6(c))	683,141	7	532,555	7	2200	Other payables (note 6(o))	295,474	3
1210 Other receivables from related parties (note 7)	13,728	-	11,451	-	2220	Other payables to related parties (note 7)	3,664	-
130X Inventories (note 6(d))	1,385,837	13	649,215	8	2230	Current tax liabilities	214,975	2
1476 Other current financial assets	50,622	-	40,767	-	2280	Lease liabilities-current (note 6(i))	4,694	-
1470 Other current assets	68,280	1	49,295	-	2399	Other current liabilities	3,748	-
Total current assets	2,805,556	27	1,783,005	21		Total current liabilities	2,417,450	24
Non-current assets :						Non-Current liabilities :		
1517 Non-current financial assets at fair value through other comprehensive income (note 6(b))	77,764	1	115,630	2	2570	Deferred tax liabilities (note 6(k))	744,360	7
1550 Investments accounted for using equity method (note 6(e))	5,077,338	50	4,345,362	52	2580	Lease liabilities-non-current (note 6(i))	2,616	-
1600 Property, plant and equipment (notes 6(f), 8 and 9)	2,259,962	22	2,047,051	25	2650	Credit balance of investments accounted for using equity method (note 6(e))	33,690	-
1755 Right-of-use assets (note 6(g))	7,280	-	11,856	-		Total non-current liabilities	780,666	7
1840 Deferred tax assets (note 6(k))	47,872	-	248	-		Total liabilities	3,198,116	31
1975 Net defined benefit asset (note 6(j))	41,903	-	23,710	-	3100	Equity (notes 6(b), (e), (f), (k) and (l)):	2,490,017	24
1995 Other non-current assets, others (note 9)	11,729	-	7,543	-	3200	Common stock	104,740	1
Total non-current assets	7,523,848	73	6,551,400	79		Capital surplus	1,050,888	10
						Retained earnings :	485,496	5
						Legal reserve	3,107,766	30
						Special reserve	4,644,150	45
						Unappropriated retained earnings	84,420	1
						Other equity interest :	(192,039)	(2)
						Exchange differences on translation of foreign financial statements	(107,619)	(1)
						Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	7,131,288	69
						Total equity	10,329,404	100
						Total liabilities and equity	10,329,404	100

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SESODA CORPORATION

Statements of Comprehensive Income

For the years ended December 31, 2022 and 2021

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

	2022		2021	
	Amount	%	Amount	%
4110 Operating revenue (note 6(n))	\$ 5,310,423	100	3,032,839	100
5111 Operating cost (notes 6(d), (f) and (j))	3,701,701	70	2,068,152	68
Gross profit from operations	<u>1,608,722</u>	<u>30</u>	<u>964,687</u>	<u>32</u>
6000 Operating expenses (notes (c), (f), (g), (i), (j), (o) and 7):				
6100 Selling expenses	481,809	9	418,306	14
6200 Administrative expenses	302,468	6	171,212	6
6450 Expected credit loss	80,851	1	-	-
Total operating expenses	<u>865,128</u>	<u>16</u>	<u>589,518</u>	<u>20</u>
6900 Net operating income	<u>743,594</u>	<u>14</u>	<u>375,169</u>	<u>12</u>
7000 Non-operating income and expenses (notes 6(e), (f), (i), (p) and 7):				
7100 Interest income	2,090	-	86	-
7010 Other income	5,980	-	9,713	-
7020 Other gains and losses	102,369	2	18,396	1
7050 Finance costs	(13,892)	-	(6,625)	-
7060 Share of gains of subsidiaries and associates accounted for using equity method	760,763	14	421,878	14
Total non-operating income and expenses	<u>857,310</u>	<u>16</u>	<u>443,448</u>	<u>15</u>
7900 Income before tax	1,600,904	30	818,617	27
7950 Less: Income tax expenses (note 6(k))	396,482	7	147,746	5
Net income	<u>1,204,422</u>	<u>23</u>	<u>670,871</u>	<u>22</u>
8300 Other comprehensive income (notes 6(e), (j), (k) and (l)):				
8310 Components of other comprehensive income that will not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans	13,370	-	(7,674)	-
8316 Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	(36,541)	(1)	(121,249)	(4)
8330 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(12,552)	-	85	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	2,674	-	(1,535)	-
Components of other comprehensive income that will not be reclassified to profit or loss	<u>(38,397)</u>	<u>(1)</u>	<u>(127,303)</u>	<u>(4)</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss				
8361 Exchange differences on translation of foreign financial statements	428,530	8	(101,568)	(3)
8380 Share of other comprehensive income of associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	-	-	110	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
Components of other comprehensive income that will be reclassified to profit or loss	<u>428,530</u>	<u>8</u>	<u>(101,458)</u>	<u>(3)</u>
8300 Other comprehensive income	390,133	7	(228,761)	(7)
8500 Total comprehensive income	<u>\$ 1,594,555</u>	<u>30</u>	<u>442,110</u>	<u>15</u>
9750 Basic earnings per share (note 6(m)) (expressed in New Taiwan Dollars)	<u>\$ 4.84</u>		<u>2.69</u>	
9850 Diluted earnings per share (note 6(m)) (expressed in New Taiwan Dollars)	<u>\$ 4.78</u>		<u>2.68</u>	

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SESODA CORPORATION

Statements of Changes in Equity

For the years ended December 31, 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings				Total other equity interest			Total equity		
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements		Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	Total other equity interest
Balance at January 1, 2021	2,284,419	102,594	966,494	163,741	2,537,958	3,668,193	(242,652)	(16,477)	(259,129)	5,796,077
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	17,521	-	(17,521)	-	-	-	-	-
Special reserve	-	-	-	95,388	(95,388)	-	-	-	-	-
Cash dividends	-	-	-	-	(205,597)	(205,597)	-	-	-	(205,597)
Stock dividends	205,598	-	-	-	(205,598)	(205,598)	-	-	-	-
Reversal of special reserve	-	-	-	(252)	252	-	-	-	-	-
Net income	-	-	-	-	670,871	670,871	-	-	-	670,871
Other comprehensive income	-	-	-	-	(6,054)	(6,054)	(101,458)	(121,249)	(222,707)	(228,761)
Total comprehensive income	-	-	-	-	664,817	664,817	(101,458)	(121,249)	(222,707)	442,110
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	3,669	3,669	-	(3,669)	(3,669)	-
Changes in capital surplus	-	517	-	-	-	-	-	-	-	517
Balance at December 31, 2021	2,490,017	103,111	984,015	258,877	2,682,592	3,925,484	(344,110)	(141,395)	(485,505)	6,033,107
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	66,873	-	(66,873)	-	-	-	-	-
Special reserve	-	-	-	226,628	(226,628)	-	-	-	-	-
Cash dividends	-	-	-	-	(498,003)	(498,003)	-	-	-	(498,003)
Reversal of special reserve	-	-	-	(9)	9	-	-	-	-	-
Net income	-	-	-	-	1,204,422	1,204,422	-	-	-	1,204,422
Other comprehensive income	-	-	-	-	11,064	11,064	428,530	(49,461)	379,069	390,133
Total comprehensive income	-	-	-	-	1,215,486	1,215,486	428,530	(49,461)	379,069	1,594,555
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	974	974	-	(974)	(974)	-
Changes in associates accounted for using equity method	-	-	-	-	209	209	-	(209)	(209)	-
Changes in capital surplus	-	1,629	-	-	-	-	-	-	-	1,629
Balance at December 31, 2022	2,490,017	104,740	1,050,888	485,496	3,107,766	4,644,150	84,420	(192,039)	(107,619)	7,131,288

Balance at January 1, 2021

Appropriation and distribution of retained earnings:

Legal reserve

Special reserve

Cash dividends

Stock dividends

Reversal of special reserve

Net income

Other comprehensive income

Total comprehensive income

Disposal of investments in equity instruments designated at fair value through other comprehensive income

Changes in capital surplus

Balance at December 31, 2021

Appropriation and distribution of retained earnings:

Legal reserve

Special reserve

Cash dividends

Reversal of special reserve

Net income

Other comprehensive income

Total comprehensive income

Disposal of investments in equity instruments designated at fair value through other comprehensive income

Changes in associates accounted for using equity method

Changes in capital surplus

Balance at December 31, 2022

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)

SESODA CORPORATION**Statements of Cash Flows****For the years ended December 31, 2022 and 2021****(Expressed in Thousands of New Taiwan Dollars)**

	2022	2021
Cash flows from (used in) operating activities:		
Profit before tax	\$ 1,600,904	818,617
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	92,101	90,188
Expected credit loss	80,851	-
Interest expense	13,892	6,625
Interest income	(2,090)	(86)
Dividend income	(5,930)	(9,701)
Share of profit of subsidiaries and associates accounted for using equity method	(760,763)	(421,878)
Gain on disposal of property, plant and equipment	(36)	(1,255)
Property, plant and equipment transferred to expenses	43,904	15,375
Gain on lease modification	(116)	-
Others	-	(2,123)
Total adjustments to reconcile profit (loss)	(538,187)	(322,855)
Changes in operating assets and liabilities:		
Decrease (increase) in notes receivable	17,525	(58,926)
Increase in accounts receivable	(231,437)	(179,072)
Decrease (increase) in other receivables from related parties	(2,277)	2,510
Increase in inventories	(738,476)	(337,706)
Decrease (increase) in other current assets	(18,437)	9,563
Increase in other current financial assets	(9,809)	(24,279)
Increase in net defined benefit assets	(4,823)	(4,875)
Increase in accounts payable	252,124	123,552
Increase in other payables	61,996	107,721
Increase (decrease) in other payables to related parties	(93)	55
Increase (decrease) in other current liabilities	(2,172)	1,834
Total changes in operating assets and liabilities	(675,879)	(359,623)
Cash inflow generated from operations	386,838	136,139
Interest received	1,913	99
Dividends received	14,370	24,933
Interest paid	(15,257)	(7,187)
Income taxes paid	(75,455)	(5,366)
Net cash flows from operating activities	312,409	148,618
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	-	(63,892)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,546	4,417
Acquisition of investments accounted for using equity method	(35,000)	(127,450)
Proceeds from disposal of investments accounted for using equity method	2,639	-
Decrease in prepayments for investments	468,568	-
Acquisition of property, plant and equipment	(353,315)	(140,863)
Proceeds from disposal of property, plant and equipment	1,728	5,863
Increase in refundable deposits	(4,775)	(1,000)
Net cash from (used in) investing activities	81,391	(322,925)
Cash flows from (used in) financing activities:		
Increase in short-term loans	5,617,200	3,810,000
Decrease in short-term loans	(5,387,200)	(3,410,000)
Decrease in guarantee deposits received	-	(242)
Payment of lease liabilities	(5,675)	(5,858)
Cash dividends paid	(498,003)	(205,597)
Other financing activities	1,629	517
Net cash flows from (used in) financing activities	(272,049)	188,820
Net increase in cash and cash equivalents	121,751	14,513
Cash and cash equivalents at beginning of period	360,847	346,334
Cash and cash equivalents at end of period	\$ 482,598	360,847

See accompanying notes to parent company only financial statements.

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
SESODA CORPORATION

Notes to the Financial Statements

For the years ended December 31, 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

These financial statements were authorized for issue by the Board of Directors as of March 27, 2023.

(3) New standards, amendments and interpretations adopted:

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

The Company has initially adopted the following new amendments, which do not have a significant impact on its financial statements, from January 1, 2022:

- Amendments to IAS 16 “Property, Plant and Equipment—Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts—Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018–2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”

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

The Company assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2023, would not have a significant impact on its financial statements:

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

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SESODA CORPORATION
Notes to the Financial Statements

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

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

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “Insurance Contracts” and amendments to IFRS 17 “Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- IFRS16 “Requirements for Sale and Leaseback Transactions”

(4) Summary of significant accounting policies:

The significant accounting policies presented in the parent company financial statements are summarized below. The following accounting policies were applied consistently throughout the periods presented in the parent company only financial statements.

- (a) Statement of compliance

The parent company financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”).

- (b) Basis of preparation

- (i) Basis of measurement

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

- 1) Financial instruments at fair value through profit or loss are measured at fair value;
- 2) Financial assets at fair value through other comprehensive income are measured at fair value;
- 3) The net defined benefit assets are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in note 4(n).

- (ii) Functional and presentation currency

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

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SESODA CORPORATION
Notes to the Financial Statements

(c) Foreign currencies

(i) Foreign currency transactions

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

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

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

(ii) Foreign operations

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

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

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

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

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

- (i) It is expected to be realized, or intended to be sold or consumed, in the normal operating cycle;
- (ii) It is held primarily for the purpose of trading;
- (iii) It is expected to be realized within twelve months after the reporting period; or
- (iv) The asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

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

An entity shall classify a liability as current when:

- (i) It is expected to be settled in the normal operating cycle;
 - (ii) It is held primarily for the purpose of trading;
 - (iii) It is due to be settled within twelve months after the reporting period; or
 - (iv) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by issuing equity instruments do not affect its classification.
- (e) Cash and cash equivalents

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

- (f) Financial assets

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

- (i) Financial assets

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

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

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

1) Financial assets measured at amortized cost

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

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

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

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

4) Impairment of financial assets

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

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

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

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

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

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

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

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

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

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

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

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

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

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SESODA CORPORATION
Notes to the Financial Statements

5) Derecognition of financial assets

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

(ii) Financial liabilities

1) Other financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(g) Inventories

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

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

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SESODA CORPORATION
Notes to the Financial Statements

(h) Investment in associates

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

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

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

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

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

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

(i) Investment in subsidiaries

When preparing the parent company only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent company only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent company only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

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SESODA CORPORATION
Notes to the Financial Statements

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

The Company loses control of a subsidiary, the retained investment of the former subsidiary shall be remeasured at the fair value on the date of loss of control. Disposal profit and loss is the difference between the following : (1) the total of the fair value of the company received and the fair value of the retained investment in the subsidiary at the date of loss of control (2) The total book value of the subsidiary's assets (including the goodwill) and liabilities and non-controlling interests on the date of loss of control. For all amounts previously recognized in other comprehensive income and related to the subsidiary, the basis of accounting treatment is the same as the basis that the company must follow if the company directly disposes of related assets or liabilities.

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1) Buildings	5~50 years
2) Machinery and equipment	5~15 years
3) Transportation equipment	3~5 years
4) Other equipment	2~15 years

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

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SESODA CORPORATION
Notes to the Financial Statements

(k) Leases

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

(i) As a lessee

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

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

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

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

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

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

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

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SESODA CORPORATION
Notes to the Financial Statements

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

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

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

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

(ii) As a lessor

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

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

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(l) Impairment of non-financial assets

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

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

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

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SESODA CORPORATION
Notes to the Financial Statements

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

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

(m) Revenue

(i) Revenue from contracts with customers

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

1) Sale of goods

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

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

2) Financing components

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

(n) Employee benefits

(i) Defined contribution plans

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

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(ii) Defined benefit plans

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

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

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

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

(iii) Short-term employee benefits

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

(o) Income taxes

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

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

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

- (i) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- (iii) taxable temporary differences arising on the initial recognition of goodwill.

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

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

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

- (i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
 - (ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - 1) the same taxable entity; or
 - 2) different taxable entities which intend to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.
- (p) Earnings per share

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

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SESODA CORPORATION
Notes to the Financial Statements

(q) Operating segments

The Company has disclosed information about operating segments in its consolidated financial statements. Hence no further information is disclosed in the parent company only financial statements.

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

The preparation of the parent company only financial statements in conformity with the Regulations requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

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

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

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

As of December 31, 2022 and 2021, the Company holds both 34.89% of the outstanding voting shares of EAST TENDER OPTOELECTRONICS CORPORATION (EOC), and is the single largest shareholder of the investee. Although the remaining shares are not concentrated within specific shareholders, the Company still failed to obtain more than half of the total number of directors' seats of EOC, and it also failed to obtain more than half of the voting rights at a shareholders' meeting. Therefore, it is determined that the Company only has significant influence but not control over EOC.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(a) The loss allowance of accounts receivable

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

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SESODA CORPORATION
Notes to the Financial Statements

(b) Valuation of inventories

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

(c) Impairment of investments accounted for using equity method

The assessment of impairment of investments accounted for using equity method requires the Company to make subjective judgments to identify the cash-generating units and estimate the future cash flow and useful life of its related assets. Any changes in these estimates based on changed economic conditions or business strategies could result in significant adjustments in future years. Please refer to note 6(e) for further description.

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Petty Cash	\$ 380	380
Demand deposits	204,828	359,467
Time deposits	<u>277,390</u>	<u>1,000</u>
Cash and cash equivalents	<u>\$ 482,598</u>	<u>360,847</u>

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

	December 31, 2022	December 31, 2021
Foreign unlisted companies' stocks	<u>\$ 77,764</u>	<u>115,630</u>

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

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

In 2022, due to the disposal of StemCyte International, Ltd., the Company received the amounts of \$1,325 in cash, resulting in the gain of \$974 to be reclassified from other equity to retained earnings.

In June 2021, the Company injected the capital to Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd. of CNY15,000 thousand.

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SESODA CORPORATION
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Due to the disposal of both Pushi Venture Capital Co., Ltd. and Puxun Venture Capital Co., Ltd. in 2021, the Company received the amounts of \$221 and \$4,417 in cash, as of December 31, 2022 and 2021, respectively, resulting in the gain of \$3,669 to be reclassified from other equity to retained earnings in 2021.

- (ii) For market risk, please refer to note 6(q).
 (iii) The aforementioned financial assets were not pledged.

(c) Notes and accounts receivable

	December 31, 2022	December 31, 2021
Notes receivable	\$ <u>121,350</u>	<u>138,875</u>
Accounts receivable—measured as amortized cost	771,605	543,858
Less: Loss allowance	<u>(88,464)</u>	<u>(11,303)</u>
Subtotals	<u>683,141</u>	<u>532,555</u>
Total	<u>\$ 804,491</u>	<u>671,430</u>

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

	December 31, 2022		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 775,623	1.35 %	10,444
1 to 30 days past due	31,912	9.15 %	2,919
31 to 60 days past due	24,885	58.53 %	14,566
61 to 90 days past due	7,396	100.00 %	7,396
More than 90 days past due	<u>53,139</u>	100.00%	<u>53,139</u>
	<u>\$ 892,955</u>		<u>88,464</u>
	December 31, 2021		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	\$ 621,050	0.39 %	2,422
1 to 30 days past due	45,097	2.53 %	1,141
31 to 60 days past due	8,565	7.60 %	651
61 to 90 days past due	4,062	74.22 %	3,015
More than 90 days past due	<u>3,959</u>	100.00 %	<u>3,959</u>
	<u>\$ 682,733</u>		<u>11,188</u>

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Notes to the Financial Statements

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

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

	For the years ended December 31,	
	2022	2021
Balance at January 1, 2022	\$ 11,303	11,303
Impairment losses recognized	80,851	-
Amounts written off	(3,690)	-
Balance at December 31, 2022	<u><u>\$ 88,464</u></u>	<u><u>11,303</u></u>

As of December 31, 2022 and 2021, the notes and accounts receivable were not discounted and pledged. For other credit risk, please refer to note 6(q).

(d) Inventories

	December 31,	December 31,
	2022	2021
Merchandise	\$ 267,066	94,369
Finished goods	504,816	183,303
Raw materials	593,348	349,524
Fuel	6,138	4,831
Supplies	14,469	17,188
	<u><u>\$ 1,385,837</u></u>	<u><u>649,215</u></u>

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

	2022	2021
Unallocated overheads	\$ 11,718	3,077
Loss (gain) on valuation of inventories	163,703	(24)
Loss (gain) on inventories count	(31)	98
	<u><u>\$ 175,390</u></u>	<u><u>3,151</u></u>

As of December 31, 2022 and 2021, the inventories were not pledged.

(e) Investments accounted for using the equity method

A summary of the Company's financial information for investments accounted for using the equity method (including prepayments for investments) at the reporting date was as follows:

	December 31,	December 31,
	2022	2021
Investments accounted for using equity method:		
Subsidiaries	\$ 4,786,631	3,881,027
Associates	290,707	464,335
Total	<u><u>\$ 5,077,338</u></u>	<u><u>4,345,362</u></u>

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	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Credit balance of investments accounted for using equity method:		
Subsidiaries	<u>\$ 33,690</u>	<u>33,718</u>

(i) Subsidiaries

Please refer to 2022 and 2021 consolidated financial statements. Besides, there was no impairment recognized of investments using the equity method in 2022 and 2021.

(ii) Associates

<u>Name of Associates</u>	<u>Main business</u>	<u>Main operating location</u>	<u>Proportion of shareholding and voting rights</u>	
			<u>December 31, 2022</u>	<u>December 31, 2021</u>
EOC	Manufacturing of DWDM filter components required for Optical communication	Yilan	34.89 %	34.89 %

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Fair value	<u>\$ 292,532</u>	<u>463,952</u>

The financial information of EOC was as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Current assets	\$ 306,676	428,981
Non-current assets	688,750	791,312
Current liabilities	(68,641)	(119,431)
Non-current liabilities	(127,322)	(93,440)
Net assets	<u>\$ 799,463</u>	<u>1,007,422</u>
Net assets attributable to the Company	<u>\$ 290,707</u>	<u>464,335</u>
	<u>2022</u>	<u>2021</u>
Operating revenue	<u>\$ 170,177</u>	<u>202,812</u>
Profit from continuing operations	\$ (22,278)	8,243
Other comprehensive income	(628)	334
Total comprehensive income	<u>\$ (22,906)</u>	<u>8,577</u>
Comprehensive income attributable to the Company	<u>\$ (11,026)</u>	<u>(41)</u>

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SESODA CORPORATION
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	<u>2022</u>	<u>2021</u>
Share of net assets of associates as of January 1	\$ 464,335	498,351
Comprehensive income attributable to the Company	(11,026)	(41)
Dividends received from associates	(6,987)	(13,975)
Impairment loss	<u>(155,615)</u>	<u>(20,000)</u>
Share of net assets of associates as of December 31	<u>\$ 290,707</u>	<u>464,335</u>

The aforementioned impairment loss recognized as the book value of the Company's investment in EOC was lowered than the recoverable value (fair value).

- (iii) The Company did not provide any investment accounted for using the equity method as collateral.

(f) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Company for the years ended December 31, 2022 and 2021 were as follows:

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Other facilities</u>	<u>Construction in progress</u>	<u>Total</u>
Cost:							
Balance on January 1, 2022	\$ 1,204,924	735,366	1,506,614	16,352	214,527	108,049	3,785,832
Additions	-	200	2,409	-	118,674	221,677	342,960
Disposal	-	-	(4,847)	-	(8,185)	-	(13,032)
Reclassification	-	6,570	46,457	-	(105,041)	9,965	(42,049)
Balance on December 31, 2022	<u>\$ 1,204,924</u>	<u>742,136</u>	<u>1,550,633</u>	<u>16,352</u>	<u>219,975</u>	<u>339,691</u>	<u>4,073,711</u>
Balance on January 1, 2021	\$ 1,205,356	703,700	1,391,096	25,766	140,050	171,686	3,637,654
Additions	-	-	603	-	68,017	105,157	173,777
Disposal	(432)	-	-	(9,414)	(981)	-	(10,827)
Reclassification	-	31,666	114,915	-	7,441	(168,794)	(14,772)
Balance on December 31, 2021	<u>\$ 1,204,924</u>	<u>735,366</u>	<u>1,506,614</u>	<u>16,352</u>	<u>214,527</u>	<u>108,049</u>	<u>3,785,832</u>
Depreciation and impairments loss:							
Balance on January 1, 2022	\$ -	484,422	1,154,358	13,413	86,588	-	1,738,781
Depreciation	-	15,275	59,164	2,136	9,733	-	86,308
Disposal	-	-	(4,847)	-	(6,493)	-	(11,340)
Balance on December 31, 2022	<u>\$ -</u>	<u>499,697</u>	<u>1,208,675</u>	<u>15,549</u>	<u>89,828</u>	<u>-</u>	<u>1,813,749</u>
Balance on January 1, 2021	\$ -	470,386	1,096,272	15,532	80,594	-	1,662,784
Depreciation	-	16,159	58,086	3,119	6,975	-	84,339
Disposal	-	-	-	(5,238)	(981)	-	(6,219)
Others	-	(2,123)	-	-	-	-	(2,123)
Balance on December 31, 2021	<u>\$ -</u>	<u>484,422</u>	<u>1,154,358</u>	<u>13,413</u>	<u>86,588</u>	<u>-</u>	<u>1,738,781</u>
Carrying amounts:							
Balance on December 31, 2022	<u>\$ 1,204,924</u>	<u>242,439</u>	<u>341,958</u>	<u>803</u>	<u>130,147</u>	<u>339,691</u>	<u>2,259,962</u>
Balance on January 1, 2021	<u>\$ 1,205,356</u>	<u>233,314</u>	<u>294,824</u>	<u>10,234</u>	<u>59,456</u>	<u>171,686</u>	<u>1,974,870</u>
Balance on December 31, 2021	<u>\$ 1,204,924</u>	<u>250,944</u>	<u>352,256</u>	<u>2,939</u>	<u>127,939</u>	<u>108,049</u>	<u>2,047,051</u>

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(i) Pledged information

Please refer to note 8 for the pledged and collateral information of the property, plant and equipment.

(ii) For the years ended December 31, 2022 and 2021, the capitalized interest expenses amounted to \$2,045 and \$692, with interest rates of 0.96%~1.68% and 0.90%, respectively.

(g) Right-of-use assets

The Company leases buildings and transportation equipment. The movements in right-of-use assets were as follows:

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2022	\$ 546	14,891	15,437
Additions	546	6,523	7,069
Disposal	(546)	(8,047)	(8,593)
Balance at December 31, 2022	<u>\$ 546</u>	<u>13,367</u>	<u>13,913</u>
Balance at January 1, 2021	\$ 543	8,252	8,795
Additions	546	14,891	15,437
Disposal	(543)	(8,252)	(8,795)
Balance at December 31, 2021	<u>\$ 546</u>	<u>14,891</u>	<u>15,437</u>
Accumulated depreciation:			
Balance at January 1, 2022	\$ 409	3,172	3,581
Depreciation	546	5,247	5,793
Disposal	(546)	(2,195)	(2,741)
Balance at December 31, 2022	<u>\$ 409</u>	<u>6,224</u>	<u>6,633</u>
Balance at January 1, 2021	\$ 407	6,120	6,527
Depreciation	545	5,304	5,849
Disposal	(543)	(8,252)	(8,795)
Balance at January 1, 2021	<u>\$ 409</u>	<u>3,172</u>	<u>3,581</u>
Carrying amounts:			
Balance at December 31, 2022	<u>\$ 137</u>	<u>7,143</u>	<u>7,280</u>
Balance at January 1, 2021	<u>\$ 136</u>	<u>2,132</u>	<u>2,268</u>
Balance at December 31, 2021	<u>\$ 137</u>	<u>11,719</u>	<u>11,856</u>

The Company leases the building as a parking space for the office. The lease period is usually one year; the lease period of the leased transportation equipment is usually one to three years.

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Notes to the Financial Statements

(h) Short-term borrowings

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Secured bank loans	\$ 690,000	340,000
Unsecured bank loans	<u>560,000</u>	<u>680,000</u>
	<u>\$ 1,250,000</u>	<u>1,020,000</u>
Unused credit lines	<u>\$ 531,233</u>	<u>480,000</u>
Range of interest rates	<u>1.33%~2.46%</u>	<u>0.42%~1.10%</u>

For the collateral for short-term borrowings, please refer to note 8.

(i) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Current	<u>\$ 4,694</u>	<u>5,838</u>
Non-current	<u>\$ 2,616</u>	<u>6,046</u>

For the liquidity analysis, please refer to note 6(q).

The amounts recognized in profit or loss were as follows:

	<u>2022</u>	<u>2021</u>
Interest expenses on lease liabilities	<u>\$ 88</u>	<u>83</u>
Expenses relating to leases of low-value assets	<u>\$ 9,699</u>	<u>5,380</u>

The amounts recognized in the statement of cash flows were as follows:

	<u>2022</u>	<u>2021</u>
Total cash outflow for leases	<u>\$ 15,462</u>	<u>11,321</u>

(j) Employee benefits

(i) Defined benefit plans

Reconciliations of defined benefit obligation at present value and plan asset at fair value were as follows:

	<u>December 31,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Present value of the defined benefit obligations	\$ 114,187	138,427
Fair value of plan assets	<u>(156,090)</u>	<u>(162,137)</u>
Net defined benefit assets	<u>\$ (41,903)</u>	<u>(23,710)</u>

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The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan that provides pensions for employees upon retirement. Plans (covered by the Labor Standards Law) entitle a retired employee to receive retirement benefits based on years of service and average monthly salary for the six months prior to retirement.

1) Composition of plan assets

The Company allocates pension funds in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, and such funds are managed by the Bureau of Labor Funds, Ministry of Labor. With regard to the utilization of the funds, minimum earnings shall be no less than the earnings attainable from two-year time deposits with interest rates offered by local banks.

The Company's Bank of Taiwan labor pension reserve account balance amounted to \$156,090 as of December 31, 2022. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

2) Movements in present value of the defined benefit obligation

Movements in the present value of the defined benefit obligations were as follows:

	<u>2022</u>	<u>2021</u>
Defined benefit obligations at January 1	\$ 138,427	142,658
Current service costs and interest cost	723	1,006
Remeasurements of the net defined benefit asset:		
— Actuarial gains or losses arising from financial assumption	194	9,865
Benefits paid	<u>(25,157)</u>	<u>(15,102)</u>
Defined benefit obligations at December 31	<u>\$ 114,187</u>	<u>138,427</u>

3) The movements in fair value of the defined benefit plan assets

Movements in the fair value of the plan assets were as follows:

	<u>2022</u>	<u>2021</u>
Fair value of plan assets at January 1	\$ 162,137	169,167
Interest revenue	796	845
Remeasurements of the net defined benefit asset:		
— Actuarial gains or losses arising from financial assumption	13,564	2,191
Amounts contributed to plan	4,750	5,036
Benefits paid	<u>(25,157)</u>	<u>(15,102)</u>
Fair value of plan assets at December 31	<u>\$ 156,090</u>	<u>162,137</u>

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Notes to the Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	<u>2022</u>	<u>2021</u>
Current service costs	\$ 59	306
Net interest expense of net defined benefit assets	(132)	(145)
	<u>\$ (73)</u>	<u>161</u>
	<u>2022</u>	<u>2021</u>
Operating cost	\$ (66)	147
Operating expenses	(7)	14
	<u>\$ (73)</u>	<u>161</u>

5) The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income

The remeasurements of net defined benefit liabilities (assets) recognized in other comprehensive income were as follows:

	<u>2022</u>	<u>2021</u>
Balance at the beginning	\$ (11,821)	(4,147)
Recognized in the current period	13,370	(7,674)
Balance at the beginning	<u>\$ 1,549</u>	<u>(11,821)</u>

6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	<u>2022.12.31</u>	<u>2021.12.31</u>
Discount rate	1.500 %	0.500 %
Future salary increasing rate	3.000 %	3.000 %

The Company expects to make contributions of \$4,286 to the defined benefit plans in the next year starting from December 31, 2022.

The weighted average duration of the defined benefit plans is 6.62 years.

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7) Sensitivity analysis

The changes in main actuarial assumptions might have an impact on the present value of the defined benefit obligation as follows:

	Influences on defined benefit obligations	
	Increased	Decreased
December 31, 2022		
Discount rate decrease (increase) 0.25%	\$ 1,435	(1,404)
Future salary increasing rate increase (decrease) 0.25%	1,363	(1,341)
December 31, 2021		
Discount rate decrease (increase) 0.25%	1,896	(1,852)
Future salary increasing rate increase (decrease) 0.25%	1,789	(1,757)

There is no change in other assumptions when performing the above-mentioned sensitivity analysis. In practice, assumptions may be interactive with each other. The method used on sensitivity analysis is consistent with the calculation on the net pension liabilities.

There is no change in the method and assumptions used in the preparation of sensitivity analysis for 2022 and 2021.

(ii) Defined contribution plans

The Company set aside 6% of the contribution rate of the employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. The Company set aside a fixed amount to the Bureau of Labor Insurance without the payment of additional legal or constructive obligations.

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted for the years ended December 31, 2022 and 2021 were as follow:

	2022	2021
Operating cost	\$ 2,560	2,081
Operating expense	2,064	1,893
Total	\$ 4,624	3,974

(iii) Others

The Company paid and recognized the severance pay for the years ended December 31, 2022 and 2021 as follow:

	2022	2021
Operating cost	\$ 1,680	-
Operating expense	32	256
Total	\$ 1,712	256

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(k) Income taxes

(i) Income tax expense

The amounts of income tax for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Current tax expense		
Current period	\$ 215,753	77,906
Adjustment for prior periods	<u>(2,872)</u>	<u>(8,981)</u>
	<u>212,881</u>	<u>68,925</u>
Deferred tax expense (benefit)		
Origination and reversal of temporary differences	<u>183,601</u>	<u>78,821</u>
Income tax expense from continuing operations	<u><u>\$ 396,482</u></u>	<u><u>147,746</u></u>

The amounts of income tax expense (benefit) recognized in other comprehensive income for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	<u><u>\$ 2,674</u></u>	<u><u>(1,535)</u></u>

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2022 and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Profit before tax	<u><u>\$ 1,600,904</u></u>	<u><u>818,617</u></u>
Income tax using the Company's domestic tax rate	\$ 320,181	163,723
The income tax effects on permanent difference	36,812	5,649
Change in unrecognized temporary differences	42,361	(12,645)
Adjustment for prior periods	<u>(2,872)</u>	<u>(8,981)</u>
	<u><u>\$ 396,482</u></u>	<u><u>147,746</u></u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Company is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2022 and 2021. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Aggregate amount of temporary differences related to investments in subsidiaries	<u><u>\$ 455,012</u></u>	<u><u>408,343</u></u>

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SESODA CORPORATION
Notes to the Financial Statements

2) Recognized deferred tax assets and liabilities

Deferred Tax Assets:

	<u>Refund liability</u>	<u>Unrealized exchange loss</u>	<u>Loss on valuation of inventories</u>	<u>Impairment loss of property, plant and equipment</u>	<u>Expected credit loss</u>	<u>Total</u>
Balance at January 1, 2022	\$ -	218	30	-	-	248
Recognized in profit or loss	84	(218)	32,746	-	15,012	47,624
Balance at December 31, 2022	\$ 84	-	32,776	-	15,012	47,872
Balance at January 1, 2021	\$ 162	332	30	479	-	1,003
Recognized in profit or loss	(162)	(114)	-	(479)	-	(755)
Balance at December 31, 2021	\$ -	218	30	-	-	248

Deferred Tax Liability:

	<u>Land value increment tax</u>	<u>Investment income under equity method</u>	<u>Unrealized exchange gain</u>	<u>Defined benefit plans</u>	<u>Total</u>
Balance at January 1, 2022	\$ 166,884	338,842	-	4,734	510,460
Recognized in profit or loss	-	229,295	966	965	231,226
Recognized in other comprehensive income	-	-	-	2,674	2,674
Balance at December 31, 2022	\$ 166,884	568,137	966	8,373	744,360
Balance at January 1, 2021	\$ 166,990	261,645	-	5,294	433,929
Recognized in profit or loss	(106)	77,197	-	975	78,066
Recognized in other comprehensive income	-	-	-	(1,535)	(1,535)
Balance at December 31, 2021	\$ 166,884	338,842	-	4,734	510,460

(iii) Assessment

The Company's income tax returns for all years through 2020 were assessed by the tax authorities.

(l) Capital and other equity

As of December 31, 2022 and 2021, the total number of authorized ordinary shares were both 300,000 thousand shares, with a par value of NTD10 per share, of which, 249,002 thousand shares were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding was as follows:

(in thousand shares)	<u>Ordinary Shares</u>	
	<u>2022</u>	<u>2021</u>
Balance on January 1	249,002	228,442
Capital increase by stock dividend	-	20,560
Balance on December 31	249,002	249,002

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Notes to the Financial Statements

(i) Ordinary shares

A resolution was decided during the general meeting of the shareholders held on July 5, 2021 for a capital increase via stock dividends of 20,560 thousand shares amounting to \$205,598, with the base date set on September 4, 2021, which was approved by the FSC. All relevant registration procedures had been completed as of the reporting date.

In 2022, no stock dividends were distributed.

(ii) Capital surplus

The details of capital surplus were as follows:

	December 31, 2022	December 31, 2021
The subsidiaries acquired cash dividend from the Company	\$ 4,079	4,079
Gain on the subsidiaries sale of the Company's stock	2,379	2,379
Increase through changes in ownership interests in associates	91,152	91,152
Donation from shareholders	7,130	5,501
	\$ 104,740	103,111

In accordance with Company Act, realized capital reserves can only be reclassified as share capital or be distributed as cash dividends after offsetting against losses. The aforementioned capital reserves include share premiums and donation gains. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the actual amount of capital reserves to be reclassified under share capital shall not exceed 10% of the actual share capital amount.

(iii) Retained earnings

The Company's Article of Incorporation stipulates that the Company's net earnings should first be used to offset the prior years' deficits, if any, after paying any income taxes, of the remaining balance 10% is to be appropriated as legal reserve until the accumulated legal reserve equals the Company's capital; a special reserve should also be set aside in accordance with the relevant regulations or as requested by the authorities. Any balance left over and the beginning balance of retaining earnings shall be distributed by way of cash or stock dividends; and the ratio for all dividends shall exceed 1% of the remaining earnings. The Company's appropriations of earnings are decided in the meeting of the Board of Directors and are presented for approval in the Company's shareholders' meeting.

However, dividends issued in cash may be approved by the Board of Directors with more than two thirds of the directors' attendance, and resolved by more than half of the directors; thereafter, reported in the shareholders' meeting.

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SESODA CORPORATION
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In response to the Company's long-term development needs, the Company's capital structure and long-term financial planning were taken into consideration. Therefore, the Company formulated its dividend policy based on its operating performance and principle of balanced dividend payments. Furthermore, the proportion of cash dividend payment shall be no less than 20% of the current year's dividend, which should all be distributed in cash.

1) Legal reserve

When a company incurs no loss, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

2) Special reserve

The Company applied for exemptions granted under IFRS 1 First-time Adoption of International Financial Reporting Standards endorsed by the FSC. Upon the Company's initial adoption of the above standards, its unrealized revaluation increments and cumulative translation adjustments under shareholders' equity had been reclassified to retained earnings at the adoption date. In accordance with Ruling No. 1010012865 issued by the FSC on April 6, 2012, an increase in retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, shall be reclassified as a special reserve during earnings distribution. However, when the adjusted retained earnings, due to the first-time adoption of the IFRSs endorsed by the FSC, are insufficient for the appropriation of special reserve at the transition date, the Company may appropriate a special reserve equals the amount of increase in retained earnings. Upon the use, disposal, or reclassification of its related assets, the Company may reverse the special reserve proportionately. As of December 31, 2022 and 2021, the special reserve were \$131,649 and \$131,658, respectively.

A portion of current-period earnings and undistributed prior-period earnings shall be reclassified as a special reserve during earnings distribution. The amount to be reclassified should be equal to the difference between the total net current-period reduction of special reserve resulting from the first-time adoption of IFRSs and the carrying amount of other shareholders' equity as stated above. Similarly, a portion of undistributed prior-period earnings shall be reclassified as a special reserve (which does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the first-time adoption of IFRSs. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distributions. As of December 31, 2022 and 2021, the special reserve were \$353,847 and \$127,219, respectively.

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SESODA CORPORATION
Notes to the Financial Statements

(iv) Earnings distribution

The appropriations of earning for 2021 had been approved in Board of Directors and shareholders' meetings held on March 24, 2022. The appropriations of earning for 2020 had been approved in Board of Directors and shareholders' meetings held on March 29, 2021 and July 5, 2021. The relevant dividend distributions to shareholders were as follows:

	2021		2020	
	Amount per share (Dollars)	Total amount	Amount per share (Dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.00	498,003	0.90	205,597
Shares	-	-	0.90	205,598
Total		<u>\$ 498,003</u>		<u>411,195</u>

On March 27, 2023, the Company's Board of Directors' meeting resolved to appropriate the 2022 earnings. The earnings were appropriated as follows:

	2022	
	Amount per share (Dollars)	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 3.00	<u>747,005</u>

(v) Other equity interests, net of tax

	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2022	\$ (344,110)	(141,395)	(485,505)
Exchange differences on foreign operations	428,530	-	428,530
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(49,461)	(49,461)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(974)	(974)
Changes in subsidiaries for using equity method	-	(209)	(209)
Balance as of December 31, 2022	<u>\$ 84,420</u>	<u>(192,039)</u>	<u>(107,619)</u>

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SESODA CORPORATION
Notes to the Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2021	\$ (242,652)	(16,477)	(259,129)
Exchange differences on foreign operations	(101,568)	-	(101,568)
Exchange differences on associates accounted for using equity method	110	-	110
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(121,249)	(121,249)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(3,669)	(3,669)
Balance as of December 31, 2021	<u>\$ (344,110)</u>	<u>(141,395)</u>	<u>(485,505)</u>

(m) Earnings per share

For the years ended December 31, 2022 and 2021, the Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	2022	2021
Profit belonging to common shareholders	<u>\$ 1,204,422</u>	<u>670,871</u>
Weighted average number of outstanding shares of common stock (in thousand shares)	<u>249,002</u>	<u>249,002</u>
Basic earnings per share (in NTD)	<u>\$ 4.84</u>	<u>2.69</u>

(ii) Diluted earnings per share

	2022	2021
Profit belonging to common shareholders	<u>\$ 1,204,422</u>	<u>670,871</u>
Weighted average number of outstanding shares of common stock (in thousand shares)	249,002	249,002
Effect on potentially dilutive common stock-employee remuneration (in thousand shares)	2,795	1,250
Weighted average number of common stock (diluted) (in thousand shares)	<u>251,797</u>	<u>250,252</u>
Diluted earnings per share (in NTD)	<u>\$ 4.78</u>	<u>2.68</u>

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SESODA CORPORATION
Notes to the Financial Statements

(n) Revenue from contracts with customers

	<u>2022</u>	<u>2021</u>
Primary geographical markets:		
Taiwan	\$ 1,861,513	1,305,210
Japan	954,164	371,898
Pera	565,349	93,707
Mozambique	304,768	-
Pakistan	263,385	515,896
Other countries	<u>1,361,244</u>	<u>746,128</u>
Total	<u>\$ 5,310,423</u>	<u>3,032,839</u>

The Company was engaged in the sales of chemical products.

(o) Remuneration to employees and directors

In accordance with the articles of incorporation which was amended by shareholders' meeting on May 20, 2022, the Company should contribute 1.2% of special bonus, 4.8% of employee remuneration, and less than 2.5% of directors' remuneration when there is profit for the year. (The original articles of incorporation was to contribute 1% of special bonus, 3.5% of employee remuneration, and less than 2% of directors' remuneration.) However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit.

For the years ended December 31, 2022 and 2021, the Company estimated its employee remuneration amounting to \$83,982 and \$30,643, special bonus amounting to \$20,995 and \$8,755, and directors' remuneration amounting to \$43,741 and \$17,511, respectively. The estimated amounts mentioned above were calculated based on the net profit before tax, excluding the employee remuneration, special bonus and directors' remuneration of each period, multiplied by the percentage of employee remuneration, special bonus and directors' remuneration as specified in the Company's articles. These remunerations and bonuses were expensed under operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts stated in the parent company only financial statements are identical to those of the actual distributions for 2022 and 2021.

(p) Non operating income and expenses

(i) Interest income

	<u>2022</u>	<u>2021</u>
Interest income from bank deposits	<u>\$ 2,090</u>	<u>86</u>

(ii) Other income

	<u>2022</u>	<u>2021</u>
Rental income	\$ 50	12
Dividend income	<u>5,930</u>	<u>9,701</u>
Total	<u>\$ 5,980</u>	<u>9,713</u>

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(iii) Other gains and losses

	<u>2022</u>	<u>2021</u>
Foreign exchange gains (losses)	\$ 81,425	(9,251)
Gains on disposals of property, plant and equipment	36	1,255
Revenue from endorsement guarantee	10,058	11,576
Others	<u>10,850</u>	<u>14,816</u>
Total	<u>\$ 102,369</u>	<u>18,396</u>

(iv) Finance costs

	<u>2022</u>	<u>2021</u>
Interest expenses – bank loan	\$ (13,804)	(6,542)
Interest expenses – lease liabilities	<u>(88)</u>	<u>(83)</u>
Total	<u>\$ (13,892)</u>	<u>(6,625)</u>

(q) Financial instruments

(i) Credit risk

1) Credit risk exposure

The carrying amount of financial assets represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

For the year ended December 31, 2022 and 2021, there were 37% and 30% of the Company's account receivable balance were composed of 3 and 6 customers, respectively. In order to reduce the credit risk of accounts receivable, the Company continuously evaluated the financial position of customers, regularly assessed the possibility of collection of accounts receivables and recognized allowance losses. The impairment loss was within the manager's expectations.

3) Receivables securities

For credit risk exposure of notes and accounts receivable, please refer to note 6(c).

All of these financial assets are considered to have low risk, and thus, the impairment provision recognized during the period was limited to 12 months expected credit losses. Regarding how the financial instruments are considered to have low credit risk, please refer to note 4(f).

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SESODA CORPORATION
Notes to the Financial Statements

(ii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, including estimated interest payments.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>Over 5 years</u>
December 31, 2022						
Non-derivative financial liabilities						
Short-term loans	\$ 1,250,000	1,259,552	1,259,552	-	-	-
Accounts payable	644,895	644,895	644,895	-	-	-
Other payables	295,474	295,474	295,474	-	-	-
Other payables to related parties	3,664	3,664	3,664	-	-	-
Lease liabilities	7,310	7,372	4,741	2,037	594	-
	<u>\$ 2,201,343</u>	<u>2,210,957</u>	<u>2,208,326</u>	<u>2,037</u>	<u>594</u>	<u>-</u>
December 31, 2021						
Non-derivative financial liabilities						
Short-term loans	\$ 1,020,000	1,021,671	1,021,671	-	-	-
Accounts payable	392,771	392,771	392,771	-	-	-
Other payables	245,786	245,786	245,786	-	-	-
Other payables to related parties	3,757	3,757	3,757	-	-	-
Lease liabilities	11,884	12,002	5,920	4,840	1,242	-
	<u>\$ 1,674,198</u>	<u>1,675,987</u>	<u>1,669,905</u>	<u>4,840</u>	<u>1,242</u>	<u>-</u>

The Company does not expect the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iii) Currency risk

1) Exposure to foreign currency risk

The Company's significant exposure to foreign currency risk was as follows:

	<u>December 31, 2022</u>			<u>December 31, 2021</u>		
	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>	<u>Foreign currency (thousand dollars)</u>	<u>Exchange rate</u>	<u>NTD</u>
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 26,161	30.71	803,404	18,673	27.68	516,869
<u>Non-monetary items</u>						
CNY	30,000	4.41	132,300	30,000	4.34	130,200
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD	20,178	30.71	619,666	13,599	27.68	376,420

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SESODA CORPORATION
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2) Sensitivity analysis

The Company's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable and accounts payable that are denominated in foreign currency. A weakening (strengthening) 1 % of NTD against the USD for the years ended December 31, 2022 and 2021 would have increased (decreased) the net profit before tax by \$1,837 and \$1,404, respectively. The analysis assumes that all other variables remain constant.

The amount expressed in the functional currency of foreign exchange gains (losses) of the Company's monetary items, including the realized and unrealized portion, and the exchange rate used to translate the original amount to the Company's functional currency, NTD (also the expressed currency), were \$81,425 and \$(9,251), respectively.

(iv) Interest rate risk

Please refer to the attached note for the liquidity risk and the Company's interest rate exposure to its financial assets and liabilities.

The following sensitivity analysis is based on the exposure to the interest rate risk of derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the year. The rate of change is expressed as the interest rate increases or decreases by 1% when reporting to management internally, which also represents the Company management's assessment of the reasonably possible interest rate change.

If the interest rate increases (decreases) by 1%, the Company's net profit before tax would have decreased (increased) by \$12,500 and \$10,200 for the years ended December 31, 2022 and 2021, respectively, all other variable factors that remain constant. This is mainly due to the Company's borrowing in floating rates.

(v) Other market price risk

For the years ended December 31, 2022 and 2021, the sensitivity analyses for the changes in the securities price at the reporting date were performed using the same basis for the profit and loss as illustrated below:

Prices of securities at the reporting date	2022		2021	
	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	Income before tax
Increasing 1%	\$ <u>778</u>	<u>-</u>	<u>1,156</u>	<u>-</u>
Decreasing 1%	\$ <u>778</u>	<u>-</u>	<u>(1,156)</u>	<u>-</u>

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Notes to the Financial Statements

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

Except for the followings, carrying amount of the Company's financial assets and liabilities are valued approximately to their fair value, and are not based on observable market data and the value measurements which are not reliable. No additional fair value disclosure is required in accordance with the regulations.

	December 31, 2022				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Foreign unlisted companies' stocks	\$ <u>77,764</u>	<u>-</u>	<u>-</u>	<u>77,764</u>	<u>77,764</u>
	December 31, 2021				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income					
Foreign unlisted companies' stocks	\$ <u>115,630</u>	<u>-</u>	<u>-</u>	<u>115,630</u>	<u>115,630</u>

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

The fair value of financial assets and liabilities traded in an active market is based on the quoted market prices. The quotation, which is published by the main exchange center or that which was deemed to be a public bond by the Treasury Bureau of Central Bank, is included in the fair value of the listed securities instruments and the debt instruments in active markets with open bid.

A financial instrument is regarded as the quoted price in an active market if the quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency; and if those prices represent the actual and regularly occurring market transactions on an arm's length basis.

Except for the above-mentioned financial instruments traded in an active market, the fair value is based on the valuation techniques or the quotation from the counterparty. The fair value refers to the current fair value of the other financial instruments with similar conditions and characteristics, using a discounted cash flow analysis or other valuation techniques, such as calculations of using models (for example, applicable yield curve from Taipei Exchange, or average quoted price on interest rate of commercial paper from Reuters), based on the information acquired from the market at the balance sheet date.

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When the financial instrument of the Company is not traded in an active market, its fair value is determined as follows:

- Unquoted equity instruments: The fair value is determined based on the ratio of the quoted market price of the comparative listed company and its book value per share. Also, the fair value is discounted for its lack of liquidity in the market.

3) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income
	Unquoted equity instrument
Balance as of January 1, 2022	\$ 115,630
Total gains and losses recognized:	
In other comprehensive income	(37,515)
Disposals	(351)
Balance as of December 31, 2022	\$ 77,764
Balance as of January 1, 2021	\$ 137,068
Total gains and losses recognized:	
In other comprehensive income	(84,362)
Purchased	63,892
Disposals	(968)
Balance as of December 31, 2021	\$ 115,630

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value were “financial assets measured at fair value through other comprehensive income – equity investments”.

Most of the Company's financial instruments that use level 3 inputs to measure fair value have multiple significant unobservable inputs. There is no correlation existence among the significant unobservable inputs of equity investments that have no active markets because they were independent of each other.

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SESODA CORPORATION
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Quantified information of significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Inter-relationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable listed companies approach	·PB ratio (as of December 31, 2022 was 0.5~1.4)) ·EBITDA ratio (as of December 31, 2021 was 17.6) ·Market liquidity discount rate (as of December 31, 2022 and 2021 was both 40%)	·The higher the PB ratio, the higher the fair value ·The higher the EBITDA ratio, the higher the fair value ·The higher the market liquidity discount rate, the lower the fair value

- 5) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Company's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effect on other comprehensive income:

	<u>Inputs</u>	<u>Increase or decrease</u>	<u>Effects on changes in fair value on other comprehensive income</u>	
			<u>Favorable</u>	<u>Unfavorable</u>
December 31, 2022				
Financial assets at fair value through other comprehensive income	PB ratio	10%	\$ 7,776	(7,776)
December 31, 2021				
Financial assets at fair value through other comprehensive income	EBITDA ratio	10%	11,452	(11,452)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter relationships with another input.

(r) Financial risk management

(i) Overview

The Company has exposures to the following risks from its financial instruments:

- 1) credit risk
- 2) liquidity risk
- 3) market risk

(Continued)

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Notes to the Financial Statements

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying financial statements.

(ii) Structure of risk management

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how the supervision of the management is in compliance with the Company's risk management policies and procedures. It also reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The Board of Directors is assisted in its oversight role by an internal auditor. An internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Board of Directors.

(iii) Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments.

1) Notes and accounts receivable and other receivables

The credit risk exposure of the Company is mainly affected by the individual conditions of each customer.

The management also considers the statistical data of the Company's customer, including the default risk of the customer's industry and country, which may have an impact on credit risk.

There was significant concentration of trading partners of the Company's notes and accounts receivable on December 31, 2022 and December 31, 2021, please refer to the note 6(q).

The Company has established a credit policy. According to this policy, the Company must analyze the credit rating of each new customer individually before granting standard payment and shipping conditions and terms. If the Company can obtain an external rating and in some other cases, the bank's notes will be reviewed. The credit limit, which is regularly reviewed, is established based on individual customers and need to be approved by the Board of Directors.

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SESODA CORPORATION
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The Company monitors the credit risk of its customers according to their credit characteristics, including whether they are distributors or end users; location, industry, age, expiration date, and previous financial difficulties. The main target of the Company's notes, accounts receivable and other receivables is the Company's dealer customers. Customers who are assessed as high-risk are included in the restricted customer list and monitored by the authorized supervisor. Future sales with these customers must be based on advance receipts.

The Company regularly evaluates the losses incurred in bills, accounts receivable and other receivables. The Company has set up an allowance and impairment loss account to reflect the estimation of the losses incurred in the bills, accounts receivable and other receivables. The main components of the allowance account include specific losses with individual customers and loss estimates measured by expected credit losses during the lifetime.

2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Company's finance department. The Company only deals with banks, other external parties, corporate organizations, government agencies and financial institutions with good credit rating. The Company expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

3) Guarantees

The Company's policy is to provide financial guarantees only to subsidiaries. Please refer to note 7 for related information.

(iv) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Company's approach to manage liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company calculates its cost of products and services by using the activity-based costing, which assists in monitoring its cash flow requirements and optimizing its cash return on investments. Generally, the Company ensures that it maintains sufficient cash to meet expected operational expenses within 60 days.

(v) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

(Continued)

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The financial assets of the Company with fair value risk of interest rate changes are bank deposits; financial liabilities are long-term and short-term borrowings. The impact of changes in interest rates on the fair value of the relevant financial assets and liabilities is not significant.

(s) Capital management

The Company's policy is to keep a strong capital base in order to maintain its investors, creditors and market confidence, and to sustain future development of its business. Equity consists of common stock, capital surplus, retained earnings and other equity interest of the Company. The Board of Directors monitors the return on its capital as well as the level of dividends to its shareholders.

The Company's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2022	December 31, 2021
Total liabilities	\$ 3,198,116	2,301,298
Less: cash and cash equivalents	482,598	360,847
Net debt	\$ 2,715,518	1,940,451
Total equity	\$ 7,131,288	6,033,107
Debt-to-equity ratio	38.08 %	32.16 %

The increase in debt-to-equity ratio on December 31, 2022 was due to the Company's needs for plant construction, replacement of machinery and equipment, and operating turnover requirements, therefore, the amount of borrowings was increased to cover related expenses. Another reason for the increase in debt-to-equity ratio was due to the earnings growth in 2022 which led an increase in income tax liabilities.

(t) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2022 and 2021 were as follows:

	January 1, 2022	Cash flows	Non-cash changes			December 31, 2022
			Foreign exchange movement	Acquisition	Changes in lease payments	
Short-term borrowing	\$ 1,020,000	230,000	-	-	-	1,250,000
Lease liabilities	11,884	(5,675)	-	7,069	(5,968)	7,310
Total liabilities from financing activities	\$ 1,031,884	224,325	-	7,069	(5,968)	1,257,310

	January 1, 2021	Cash flows	Non-cash changes			December 31, 2021
			Foreign exchange movement	Acquisition	Changes in lease payments	
Short-term borrowing	\$ 620,000	400,000	-	-	-	1,020,000
Lease liabilities	2,305	(5,858)	-	15,437	-	11,884
Total liabilities from financing activities	\$ 622,305	394,142	-	15,437	-	1,031,884

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Notes to the Financial Statements

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have transactions with the Company during the periods covered in the financial statements and the Company's subsidiaries.

<u>Name of related party</u>	<u>Relationship with the Company</u>
Sesoda Steamship Corporation (SSC)	Subsidiary
YUKARI GROUP CO., LTD.	Subsidiary
Southeast Marine Globe Corporation (SMGC)	Subsidiary
Southeast Marine Transport Corporation (SMTTC)	Subsidiary
SE Bulker Corporation (SEBC)	Subsidiary
SE Marine Corporation (SEMC)	Subsidiary
SE Carrier Corporation (SECC)	Subsidiary
Zai Feng Auto Transportation Co., Ltd.	Subsidiary
SE Delta Corporation (SEDC)	Subsidiary
SE Evermore Corporation (SEEC)	Subsidiary
SE Fortune Corporation (SEFC)	Subsidiary
SE Glory Corporation (SEGC)	Subsidiary
SE Peace Corporation (SEPC)	Subsidiary
SE Royal Corporation (SERC)	Subsidiary
SE Victory Corporation (SEVC)	Subsidiary
YUN-Chen Trading Co., LTD.	Subsidiary (Note 1)
YUN SHENG INVESTMENT CO., LTD.	Subsidiary (Note 2)
Sesoda Social Welfare Foundation	Other related parties (Note 3)

(Note 1): The subsidiary was registered and established on January 28, 2022, and was dissolved on July 21, 2022.

(Note 2): The subsidiary was registered and established on February 23, 2022.

(Note 3): The foundation was established by donation from the Company and was registered and established on May 31, 2022.

(b) Significant transactions with related parties

(i) Shipping expenses

	2022	2021
Subsidiaries	<u>\$ 14,859</u>	<u>14,393</u>

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(ii) Donations

	<u>2022</u>	<u>2021</u>
Sesoda Social Welfare Foundation	\$ <u>11,000</u>	<u>-</u>

(iii) Guarantees

The Company had provided a guarantee for loans as follow:

	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Subsidiaries	\$ <u>4,935,539</u>	<u>5,307,663</u>

The Company charges 0.25%~0.5% guarantee fee to its subsidiaries, where the guarantee revenues amounted to \$10,058 and \$11,576 for the years ended December 31, 2022 and 2021, respectively.

(iv) Payables to related parties

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other payables to related parties	Subsidiaries	\$ <u>3,664</u>	<u>3,757</u>

(v) Receivables from related parties

<u>Account</u>	<u>Relationship</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Other receivables from related parties	Subsidiaries	\$ <u>13,728</u>	<u>11,451</u>

(c) Key management personnel compensation comprised:

	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$ 113,372	71,002
Post-employment benefits	1,338	649
	\$ <u>114,710</u>	<u>71,651</u>

(8) Pledged assets:

<u>Pledged assets</u>	<u>Object</u>	<u>December 31, 2022</u>	<u>December 31, 2021</u>
Property, plant and equipment			
– Land	Guarantees for long-term and short-term borrowing	\$ 678,305	678,305
– Buildings	Guarantees for long-term and short-term loans borrowing	57,381	54,985
		\$ <u>735,686</u>	<u>733,290</u>

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(9) Significant commitments and contingencies:

The Company entered into contracts with domestic and foreign vendors to purchase property, plant and equipment as follows:

	December 31, 2022	December 31, 2021
Total contract amounts	<u>\$ 346,599</u>	<u>104,759</u>
Cumulative payments	<u>\$ 234,481</u>	<u>85,507</u>

(10) Losses Due to Major Disasters: None.**(11) Subsequent Events: please refer to the note 6(l).****(12) Other:**

(a) A summary of employee benefits, depreciation, and amortization, by function, is as follows:

By item	By function	2022			2021		
		Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits							
Salary		91,262	153,146	244,408	82,660	82,913	165,573
Labor and health insurance		8,951	5,767	14,718	7,784	4,562	12,346
Pension		4,174	2,089	6,263	2,228	2,163	4,391
Remuneration of directors		-	64,890	64,890	-	40,834	40,834
Others		7,140	4,243	11,383	5,331	2,338	7,669
Depreciation		73,711	18,390	92,101	70,520	19,668	90,188
Depletion		-	-	-	-	-	-
Amortization		-	-	-	-	-	-

As of December 31, 2022 and 2021, the additional information for employee numbers and employee benefits was as follows:

	2022	2021
Employee numbers	<u>185</u>	<u>173</u>
Directors numbers without serving concurrently as employee	<u>6</u>	<u>7</u>
Average employee benefits	<u>\$ 1,546</u>	<u>1,144</u>
Average employee salaries	<u>\$ 1,365</u>	<u>997</u>
Average adjustment rate of employee salaries	<u>36.91 %</u>	
Remuneration received by supervisors	<u>\$ -</u>	<u>-</u>

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

- (i) Remuneration to directors and managers is determined by the Remuneration Committee based on their participation and contribution to the Company's operations, and also with reference to the level of the industry.
- (ii) For employee remuneration, the market competitive salary levels, reference to the same industry, the Company's overall operating performance, individual performance, and comprehensive contribution considerations are used as a bases for payment principal; and the basic salary of employees depends on their position, responsibility, and competitiveness of their position in the same industry; also, their year-end bonus is distributed based on each year's operating performance, employee contribution, and achievement of their department goal. Furthermore, the employee benefits must first comply with the applicable laws, followed by the regulation requirements of the employees.

(13) Other disclosures:

- (a) Information on significant transactions: None

The following were the information on significant transactions required by the Regulations for the Company for the year ended December 31, 2022:

- (i) Loans to other parties: None.
- (ii) Guarantees and endorsements for other parties: Please refer to schedule A.
- (iii) Securities held as of December 31, 2022 (excluding investment in subsidiaries, associates and joint ventures): Please refer to schedule B.
- (iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (v) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vi) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT\$300 million or 20% of the capital stock: None.
- (viii) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20% of the capital stock: None.
- (ix) Trading in derivative instruments: None.

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

- (b) Information on investees: Please refer to schedule C.
- (c) Information on investment in mainland China:
- (i) The names of investees in Mainland China, the main businesses and products, and other information: None.
- (ii) Limitation on investment in Mainland China: None.
- (iii) Significant transactions: None.
- (d) Major shareholders:

Shareholder's Name	Shareholding	Shares	Percentage
Zhengbang Investment Co., Ltd.		16,086,588	6.46 %
Chu Ying-Piao		12,650,048	5.08 %

(14) Segment information:

Please refers to 2022 consolidated financial statements.

Schedule A Guarantees and endorsements for other parties:

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period as of reporting date	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	7,131,288	2,576,700	1,842,600	368,520	-	25.84%	21,393,864	Y	N	N
0	The Company	SMTG	2	7,131,288	138,346	132,053	-	-	1.85%	21,393,864	Y	N	N
0	The Company	SMGC	2	7,131,288	112,770	107,485	-	-	1.51%	21,393,864	Y	N	N
0	The Company	SEBC	2	7,131,288	129,006	83,075	83,075	-	1.16%	21,393,864	Y	N	N
0	The Company	SECC	2	7,131,288	307,672	281,864	281,864	-	3.95%	21,393,864	Y	N	N
0	The Company	SEMC	2	7,131,288	254,821	228,839	228,839	-	3.21%	21,393,864	Y	N	N
0	The Company	SEDC	2	7,131,288	322,844	282,071	282,071	-	3.96%	21,393,864	Y	N	N
0	The Company	SEVC	2	7,131,288	333,387	309,437	309,437	-	4.34%	21,393,864	Y	N	N
0	The Company	SEFC	2	7,131,288	312,922	298,056	298,056	-	4.18%	21,393,864	Y	N	N
0	The Company	SEFC	2	7,131,288	382,285	313,490	313,490	-	4.40%	21,393,864	Y	N	N
0	The Company	SERC	2	7,131,288	345,153	321,167	321,167	-	4.50%	21,393,864	Y	N	N
0	The Company	SFGC	2	7,131,288	384,810	345,795	345,795	-	4.85%	21,393,864	Y	N	N
0	The Company	SEPC	2	7,131,288	419,340	389,607	389,607	-	5.46%	21,393,864	Y	N	N
						4,935,539							

Note 1: Company numbering as follows:

The Company—0

Note 2: Relationship with the Company:

1. For entities the guarantor has business transaction with.
2. For entities in which the guarantor, directly or indirectly, owned more than 50% of their shares.

Note 3: The Company's operating procedures of guarantee were as follows:

The guarantees and endorsements limit provided by The Company to other parties should not exceed 300% of its equity based on the most recent audited or reviewed financial statements by a certified accountant. The individual guarantee amount should not exceed 100% of its equity based on the most recent audited or reviewed financial statements by a certified accountant.

Schedule B. Securities held as of December 31, 2022 :

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance			Remark
				Shares/ Units	Carrying value	Percentage of ownership (%)	
E-TEQ VENTURE CO., LTD.	Stock :						
	INTEL CORPORATION	—	Current financial assets at fair value through profit or loss	2,000	1,623	0.00%	1,623
"	APOGEE Optocom CO., LTD.	—	Non-current financial assets at fair value through other comprehensive income	30,000	1,788	0.07%	1,788
	Subtotal			3,411	3,411		3,411
E-TEQ VENTURE CO., LTD.	Private Fund:						
	CMIA Digital Growth VII	—	Non-current financial assets at fair value through profit or loss	500	8,908	0.33%	8,908
SSC	Open-end Funds:						
	Schroder Asian Emerging Bond Fund Dis USD	—	Non-current financial assets at fair value through profit and loss	10,000	2,688	0.00%	2,688
"	Yuanta Investment Grade Corporate Bond Fund	—	Non-current financial assets at fair value through profit and loss	5,000	1,527	0.00%	1,527
	Subtotal			4,215	4,215		4,215
The company	Stock :						
	Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	0	77,764	15.00%	77,764
	Total						94,298

Schedule C Information on investments:

Name of investor	Name of investee	Location	Main businesses and products	The ending balance at this year	The ending balance at the beginning	Original investment amount	The ending balance at this period	Percentage of ownership	The ending balance at this period	Shares	Carrying value	Net income (losses) of investee	Investment income (losses)	Remark
The Company	SSC	Panama	Ship operation and chartering	1,428,232	1,896,792	USD 1,428,232	4,611,618	100.00%	4,611,618	10	4,611,618	934,695	934,695	Subsidiary
"	East Tender Trading Co., Ltd.	Taipei	General trade and investments	38,023	38,023	USD 38,023	40,061	100.00%	40,061	3,200,000	38,023	2,993	2,993	Subsidiary
"	SIL	BVI	Holding company	21,145	21,145	USD 21,145	(33,690)	50.00%	(33,690)	880	21,145	(62)	(31)	Subsidiary
"	East Tender Optoelectronics Co., Ltd.	Yilan	Manufacturing of thin film filter components required for optical communication	97,142	97,142	USD 97,142	290,707	34.89%	290,707	9,316,297	97,142	(17,618)	(166,422)	Subsidiary
"	Yuket Group Co., Ltd.	Taipei	Wholesale of foods and groceries, sales of drinks, operation of restaurant	89,787	89,787	USD 89,787	10,943	100.00%	10,943	2,100,000	89,787	(1,422)	(1,422)	Associate
"	E-Tai Venture Co., Ltd.	Taipei	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	115,000	115,000	USD 115,000	94,024	100.00%	94,024	10,380,000	115,000	(6,764)	(6,764)	Subsidiary
"	Yun-Chen Trading Co., Ltd	Taipei	International Trade	-	-	USD -	-	0.00%	-	-	-	(2,271)	(2,271)	Subsidiary
"	YUN SHENG INVESTMENT CO., LTD.	Taipei	Investment	30,000	-	USD 30,000	29,985	100.00%	29,985	3,000,000	-	(15)	(15)	Subsidiary
SSC	SESC	Panama	Ship operation and chartering	1,819,329	2,257,889	USD 1,819,329	5,043,648	100.00%	5,043,648	-	-	4,292	4,292	Sub-Subsidiary
"	SIL	BVI	Holding company	2,792	2,792	USD 2,792	163,954	100.00%	163,954	11	2,792	(62)	(31)	Sub-Subsidiary
"	SMGC	Panama	Ship operation and chartering	7,879	12,091	USD 7,879	32,097	50.00%	32,097	880	7,879	113,796	113,796	Sub-Subsidiary
"	SEHC	Panama	Ship operation and chartering	8,046	8,046	USD 8,046	246,310	100.00%	246,310	11	8,046	50,080	50,080	Sub-Subsidiary
"	SMTC	Panama	Ship operation and chartering	12,990	17,590	USD 12,990	298,689	100.00%	298,689	11	12,990	117,384	117,384	Sub-Subsidiary
"	SEBC	Panama	Ship operation and chartering	8,420	9,420	USD 8,420	373,932	100.00%	373,932	11	8,420	115,522	115,522	Sub-Subsidiary
"	SEAC	Panama	Ship operation and chartering	4,301	6,301	USD 4,301	137,484	100.00%	137,484	10	4,301	83,998	83,998	Sub-Subsidiary
"	SEMC	Panama	Ship operation and chartering	7,504	7,504	USD 7,504	334,178	100.00%	334,178	11	7,504	148,379	148,379	Sub-Subsidiary
"	SECC	Panama	Ship operation and chartering	8,751	8,451	USD 8,751	300,977	100.00%	300,977	11	8,751	13,878	13,878	Sub-Subsidiary
"	SEFC	Panama	Ship operation and chartering	7,761	7,761	USD 7,761	382,683	100.00%	382,683	11	7,761	5,340	5,340	Sub-Subsidiary
"	SEDC	Panama	Ship operation and chartering	9,115	8,615	USD 9,115	324,544	100.00%	324,544	11	9,115	140,100	140,100	Sub-Subsidiary
"	SEVC	Panama	Ship operation and chartering	8,428	8,828	USD 8,428	339,545	100.00%	339,545	11	8,428	(11,966)	(11,966)	Sub-Subsidiary
"	SEGC	Panama	Ship operation and chartering	8,244	7,994	USD 8,244	336,218	100.00%	336,218	11	8,244	65,542	65,542	Sub-Subsidiary
"	SEPC	Panama	Ship operation and chartering	8,311	8,311	USD 8,311	337,406	100.00%	337,406	11	8,311	109,689	109,689	Sub-Subsidiary
"	SEPC	Panama	Ship operation and chartering	11,219	11,169	USD 11,219	384,878	100.00%	384,878	11	11,219	17,092	17,092	Sub-Subsidiary
"	SSMIC	Cayman Islands	Holding company	51	44	USD 51	59	100.00%	59	-	51	9,802	9,802	Sub-Subsidiary
SSMIC	SEJC	Panama	Holding company	122,940	132,545	USD 122,940	4,799,916	100.00%	4,799,916	-	-	(230)	(230)	Sub-Subsidiary(Notes)
East Tender Trading Co., Ltd.	Zai Feng Auto Transportation Co., Ltd.	Panama	Holding company	7	6	USD 7	6	100.00%	6	-	7	982,667	982,667	Sub-Subsidiary(Notes)
	Zai Feng Auto Transportation business	Yilan	Automobile cargo transportation business	20,381	20,381	USD 20,381	18,173	100.00%	18,173	12,000	20,381	(26)	(36)	Sub-Subsidiary

(Note) The sub-subsidiary which is 100% held by the subsidiary has been established and registered. However, the funds have not been fully invested. Capital registration is handled until the funds are all in place.

6. 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. Discussion and Analysis of Financial Standing and Financial Performance and Risks

I. Financial Standing Discussion and Analysis

(1) Comparative analysis table of financial status Unit: NTD thousand

Item	Year		Difference	
	2022	2021	Amount	%
Current assets	3,861,485	2,591,857	1,269,628	48.99
Property, plant and equipment	9,472,908	8,894,391	578,517	6.50
Intangible assets	--	--	--	--
Other assets	502,183	639,788	(137,605)	(21.51)
Total assets	13,836,576	12,126,036	1,710,540	14.11
Current liabilities:	3,616,105	2,915,148	700,957	24.05
Non-current liabilities:	3,089,183	3,177,781	(88,598)	(2.79)
Total liabilities	6,705,288	6,092,929	612,359	10.05
Capital stock	2,490,017	2,490,017	--	--
Capital surplus	104,740	103,111	1,629	1.58
Retained earnings	4,644,150	3,925,484	718,666	18.31
Other equity interest	(107,619)	(485,505)	377,886	77.83
Total equity	7,131,288	6,033,107	1,098,181	18.20

(II) Description of major changes:

1. Current assets: The inventory amount increased mainly due to climbing prices of raw materials/commodities because of the Russia-Ukraine War and the year-on-year increase in the inventory in the fourth quarter.
2. Other assets: It is mainly because of the recognition of the impairment from the book value below the recoverable amount of East Tender Optoelectronics Corporation.
3. Current liabilities: It is mainly because of the increase in short-term borrowings and accounts payable for raw materials.
4. Other equities: It is mainly because of the increase in the exchange difference in the conversion of financial statements of foreign operating organizations due to the appreciation of New Taiwan Dollar.

II. Financial Performance

(1) Comparative analysis of business results

Unit: NTD Thousand

Item	Year		Amount of increase or decrease	Change (%)
	2022	2021		
Operating revenue	8,025,189	4,795,266	3,229,923	67.36
Operating costs	<u>5,177,065</u>	<u>3,229,062</u>	1,948,003	60.33
Operating margin	2,848,124	1,566,204	1,281,920	81.85
Operating Expenses	<u>1,099,600</u>	<u>752,304</u>	347,296	46.16
Operating profit	1,748,524	813,900	934,624	114.83
Non-operating income and expenses	<u>(146,859)</u>	<u>5,234</u>	(152,093)	(2,905.87)
Profit (loss) from continuing operations before tax	1,601,665	819,134	782,531	95.53
Less: Income tax expense	397,243	148,263	248,980	167.93
Net profit after tax for continuing operations	<u>1,204,422</u>	<u>670,871</u>	533,551	79.53

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

1. Operating gross profit and net profit: It is mainly due to the climbing prices of self-made products in the core chemical engineering business and the increase in the daily rent in the shipping business.
2. Operating Expenses: It is mainly due to the fact that the export sea freight cost remained high, the increase in the losses from past due accounts receivable recognized, and the increase in the remuneration to employees/directors set aside from earnings.
3. Non-operating income and expenditure: It is mainly due to the increase in the impairment loss of East Tender Optoelectronics recognized for the year.
4. Income tax expenses: Mainly due to the increase in profit.

(2) Estimated sales volume and its basis:

The Company's estimated sales volume for 2023 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:

Unit: Tons

Product type	Expected Sales Volume in 2023
Manufacturing	341,142
Trade	88,614

(III) Possible impact on the Company's future financial business and 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
955,556	1,732,791	(1,393,057)	1,295,290	0	0

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

1. Operating activity: Net cash inflow (outflow) from operating activities	1,732,791
2. Investment activity: Net cash inflow (outflow) from investing activities	(422,029)
3. Financing activities: Net cash inflows (outflows) from financing activities	(999,751)
4. Effect of exchange rate changes	<u>28,723</u>
Net cash inflow (outflow) in current year	<u>339,734</u>

※ Analysis and explanation of increase and decrease in ratios:

The increase in the cash flow ratio was mainly due to the increase the selling price of current term.

(2) Analysis of cash liquidity in the coming year

Unit: NTD Thousand

Beginning cash balance	Estimated annual net cash inflow (outflow) from operating activities	Estimated other annual cash inflows (outflows)	Cash balance (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
1,295,290	611,853	(1,796,820)	110,323	0	0

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

- (1) Operating activities: Mainly due to the estimated cash inflows of the company's profits and depreciation expenses.
 - (2) Investment activities: Mainly due to the expected capital expenditure in the core chemical engineering business and the shipping business on frequent maintenance, etc.
 - (3) Financing activities: Mainly due to expected cash dividend distribution and long-term and short-term borrowings/repayments.
2. Remedial measures and liquidity analysis for expected cash shortage: It is expected to increase the line of credit to reinforce the strength of operating turnover capabilities.

IV. Impacts of Major Capital Expenditure on Finance over Past Year

(I) Utilization of major capital expenditure and source of funding:

Unit: NTD Thousand

Plan item	Actual or expected source of funds	Actual or expected completion date	Required funds (As of 2022)	Actual use of funds			
				2019	2020	2021	2022
Calcium chloride inorganic sludge processing equipment	Own funds and bank loans	First half of 2023	68,006	5,514	11,000	33,904	17,588
Baking soda plant remodeling	Own funds and bank loans	First half of 2023	103,717			35,536	68,181
Expansion of the 5-1 product warehouse	Own funds and bank loans	First half of 2023	36,907			1,125	35,782
Construction of new No. 15 warehouse	Own funds and bank loans	Second half of 2023	28,469				28,469

(II) Expected Possible 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.

5. Reinvestment policy in the most recent year, main reasons for its profit or loss, improvement plan and investment plan for the next year

(1) 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.

(2) Main reason for profit or loss

The total investment income recognized adopting the equity method for 2022 was NTD760,763 thousand, among which is mainly the wholly-owned shipping business that rendered significantly increased operating profit as a result of the returning business.

(3) 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.

(4) 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 Evaluation of Risk Matters over Past Year up to the Date When the Annual Report was Printed

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

Item	2022
Interest expense (net)	113,880
Currency conversion benefits (net)	87,261

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 regularly locked in for ship loans to delay the impact of interest rate changes; the Company will also regularly assess the trend of financing interest rates and maintain close cooperation with various financial institutions to obtain the latest economic news, data and research reports at home and in various regions abroad. In addition to striving for preferential loan interest rates, the Company will assess the appropriate time to control its open interest rate risk by means of interest rate swaps. In addition, the investment plan will be followed, too. After an increase in the interest rate, early repayment of borrowings will occur for idle funds in order to lessen the interest burden.

- (2) 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 provide 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.

- (3) 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, 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.

- (2) Comply with the Company's operating strategy, break through the bottleneck of traditional industries, and seek opportunities for diversified chemical industry cooperation.
- (3) Capture carbon dioxide gas generated from the calcium chloride process, purify and liquefy it at high pressure for utilization in the general industry/food industry/semi-conductor industry.

Benefit: reduced carbon emissions, avoidance of carbon tax, turning waste into gold, improved corporate image

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.
- (4) 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.
- (5) 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.
Corresponding measures: 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.
- (6) 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.

- (7) 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.
- (8) Expected benefits and possible risks of plant expansion and countermeasures
1. Core chemical engineering business: Not applicable.
 2. Subsidiary shipping business:
Not applicable.
 3. Subsidiary catering business:
Not applicable.
- (9) 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: Sales revenue contributions of existing sales customers did not exceed 10% in 2022, so there is no sales concentration risk problem.
 2. Subsidiary shipping business
 - (1) Purchases: The main equipment parts and consumable suppliers 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) Purchases: 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.
 - (3) Sales: Most of the Company's sales targets are general consumers, so there is no concentration of sales. COVID-19 is the only factor that will restrict the number of dining-in customers.
Countermeasures:
The Company is proactively developing take-out Japanese set meals, which will help maintain the revenue and reputation, while at the same time reaching out to those who like to like at home.
- (10) 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.
- (11) 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.

- (12) 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.

- (13) Other important risks and countermeasures: None.

- (14) Information security and network risk assessment

The Company particularly cares about information security protection, with the firewall and multiple internal control systems in place to better prepare the Company against external attacks. Comprehensive information security control is imposed, including personal computers and servers, which are all installed with the antivirus system and necessary information backup copies are available. Meanwhile, information security educational trainings are provided from time to time to help communicate information security to employees and realize reinforced 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. There are the annual disaster recover drills, too, to ensure fulfillment of the expected target time to system recovery.

To cope with the constant external changes, the Company will continue to adjust its information security protection and management approaches that help ensure resilience of information service and reduce impacts on business operation.

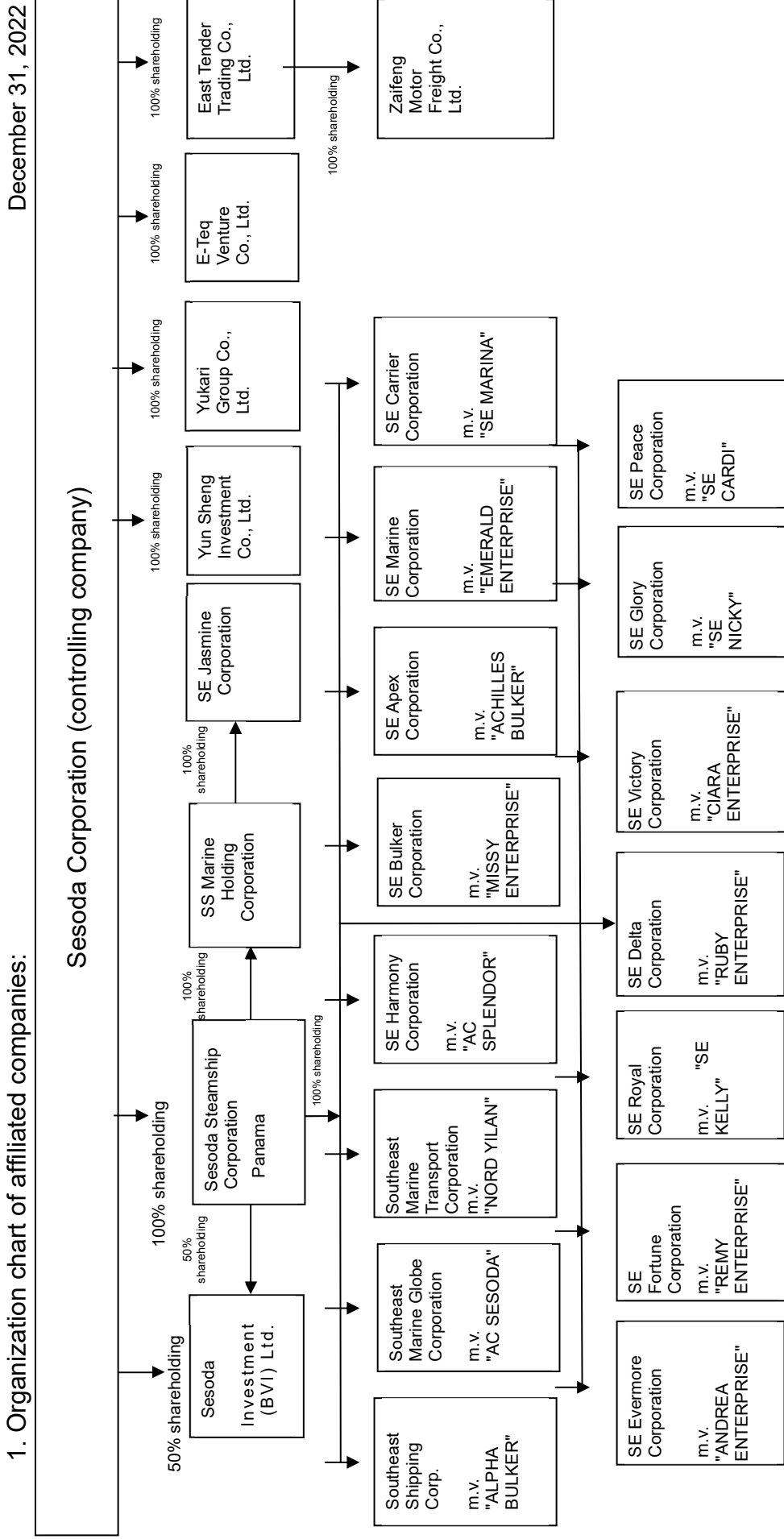
7. Other important matters: None

Eight. Special Notes

1. Related information of affiliated companies:

(1) Affiliated business merger report

1. Organization chart of affiliated companies:



2. Basic information of each affiliated company:

December 31, 2022

Units: NTD Thousand; USD thousand

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
East Tender Trading Co., Ltd.	1984.05.09	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan	NTD32,000	General import and export trade
Yukari Group Co., Ltd.	2012.09.19	1F, No. 9, Lane 160, Yanji Street, Da'an District, Taipei City	NTD21,000	Catering business
E-Teq Venture Co., Ltd.	2015.12.02	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan	NTD103,800	Investment business
Yun Sheng Investment Co., Ltd.	2022.02.23	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan	NTD30,000	Investment business
Sesoda Steamship Corporation	1995.11.21	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SS Marine Holding Corporation	2015.10.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Cayman Islands)	Share capital collected in advance USD51	Overseas investment holding company
Southeast Shipping Corp.	2005.08.10	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD22	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)	USD11	Bulk carrier shipping
SE Bulker Corporation	2011.03.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Apex Corporation	2012.06.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Marine Corporation	2013.02.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Carrier Corporation	2013.02.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping

December 31, 2022

Units: NTD Thousand; USD thousand

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
SE Evermore Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Fortune Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Royal Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Delta Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Glory Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Peace Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Victory Corporation	2014.03.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Jasmine Corporation	2015.10.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	Share capital collected in advance USD7	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 of directors, supervisors and presidents of affiliated companies

Unit: Shares December 31, 2022

Enterprise Name	Title	Name or representative	Number of shares held		Note
			Shares	Percentage of shareholding	
East Tender Trading Co., Ltd. (Note 1)	Chairman/General Manager Director Director Supervisor	Chen Jung-Yuan Huang Chih-Cheng Liu Chih-Yung 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
Yun Sheng Investment Co., Ltd. (Note 1)	Chairman Supervisor	Chen Cheng-Te Lin Hung-Chung	3,000,000	100%	Representative of Sesoda Corporation
Sesoda Steamship Corporation(Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Representative of Sesoda Corporation
SS Marine Holding Corporation(Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	(Note 2)	100%	Sesoda Steamship Corporation Representative
Southeast Shipping Corp.(Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
Southeast Marine Transport Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
Southeast Marine Globe Corporation(Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Harmony Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Bulker Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Apex Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative

Unit: Shares December 31, 2022

Enterprise Name	Title	Name or representative	Number of shares held		Note
			Shares	Percentage of shareholding	
SE Marine Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Carrier Corporation (Note 1)	Director/General Manager	Chen Kai-Yuan	11	100%	Sesoda Steamship Corporation

	Director Director	Chen Jung-Yuan Wu Chung-Li			Representative
SE Evermore Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Fortune Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Royal Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Delta Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Glory Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Peace Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Victory Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Jasmine Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	(Note 2)	100%	SS Marine Holding Corporation Representative:
Sesoda Investment (BVI) Ltd.(Note 1)	Director/General Manager Director Director	Chen Kai-Yuan Chen Jung-Yuan Wu Chung-Li	1,760	100%	Representative of Sesoda Corporation
Zaifeng motor freight Co., Ltd. (note 1)	Chairman/General Manager Director Director Supervisor	Chen Hsin-Hung Huang Chih-Cheng Liu Chih-Yung Lin Hung-Chung	12,000	100%	East Tender Trading Co., Ltd. Representative:

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

2. Among the prepaid shares of SS Marine Holding Corporation and SE Jasmine Corporation, the investment has not been completed yet.

6. Overview of Operations of Affiliated Companies

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	56,628	16,567	40,061	--	(247)	2,993	0.94
Yukari Group Co., Ltd.	21,000	29,168	18,225	10,943	52,581	(1,259)	(1,422)	(0.68)
E-Teq Venture Co., Ltd.	103,800	94,476	452	94,024	--	(2,972)	(6,764)	(0.65)
Yun Chen Trading Co., Ltd.	--	--	--	--	1,927	(2,273)	(2,271)	--
Yun Sheng Investment Co., Ltd.	30,000	29,985	--	29,985	--	(47)	(15)	--
Sesoda Steamship Corporation	312	5,086,786	475,168	4,611,618	--	(33,737)	934,695	93,469,495.80
Southeast Shipping Corp.	722	194,620	30,666	163,954	104,786	4,767	4,292	390,152.36
Southeast Marine Transport Corporation	344	449,957	76,025	373,932	214,439	112,941	117,384	10,671,234.64
Southeast Marine Globe Corporation	352	321,601	75,291	246,310	217,253	110,964	113,796	10,345,126.64
SE Harmony Corporation	344	326,607	27,918	298,689	186,845	48,375	50,080	4,552,715.18
SE Bulker Corporation	325	612,932	118,200	494,732	221,944	110,716	115,522	10,501,974.82
SE Apex Corporation	300	204,661	67,177	137,484	205,237	89,891	83,998	8,399,813.70
SE Marine Corporation	338	579,864	245,686	334,178	264,381	154,418	148,379	13,488,994.45
SE Carrier Corporation	336	614,954	302,724	312,230	145,683	30,767	13,878	1,261,684.64
SE Evermore Corporation	343	614,961	313,984	300,977	110,704	12,435	5,340	485,526.55
SE Fortune Corporation	338	712,038	329,355	382,683	237,568	140,134	140,100	12,736,424.82
SE Royal Corporation	337	669,379	344,835	324,544	92,618	(1,322)	(11,966)	(1,087,880.55)
SE Delta Corporation	346	636,071	296,526	339,545	189,687	77,006	65,542	5,958,426

SE Victory Corporation	339	679,822	343,604	336,218	220,815	112,116	109,689	9,971,719.64
SE Glory Corporation	339	705,409	368,003	337,406	129,179	21,107	17,092	1,553,753.91
SE Peace Corporation	332	805,585	420,707	384,878	121,479	20,219	9,802	891,068.82
Sesoda Investment (BVI) Ltd.	51	861	22	839	--	(62)	(62)	(35.45)
SS Marine Holding Corporation	--	81	22	59	--	(194)	(230)	--
Zaifeng Motor Freight Co., Ltd.	12,000	20,274	2,101	18,173	14,859	998	1,277	106.44
SE Jasmine Corporation	--	--	22	(22)	--	(36)	(36)	--

(2) Consolidated statements of related companies:

Please refer to Item 5 of foregoing "VI. Financial Overview" (The consolidated financial statements of the parent company and subsidiaries audited and certified by CPAs for 2022.)

(3) Relationship report: None.

2. Handling of privately placed securities in the most recent year and as of the date of publication of the annual report: None.

3. 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.

4. Other necessary supplementary explanations: None

Nine. Events with Significant Impacts

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.