Stock code: 1708

Sesoda Corporation

2020Annual Report

SESODA

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Headquarters: Sesoda Corporation

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

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

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

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

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

Stock transfer agency: Transfer Agency Dept., CTBC Bank

Address: 5F No. 83, Sec. 1, Chongqing S. Road, Taipei City, Taiwan

Tel.: (02) 6636-5566

URL: https://ecorp.chinatrust.com.tw/cts/index.jsp

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

CPA firm: KPMG Taiwan

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

Tel.: (02) 8101-6666

URL: http://www.kpmg.com.tw

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

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

Address of the Company's website: http://www.sesoda.com.tw

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One. Letter to Shareholders

Business Report of 2020

I. 2020 was an unprecedented year: With the spread of COVID-19 all over the world, the global market, society and politics, and people's behavior patterns and work styles were all dominated by the pandemic. The first shock of the virus occurred from March to May, when countries closed their cities and locked-down their countries in succession, leading to the collapse of the financial market and the overall contraction of the economy. Overall speaking, Taiwan was much less impacted than many other countries, but the manufacturing industry closed down or reduced production lines, and the downstream export customers were greatly impacted by the economic downturn and sluggish demand. Another wave of the pandemic swept Europe and the United States in the fall, but later the financial market was encouraged by the news of vaccine development and the support of monetary easing policies in various countries which shed a dim light on global economic recovery. The poor industry situation continued until the end of the year. With the announcement of the availability of vaccines, the market has gradually improved; it is expected that the global economy will finally see the light at the end of 2021, the industries of our customers will gradually return to the right track, and the price and overall sales will also gradually improve.

(I) Business Plan Implementation Results and Budget Implementation Status

The net consolidated operating income of the Company in 2020 was NT$4,034,992 thousand, with a budget achievement rate of 91%, which was NT$308,176 thousand less than that in 2019; the net consolidated operating profit was NT$254,328 thousand, with a budget achievement rate of 58%, which was NT$195,146 thousand less than that in 2019; the net consolidated profit in the current period was NT$174,129 thousand, with a budget achievement rate of 69%, which was NT$100,512 thousand less than that in 2019; the earnings per share after tax was NT$0.76.

Affected by the pandemic, the various basic chemical raw material markets were under great pressure in the first half of the year due to the sluggish demand of downstream customers and the market; the raw material suppliers failed to effectively relieve the inventory pressure, causing the prices repeatedly hit new lows; the competitors also cut prices to compete, which had a great impact on the business turnover and profitability of the Company. Later, due to the closure of ports and cities around the world, goods could not get in and get out at one time. With the gradual recovery of purchasing power in the fourth quarter, the rise of ocean freight worsened the situation, and the continuous rise of the price of chemical raw materials presented a further challenge.

The domestic market, as a whole, could not get rid of the malicious price competition. Although the Company tried to maintain the market share of its main products, its profit was severely impacted. On the export of potassium sulfate, the global container traffic was not smooth due to the impact of the pandemic, and there was a shortage of containers in many regions. Therefore, the shipping freight soared to a 10-year high since October, causing a huge impact on our sales. Originally, there was only a rise in the ocean route shipping freight and containers were hard to obtain, but later it spread to near-ocean routes. The export demand for the Company's potassium sulfate was stable in the first half of 2020, but the rising freight rate later was unfavorable to the price competition and had a great impact on the profit. Taiwan's annual export volume of potassium sulfate exceeded 179,000 tons in 2020, an increase of 12.7% compared with that in 2019 (the Company's sales volume grew by nearly 27%).The annual export volume of potassium sulfate of mainland China in 2020 was 375,000 tons, an increase of nearly 16% compared with that in 2019.

Shipping business of the Company’s subsidiary: The shipping industry was affected by the Sino US trade war in 2020, as well as the closure of many cities around the world by COVID-19 which caused a sharp drop in the demand for international freight. In 2020, the Group's shipping business managed to maintain the whole fleet for hire. However, due to the closure of many ports in various countries, an increase in the cost of crew rotation due to contract expiration, and a sharp increase in the cost of quarantine and pandemic prevention, the time and cost of regular ship maintenance were extended as a result, which made the operation of the shipping industry difficult in 2020, and the profit dropped by nearly 60%.The Lightweight Shipping Index declined until the second half of 2020, and then rose sharply in February 2021 due to the return of demand that caused the freight rate to soar. Since the beginning of the year, the Lightweight Shipping Index has risen nearly 100%. It is expected that the shipping industry will have a better performance in 2021.

Catering business of the Company’s subsidiary: The expansion of restaurants was slightly delayed in the first half of 2020 due to the impact of the pandemic, and the catering business as a whole was greatly affected by the pandemic in the first half of the year. Fortunately, the pandemic situation in Taiwan was under continuous control. In the second half of the year, the star sushi restaurant and the recently expanded Japanese-style hot pot restaurant set a new revenue record during the difficult period of the pandemic.

(II) Analysis of financial revenue and expenditure and profitability

1. Revenues and expenses

Unit: NTD Thousand

Item	2020	2019	Increase
Operating revenue	4,034,992	4,343,168	(308,176)
Operating costs	3,197,912	3,324,057	(126,145)
Operating profit	254,328	449,474	(195,146)
Net profit for the period	174,129	274,641	(100,512)

2. Profitability analysis

Item	2020	2019
Return on assets	2%	4%
Return on equity	3%	5%
Net profit before tax to paid-in capital	8%	15%
Net profit margin	4%	6%
Earnings per share (NT Dollars)	0.76	1.20

(III) Research and development status

1. Core Industrial Chemical Business

A. In order to effectively manage and control the production process and improve the efficiency, the construction and collection of big data was implemented at the Su'ao General Plant to improve the combustion efficiency of heavy oil in the potassium sulfate production process, and oxygen/combustible gas detection and control as well as heavy oil flowmeter and liquid-level radar wave were added for the combustion and emission of exhaust gas; these have effectively improved fuel efficiency, reduced oil consumption and reduced costs. The other improvements include equipment vacuum degree monitoring and real-time photographic monitoring for the environment which can effectively supervise environmental protection and industrial safety.

B. The granular potassium sulfate is sprayed with the outer coating agent to prevent the granular potassium sulfate product from being powdered due to external forces such as transportation, packaging, stacking, etc.; and some processes have been improved to reduce the powder content of the product. The customer has reflected that it has effectively improved the delivery quality of granular potassium sulfate.

C. Considering the consumption trend of granular potassium sulfate in the international market, the Company is engaged in the R&D of round-shaped granular potassium sulfate to expand the sales volume.

D. In response to market demand, the Company plans to develop potassium-containing fertilizers.

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 take its competitors' shares, effectively improve sales and consolidate its market share.

On the export market of potassium sulfate, in addition to the strong price competition due to its cancellation of export tariffs on related products, mainland China implemented export tax rebate for fertilizer products on December 1, 2020 which will benefit manufacturers and exporters of fertilizers including potassium sulfate, and their prices are expected to be more favorable. In addition to adjusting production according to market demand, the Company will more actively promote the order receiving of bulk containers in order to mitigate the impact of high container freight, and develop new packaging methods conducive to price competition; meanwhile, it will continue to focus on R&D meet the different needs of customers. Our overall product strategy is diversified and aims to provide customers with more comprehensive services. In addition, the Company's potassium sulphate product has obtained the "Chemical Registration, Evaluation, License and Restriction" certification from EU REACH in October 2020, which will be conducive to the development of the European market.

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

Unit: Tons

Product type	Estimated production/purchase quantity	Estimated sales quantity
Manufacturing	324,813	315,766
Trading	84,759	92,173
Total	409,572	407,939

Shipping business: At the beginning of 2021, the shipping index has risen sharply due to the global expectation that COVID-19 vaccines will be effective and the US economic stimulus plan will pass. The shipping industry will not only grasp the time for contract renewal to lock in leases with better freight rates, but will also simultaneously strengthen the control of operating costs, so as to achieve better results in 2021.

Catering business: The focus will continue to be on the development of self-owned brands; in addition to maintaining the catering quality of the season, we will enhance the dining experience and take care of different customers and provide flexible diet adjustment service, so as to differentiate our business from our competitors and create a different kind of dining enjoyment.

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

In the chemical industry as our base, in response to the increasing demand for granular potassium sulfate from customers, we are continuing to expand our production capacity. At the beginning of 2021, we also started to invite professional consultants to assist our Su'ao General Plant on the ISO45001 and ISO14001 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 the shipping industry, we continue to comply with international laws and regulations to keep our fleet in compliance with the latest environmental and safety requirements. In addition, we adjust and control operating costs in response to the impact of the overall operating environment.

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

Regarding the regulatory environment, the Executive Yuan actively promotes the revision of the Company Act in order to provide a friendly innovation and entrepreneurial environment, strengthen corporate governance, enhance shareholder rights, increase business flexibility, efficiency and electronic management systems, and comply with international anti-money laundering regulations, and the Company will continue to track related issues. There are still many variables in the global economy. We are ready in every respect of our operations and hope to obtain better operating results to provide in return to shareholders. Finally, I would like to express my deep gratitude to all shareholders, directors, and all colleagues for their support, and I wish you all good health and all the best.

Sesoda Corporation

Chairman Chen Jung-Yuan

Two. Company Profile

I. Date Established

(I) Date Established: March 2, 1957

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

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

Fax: (02) 2704-3380

Paid-in capital: NTD 2,284,418,810

(III) Core Industrial Chemical Business

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

Tel.: (03) 990-5121 (Representative)

Fax: (03) 990-3235

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

Tel.: (04) 798-8931

Fax: (04) 798-8933

Taichung Plant: No. 12, Gong 10th Road, Youshi Industrial Zone, Dajia District, Taichung City

Tel.: (04) 2681-6685

Fax: (04) 2681-6686

(IV) Shipping business: Sesoda Steamship Corporation

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

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

Fax: (02) 2704-3380

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

1st Floor, No. 9, Lane 160, Yanji Street, Taipei

Tel.: (02) 2751-9828

Fax: (02) 2751-2528

II. Company History

- 1957

Sesoda Corporation was formally established with soda ash as its first product.

- 1959

Began producing sodium bicarbonate.

- 1971

1. Started the production of ammonium powder.
2. Introduced German Zahn Company's technology to produce potassium sulfate 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 purchased the bulk carrier m/v "Southeast Alaska".

- 1996

Obtained ISO-9002/CNS-12682 certification.

- 1997

1. Established Changhua Plant.

2. Invested in International Network Capital Corporation

- 1998

Obtained ISO-14001 certification.

- 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. Increased storage capacity and expanded Changhua Plant.
2. The first set of granular potassium sulfate production line was built in Su’ao General 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 sets of granular potassium sulfate production lines.

- 2007

1. Disposed of the bulk carrier m.v. ”Mount Baker”.
2. Reduced 25% capital by cash and the paid-in capital was NT$1.578 billion.

3. Invested in China Hebei Oxen New Materials Co., Ltd.

4. Expanded storage capacity and established Taichung Plant.

• 2008

Expanded the fifth and sixth granular SOP production lines.

• 2009

1. Completed the expansion of the seventh and eighth granular potassium sulfate production lines.

2. A 28,050 DWT bulk carrier was ordered which would be delivered in November 2010.

• 2010

1. Purchased the 28,306 DWT bulk carrier m.v. "Ansac Sesoda".

2. Purchased the 32,739 DWT bulk carrier m.v. "Ansac Splendor".

3. The new 28,191 DWT bulk carrier m.v. "Nord Yilan" was delivered.

• 2011

1. Renamed m.v. “Crystal Ocean” as m. v. “Alpha Bulker”

2. Ordered a 32,600 DWT bulk carrier which would be delivered in the second half of 2013.

3. Complete the expansion of the ninth and tenth sets of potassium sulfate production lines.

• 2012

1. Purchased the 32,729 DWT bulk carrier m. v. "Achilles Bulker".

2. East Tender Optoelectronics Corp. completed its initial public offering.

• 2013

1. Ordered two 33,000 DWT bulk carriers which were expected to be delivered before the end of November 2015 and the end of March 2016.

2. The newly built 32,706 DWT bulk carrier m. v. "Ansac Enterprise" was delivered.

3. Invested in China Qingdao Alkali Potash Technology Co., Ltd.

- 2014
    1. Ordered seven 33,000~38,000 DWT bulk carriers.
    2. East Tender Optoelectronics Corp. completed its capital reduction of NT$70 million in cash.
    3. Invested in Yukari Group Co., Ltd.
- 2015
    1. Completed the expansion of the 11th and 12th sets of potassium sulfate production lines.
    2. Eight sets of potassium sulfate production lines of China Qingdao Alkali Potash Technology Co., Ltd. were completed.
    3. East Tender Optoelectronics Corp. cancelled its public offering of shares.
    4. Hebei Oke Chemical completed its listing on the New Third Board.
    5. The newly built 33,199 DWT bulk carrier m. v. "Emerald Enterprise" was delivered.
    6. Invested in E-TEQ VENTURE CO., LTD.
- 2016
    1. Completed the expansion of the ninth and tenth granular potassium sulfate production lines.
    2. East Tender Optoelectronics Corp. completed its public offering of shares and the registration on the Taipei Exchange.
    3. The newly built 33,415 DWT bulk carrier m. v. "Ruby Enterprise" was delivered.
- 2017
    1. The Company marked its 60th anniversary.
    2. The newly built 34,552 DWT bulk carrier m. v. “Andrea Enterprise” was delivered.
    3. Launched expansion of the thirteenth and fourteenth SOP production lines with expected completion and start of production in 2018.
    4. Took delivery of newly built 33,428 DWT bulk carrier m. v. "CIARA ENTERPRISE."
    5. Took delivery of newly built 33,173 DWT bulk carrier m. v. "SE MARINA."
- 2018

1. Took delivery of newly built 38,000 DWT bulk carrier m. v. "SE KELLY" and its sister ship m. v. “SE NICKY.”
2. Yukari Group's 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. Qian An He Restaurant won the one-star rating of "Michelin Guide Taipei" in 2019.

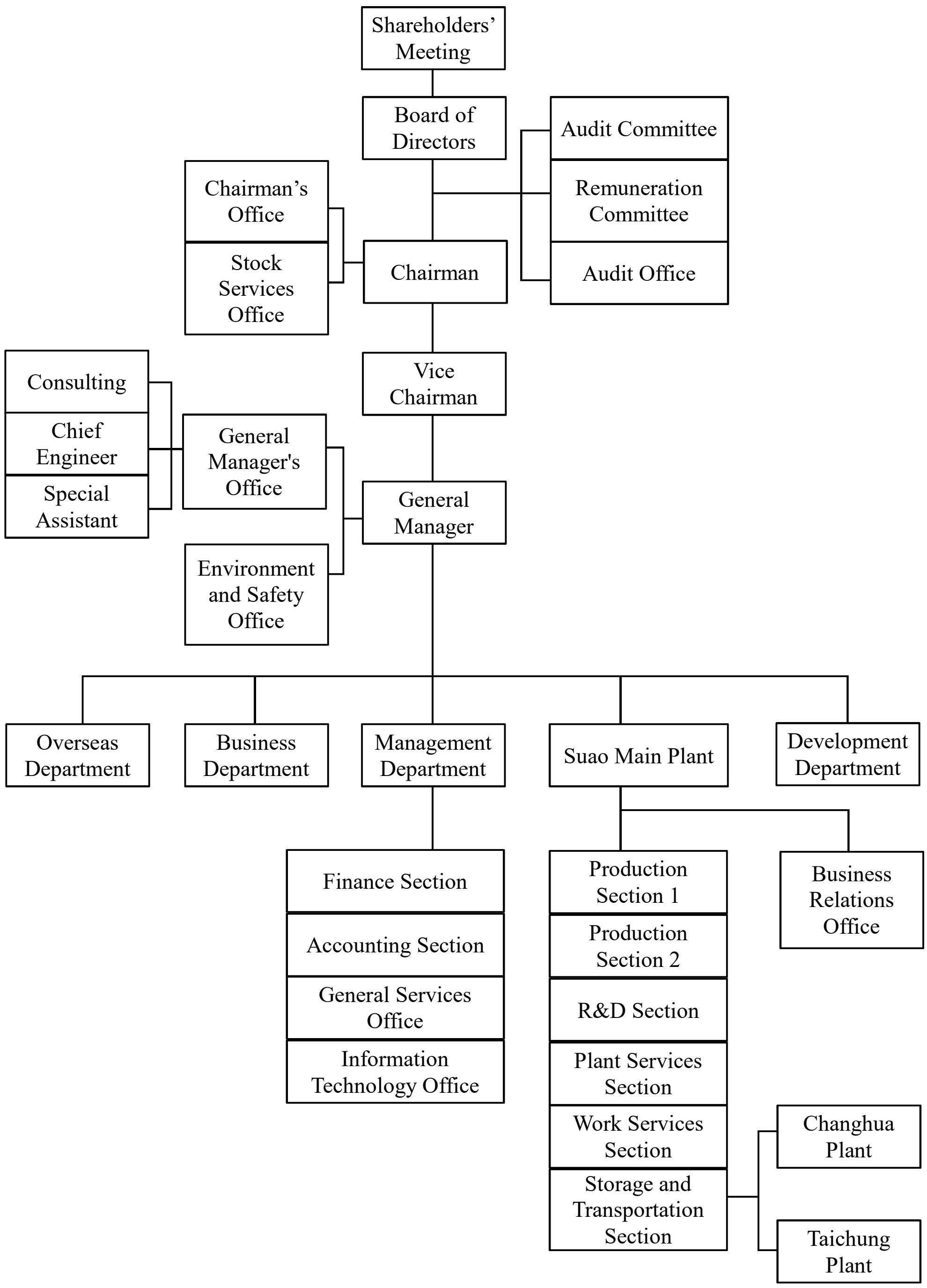
• 2020

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

III. Corporate Governance Report

I. Organization System

(I) Organizational Structure



(II) Business of Each Major Department

1. 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.
2. 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.
3. Audit Office:
   (1) Check the internal control system, self-assessment operations, establishment, implementation and review of rules and regulations.
   (2) Check the performance of each department and make reports.
4. Stock Services Office:
   (1) Preparatory arrangements for the shareholders' meetings
   (2) Preparatory arrangements for the board of directors and the compilation and review of meeting handbooks.
   (3) 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.

5. Business Department:
    (1) Domestic business production and sales planning, market research, formulation and implementation of sales strategies.
    (2) Product sales, account processing, after-sales service.
    (3) Responsible for long-term domestic sales business goals and product development planning.
    (4) Formulate marketing strategies and push forward based on domestic market information.
    (5) Develop domestic sales of new products and new customers.
    (6) Regularly review sales strategies and market responsiveness.
6. Foreign Department:
    (1) Comprehensive management of all businesses related to export and external purchase.
    (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.
7. 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.
8. 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.

9. Development Department:
(1) Develop new business for the Company, be responsible for evaluation, and assist in establishment.
(2) Support the establishment and development of new business organizations and the formulation of operating policies.
(3) Collect various industry information and establish an industry database to address the 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, the President, Vice Presidents, Senior Managers and Heads of Various Departments and Branches

(I) Director

1. Information of Directors

March 27, 2021

Title (Note 1)	Nationality or place of registration	Name	Gender	Date appointed (took office)	Term of office	Date first appointed (Note 2)	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 3)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 4)
							Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
Chairman	Republic of China Republic of China	Zhengbang Investment Co., Ltd. Representative: Chen Rong-Yuan	Male	2018.6.8.	2018.6.8 - 2021.6.7	2009.5.22. 2015.5.14.	13,014,408	6.46%	14,758,338 6,330	6.46% 0	0 484	0 0	0 0	0 0	Master's degree, Florida Institute of Technology	Chairman/General Manager of East Tender Trading Co., Ltd. Director, Hebei Oxen Special Chemicals Co.	--	--	--	
Vice Chairman	Republic of China, United States	Sincere Industrial Corporation Representative: Chen Cheng-Te	Male	2018.6.8.	2018.6.8 - 2021.6.7	1994.4.21. 2009.05.22	3,021,097	1.50%	3,425,923	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 of E-Teq Venture Co., Ltd.	Director Director	Chen Kai-Yuan Chen Li-Te	Father and son Brothers	
Director	Republic of China Republic of China	Sincere Industrial Corporation Representative: Chen Kai-Yuen	Male	2018.6.8.	2018.6.8 - 2021.6.7	1994.4.21. 1979.3.30.	3,021,097	1.50%	3,425,923	1.50%	0	0	0	0	Department of Industrial Engineering, Chung Yuan Christian University	Director, Sincere Industrial Corporation Sesoda Steamship Corporation Director/President Sesoda Investment (BVI) Ltd. Director/President	Director Director	Chen Li-Te Chen Cheng-Te	Father and son Father and son	
Director	Republic of China United States	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	Male	2018.6.8.	2018.6.8 - 2021.6.7	2009.5.22. 2006.5.12.	13,014,408	6.46%	14,758,338	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-Te	Father and son Brothers	

Title (Note 1)	Nationality or place of registration	Name	Gender	Date appointed (took office)	Term of office	Date first appointed (Note 2)	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 3)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 4)
							Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
Director	Republic of China Republic of China	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Lee	Male	2018.6.8.	2018.6.8 - 2021.6.7	2009.5.22. 1982.3.31.	3,381,243	1.68%	4,017,929 3,929,541	1.68% 1.72%	0 786,160	0 0.34%	0 0	0 0	Department of Business Administration, Chu Hai College of Higher Education, Hong Kong	Director, Teh-Hu Cargocean Management Company Limited	--	--	--	
Director	Republic of China Republic of China	Zhifu Investment Co., Ltd. Representative: Chao Hsin-Jung	Male	2018.6.8.	2018.6.8 - 2021.6.7	2006.5.12. 2016.1.1.	9,543,182	4.74%	10,821,968	4.74%	0	0	0	0	Babson College of Business, United States	Executive Director, Qiaotaixing Investment Co., Ltd Sequel Technology, INC. Executive Director and General Manager Director, Chang Jia Mechanical and Electrical Engineering Corp. Director, Honolulu Chain Food & Beverage Co., Ltd. Director, Yuezhi Investment Co., Ltd. Director, Youqiantu Ltd.	--	--	--	
Director	Republic of China Singapore	Sincere Industrial Corporation Representative: Chu Yuan-Hua	Male	2018.6.8.	2018.6.8 - 2021.6.7	1994.4.21. 2018.6.8.	3,021,097	1.50%	3,425,923	1.50%	0	0	0	0	MBA, Holy Names University, United States	Chairman of Junhui International (Longan) Co., Ltd. Executive Director, Junhui Enterprise Textile & Garment (Kunshan) Co., Ltd. Director, Junhui Holdings (Singapore) Limited Director, Daxing Textile Pte Ltd. Supervisor of Fengshun International Co., Ltd.	--	--	--	

Title (Note 1)	Nationality or place of registration	Name	Gender	Date appointed (took office)	Term of office	Date first appointed (Note 2)	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 3)	Office(s) Concurrently Held in the Company and Other Companies	Spouse or relatives within the second degree of kinship or closer acting as other supervisors, directors, or supervisors			Remarks (Note 4)
							Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership			Title	Name	Relationship with the Company	
Independent Director	Republic of China	Po-Hsin Wang	Male	2018.6.8.	2018.6.8 - 2021.6.7	2018.6.8.	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, Microtips Technology Inc. Vice Chairman of FCC Partners (Taipei) Inc. Director, Taiwan Mergers &Acquisitions and Private Equity Council Chairman of Extreme Education Consulting Co., Ltd. Chairman of Lingtao Xinchuang Co., Ltd.	--	--	--	
Independent Director	Republic of China	Tsao Ming	Male	2018.6.8.	2018.6.8 - 2021.6.7	2015.5.14.	0	0	0	0	0	0	0	0	Master of Advanced Business Administration, National Sun Yat-sen University	Director/President of Formosa Petrochemical Corporation Chairman of Formosa Oil (Asia Pacific) Corporation Chairman of Idemitsu Formosa Specialty Chemicals Corporation Chairman of Kraton Formosa Polymers Corporation General Manager of Mai-Liao Power Corporation	--	--	--	
Independent Director	Republic of China	Chen Pei-Chun	Female	2018.6.8.	2018.6.8 - 2021.6.7	2018.6.8.	0	0	0	0	0	0	0	0	EMBA, National Chengchi University	Partner, Hengsheng Law Firm	--	--	--	

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: It shall show when did he/she assume position of director or supervisor for the first time. If it is discontinuous, it shall be described in a note.

Note 3: 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 4: 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 27, 2021

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 (9.6%), 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%
Zhifu Investment Co., Ltd.	Chao Fang Ching Chen (84%), Hsia Ling-wen (16%)
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 and the ratio of capital contribution or donation.

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

March 27, 2021

Juridical person name (Note 1)	Major shareholders of the juridical person (Note 2)
Wintex Limited 100%	Mega Fortune Overseas Holdings 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. Whether the directors meet the independence criteria

Compliance of director information with the independence criteria (note 2)

Terms / Name	Has at least five years of relevant working experience and the following professional qualifications															Number of other public companies where he/she concurrently serves as an independent director
	Lecturer or above in a department related to business, legal affairs, finance, accounting or area related to the Company's business at a public or private college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience required for business, legal affairs, finance, accounting, or Company business	1	2	3	4	5	6	7	8	9	10	11	12	
Chen Kai-Yuan			V	V	--	V	V	--	V	V	V	V	--	V	--	0
Wu Chung-Li			V	V	--	--	V	V	V	V	V	V	V	V	--	0
Chen Li-Te			V	V	--	V	V	--	V	V	V	V	--	V	--	0
Chen Cheng-Te			V	V	--	V	V	--	V	V	V	V	--	V	--	0
Chao Hsin-Jung			V	V	--	V	V	--	V	V	V	V	V	V	--	0
Chu Yuan-Hua			V	V	--	V	--	--	V	V	V	V	V	V	--	0
Chen Jung-Yuan	V	V	V	V	--	V	V	--	V	V	V	V	V	V	--	0
Tsao Ming			V	V	V	V	V	V	V	V	V	V	V	V	V	0
Wang Po-Hsin	V		V	V	V	V	V	V	V	V	V	V	V	V	V	1
Chen Pei-Chun		V	V	V	V	V	V	V	V	V	V	V	V	V	V	0

Note 1: The number of fields can be adjusted based on the actual need.

Note 2: If the director or supervisor meets the following conditions in the two years before their election and during the term of office, please mark "✓" in the space below each condition 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) The director or supervisor has no spouse or second-tier relative relationship with other directors.

(11) There are no such circumstances as in Article 30 of the Company Act.

(12) The director or supervisor is not a government agency, a legal person or their representative as stipulated in Article 27 of the Company Act.

(II) Information of the President, Vice Presidents, Senior Managers and Heads of Various Departments and Branches

March 27, 2021

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		Major Experience (Academic Background) (Note 2)	Office(s) Concurrently Held in Other Companies	Spouse or relatives within the second degree of kinship or closer acting as managerial officers			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	67,672	0.03%	0	0	0	0	Arizona State University	Director, Zarfeng Auto Transpotation Co., Ltd. Director, East Tender Trading Co., Ltd. Director, Xingdian Industrial Co., Ltd.	--	--	--	--
Deputy General Manager, Management Department	Republic of China	Liu Chih-Yung	Male	2015.09.21	205,275	0.10%	0	0	0	0	Accounting Institute, National Cheng Kung University	Director, Zarfeng Auto Transpotation Co., Ltd. Director, East Tender Trading Co., Ltd. Supervisor, E-Teq Venture Co., Ltd.	--	--	--	--

Deputy General Manager of Suao Main Plant	Republic of China	Lin Yung-Le	Male	2009.03.01	26,217	0.01%	0	0	0	0	Department of Chemical Engineering, National Taipei University of Technology	None	--	--	--	--
Director, Suao Main Plant:	Republic of China	Shih Yueh-Hui	Male	2019.08.01	117	0	0	0	0	0	Department of Chemical Engineering, Chinese Cultural University	None	--	--	--	--
Vice President of Foreign Department	Republic of China	Chen Yi-Te	Male	2020.07.01	0	0	0	0	0	0	Hofstra University Department of Management (undergraduate) American School graduate	Chairman of Yukari Group Co., Ltd. Chairman of Sincere Industrial Corp. President of Zheng Bang Investment Co., Ltd.	--	--	--	--
Associate Manager, Business Department	Republic of China	Lin Shu-Yuan	Female	2020.02.03	0	0	0	0	0	0	University of Alabama Marketing Institute	None	--	--	--	--
Finance Supervisor	Republic of China	Chen Chih-Chun	Female	2018.07.23	11,550	0.01%	0	0	0	0	Department of Accounting, Feng Chia University	Director, Yukari Group Co., Ltd.	--	--	--	--
Accounting Supervisor	Republic of China	Chu Ching-Yun	Female	2016.11.01	0	0	0	0	0	0	Department of Accounting, Chung Yuan Christian University	Director, Yukari Group Co., Ltd.	--	--	--	--
Audit Supervisor	Republic of China	Li Yen-Ling	Female	2017.02.06	0	0	195	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, the President and Vice Presidents in the Most Recent Year:

(I) Remuneration of general directors and independent directors

December 31, 2020
Unit: NTD Thousand

Job 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 amount of A, B, C, D, E, F, and G vs. net profit after tax		Renumeration received from investee companies outside of subsidiaries or from the parent company
		Remuneration (A)		Retirement pension (B)		Remuneration of directors (C) (Note 2)		Business execution costs (D) (Note 1)				Salaries, bonuses and special expenses (E)		Retirement pension (F)		Remuneration of employees (G)						
		The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company		All companies in the financial reports		The Company	All companies in the financial reports	
																Cash amount	Stock amount	Cash amount	Stock amount			
Chairman	Representative of Zheng Bang Investment Co., Ltd.: Rong-Yuan Chen	9,450	9,450	0	0	4,010	4,010	10,020	10,020	13.48%	13.48%	0	6,224	0	0	0	0	0	0	13.48%	17.06%	0
Vice Chairman	Representative of Hsinyou Industrial Corp.:Cheng-Te Chen																					
Director	Representative of Sincere Industrial Co., Ltd.: Kai-Yuen Chen																					
Director	Representative of Zheng Bang Investment Co., Ltd.: Li-Te Chen																					
Director	Representative of Sincere Industrial Co., Ltd..: Yuan-Hua Chu																					
Director	Representative of Zhi Fu Investment Corp..: Hsin-Jung Chao																					
Director	Representative of Ya Lan Investment Consulting Co., Ltd.: Chung-Lee Wu																					

Independent Director	Tsao Ming																					
Independent Director	Wang Po-Hsin																					
Independent Director	Chen Pei-Chun																					

Note 1: The Company paid NT$3,257 thousand to the directors and the driver of the chairman for the year.

Note 2: According to the Articles of Association by the resolution of the board meeting on March 29, 2021, the remuneration of the directors in 2020 is calculated at NT$4,010 thousand. The distribution to directors is estimated based on the distribution ratio last year, and the detailed distribution has not been resolved as of the publication date of the annual report.

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

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

Table of Remuneration Scales

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

(II) Remuneration of President and Vice Presidents:

December 31, 2020
Unit: NTD Thousand

Title	Name	Salary (A)		Retirement pension (B)		Bonus and special subsidies (C) (Note 1)		Employee remuneration (D) (Note 2)				Ratio of the total amount of A, B, C and D vs. net profit after tax (%)		Renumeration received from investee companies outside of subsidiaries or from the parent company (Note 9)
								The Company		All companies in the financial reports				
		The Company	All companies in the financial reports	The Company	All companies in the financial reports	The Company	All companies in the financial reports	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial reports	
General Manager	Huang Chih-Cheng	9,285	9,726	5,761	0	592	592	1,571	0	1,571	0	9.88%	10.14%	None
Deputy General Manager	Chen Yi-Te (taking office on July 1, 2020)													
Deputy General Manager	Liu Chih-Yung													
Deputy General Manager	Lin Yung-Le													
Director of Main Plant:	Shih Yueh-Hui													

Note 1: The Company paid NT$638 thousand to the President's driver in the current year which was not included in the remuneration above.
Note 2: As of the publication date of the annual report, the Company's proposed distribution of employee remuneration to the President has not yet been determined, and it is estimated based on the actual distribution ratio last year. This year's proposed distribution will be carried out after the resolution is passed in the shareholders' meeting this year, and the information will be updated in the annual report and disclosed on the Company's website.

Table of Remuneration Scales

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

NTD 10,000,000 (inclusive) - NTD 15,000,000 (exclusive)	--	--
NTD 15,000,000 (inclusive) - NTD 30,000,000 (exclusive)	--	--
NTD 30,000,000 (inclusive) - NTD 50,000,000 (exclusive)	--	--
NTD 50,000,000 (inclusive) - NTD 100,000,000 (exclusive)	--	--
Over NTD 100,000,000	--	--
Total	5	5

Names of managerial officers entitled to employee bonuses and amounts entitled

December 31, 2020
Unit: NTD Thousand

	Title	Name	Share remuneration amount	Cash remuneration amount (note 1)	Total	Proportion of total amount to net profit after tax (%)
Manager	General Manager	Huang Chih-Cheng	0	2,402	2,402	1.38%
	Deputy General Manager	Liu Chih-Yung				
	Deputy General Manager	Lin Yung-Le				
	Deputy General Manager	Chen Yi-Te (taking office on July 1, 2020)				
	Director of Main Plant:	Shih Yueh-Hui				
	Associate Manager	Lo Chih-Chiang (dismissed on August 31, 2020)				
	Associate Manager	Lin Shu-Yuan (taking office on February 3, 2020)				
	Finance Supervisor	Chen Chih-Chun				
	Accounting Supervisor	Chu Ching-Yun				
	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 2021 estimate is based on the actual distribution ratio of 2020. The proposed distribution will be carried out after the resolution is passed in the 2021 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	2019		2020	
	The Company	All companies in the financial reports	The Company	All companies in the financial reports
Total directors' remuneration	21,419	29,275	23,480	29,704
and proportion to net profit after tax:	7.80%	10.66%	13.48%	17.06%
Total Remuneration Paid to General Manager and Deputy General Manager(s)	12,558	12,558	17,209	17,650
Remuneration paid to General Manager and deputy general managers and ratio to net profit after tax	4.57%	4.57%	9.88%	10.14%

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. Operation status of corporate governance:

(I) Operation status of the board of directors

In 2020, the board of directors held 8 meetings (A), and the status of the directors' attendance was as follows:

Title	Name	Actual number of attendance (with or without voting rights) B	Frequency of attendance	Actual attendance (observation) rate (%) 【B/A】	Note
Institutional representative of the Chairman	Representative of Zhengbang Investment Co., Ltd.: Chen Jung-Yuan	8	0	100%	
Institutional representative of the Vice Chairman	Representative of Sincere Industrial Corporation: Chen Cheng-Te	8	0	100%	
Institutional representative of the director	Representative of Sincere Industrial Corporation: Chen Kai-Yuan	7	1	87.5%	
Institutional representative of the director	Representative of Zhengbang Investment Co., Ltd.: Chen Li-Te	8	0	100%	
Institutional representative of the director	Representative of Sincere Industrial Corporation: Chu Yuan-Hua	3	5	37.5%	
Institutional representative of the director	Representative of Yalan Investment Consulting Co., Ltd.: Wu Chung-Li	8	0	100%	
Institutional representative of the director	Representative of Zhifu Investment Co., Ltd.: Chao Hsin-Jung	8	0	100%	
Wang Po-Hsin		8	0	100%	
Tsao Ming		8	0	100%	
Chen Pei-Chun		8	0	100%	

Other matters to be recorded:

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

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

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

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

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

Board meeting on June 19, 2020:

(I) Content of the motion: It was resolved in the 9th meeting of the 4th term of the Compensation Committee of the Company on June 10, 2020 to pay NT$210,000 per month to Vice Chairman Cheng-Te Chen from July 1, 2020 onward; the motion was submitted for resolution.

Resolution: Vice Chairman Cheng-De Chen, Director Kai-Yuan Chen and Director Li-Te Chen withdrew from the meeting and did not participate in the discussion and voting. The remaining directors present unanimously agreed to pass the motion.

Board meeting on August 10, 2020:

(I) Content of the motion: It was resolved in the 10th meeting of the 4th term of the Compensation Committee of the Company on July 27th, 2020 that, in line with the price changes and consideration of his participation in and contribution to the operation of the Company, the monthly salary of Chairman Jung-Yuan Chen would be increased from NT$220,000 toNT$250,000 from August 1, 2020 onward; the motion was submitted for resolution.

Resolution: Chairman Jung-Yuan Chen withdrew from the meeting and did not participate in the discussion and voting. The remaining directors present unanimously agreed to pass the motion.

(II) Content of the motion: It was resolved in the 10th meeting of the 4th term of the Compensation Committee of the Company on July 27, 2020 to pay NT$148,000 per month to Yi-De Chen, Senior Vice President of the Foreign Department from July 15, 2020 onward; the motion was submitted for resolution.

Resolution: Vice Chairman Cheng-De Chen, Director Kai-Yuan Chen and Director Li-Te Chen withdrew from the meeting and did not participate in the discussion and voting. The remaining directors present unanimously agreed to pass the motion.

Board meeting on November 12, 2020:

(I) Content of the motion: It was resolved in the 11th meeting of the 1st term of the Audit Committee of the Company on November 12, 2020 to lift the non-competition restriction on Yi-De Chen, Senior Vice President of the Foreign Department of the Company, as a director of Hsinyou Industrial Co., Ltd.; the motion was submitted for resolution.

Explanation: Senior Vice President Chen is the second-tier blood relative of the directors of the Company. According to Article 206 of the Company Act, it is deemed that these directors have their personal interests in the matter. Without prejudice to the interests of the Company, the non-competition restriction shall be lifted in accordance with Article 209 of the Company Act.

Resolution: Vice Chairman Cheng-De Chen, Director Kai-Yuan Chen and Director Li-Te Chen withdrew from the meeting and did not participate in the discussion and voting. The remaining directors present unanimously agreed to pass the motion.

III. Status of Evaluation of Board of Directors

Evaluation cycle (Note 1)	Evaluation period (Note 2)	Evaluation scope (Note 3)	Evaluation method (Note 4)	Evaluation content (Note 5)
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, 2020 to December 31, 2020 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.	(I) The measurement items of the performance evaluation of the board of directors of the Company cover the following five aspects: 1. Degree of participation in the Company's operations. 2. Improvement in the decision-making quality of the board. 3. Composition and structure of the board of directors. 4. Election and continuing study of directors. 5. Internal control. (II) The measurement items of the performance evaluation of individual directors (by self or peer) covers the following six aspects: 1. Mastery of Company goals and tasks. 2. Awareness of the director's responsibilities. 3. Degree of participation in the Company's operations. 4. Internal relationship management and communication. 5. Professional and continuing study by the director. 6. Internal control. (III) The measurement items of the performance evaluation of the Audit Committee shall at least cover the

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) Operation of the Audit Committee

1. Operation of the Audit Committee:

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

(A) There are 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, 2020, 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 2020, the Audit Committee held five meetings (A), and the attendance was as follows:

Title	Name	Number of times actually attending (observing) (B)	Frequency of attendance	Actual rate of attendance (with or without voting rights) B (%)【B/A】	Note
Audit Committee Member	Wang Po-Hsin	5	0	100%	
Audit Committee Member	Tsao Ming	5	0	100%	
Audit Committee Member	Chen Pei-Chun	5	0	100%	

(D) Other items to be recorded: In case of any of the following circumstances in the operation of the Audit Committee, state the date of the board meeting, the number of the meeting session, the contents of the motion, the resolution of the Audit Committee and the Company's handling of the opinions of the Audit Committee:

a. Matters listed in Article 14-5 of the Securities and Exchange Act.

<table>
<tr><th>Board of Directors</th><th>Date</th><th>Proposal content and subsequent handling</th><th>The Company's handling of the opinions of the Audit Committee</th></tr>
<tr><td rowspan="8">16th session of the 23rd term</td><td rowspan="8">2020/03/27</td><td>Resolution to convert earnings into capital increase and issue new shares.</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td>Resolution on dividend distribution.</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td>Statement of internal Control System for 2019</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td>Resolution on the 2019 Financial statements (including consolidated financial statements).</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td rowspan="2">18th session of the 23rd term</td><td rowspan="2">2020/06/19</td><td>Revision of the Company's “Internal Control System” and “Internal Audit Implementation Rules”.</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td rowspan="2">20th session of the 23rd term</td><td rowspan="2">2020/09/24</td><td>The amount of new endorsements and guarantees is more than NT$30 million and more than 5% of the net value in the latest financial statements.</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td rowspan="5">21st session of the 23rd term</td><td rowspan="5">2020/11/12</td><td>Resolution to lift the non-competition restriction on managers.</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td>The amount of new endorsements and guarantees is more than NT$30 million and more than 5% of the net value in the latest financial statements.</td><td rowspan="2">The resolution of the Audit Committee was submitted to the board meeting.</td></tr>
<tr><td>Resolution result: All members present agree to pass the resolution.</td></tr>
<tr><td>Proposal for 2021 Internal Audit Plan</td><td>The resolution of the</td></tr>
</table>

Board of Directors	Date	Proposal content and subsequent handling	The Company's handling of the opinions of the Audit Committee
		Resolution result: All members present agree to pass the resolution.	Audit Committee was submitted to the board meeting.
22nd session of the 23rd term	2020/12/28	The amount of new endorsements and guarantees is more than NT$30 million and more than 5% of the net value in the latest financial statements.	The resolution of the Audit Committee was submitted to the board meeting.
		Resolution result: All members present agree to pass the resolution.	

b. 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:

There is no matter not passed by the Audit Committee but approved by more than two thirds of all directors in the current year.

2. Communication between independent directors (Audit Committee) and the internal audit director and accountant
   (1) Communication policy between independent directors (Audit Committee) and the internal audit director and accountant:
      (A) On June 8, 2018, three independent directors were elected in the shareholders' meeting to form the Audit Committee of the Company.
      (B) In addition to submitting the audit report to the independent directors for review every month, the audit director reports to the independent directors in the audit committee meeting every quarter on the audit business and implementation of follow-up actions, and discusses and communicates immediately in response to the questions raised by the members; the accountant attends the audit committee at least once a year to communicate with independent directors on the financial report review and. If necessary, independent directors may also convene a meeting at any time.
      (C) The audit director and the accountant may directly contact the independent directors as necessary, and the status of communication has been good.
      (D) The Company also discloses the communication between independent directors and the internal audit director and the accountant on the Company's website.

   (2) Summary of communication between independent directors (Audit Committee) and the accountant in 2020.

Date	Focus of communication
2020/03/27 Audit Committee	Explanation of the audit of the financial report of 2019: 1. Responsibilities of auditors on the audit of financial statements. 2. Scope of audit 3. Audit findings. 4. Independence.

	5. Update of important laws and regulations.
2020/08/10	Explanation of the review of the financial statements of the second quarter of 2020: 1. Responsibilities of reviewers on the review of interim financial statements. 2. Scope of audit. 3. Audit findings. 4. Independence. 5. Key points of the review of the self-compiled financial report by the competent authority. 6. Update of important laws and regulations.
2020/11/12 Audit Committee	Explanation of the review of the financial statements of the third quarter of 2020: 1. Independence. 2. Responsibilities of reviewers on the review of interim financial statements. 3. Scope of audit. 4. Audit findings. 5. Annual audit planning. 6. Update of laws and regulations.
Result: All the matters above have been reviewed or approved by independent directors with no objection.	

(3) Summary of communication between independent directors (Audit Committee) and the internal audit director in 2020.

Date of Audit Committee meeting	Communication items
2020/03/27	1. Internal Audit Execution Report for the fourth quarter of 2019 and from January to February of 2020. 2. Preparation of a “Statement of Internal Control System”
2020/06/19	1. Internal Audit Execution Report from March to May of 2020. 2. Revision of the "Internal Control System" and "Internal Audit Implementation Rules".
2020/09/24	1. Internal Audit Execution Report from June to August of 2020.
2020/11/12	1. Internal Audit Execution Report in September 2020. 2. Drafting of the 2021 Internal Audit Plan.
2020/12/28	1. Internal Audit Execution Report from October to November of 2020.

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	Summary Description	
I. Has the Company been in compliance with the "Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies" and disclosed the Company's own corporate governance best practice principles?	Yes		The Company has formulated its Corporate Governance Best Practice Principles.	No difference and it has been implemented.
II. Equity Structure and Shareholders' Equity of the Company				
(I) Has the Company established internal operation procedures to deal with shareholders' suggestions, doubts, disputes and lawsuits, and implemented them in accordance with the procedures?	Yes		The Company's Management Department handles shareholder suggestions, doubts or disputes. If there are litigation matters involved, they will be referred to the Company's legal counsel for handling.	There is no deviation from Article 13 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.
(II) Does the Company have a list of major shareholders and ultimate controllers of major shareholders who actually control the Company?	Yes		The Company's board of directors has a simple composition, and they are all major shareholders .	There is no deviation from Article 19 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.
(III) Has the Company established and implemented risk control and firewall mechanisms with affiliated enterprises?	Yes		Formulate and implement the supervision and management measures of subsidiary companies.	There is no deviation from Article 14 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
(IV) Does the Company have internal regulations that prohibit insiders of the Company from buying and selling securities using non-public information?	Yes		The Company's Ethical Corporate Management Operating Procedures and Behavior Guidelines have regulated and prohibited insider trading.	Deviations from the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation status.
III. Composition and Responsibilities of the Board of Directors (I) Has the board of directors formulated and strictly implemented diversification policies on the composition of its members?	Yes		The composition of the Company's Board of Directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two general standards and their implementation: I. Basic conditions and values: gender, age, nationality, culture, etc. II. Professional knowledge and skills: professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience. Each board member shall have the necessary knowledge, skill, and experience to perform their duties. In order to achieve the goal of corporate governance, the board of directors should have the following capabilities as a whole (detailed in notes):	There is no deviation from Article 20 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			I. Operation judgment ability. II. Accounting and financial analysis ability. III. Operation management ability. IV. Crisis handling ability. V. Industrial knowledge. VI. International market perspective. VII. Leadership. VIII. Decision-making ability.	
(II) In addition to setting up the Compensation Committee and the Audit Committee according to law, has the Company voluntarily set up other functional committees?		No	The Company has set up the Compensation Committee which operates independently, and the Audit Committee after the 2018 shareholders' meeting.	There is no deviation from Article 28 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.
(III) Has the Company established performance evaluation measures and methods for the board of directors, conducted performance evaluation annually and regularly, reported the results of performance evaluation to the board of directors, and applied them to the reference of salary and remuneration of individual directors and nomination and renewal?	Yes		The Company has formulated the "Board Performance Evaluation Measures" on November 12, 2020, and in accordance with the regulations of the competent authority, has been conducting self-assessment of the board of directors, individual directors and functional committees regularly every year since the first quarter of 2021. The evaluation results are used as the reference for nomination of directors.	This will be handled in accordance with laws and regulations.
(IV) Does the Company regularly evaluate the independence of the independent auditor?	Yes		The Company evaluates the independence of the certified public accountant every year, and the year of employment is included in the Audit Committee's discussion items. In addition, the	No differences.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			Management Department reports the independence evaluation results to the board meeting (detailed in notes).	
IV. For a listed or OTC company, is it equipped with competent and appropriate number of corporate governance personnel, and has it designated a corporate governance director to be responsible for corporate governance related matters (including but not limited to providing information required by directors and supervisors to carry out business, assisting directors and supervisors to comply with laws and regulations, managing related matters of the board meeting and shareholders' meeting in accordance with laws, taking minutes of the board meeting and shareholders' meeting, etc.)?	Yes		The Company's Management Department serves as the full-time corporate governance unit, responsible for coordinating corporate governance-related matters and supervising corporate governance-related business.	Deviations from the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation status.
V. Has the Company established a communication channel with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up a stakeholder area on the Company's website, and properly responded to major corporate social responsibility issues of concern to stakeholders?	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, and the process is supervised by the Audit Office.	There are no deviations from Article 47 and 51 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
VI. Has the Company appointed a professional agency to handle the affairs of the shareholders' meeting?	Yes		The Company has appointed the Stock Affairs Department of Chinatrust Commercial Bank to handle shareholders' meeting related matters.	Deviations from the spirit of the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation status.
VII. Information Disclosure (I) Has the Company set up a website to disclose financial and corporate governance information?	Yes		The Company's website discloses company profiles, business overviews, financial information, and corporate governance information in accordance with the regulations.	There is no deviation from Article 57 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.
(II) Does the Company adopt other ways of information disclosure (such as setting up an English website, appointing a dedicated person to be responsible for the collection and disclosure of the Company's information, implementing the spokesperson system, and placing on the Company's website the process of the seminar for institutional investors)?	Yes		The Company has dedicated personnel responsible for the collection and disclosure of Company information. The spokesperson's communication channels are very smooth, and shareholders can call to express their opinions or inquiries about the Company's operations.	There are no deviations from Article 56 and 57 of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and implementation has been carried out.
(III) Does the Company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the first, second and third quarter financial report and the operation of		No	As manpower permits, we cooperate with accountants to disclose information publicly as soon as possible.	There are no deviations from the spirit of the Corporate Governance Best-Practice Principles for

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
each month ahead of the required time limit?				TWSE/TPEx Listed Companies.
VIII. Does the Company have other important information to help understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, the status of directors' and supervisors' further education, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the Company's purchase of liability insurance policy for directors and supervisors, etc.)?	Yes		2. In addition to the Company's full compliance with the Labor Standards Act, its Articles of Incorporation specify that employee remuneration and special incentives shall be 3.5% and 1% of the profit for the year respectively. However, if the Company still has accumulated losses, they shall be made up for first. The Company surpasses the general standards of traditional industries in that its employee welfare committee provides major holiday benefits, children's scholarships, and stipends for weddings and funerals. 3. The company's employees have an average tenure of 14.02 years, reflecting the fact that the Company's benefits, work systems, and working environment have all have surpassed industry averages. Labor and capital thus coexist and prosper and senior employees are willing to serve the Company. 4. The phone line of the company's spokesperson is open, accepting telephone inquiries from institutions or shareholders at any time to help them understand the Company's operating conditions. However, in accordance with the	It conforms to the spirit of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies has been implemented.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			rules set down by the securities regulatory authority: no separate disclosure of regulated information is allowed. 5. The Company has always maintained long-term relationships with suppliers, stabilized supply relationships, reduced operating supply risks and costs, and protected shareholders' rights. 6. The Company's website has set up a special area for stakeholders and prepares a CSR report every year so that all stakeholders can understand the company's operations and express views or make inquiries through contact channels. 7. The Company's risk management has always been based on the principles of immediacy, openness, honesty, and compliance with government regulations and related laws. 8. The Company arranges liability insurance for directors and supervisors every year with an insured amount of USD 3 million. 9. Status of advanced training for directors: detailed in the Table below.	
IX. Please explain the improvement of the corporate governance evaluation results according to the findings issued by the Corporate Governance Center of the Taiwan Stock Exchange for the latest	Yes		In addition to strengthening the content of the Company's website and increasing the transparency of the Company's information, the "Board Performance Evaluation Measures" was formulated on November 12, 2020 and the	It conforms to the spirit of Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies has been implemented.

Evaluation item	Status			Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
year, and put forward the priorities and measures for those that have not been improved.			evaluation has been conducted annually since the first quarter of 2021, but there is no external evaluation defined yet.	

Status of directors' advanced study:

Participants		Date	Class hours	Organizer	Course title
Title	Name				
Director	Chen Kai-Yuan	2020/11/19	3.0	Taiwan Corporate Governance Association	Economic Situation and Technological Pulse - Key Issues for Enterprises
Director	Chen Kai-Yuan	2020/11/19	3.0	Taiwan Corporate Governance Association	How Directors Shall Pay Due Attention and Be Loyal to Their Responsibilities
Director	Wu Chung-Li	2020/11/19	3.0	Taiwan Corporate Governance Association	Economic Situation and Technological Pulse - Key Issues for Enterprises
Director	Wu Chung-Li	2020/11/19	3.0	Taiwan Corporate Governance Association	How Directors Shall Pay Due Attention and Be Loyal to Their Responsibilities
Director	Chen Li-Te	2020/11/19	3.0	Taiwan Corporate Governance Association	Economic Situation and Technological Pulse - Key Issues for Enterprises
Director	Chen Li-Te	2020/11/19	3.0	Taiwan Corporate Governance Association	How Directors Shall Pay Due Attention and Be Loyal to Their Responsibilities
Director	Chen Jung-Yuan	2020/11/19	3.0	Taiwan Corporate Governance Association	Economic Situation and Technological Pulse - Key Issues for Enterprises
Director	Chen Jung-Yuan	2020/11/19	3.0	Taiwan Corporate Governance Association	How Directors Shall Pay Due Attention and Be Loyal to Their Responsibilities
Director	Chen Cheng-Te	2020/11/02	3.0	Taiwan Corporate Governance Association	Development Trends and Exemplary Practices of Corporate Governance and Corporate Social Responsibility

Evaluation item	Status: Yes	Status: No	Status: Summary Description	Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof

Director	Chen Cheng-Te	2020/08/07	3.0	Taiwan Corporate Governance Association	Response to and Application of Corporate Governance Evaluation by the Board of Directors
Independent Director	Wang Po-Hsin	2020/11/19	3.0	Taiwan Corporate Governance Association	Economic Situation and Technological Pulse - Key Issues for Enterprises
Independent Director	Wang Po-Hsin	2020/11/19	3.0	Taiwan Corporate Governance Association	How Directors Shall Pay Due Attention and Be Loyal to Their Responsibilities
Independent Director	Tsao Ming	2020/11/27	3.0	Securities & Futures Institute	2021 Economic Outlook and Industry Trends
Independent Director	Tsao Ming	2020/11/27	3.0	Taiwan Corporate Governance Association	The Role of Institutional Investors in the Improvement of Corporate Governance
Independent Director	Chen Pei-Chun	2020/11/19	3.0	Taiwan Corporate Governance Association	Economic Situation and Technological Pulse - Key Issues for Enterprises
Independent Director	Chen Pei-Chun	2020/11/19	3.0	Taiwan Corporate Governance Association	How Directors Shall Pay Due Attention and Be Loyal to Their Responsibilities

Implementation of diversity in board membership:

Core Diversification Projects / Director name	Gender	The ability to make judgments about operations	Accounting and financial analysis ability	Business management ability	Crisis management ability	Knowledge of the industry	An international market perspective	Leadership ability	Decision-making ability	Law
Chen Jung-Yuan	Male	V	V	V	V	V	V	V	V	
Chen Kai-Yuan	Male	V	V	V	V	V	V	V	V	
Chen Li-Te	Male	V	V	V	V	V	V	V	V	
Chen Cheng-Te	Male	V	V	V	V	V	V	V	V	

Evaluation item			Status						Deviation from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof	
			Yes	No	Summary Description					
Chu Yuan-Hua	Male	V	V	V	V	V	V	V	V	
Wu Chung-Li	Male	V	V	V	V	V	V	V	V	
Chao Hsin-Jung	Male	V	V	V	V	V	V	V	V	
Tsao Ming	Male	V	V	V	V	V	V	V	V	
Chen Pei-Chun	Female	V		V	V			V	V	V
Wang Po-Hsin	Male	V	V	V	V	V	V	V	V	

Note: Criteria for assessing the independence of accountants

Evaluation item	Evaluation Results	Whether conforming to the status of independence
1. Does the independent auditor have direct or significant indirect financial interest relationship with the Company?	No	Yes
2. Does the independent auditor have financing or guarantee activities with the Company or its directors?	No	Yes
3. Does the independent auditor have close business relationship and potential employment relationship with the Company?	No	Yes
4. Do the independent auditor and members of his audit team have held any position in the Company as a director, manager at present or in the past two years or have a significant impact on the audit work?	No	Yes
5. Does the independent auditor provide non-audit services that may directly affect his audit work to the Company?	No	Yes

6. Does the independent auditor have brokered the shares or other securities issued by the Company?	No	Yes
7. Does the independent auditor act as the defender of the Company or coordinate conflicts with other third parties on behalf of the Company?	No	Yes
8. Is the independent auditor related to the Company's directors, managers or persons who have significant influence on the audit case?	No	Yes

(III) Composition, responsibilities and operation status of the Compensation Committee

1. Information of Compensation Committee members

ID classification (Note 1)	Terms / Name	Has at least five years of relevant working experience and the following professional qualifications			Compliance with the independence criteria (note 2)								Number concurrently serving as members of the remuneration committees of other publicly issued companies	Note
		A lecturer or above of a public or private college or university in a relevant department of commerce, legal affairs, finance, accounting or corporate business.	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Have work experience required for business, legal affairs, finance, accounting, or Company business	1	2	3	4	5	6	7	8		
Independent Director	Wang Po-Hsin	V		V	V	V	V	V	V	V	V	V	0	
"	Chen Pei-Chun		V	V	V	V	V	V	V	V	V	V	0	
Others	Liang Chi-Yen			V	V	V	V	V	V	V	V	V	0	

Note 1: Please fill in as director, independent director or other.

Note 2: For members who meet the following conditions two years before and during their term of office, please type "✓" in the space below each condition code.

(1) Not an employee of the Company or its affiliates.

(2) 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) 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 this 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 Compensation 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 Compensation Committee
   (1) There are three members on the Compensation Committee of the Company.
   (2) The Compensation Committee held five meetings (A) in 2020; the status of member attendance is as follows:

Title	Name	Actual number of attendance (with or without voting rights) (B)	Frequency of attendance	Actual attendance (%) (B/A) (note)	Note
Convener	Wang Po-Hsin	5	0	100%	
Member	Chen Pei-Chun	4	1	80%	
Member	Liang Chi-Yen	5	0	100%	

Other matters to be recorded:
I. If the board meeting does not adopt or amends the recommendation of the Compensation Committee, state the date, period, content of the proposal, resolution results of the board meeting, and the Company's handling of the opinions of the Compensation Committee (if the compensation adopted by the board meeting is better than the proposal of the Compensation Committee, state the difference and reason): None.
II. 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.

Note: (1) Before the end of the year, if a member of the Compensation Committee resigns, the date of resignation should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation Committee during the term of service and the actual number of attendance.

(2) Before the end of the year, if there is any re-election of the Compensation Committee, both the new and old committee members should be listed, and whether the member is old, new or re-elected and the date of re-election should be indicated in the remarks column. The actual attendance rate (%) is calculated based on the number of meetings of the Compensation Committee during the term of service and the actual number of attendance.

(V) Performance of social responsibility and differences from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies and the reasons:

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
I. 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 3)?	Yes		In accordance with ISO 9001:2015, we regularly review environmental, social, and corporate governance issues to assess the Company's operational risks and reduce their impact. Furthermore, we prepare a CSR report to disclose the relevant policies of the Company.	No differences.
II. Has the Company set up a full-time (part-time) unit to promote corporate social responsibility, which is managed by the senior management under the authorization of the board of directors, and reports to the board of directors of the handling status?	Yes		The Company has set up the "Corporate Social Responsibility Implementation Committee", and the Management Department is responsible for its operation and policy implementation. Divided into the following five groups Corporate Governance Group: Consists of the Management Department/Development Department, responsible for establishing a corporate governance system and complying with relevant laws and regulations and the Company’s Articles of Incorporation. Employee Care Group: It is composed of the Management Department and the personnel unit of the Main Plant. It	No differences.

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			pays attention to the safety and welfare of employees, cares for employees, and formulates work rules under the Labor Standards Act. Environmental Protection and Energy Conservation Group: It is composed of the General Plant's production and R&D units to implement environmental protection, safety and health-related activities in compliance with relevant national laws and regulations, actively integrate the plant environment with the community environment, and strive for community recognition. Customer Relations Group: It is composed of the Business Department/Overseas Department and takes into account the expectations and rights of all stakeholders, communicating with them and meeting their ultimate expectations. Social Care Group: Composed of the public relations units of the Main Plant/Changhua Plant/Taichung Plant, it is dedicated to promoting good neighbor relations,	

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
			participating in village activities, and maintaining harmonious relations with community residents. The directors and the executive level management of the Company have also paid close attention to the development of corporate governance.	
III. Environmental Issues				
(I) Has the Company established an appropriate environmental management system according to its industrial characteristics?	Yes		An environmental manual and an environmental management system have been established.	No differences.
(II) Is the Company committed to improving the efficiency of resource utilization and using recycled materials with low impact on the environment?	Yes		Combustion waste heat recovery and reuse and cooling water secondary recovery and cooling reuse.	No differences.
(III) Does the Company assess the potential risks and opportunities of climate change for the enterprise now and in the future, and take measures to deal with climate related issues?	Yes		In accordance with risk management procedures, the Business Department includes climate change issues in the risk and opportunity assessment project, and regularly reviews the impact on the Company and the countermeasures every year.	No differences.
(IV) Does the Company prepare statistics of greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction	Yes		The Company continues to promote energy-saving measures and greening tree planting operations; since 2015 the Company has suppressed 17,882 metric tons of CO_2emissions. The overall greenhouse gas emissions of the Su'ao General Plant in 2019 and 2020 (Scope 1) are shown in the following table:	No differences.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Status</th><th rowspan="2">Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td>or other waste management?</td><td></td><td></td><td><table><tr><td>Plant Area/Process</td><td>2019</td><td>2020</td></tr><tr><td>Emissions from Suao Main Plant (Tons/Year)</td><td>21,282.38</td><td>23,062.81</td></tr></table></td><td></td></tr>
<tr><td>IV. Social Issues
(I) Has the Company formulated relevant management policies and procedures in accordance with relevant laws and regulations and International Human Rights Conventions?</td><td>Yes</td><td></td><td>Work rules have been established in accordance with the Labor Standards Act, safety and health manuals, and management methods and procedures have been established.</td><td>No differences.</td></tr>
<tr><td>(II) Has the Company established and implemented reasonable employee welfare measures (including compensation, vacation and other benefits), and properly reflected the operating performance or results in employee compensation?</td><td>Yes</td><td></td><td>The “Employee Grievance Handling Measures” have been formulated to ensure that the grievance process is equal and transparent, and all grievances from employees receive an appropriate response.</td><td>No differences.</td></tr>
<tr><td>(III) Does the Company provide a safe and healthy work environment for its employees and conduct regular safety and health education for them?</td><td>Yes</td><td></td><td>The Company has established the "Employee Health Management Manual" in accordance with laws and regulations, and regularly implements safety and health training for employees.</td><td>No differences.</td></tr>
<tr><td>(IV) Has the Company established an effective career development training program for its employees?</td><td>Yes</td><td></td><td>The Company has formulated comprehensive training policies, and provides new training courses and diversified development learning programs to establish effective training programs for employees.</td><td>No differences.</td></tr>
<tr><td>(V) Does the Company follow relevant laws</td><td>Yes</td><td></td><td>They have been implemented in accordance with</td><td>No differences.</td></tr>
</table>

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
and regulations and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and formulate relevant policies and grievance procedures to protect the rights and interests of consumers?			the requirements of laws and regulations, international standards, sales targets and stakeholders.	
(VI) Does the Company have a supplier management policy that requires suppliers to follow relevant specifications and their implementation in environmental protection, occupational safety and health or labor human rights issues?	Yes		The Company has established the "Supplier Evaluation and Management Measures". Through interaction with suppliers, supplier evaluation is carried out to judge whether to continue purchasing. The Company has established the "Supplier Evaluation and Management Measures". The linked policy statement is added to the supplier contract, and the terms of the contract may be terminated in case of violations or dishonesty.	No differences.
V. Does the Company prepare the corporate social responsibility report and other reports that disclose the Company's non-financial information in accordance with the international reporting standards or guidelines? Is the aforesaid report confirmed or guaranteed by a third-party verification unit?	Yes		This can be inquired on the Company's website, as follows: Company website/Investor Relations/Corporate Social Responsibility. The 2020 Corporate Sustainability and Social Responsibility Report is under preparation and is expected to be completed by the end of June.	No differences.
VI. If the Company has its own corporate social responsibility best practice principles in accordance with the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies", please state the implementation status and the differences:				

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	

No difference.

VII. Any other important information that may help to understand the operation of corporate social responsibility:

The establishment of the Company's environmental management unit or personnel:

Serial number	Position	Name	Professional Training	Certification code
1	Person in charge of air pollution control	Li Chiung-Ju	Class A air pollution treatment	(87) Environmental Protection Administration Training Certificate No. FA230234
2	Wastewater Treatment Specialist	Han-Chung Lai	Grade A wastewater treatment	(109) Environmental Protection Administration Training Certificate No. GA010524
3	Waste Disposal Specialist	Chuang Ping-Hsun	Grade A waste disposal	(95) Environmental Protection Administration Training Certificate No. HA320201

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

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

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

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
1. Environmental Protection (1) Greenhouse Gas Emission and Reduction Based on the Company's responsibility to the ecological environment, it strives to continuously improve the production process in pollution prevention (reduction of emissions) and conservation of natural resources (recycling of resources) in order to gradually reduce emissions and energy consumption. In terms of greenhouse gas emission and reduction, the Su'ao General Plant pays attention to the energy consumption control in the production process, actively implements the use of combustion energy consumption and electricity in the potassium sulfate reactor, and implements heat recovery of the combustion process and adjustment of peak power consumption in combination with plant land greening and continuous planting of trees, so as to compensate and offset CO_2emissions. The Company will continue to promote energy conservation measures for the ecological environment, so as to save costs and improving efficiency and at the same time reduce greenhouse gas emissions. The Company utilizes idle vacant land in the plant to plant trees, so as to beautify the environment and suppress CO_2emissions, and create a win-win future for both the enterprise and the environment. (2) Air and Water Pollution Prevention In the prevention and control of air and water pollution, in addition to the establishment of complete prevention and control equipment, the related air pollution and water pollution prevention are strictly controlled in accordance with the regulations, and continuous monitoring is implemented to meet the standard emission values required by law. Establish abnormal emergency power supply backup equipment and notification processing management system to reduce the risk of abnormal emergency pollutant discharge, and set up recovery treatment facilities for abnormal pollutant discharge to control the quality of air and water discharged from the Main Plant. The impact on the environment is minimized. (3) Water Conservation The Company's 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				

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	

water resources multi-purpose use.

(4) <u>Waste Management and Resource Recovery</u>

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. In addition, on the inorganic sludge, Shengu Company is currently contracted to carry out the total waste reduction project of the sludge washing machine, and then qualified manufacturers are commissioned for removal and disposal.

(5) <u>Other Environmental Protection Related Projects</u>

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) <u>Safety and Health Management</u>

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

Formulate safety and health inspection operations, and take practical actions to review and inspect various operations at any time to forestall and prevent incidents. Establish a series of incident emergency response procedures to protect the personal safety of employees and manufacturers, as well as the property interests of the Company’s investors, and to avoid or reduce the impact of accidents or incidents on families, society, or the environment.

(2) <u>Work Environment and Employee Safety Protection</u>

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	

The Company's safety and health management is "people"-oriented. Any mechanical equipment and plant configuration in the operating environment must first consider the essential safety of the equipment, the humanized consideration of the configuration design, adequate equipment safety protection facilities and personal protection. The equipment is provided to prevent incidents and protect the safety of personnel in advance.

The dust, noise and specific chemical substances in the working environment are all considered in the process design, and the hazard is minimized by engineering design, and supplemented by the standardization of personal protective equipment and operations to reduce the time for employees to contact the hazard source. This is done to ensure the safety of employees.

(3) General Safety Management, Training and Audit

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

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

(4) Working Environment Measurement

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

(5) Emergency Response

The Company’s Su’ao General Plant stores and stacks various chemicals in the chemical workplace area. In order to prevent the loss of personnel and property, strengthen the ability of plant personnel to respond to emergencies and natural disasters, and take appropriate response measures for emergency disposal, the procedures are documented, an emergency response organization is established for the general plant, and an emergency response team is set up in each unit to comprehensively evaluate and consider

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	

possible situations in advance, and emergency response procedures are established, such as fire accident response measures and process, electric shock incident response measures and process, emergency response procedures for container explosion accidents, emergency response procedures for earthquakes, emergency response procedures for typhoons, and emergency response procedures for leakage of specific chemical substances (hydrochloric acid, sulfuric acid, heavy oil, etc.), etc. Each unit must conduct an emergency drill at least once a year, organize personnel to set up correct handling procedures through regular training, and at the same time make the personnel proficient in the use of safety protection equipment to ensure the safety of personnel and the normal operation of the plant, and avoid environmental impacts and pollution incidents, so as to minimize disaster losses due to accidents.

(6) Employee Health Promotion

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

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

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

The Company 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

Evaluation item	Status			Deviation from Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
tasks, adequate personal safety protection equipment is provided to prevent incidents and protect the physical safety of employees, and health inspections for all employees are implemented in accordance with the law. This is done to accurately understand the physical conditions of employees. In order to encourage employees to pay attention to and participate in safety and health, in addition to implementing the safety and health autonomous management and self-care system, and implementing the "zero incident" reward system, the "safe working hours" of the competition creation unit of each unit is combined with incentive rewards. Corrective punishments are in place in order to improve employees' awareness of safety, thereby eliminating safety hazards.				

Note 1: If "yes" is checked in the operation status, please indicate the important policies, strategies, measures and implementation; if "no" is checked in the operation status , please explain the reasons and explain the plans for adopting relevant policies, strategies and measures in the future.

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

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

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

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policy and plans				
(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?	Yes		The Company has established its Ethical Corporate Management Best Practice Principles; the directors have long-term holdings of company shares, focus on the Company's business in a practical manner, and strictly implement the ethical corporate management policy.	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 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"?	Yes		The Company's Ethical Corporate Management Operating Procedures and Behavior Guidelines have adopted preventive measures for business activities within the business scope that have a higher risk of unethical behavior.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(III) Does the Company stipulate the operating procedures, behavior guidelines, and	Yes		The Company has formulated its Ethical Corporate Management Operating Procedures and Behavior	There is no deviation from the spirit of Ethical

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
disciplinary and grievance systems in its unethical behavior prevention plan and implement them, and regularly review and revise the plan?			Guidelines, and has been strictly following them.	Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
II. Implementation of Ethical Corporate Management				
(I) Does the Company assess the ethical corporate management records of its counterparties and specify the ethical corporate management terms in the contracts it enters into with them?	Yes		Since October 2014, the Company has been clearly stipulating the ethical corporate management behavior clause in the contract signed with the transaction partner.	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 set up a dedicated (concurrent) unit under the board of directors to promote ethical corporate management, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior as well as its supervision of the implementation?	Yes		In order to improve the supervision of ethical management, the Management Department is responsible for the formulation, supervision and implementation of ethical management policies and prevention plans, and regularly reports the implementation results to the Board of Directors.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(III) Does the Company have a conflict of interest prevention policy to provide	Yes		The interests of the Company are important while those of shareholders as a whole are paramount.	There is no deviation from the spirit of Ethical

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
appropriate channels for explanation and implement it?			This is the Company's policy that all department heads are required to follow. Their subordinates may also report in these matters to upper levels of management or by skipping over their direct reporting lines.	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 check the status of unethical behavior prevention accordingly, or entrusted an independent auditor to carry out the audit?	Yes		Relevant units are operated in accordance with the established effective accounting system and internal control system, and are regularly inspected by the internal audit unit.	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.
(V) Does the Company regularly conduct internal and external for ethical corporate management?	Yes		The Company has organized training courses on ethical corporate management and placed relevant promotional materials on the electronic bulletin board.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
III. Operation of the Company's Accusation System				

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
(I) Does the Company have a specific accusation and reward system, establish a convenient accusation channel, and assign appropriate personnel to the accused person?	Yes		A documented reporting system has been established, clear and appropriate reporting channels have been established, and appropriate personnel responsible for handling the report have been assigned.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(II) Has the Company established the standard operating procedures for investigation of accused matters, follow-up measures after investigation and the relevant confidentiality mechanism?	Yes		The investigation of the accused matters is actively handled and kept confidential in accordance with the established operating procedures of the Company, and a system has been established in writing.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
(III) Does the Company take measures to protect the accuser from improper treatment due to the accusation?	Yes		The accuser is protected from being improperly dealt with because of the accusation, and a system has been established in writing.	There is no deviation from the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
IV. Enhancement of Information Disclosure (I) Does the Company disclose the content	Yes		Disclosure is made in the designated area of the	There is no deviation from

Evaluation item	Status			Deviation from Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies and causes thereof
	Yes	No	Summary Description	
and promotion effect of its ethical corporate management best practice principles on its website and MOPS?			Company's official website, in the annual report and on the Company's website and the corporate governance area of the MOPS.	the spirit of Ethical Corporate Management Best Practice Principles for TWSE / GTSM Listed Companies, and implementation has been carried out.
V. If the Company has its own ethical corporate management best practice principles in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please state the differences between its operation and the principles: No difference.				
VI. Other important information helpful to understand the Company's ethical corporate management operation (such as the Company's review and amendment of the ethical corporate management best practice principles): Already disclosed above and no other supplemental information at the moment.				

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

(VII) If the Company has corporate governance best practice principles and related regulations, disclose the query method: URL: http://www.sesoda.com.tw/chinese/investors9.html

(VIII) 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 the internal control self-inspection, strengthen the audit and report to the board meeting, so that the directors can understand and then the purpose of attention and supervision can be achieved.
2. Implement the spokesperson system, make information transparent, and fully disclose relevant major information, so that shareholders have equal rights to such information.
3. Continue to arrange courses for the further study of directors and supervisors, so as to implement the spirit of corporate governance starting from the board of directors.

(IX) Implementation Status of the Internal Control System

1. Internal Control System Statement

Sesoda Corporation

Internal Control System Statement

Date: March 29, 2021

Based on the findings of the self-assessment, the Company states the following with regard to its internal control system for the year 2020:

I. The Company is sure that the establishment, implementation and maintenance of the internal control system is the responsibility of the Company's board of directors and managers, and the Company has already established this system. 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.

II. The internal control system has inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable guarantee for the achievement of the three objectives above; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-supervision mechanism. Once the missing element is recognized, the company takes corrective action.

III. The Company judges whether the design and implementation of the internal control system are effective based on the judgment items of the effectiveness of the internal control system as stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Establishment Regulations"). 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.

IV. The Company has adopted the above-mentioned internal control system judgment items to evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on the evaluation results in the preceding paragraph, the Company believes that as of December 31, 2020, 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.

VI. This statement is an integral port of the Company's annual report and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32,171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Company's board in their meeting held on March 29, 2021, and all nine directors present agreed to the content of this Statement.

Sesoda Corporation Chairman: Chen Rong-Yuan Signature General Manager: Huang Chih-cheng Signature

2. Those who entrust a professional accountant to review the internal control system should disclose the accountant's review report: None.

(X) 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:

The deferred prosecution for the Company's violation of the Air Pollution Act in 2018 was determined, and the Company was fined for NT$300 thousand; the Company was fined for NT$120 thousand for violating both the specialized prevention standards and the Occupational Safety and Health Act in 2020.

Improvements:

The Company actively cooperated with the relevant competent authorities on the improvement requirements; the improvement of the above-mentioned deficiencies in occupational safety was completed by the end of August 2020, and unit supervisors are required to strengthen inspections and audits of on-site work conditions to avoid disasters and accidents.

(XI) 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

Date	Summary of content
Shareholders' meeting	
Proposal	
2020/05/27	I. Date of general shareholders' meeting: May 27. 2020 2. Important resolutions: Discussion Item: Proposal 1: Proposed by the Board Proposal: It is proposed to transfer NT$169,216,210 of earnings to capital increase and issue new shares; please make a resolution. Resolution: The voting results of this proposal are as follows: Number of voting rights of shareholders present at the time of voting: 156,318,209 rights (100.00%) Number of approval rights: 131,113,933 rights (83.87%) Number of opposition rights: 23,630 rights (0.01%) Invalid: 0 for 0.00% of voting rights Number of abstentions and non-voting rights: 25,180,646 rights (16.10%) The original motion was passed for this proposal in accordance with the voting result. Implementation status: The change was registered on July 28, 2020. Case 2: The shareholder account number 81286 Jiankai Property Management Co., Ltd. proposed a stock dividend of NT$0.8 and a cash dividend of NT$0.8 in accordance with Article 172 of the Company Act, for a total of NT$1.6; ; please make a resolution. Resolution: The voting results of this proposal are as follows: Number of voting rights of shareholders present at the time of voting: 156,318,209 rights (100.00%) Number of approval rights: 13,910,720 rights (8.89%) Number of opposition rights: 58,708 rights (0.03%) Invalid: 0 for 0.00% of voting rights Number of abstentions and non-voting rights: 142,348,781 rights (91.06%) The case was not passed according to the voting results. Implementation status: N/A

2. Board meeting proposal

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-3 of the Securities and Exchange Act	Objections or reservations expressed by independent directors
The 15th session of the 23rd term	2020/02/27	Announcement of the Company's 2020 general shareholders' meeting.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
16th session of the 23rd term	2020/03/27	The Company's board meeting resolved to transfer earnings to capital increase and issue new shares.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		The board meeting resolved to distribute cash dividends.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present Already distributed on August 19, 2020.		
		Approved the 2019 internal control system statement.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		Resolution on the 2019 financial report (including consolidated financial statements)	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-3 of the Securities and Exchange Act	Objections or reservations expressed by independent directors
18th session of the 23rd term	2020/06/19	Announcement of the Company's ex-right and ex-dividend dates.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		Revision of the Company's "Internal Control System" and "Internal Audit Implementation Rules".	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
20th session of the 23rd term	2020/09/24	The new endorsement and guarantee amount added by the board of directors reached more than NT$30 million and more than 5% of the net value in the latest financial statement.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
21st session of the 23rd term	2020/11/12	The Company's board meeting resolved to lift the restriction on managers' non-competition.	V	
		Opinions of independent directors: None.		
		Resolution result: all present directors agreed to pass.		
		Announced that the new endorsement and guarantee amount added by the board of directors reached more than NT$30 million and more than 5% of the net value in the latest financial statement.	V	

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-3 of the Securities and Exchange Act	Objections or reservations expressed by independent directors
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		Passed the 2021 audit plan.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
22nd session of the 23rd term	2020/12/28	Announced that the new endorsement and guarantee amount added by the board of directors reached more than NT$30 million and more than 5% of the net value in the latest financial statement.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
23rd session of the 23rd term	February 22, 2021	Arrangement to hold the 2021 general shareholders' meeting.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present is scheduled to be held on May 25, 2021.		
24th session of the 23rd term	March 29, 2021	The Company's board meeting resolved to transfer earnings to capital increase and issue new shares.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		The board meeting resolved to distribute cash dividends.	V	

Board of Directors	Date	Proposal content and subsequent handling	Matters listed in §14-3 of the Securities and Exchange Act	Objections or reservations expressed by independent directors
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		Approved the 2020 internal control system statement.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		Resolution on the 2020 financial report (including consolidated financial statements)	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		Lifting the non-competition restriction on directors of the 24th term.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		
		Resolution to set up the position of Head of Corporate Governance.	V	
		Opinions of independent directors: None.		
		Resolution result: Approved by all directors present		

(XII) 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? None.

(XIII) 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: None.

V. Public Accountant Fee Information

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

Currency unit: NTD thousand

Accounting firm name	Accountant name	Audit fees	Non-audit fees					Accountant audit period	Note
			System design	Business registration	Human resources	Others (Note 2)	Subtotal		
KPMG Taiwan	Ming-Hung Huang and Po-Shu Huang	2,960	-	-	-	60	60	January 1, 2020 ~ 2020.12.31	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 the certification fees of the employee salary checklist and the amount of capital increase from earnings.

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

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

VI. Accountant Change Information:

No such situation.

VII. If the Company's Chairman, President, and manager in charge of financial or accounting affairs has worked in the firm of the certifying accountant or its affiliated company within the most recent year, disclose the name, title and the period of working for the firm of the certifying accountant or its affiliated company:

No such situation.

VIII. Equity transfer and equity pledge changes of directors, managers, and shareholders whose shareholding ratio exceeds 10% in the most recent year

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

Unit: Shares

Title (Note 1)	Name	2020		From the current year up to March 27	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	Zhengbang Investment Co., Ltd. Representative: Chen Rong-Yuan	1,093,210	840,000	0	100,000 (6,700,000)
Vice Chairman	Sincere Industrial Corporation Representative: Chen Cheng-Te	253,772	0	0	0
Director	Sincere Industrial Corporation Representative: Chen Kai-Yuen	253,772	0	0	0
Director	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	1,093,210	840,000	0	100,000 (6,700,000)
Director	Sincere Industrial Corporation Representative: Chu Yuan-Hua	253,772	0	0	0
Director	Zhifu Investment Co., Ltd. Representative: Chao Hsin-Jung	801,627	0	0	0
Director	Yalan Investment Consulting Co., Ltd. Representative: Wu Chung-Lee	467,624	0	0	0
Independent Director	Tsao Ming	0	0	0	0
Independent Director	Wang Po-Hsin	0	0	0	0
Independent Director	Chen Pei-Chun	0	0	0	0

General Manager	Huang Chih-Cheng	5,413	0	0	0
Deputy General Manager	Yi-De Chen (taking office on July 1, 2020)	0	0	0	0
Deputy General Manager	Liu Chih-Yung	16,422	0	0	0
Deputy General Manager	Lin Yung-Le	2,097	0	0	0
Director of Main Plant:	Shih Yueh-Hui	14	0	0	0
Associate Manager	Shu-Yuan Lin (taking office on February 3, 2020)	0	0	0	0
Finance Supervisor	Chen Chih-Chun	924	0	0	0
Accounting Supervisor	Chu Ching-Yun	0	0	0	0
Audit Supervisor	Li Yen-Ling	0	0	0	0

Note 1: Shareholders holding more than 10% of the Company's total shares shall be marked as major shareholders and listed separately.
Note 2: If the counterparty of the equity transfer or equity pledge is a related party, the following table shall be filled in.

(II) Is the counterparty of the equity transfer a related party: No.

(III) Is the counterparty of the equity pledge a related party: No.

IX. Information on the relationship among the top ten shareholders in terms of shareholding ratio

March 27, 2021

Name	Number of shares personally held		Spouse and minor children holding shares		Total holding of shares in the names of others		WHERE TOP TEN SHAREHOLDERS HAVE A RELATIONSHIP WITH EACH OTHER OR A RELATIVE RELATIONSHIP WITHIN THE SCOPE OF THEIR SPOUSE OR RELATIVE WITHIN THE SECOND DEGREE OF KINSHIP, THE NAME OR DESIGNATION AND THE RELATIONSHIP.		Note
	Shares	Percentage of ownership	Shares	Percentage of ownership	Shares	Percentage of ownership	Designation (or name)	Relationship with the Company	
Jian - Kai Property Management Co., Ltd. Responsible Person: Liu Po-Chien	18,039,000 0	7.90% 0	0 0	0 0	0 0	0 0	--	--	
Zhengbang Investment Co., Ltd. Responsible person: Chen Kai-Yuan	14,758,338 0	6.46% 0	0 0	0 0	0 0	0 0	--	--	
Chu Ying-Piao	11,605,549	5.08%	0	0	0	0	Chu Hsiang-Hua	Father and son	
Zhifu Investment Co., Ltd. Responsible person: Chao Tien-Hsing	10,821,968 0	4.74% 0	0 0	0 0	0 0	0 0	--	--	
CTBC Bank in custody for Masterlink	7,367,196	3.22%	0	0	0	0	--	--	

Securities (Hong Kong) Co., Ltd. special account									
Forbson International Co., Ltd. Responsible person: Chu Hsiang-Hua	7,082,870 0	3.10% 0	0 0	0 0	0 0	0 0	Chu Ying-Piao	Father and son	
San De International Investment Co., Ltd. Responsible person: Liao Wei-Min	4,967,462 0	2.17% 0	0 0	0 0	0 0	0 0	--	--	
Yalan Investment Consulting Co., Ltd. Responsible person: Wu Chung-Li	4,017,929 3,929,541	1.76% 1.72%	0 786,160	0 0.34%	0 0	0 0	Wu Chung-Li	Responsible person	
Wu Chung-Li	3,929,541	1.72%	786,160	0.34%	0	0	Yalan Investment Consulting Co., Ltd. Mr. Zhong-Yae Wu Education Charity Foundation	Responsible person The same person	
Mr. Zhong-Yae Wu Education Charity Foundation Responsible person: Wu Chung-Li	3,862,993 3,929,541	1.69% 1.72%	0 786,160	0 0.34%	0 0	0 0	Wu Chung-Li	Responsible person	

X. 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:

Unit: share; %; December 31, 2020

Reinvested business	The Company's investment		Directors, supervisors, managers and direct or indirect control of investment in the business		Comprehensive investment	
	Shares	Percentage of shareholding	Shares	Percentage of shareholding	Shares	Percentage of shareholding
Assessment using the equity method:						
Sesoda Steamship Corporation	10	100.00	-	-	10	100.00
East Tender Trading Co., Ltd.	3,200,000	100.00	-	-	3,200,000	100.00
Yukari Group Co., Ltd.	2,100,000	100.00	-	-	2,100,000	100.00
E- Teq Venture Technology Co., Ltd.	600,000	100.00	-	-	600,000	100.00
Sesoda Investment (BVI) Ltd.	880	50.00	880	50.00	1,760	100.00

IV. Fundraising Status

I. Capital and shares

(I) Source of equity capital

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)	Source of equity capital (NT$ thousand)					Property other than cash contributed as equity capital	Others
						Capital increase in cash	Capital increase from earnings	Employee bonus	Capital surplus	Capital reduction in cash		
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	-	-	-	-	526132	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
Grand total						169,216	2,389,740	9,954	313,525	526132		

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

July 02, 1981 Zhengguan (70) No. 0011
June 26, 1982 Zhengguan (71) No. 0995
November 26, 1984 (73) Taizaizheng (1) No. 3350
August 1, 1985 (74) Taizaizheng (1) No. 00925
July 14, 1986 (75) Taizaizheng (1) No. 00722
July 08, 1987 (76) Taizaizheng (1) No. 00642

June 15, 1992 (81) Taizaizheng (1) No. 01242
June 10, 2014 SFB No. 1030022005
June 08, 1993 (82) Taizaizheng (1) No. 01465
June 21, 1994 (83) Taizaizheng (1) No. 28250
June 10, 1995 (84) Taizaizheng (1) No. 32131
May 21, 1996 (85) Taizaizheng (1) No. 32297

May 10, 2001 (90) Taizaizheng (1) No. 126499
July 9, 2007 SFB No. 0960028671
June 24, 2013 SFB No. 1020024396
June 10, 2015 SFB No. 1040021917
June 4, 2016 FSC approved
June 3, 2017 FSC approved

June 13, 1988 (77) Taizaizheng (1) No. 08469
June 20, 1989 (78) Taizaizheng (1) No. 24714
June 14, 1990 (79) Taizaizheng (1) No. 01238
July 04, 1991 (80) Taizaizheng (1) No. 01369

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

June 24, 2019 FSC approved
June 5, 2020 FSC approved

March 27, 2021

Type of shares	Approved share capital			Note
	Outstanding shares (Note)	Unissued shares	Total	
Common stock	228,441,881	21,558,119	250,000,000	Listed company shares

Information concerning the collective reporting system: Not applicable.

(II) Shareholder structure

March 27, 2021

Shareholder structure	Government agency	Financial institution	Other juridical persons	Foreign institutions and foreign individuals	Individual	Total
Number of individuals	2	4	173	108	50,272	50,559
Number of shareholding	5	32,095	73,665,806	16,624,327	138,119,648	228,441,881
Percentage of ownership	0.00%	0.01%	32.25%	7.28%	60.46%	100.00%

(III) Distribution of Equity

March 27, 2021

Shareholding class	Number of shareholders	Number of shareholding	Percentage of ownership
1-999	35,128	3,176,786	1.39%
1,000-5,000	10,886	22,357,243	9.79%
5,001-10,000	2,133	15,202,086	6.65%
10,001-15,000	979	12,107,307	5.30%
15,001-20,000	355	6,299,757	2.76%
20,001-30,000	447	10,967,414	4.80%
30,001-40,000	166	5,744,533	2.51%
40,001-50,000	97	4,391,118	1.92%
50,001-100,000	211	14,504,247	6.35%
100,001-200,000	86	11,734,312	5.14%
200,001-400,000	38	10,193,583	4.46%
400,001-600,000	5	2,506,538	1.10%
600,001-800,000	6	4,348,645	1.90%
800,001-1,000,000	3	2,847,669	1.25%
1,000,001 or more	19	102,060,643	44.68%
Total	50,559	228,441,881	100.00%

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

March 27, 2021

Name of the main shareholder	Number of shareholding	Percentage of ownership
Jian Kai Property Management Co., Ltd.	18,039,000	7.90%
Zhengbang Investment Co., Ltd.	14,758,338	6.46%
Chu Ying-Piao	11,605,549	5.08%
Zhifu Investment Co., Ltd.	10,821,968	4.74%
CTBC Bank in custody for Masterlink Securities (Hong Kong) Co., Ltd. special account	7,367,196	3.22%
Forbson International Co., Ltd.	7,082,870	3.10%
San De International Investment Co., Ltd.	4,967,462	2.17%
Yalan Investment Consulting Co., Ltd.	4,017,929	1.76%
Wu Chung-Li	3,929,541	1.72%
Mr. Zhong-Yae Wu Education Charity Foundation	3,862,993	1.69%

(V) Market price, net worth, earnings and dividends per share and related information in the most recent two years

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

Item		Year	2019	2020	The current year as of March 31, 2021
Market price per share (Note 1)	High	Before retrospective adjustment	28.05	27.30	24.60
		After retrospective adjustment	26.24	24.54	
	Low	Before retrospective adjustment	24.05	18.50	21.50
		After retrospective adjustment	22.43	16.39	
	Average		25.74	23.44	22.94
Net value per share	Before distribution		28.05	25.37	
	After distribution		27.25 (Note 2)	24.47 (Note 4)	--
Earnings per share	Weighted average number of shares		211,520,260	228,441,881	228,441,881
	Earnings per share (Note 3)	Before retrospective adjustment	1.30	0.76	--
		After retrospective adjustment	1.20	--	--
Dividend per share (Note 4)	Cash dividend		0.8	0.9（Note 4）	--
	Stock dividends	Stock dividends from capitalization of retained earnings	0.8	0.9（Note 4）	--
		Additional paid in capital	--	--	--
	Accumulated unpaid dividends (Note 5)		--	--	--
Return on investment analysis	P/E ratio (Note 6)		19.80	30.84	--
	Price to dividend ratio (Note 7)		32.18	26.04	--
	Cash dividend yield (Note 8)		3.11	3.84	--

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 2021, and the average market prices for each year and as of the publication date of the annual report in 2021 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 2021.

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

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

Note 4: The cash dividend was approved by the board meeting on March 29, 2021; the share allotment due to capital increase was proposed by the board meeting on March 29, 2021, and is pending the approval of the shareholders' meeting.

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/E ratio = average closing price per share for the year/cash dividend per share.

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

(VI) Company Dividend Policy and Implementation Status

1. Dividend policy:

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

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

   The Company's capital structure and long-term financial planning shall be considered in response to the Company's long-term development. The Company's dividend policy shall be to reflect operational performance and is based on the principle of balanced dividend distribution. As part of this approach, the proportion of cash dividend distribution shall be no less than 20% of the current year's dividend. Furthermore, all cash dividends must be issued.

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

   (1) Cash dividend to shareholders: NT$205,597,693will be distributed from the cumulative distributable earnings in 2020 at NT$0.9 per share.

   (2) Stock dividend to shareholders: NT$205,597,700 will be distributed from the cumulative distributable earnings in 2020; capital increase will be processed by issuing new shares, and 20,559,770 new shares will be issued (at NT$0.9 per share). Once approved by the shareholders' meeting and submitted to the competent authority for approval, the board meeting is authorized to set an ex-date for allotment.

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

<table>
<tr><td colspan="3">Year
Item</td><td>2021
(estimated)</td></tr>
<tr><td colspan="3">Paid-in capital amount at the beginning of the period (NTD)</td><td>2,284,418,810</td></tr>
<tr><td rowspan="3">Cash and stock dividends to be distributed in the current year (Note 1)</td><td colspan="2">Cash dividend per share (NTD)</td><td>0.9</td></tr>
<tr><td colspan="2">Capitalization of retained earnings to be distributed per share (shares)</td><td>0.9</td></tr>
<tr><td colspan="2">Capitalization of capital reserves to be distributed per share (shares)</td><td>-</td></tr>
<tr><td rowspan="7">Change in business performance</td><td colspan="2">Operating profit</td><td rowspan="13">Not applicable
(Note 2)</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of operating profit over the same period last year</td></tr>
<tr><td colspan="2">Net profit after tax</td></tr>
<tr><td colspan="2">Increase (decrease) ratio of net profit after tax compared with the same period last year</td></tr>
<tr><td colspan="2">Earnings per share</td></tr>
<tr><td colspan="2">Earnings per share increase (decrease) ratio over the same period last year</td></tr>
<tr><td colspan="2">Annual average return on investment (the reciprocal of the annual average P/E ratio)</td></tr>
<tr><td rowspan="6">Proposed earnings per share and P/E ratio</td><td rowspan="2">If capitalization of retained earnings is changed to a cash dividend</td><td>Projected earnings per share</td></tr>
<tr><td>Projected annual average return on investment</td></tr>
<tr><td rowspan="2">If capitalization of capital reserves has not been carried out</td><td>Projected earnings per share</td></tr>
<tr><td>Projected annual average return on investment</td></tr>
<tr><td rowspan="2">If the capitalization of retained earnings has not been handled and the capitalization of retained earnings has been paid by cash dividend</td><td>Projected earnings per share</td></tr>
<tr><td>Projected annual average return on investment</td></tr>
</table>

Note 1: A resolution for stock dividends from capitalization of retained earnings has not yet been resolved by the General Meeting of Shareholders.

Note 2: In accordance with the "Guidelines for Disclosure of Financial Forecasts by Public

Companies", the Company does not need to disclose the financial forecast information for 2021, so there is no estimated data for 2021.

(VIII) Remuneration of Employees and Directors

1. The amount or scope of the remuneration of employees, directors and supervisors as stated in the Articles of Association:

   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 meeting:

   (1) The employee's remuneration distributed in cash is NT$7,016,744, the special reward is NT$2,004,784, and the director's remuneration is NT$4,009,568.

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

3. The actual distribution of employee remuneration (including special incentives) and directors and supervisors in the previous year:

   The employee remuneration distributed in cash is NT$12,003,506, the special reward is NT$3,429,573, and the remuneration of directors and supervisors is NT$6,859,146.

(IX) Status of the Company’ buyback of its own shares: None.

II. Handling status of corporate debts: None.

III. Handling status of preferred shares: None.

IV. Handling status of overseas depositary receipts: None.

V. Handling status of employee stock options: None.

VI. Handling status of new shares with restricted employee rights: None

VII. Handling status of new share issuance due to M&A or transfer of shares: None.

VIII. Implementation status of fund utilization plan: None.

V. Operation Overview

I. Business Content

(I) Business Scope

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

   (1) Core Industrial Chemical Business

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

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

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

   (3) Subsidiary catering business: catering business.

2. Main contents of businesses

Unit: NTD Thousand

Business item	Revenue in 2020	Operating profit contribution (%)
Manufacturing-chemical products	1,881,473	46.63
Trade-chemical products	785,549	19.47
Shipping transport	1,303,998	32.32
Catering	63,774	1.58
Truck freight transportation	91	0.00
Others	107	0.00
Total	4,034,992	100.00

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

3. Product items of the Company and its subsidiaries:

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

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

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

4. New Products to Be Developed

   (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.

In the first half of 2020, due to the impact of the COVID-19 pandemic, the global economy plummeted and the demand for raw materials was sluggish. This led to a weak demand for potassium chloride, one of the main raw materials of potassium sulfate, and increased inventories. As a result, international potash fertilizer prices continued to fluctuate in a low range. Fortunately, the international market demand for potassium sulfate was still high. Although the price competition was fierce, the sales volume was still rising month by month. Beginning in the second half of the year, the global economy has gradually recovered, and international container freight rates were also gradually climbing at the same time, reaching a 10-year new high in the fourth quarter. Due to the chaos of flights and the slow container flow, shipping prices have skyrocketed and have seriously affected global trade. The high freight rate was extremely detrimental to the export of potassium sulfate. Even if the demand was still stable, there was the dilemma that goods could not be sold.

The export sales of potassium sulphate in China dropped sharply to around 14,500 tons in December, less than half of the average for the previous 11 months. However, potassium sulfate is mainly used as a raw material for compound fertilizer production in the mainland; though its export market was sluggish, mainland manufacturers coild still rely on the domestic market for support. Later, in order to encourage exports, the mainland authorities announced that export tax rebates would be implemented for fertilizer products starting from December 1; manufacturers and exporters of fertilizers including potassium sulfate would benefit as a result. It is expected that once ocean freight returns from high-end to a stable range, the export price of potassium sulfate in mainland China will be more competitive, and the export volume is expected to increase; how much impact it will have on the price and sales volume of potassium sulfate manufacturers in other countries remains to be seen.

In contrast, the Company's potassium sulfate is mainly for export, and the container freight which repeatedly created new highs has a greater impact on its orders and profits. The orders from Central and South America, Africa and other countries on ocean routes have almost disappeared instantly, leaving only those for near oceans. Nearby Vietnam, South Korea and Japan barely made profits or just broke even to strive for orders. The Company therefore more aggressively developed opportunities for bulk shipping and breakthroughs in packaging methods. Through bulk carrier shipping, the impact of missed orders due to high container freight rates could be reduced, and a stable sales volume could be maintained. Due to the gradual recovery of the global economy and the rising demand for raw materials, potassium chloride suppliers have gradually increased their prices from the end of the third quarter of 2020. Currently the market expects that the price of raw materials will increase in 2021, which will cause a greater price competition for potassium sulfate.

Sales in 2020 totaled 130,325 tons, an increase of 28,029 tons from 102,296 tons in 2019, and the operating income of NT$1,633,463 thousand increased by approximately 9% from NT$1,502,436 thousand in 2019.

Looking forward to 2021, the COVID-19 pandemic, politics, and policies will continue to dominate the economic and market outlook. In particular, the pace of global economic recovery depends on the speed at which vaccines are popularized. Most experts expect that economic activities will not embark on the path to a full return to normal until the end of 2021, when a sufficient proportion of the population is immuned.

The global demand for potash fertilizer has exceeded the demand expected at the beginning of 2020, and the price also increased at the end of the year. It is estimated that this demand will continue in 2021.It is predicted that the global potash fertilizer shipments will be between 68 million tons and 70 million tons, of which the demand for potassium sulfate is about 7 million tons, with an annual growth rate of 2~3%, and the supply will be about 9 million tons. Since 2019, mainland China has canceled export tariffs on potassium sulfate and began to actively export. The export volume in 2019 reached 324,000 tons, and the export volume in 2020 was 375,000 tons, an increase of about 16%.

Looking forward to 2021, in the face of the severe challenge of high international freight rates and rapidly increasing prices of potassium chloride, the main raw material of potassium sulfate, the Company will continue to integrate resources from all parties, promote favorable packaging methods to respond to it, and reduce overall sales costs; the Company will also develop new markets and new customers including those in Europe for potassium sulfate sales, and maintain stable sales.

B. Soda ash is divided into the categories of dense soda ash and light soda ash. Dense soda ash is the main raw material for glass manufacturing, and the source of the Company's dense soda ash supply is the United States; light soda ash is used in dyeing and finishing, cleaning and chemical industries, and comes from mainland China.

Mainland China is the world's largest soda ash market. In addition to several large soda ash manufacturers, the size is due to the rapid growth of soda ash used in its large-scale textile, pulp and paper industries. In terms of sales, North America is the main market for soda ash. Europe is another market where sales are growing.

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

In 2019, the global soda ash market is said to reach 57.5 million tons. The industry originally expected that the soda ash market will grow at a compound annual growth rate of 3% from 2020 to 2024, but at the beginning of 2020, the soda ash market, like many other commodities, suffered a major impact due to the lockdown of countries due to the COVID-19 pandemic, the global trade chaos, the sharp decline in trade volume, and the economic contraction. The originally optimistic growth expectation also needed to be revised downward significantly. Except products such as soaps and detergents that have bucked the trend due to the concept that hand washing is the basis of fighting against the pandemic which caused consumers to rush to buy and a surge in demand, since the beginning of the first wave of the pandemic, the first to bear the brunt is the recession in the construction industry and the reduction or closure of automobile and textile factories. Then the demand for glass packaging for food, beverage and cosmetics began to decline. The United States, Turkey and China are the world's top three soda ash exporters, but according to the export figures, compared with those in May 2019, the exports of soda ash from the United States, Turkey and China in the same period in 2020 have decreased by 34%, 49% and 29% respectively.

Due to the sharp drop in demand for soda ash around the world, coupled with the high inventory in many markets, the global soda ash market price kept falling, reaching the lowest point in April and May. At that time, the demand of China’s domestic and export markets was still weak. China’s inventory reached a peak of 1.76 million tons in late May, and both domestic and export prices fell sharply; after that, some factories started to undergo annual repairs in June. At the beginning of July, the inventory dropped to 1.3 million tons, and then the soda ash market finally got rid of the decline gradually and embarked on the path of recovery.

The Company's sales of soda ash in 2020 is the epitome of the global market. The pandemic broke out at the beginning of the year. In the first half of the year, the sales volume of the Company's soda ash was almost cut in half, and the inventory pressure surged. With the price fell to the bottom, the industrial chain of the customer-end market was severely impacted until the fourth quarter. After a slow recovery, the buying momentum gradually recovered.

Looking back in 2020, the first among the biggest challenges of soda ash is the fluctuation of the supply price; the price collapsed in the first half of the year, and then began to rise strongly after the fourth quarter. The second challenge is the inventory management, especially that mainland suppliers delayed shipments in March and April due to the impact of city lockdowns. Since the third quarter, it was that one of the main suppliers suspended its operations due to environmental issues, coupled with the recovery of demand, there was a shortage of supply and prices gradually rose, and the high ocean freight of light soda ash from mainland China impacted the Company's sales profit even further. The price should have been increased in October, but because the competitors did not adjust their prices, the Company had to suspend the price increase for most customers. In terms of soda ash supply in the United States, during the pandemic in 2020, the promised quantity and price were still fully supported, so that the Company had no worries and still maintained a relative majority of the market share despite a decline in the overall demand.

Looking forward to 2021, it is expected that the pandemic will slow down and soda ash sales are expected to gradually pick up. However, due to the high-end ocean freight rate, the quotations of light soda ash from mainland China continue to increase, resulting in high overall sales costs as well as difficult shipping schedules and inventory management challenges. Future ocean shipping price trends will be one of the focuses of attention. Another serious challenge is the soaring raw materials, which drove the global soda ash price to increase substantially in the second quarter, and the rising trend will continue. Faced with the aggressive attack of competitors grabbing orders at low prices, whether customers can accept the steadily rising prices will be a big test for the Company's market share defense.

(2) Subsidiary shipping business

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

Classification of main bulk ship types

Bulk Ship Type	Cape Size (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	Grain, 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 tonnage cannot cross artificial canals and must detour through the Strait of Magellan in South America to the ports in the east of the United States,	• Maximum tonnage allowed to pass the Panama Canal. • Mainly carrying ocean cargo.	• Can carry far and near ocean cargo.	• Can carry cargos for far and near oceans, inland rivers and canals.

	and have to sail mainly on ocean routes.			

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.

Lightweight bulk shipping was affected by the trade war and the COVID-19 pandemic from 2019 to 2020, and freight rates fell. However, as orders for new ships also dropped to a historically low level at the beginning of 2021 due to the pandemic, China's shipping capacity was reduced during the New Year holiday, and the US economic stimulus pushes up freight rates, it remains to be seen how long the impacts can last. The Company has totally 15 ships so far. In the future, we will still adopt hourly rental in a conservative and stable manner.

(3) Subsidiary catering business
The development of the catering industry is closely related to the population size, private consumption expenditures, and changes in dietary concepts. The living standards of Taiwanese people are stable, coupled with the formation of eating habits and the concept of unburdened eating in recent years, Japanese fresh food has been widely accepted by the market. Since 2018, it has been recognized by Michelin International for three consecutive years. Healthy food can even increase people's willingness to go to the restaurant for consumption, and there is still room for its continuous growth in the future.

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

In the long run, global demand for potash fertilizer will increase by about 2~3% annually, and the growth rate in Northeast Asia will exceed 4%. The demand is mainly from China. By 2021, the global potassium chloride production capacity is expected to increase by 1.7% compared with 2020. Most of this increase will come from capacity expansion in Belarus and Russia. At the same time, with the commissioning of two potassium sulfate mines (+300,000 tons), Australia will have the first primary potassium chloride plant.

According to the United Nations report, the world's total population will increase from 7.9 billion in 2020 to 8.6 billion in 2030, and reach 9.8 billion in 2050.Faced with the continuous growth of the global population, the new population is bound to increase the demand for agricultural products, especially food crops. However, the per-capita arable land area has been declining year by year, and the growing demand for agricultural products has formed a major contradiction in agricultural production. Therefore, it is a long-term trend to increase the amount of crops per unit of cultivated land by increasing the application rate of chemical fertilizers. The rigid demand for agricultural products will support the steady growth of chemical fertilizer demand. In the past few years, world food prices have remained high, and farmers have actively invested resources in purchasing chemical fertilizers, which has supported the overall chemical fertilizer market. South Asia will continue to drive the expansion of global fertilizer application, followed by Eastern Europe, Central Asia, Latin America and Africa. In relative terms, the fastest-growing markets will be Eastern Europe, Central Asia and Africa, followed by South Asia.

It is predicted that the global potash fertilizer shipments will be between 68 million tons and 70 million tons, of which the demand for potassium sulfate is about 7 million tons, with an annual growth rate of 2~3%, and the supply will be about 9 million tons.

It is estimated that global potassium chloride demand (including fertilizer application and industrial consumption) will increase by 1.2% and 1.7% in 2020 and 2021, respectively. Industrial consumer demand will decline slightly in 2020, but will pick up in 2021.Potassium chloride prices have gradually recovered since the second half of 2020, and the price increase rate will accelerate after the first quarter of 2021. In the near future, the global potassium chloride market will still be dominated by suppliers. When the market price is expected to stabilize depends on the global delivery of COVID-19 vaccines, as well as when the pandemic will finally be brought under control, the speed of inventory depletion, the global climate and economic prosperity. Faced with the high-end international freight rate, it is a great challenge for potassium sulfate manufacturers as the price of potassium chloride remains at a high level.

(b) The source of sulfuric acid is mainly a by-product in the process of sulfur production and metal refining. The price of sulfur fluctuates greatly; in the free market, the price is mainly based on supply and demand. The sulfuric acid by-product of metal refining is affected by the prosperity of the refining industry. Generally speaking, sulfuric acid as a by-product has an advantage in price, but how to maintain a stable supply is a challenge.

B. Soda ash - Sodium carbonate (Na2CO3), molecular weight 105.99, chemical purity is more than 99.5 (mass fraction) is also called soda ash, but it is classified as a salt, not as an alkali. It is also known as soda or soda ash in international trade. It is an important organic chemical raw material, mainly used in the production of flat glass, glass products and ceramic glaze. It is also widely used in household washing, acid neutralization and food processing.

Sodium carbonate is a white powder that is easily soluble in water. The solution is alkaline (it can make the phenolphthalein solution light red) . It can be decomposed at high temperature and will not be decomposed by heating.

There are two well-known techniques for making soda ash. One is the ammonia-soda method, which was developed by Solvay, also known as Soxhlet. The other is the joint soda method, developed by Mr. Hou Debang in the mainland, also known as the “Hou's soda method.” After the successful discovery of trona, the cost has a considerable advantage.

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

Advantages:
1. The raw materials of limestone, salt (NaCl) and water are cheap and easy to obtain.
2. Another raw material, ammonia, can be recycled with less damage.
3. Capable of large-scale continuous production, easy to mechanize and automate, and obtain high-quality soda ash.

Disadvantages:
1. The utilization rate of raw materials is low, causing a large amount of waste liquid containing Cl- to be discharged, which seriously pollutes the environment.
2. Distillation to recover ammonia requires an ammonia distillation tower, which consumes a lot of steam and lime, resulting in long process flow, huge equipment and waste of energy.

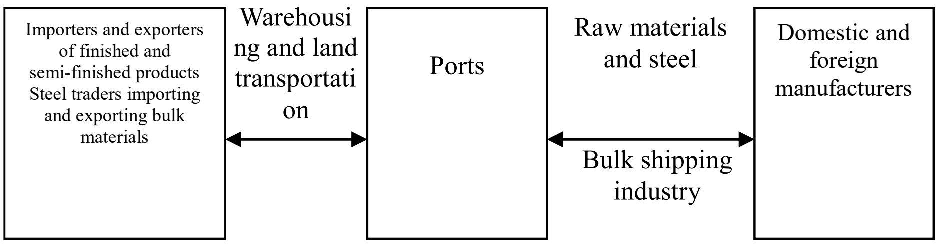
The difference between the joint soda method and the ammonia soda method is the treatment of ammonium chloride. The ammonia soda method is to add quicklime to make ammonia escape, while the joint soda method is to add salt to crystallize ammonium chloride.

In 2020, it is obvious that the demand for soda ash has been greatly affected by the pandemic and economic prosperity, coupled with high inventories, resulting in a sharp drop in supply prices; but once the inventory decreases and the demand increases, the price rebound will be stronger, leading to a soda ash price increase in the second quarter of 2021 under the sustained rising ocean freight and raw material prices. As for the expansion plans announced by several suppliers in 2019, including the expansion of Solvay by 600,000 tons, Ciner by 1 million tons, and Genesis by 750,000 tons, will they be postponed until more favorable market conditions appear, or will they be realized in the next two to three years as scheduled and the ensuing impact on the global soda ash market is worth observing. In short, obtaining advantageous prices and a stable supply of goods are still the core competitiveness of maintaining leading sales in the market.

(2) Subsidiary shipping business

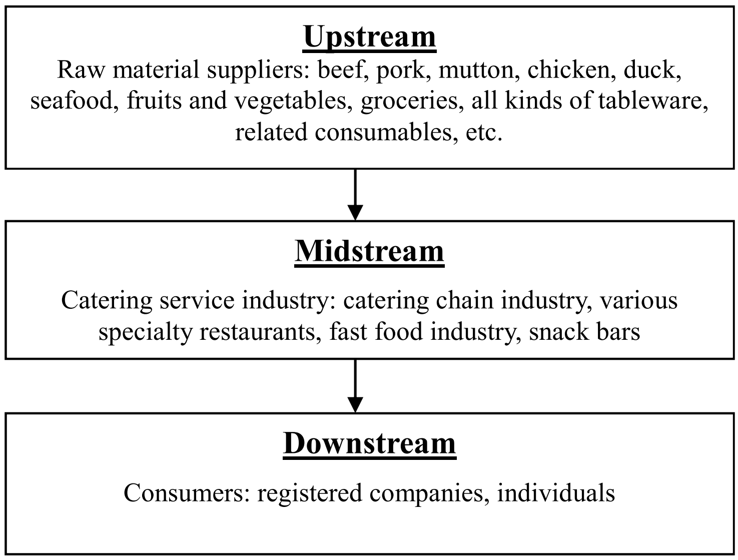
The bulk shipping industry is a transportation service industry, and its business scope is mainly to carry bulk goods and bulk goods such as civilian biological materials. Its main demand industries cover almost all industrial divisions and are different from general manufacturing. The production process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

Diagram of bulk and general cargo aviation industries



(3) Subsidiary catering business

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



3. Overall economic and product development trends and product competition

(1) Core Industrial Chemical Business

A. Potassium Sulfate - 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 is relatively small. Therefore, although some countries and specific industries have reduced the consumption of chemical fertilizers due to various factors, the overall global fertilizer consumption was stable in 2020; of course, this is in line with the government measures and policies of many countries, and due to factors such as the resilience of crop prices which made the relationship between crops and fertilizer prices more attractive, as well as the weather conditions in the major agricultural product consuming countries. It is also helpful that some farmers bought fertilizers early to prevent possible delivery delays or financial difficulties.

Therefore, in 2020, the demand for potassium sulfate did not fall but rose, and customer demand and inquiries also remained high. The turn of the pandemic and economic fluctuations were the most important impacts on sales. The price of the main upstream raw material, potassium chloride, fell due to weak demand in the first half of the year, which gave the Company more room for price competition; afterwards, the potassium chloride market demand increased, and the price rebounded, resulting in an increase in the cost of potassium sulfate, which was unfavorable to price competition. However, the key to the success or failure of sales was more closely linked to the ups and downs of ocean freight rates.

After the sudden outbreak of the pandemic, the sales price competition in the first half of the year was still fierce. Because customers not only compared prices with other Taiwanese manufacturers, but even deliberately used mainland competitors' products to lower prices; In addition, because of the insufficient cargo volume, global shipping companies adopted the shipment strategy of consolidated shipping to control costs and maintain freight rates. The ship bookings were more difficult, but basically did not cause too much of a problem, and after the Chinese new year holiday, the orders were full every month up to the middle of the year. The global panic did not finish in the second half of the year. After the summer, problems such as a shortage of containers and port congestion followed one after another. The shipping industry ushered in the biggest boom in the past decade, but it was the biggest challenge for exporters and the beginning of a nightmare. At first, it was just that ocean shipping costs were high and containers were hard to book; later, even near ocean shipping costs multiplied.

Taiwan's export volume of potassium sulfate in 2020 exceeded 179,000 tons, an increase of 12.7% from 2019. The Company's sales in 2020 increased by nearly 27% from 2019. However, in the last two months, the quotation was almost uncompetitive due to high sea freight charges. It can be said that the sales volume was almost cut in half. China's annual export volume of potassium sulfate in 2020 is 375,000 tons, an increase of nearly 16% from 2019.However, the export volume of potassium sulphate in China in December dropped sharply to only about 14,500 tons, which was less than half of the average value of the previous 11 months. It faced the same problem that the high freight rate of containers made the price of export products unable to compete.

At the end of 2020, the global demand for potash surpassed the expected demand at the beginning of the year, and the price also increased at the end of the year. Looking forward to 2021, the pandemic, politics and policies will continue to dominate the economic and market outlook. It is estimated that demand will continue in 2021.It is predicted that the global demand for potassium sulfate will still grow to about 7 million tons in 2021, and the supply will be about 9 million tons. Faced with the high international freight rate, the difficult booking of containers and bulk shipping, and the severe challenge of the rapid increase in the price of potassium chloride, the main raw material of potassium sulfate, it is expected that potassium sulfate price competition will become more intense, and the difficulty of achieving the sales and profit targets is also higher than in previous years.

B. Soda ash - The rapid growth of China's economy, coupled with the rapid rise of new cities in China, has promoted the demand for architectural glasses. The production of flat glasses is for windows in buildings and cars, accounting for nearly one-third of the total global demand for soda ash in 2019.However, the close relationship between the flat glass industry and the construction and automotive industries also means that it is more severely affected by the pandemic than other products. Other than products such as soaps and detergents which bucked the trend due to the surge in consumer demand because of the concept of handwashing and anti-pandemic which led consumers to buy, on the whole, the sales of soda ash plummeted due to the economic downturn. The soda ash exports of the United States, Turkey, and China, the three major soda ash exporting countries, decreased by 1/3 to 1/2, respectively, compared with the same period in 2019.

The Company's sales of soda ash in 2020 were also greatly affected by the pandemic. In the first half of the year, the Company's sales of soda ash were almost cut in half, and inventory pressure surged. As prices fell instantly, the industrial chain of the customer-end market was severely affected, and it was not until the fourth quarter that the economy slowly recovered, and the buying momentum gradually recovered. It is expected that the pandemic will slow down in 2021, the economy of various regions will gradually heat up, and the sales of soda ash are expected to gradually rebound. However, because ocean freight is still at a high-end price, and the prices of light soda ash from mainland China continue to increase, which result in high overall sales costs. Therefore, the future shipping price trend will be the key to sales and profits. Another challenge is the high rise of raw materials, which drives the price of the global supply of soda ash to increase in the second quarter, and the rising trend will continue. Even if the amount of soda ash used by end customers gradually picks up, a more intense price competition in the market will be inevitable, which will have a greater impact on profits. Therefore, it will be more important for the Company to defend and increase its market share of soda ash if upstream suppliers can continue to provide support in terms of advantageous prices and stable volume.

(2) Subsidiary shipping business

In terms of demand, due to the start of the COVID-19 vaccination, global economic activities are expected to gradually return to normal, and the rebound in demand for bulk shipping capacity has pushed up the freight in multiples from 2021 to the present.

In terms of shipping capacity, also due to the impact of the pandemic on new ship orders, it is expected that the increase in new ships in the future will not increase too fast in the short term, but the rebound in freight rates will lead to a rebound in ship prices. Shipowners' reluctance to sell will reduce the supply of shipbreakers, but there is also a support.

Based on the foregoing, the strong rebound in demand in 2021 will still support freight rates for a period of time, but how long it can be supported still depends on the aforementioned factors. In addition to the aforementioned factors, we also need to observe the patternless situation such as Sino-US relations as well as political disputes and prohibitions in various countries.

Lightweight bulk carriers are suitable for inland canals due to their ship types, so they have a certain demand and the ability to eliminate freight competition from large bulk carriers in specific areas. In recent years, due to port improvements and shipbuilding technology, the types of ships have become larger, and the Company will also look for the opportunity to replace old ships to maintain competitiveness.

(3) Subsidiary catering business

Taiwan's catering industry has gradually gotten rid of traditional family-style local operations and upgraded to a brand-based business model, reducing operating costs through brand building.

Taiwanese restaurant chain brands are flourishing. In addition to the beverage and fast food industry, restaurant chain brands still mainly focus on Western cuisine or hot pot. However, Japan and Taiwan have many geographical and historical connections. 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.

The Company continues to develop the Japanese-style exquisite cuisine. Since 2018, it has been awarded the one star Michelin rating for three consecutive years. Under the healthy and fresh food concept, it will have a place in the industry in the future.

(III) Technology and R&D Overview

1. Core Industrial Chemical Business

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

Unit: NTD Thousand

	2020	As of the printing date of the annual report
R&D expenses	5,133	1,283

(2) Successfully developed technologies or products:

A. Taking into account the trend of consumer application of granular potassium sulfate in the international market, the Company will continue to develop the round granular potassium sulfate in order to expand the sales of granular potassium sulfate.

B. The granular potassium sulfate is sprayed with the outer coating agent to prevent the granular potassium sulfate product from being powdered due to external forces such as transportation, packaging, stacking, etc.; and some processes have been improved to reduce the powder content of the product. The customer has reflected that it has effectively improved the delivery quality of granular potassium sulfate.

C. The Su'ao General Plant has implemented the establishment and collection of big data, such as improving the efficiency of heavy oil combustion in the potassium sulfate process, and adding oxygen/combustible gas detection and control, heavy oil flow meters and liquid level radar waves for exhaust gas from combustion, which has effectively improved fuel efficiency , reduced oil consumption and reduced costs; other measures include equipment vacuum monitoring and environmental real-time photographic monitoring which can effectively monitor environmental protection and industrial safety.

D. In response to market demand, the Company plans to develop potassium-containing fertilizers.

(3) Future R&D Plan and Estimated R&D Expenses

A. Considering the improvement of the quality of existing chemicals, production the Company will implement process and equipment improvements to enhance the stability of product quality and process capabilities, so that the Company's products can meet the needs of the international market and users.
Benefit: expanding product market and enhancing product competitiveness.
Estimated cost: NTD 10,000 thousand.

B. Comply with the Company's operating strategy, break through the bottleneck of traditional industries, and seek opportunities for diversified chemical industry cooperation.
Estimated cost: NTD 1,000 thousand.

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

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

(IV) Long-term and Short-term Business Development Plans

1. Core Industrial Chemical Business

【Short-term plan】:

(1) The Company has successfully applied for the REACH registration required for exporting potassium sulfate to the EU market, and its products can be sold directly to the EU market. After the container freight rate stabilizes, it will develop the European market with full force.

(2) Consolidate the source of potassium sulfate customers, strengthen quality, and meet the needs of different customers in different markets.

【Medium and long-term plan】:

(1) Introduce agency opportunities of special chemical production and sales and grow in line with the vigorous development of Taiwan’s electronics industry.

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

2. Subsidiary shipping business

【Short-term plan】:

(1) Pay attention to shipping market trends and seek the best opportunities to establish long-term leases for the fleet.

(2) Continue to strengthen the benign interaction with financial institutions, and prepare in advance to expand the source of funds for the fleet.

【Long-term plan】:

(1) Shipping is an industry with a high concentration of capital. In addition to operating profits and financing from financial institutions, participation in the capital market is one of the options for the development of the shipping industry.

(2) As the fleet continues to expand, in addition to maintaining close cooperation with existing lessors, introduce new customers at the appropriate time.
(3) Continue to replace old ships with new ones at the right time.

3. Subsidiary catering business

【Short-term plan】:

(1) Further enhance the Company's product image and brand awareness.
(2) Attract and cultivate outstanding talents.
(3) Improve business performance.

【Long-term plan】:

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

II. Market, Production and Sales Overview

(I) Market Analysis

1. Sales areas of main products

(1) Proportion of domestic and foreign sales:

Unit: NTD Thousand

Year / Product	2020					
	Domestic sales			Exports		
	Amount	Proportion	Market share	Amount	Proportion	Market share
Manufacturing-chemical products	248,010	6.15%	Approximately 62%	1,633,463	40.48%	Approximately 2%
Trade-chemical products	785,549	19.47%	Approximately 38%	--	--	--
Shipping transport		--	--	1,303,998	32.32%	--
Catering	63,774	1.58%	--	--	--	--
Car transportation	91	0.00%	--	--	--	--
Others	107	0.00%	--	--	--	--
Total	1,097,531	27.20%		2,937,461	72.80%	

(2) Proportion of major export regions:

A. Core Industrial Chemical Business

Region	2020
Japan	18.55%
Pakistan	11.18%
India	11.14%
Other regions (none reached the 10% standard)	59.13%
Total exports	100.00%

B. Subsidiary shipping business

Region	2020
Singapore	36.44%
Denmark	31.26%

Australia	11.79%
Bahamas	10.29%
Other regions (none reached the 10% standard)	10.22%
Total exports	100.00%

C. Subsidiary catering business: Not applicable.

2. Future Supply and Demand of the Market

(1) Core Industrial Chemical Business

【Soda Ash】

Affected by the pandemic in 2020, other than the demand for soap and cleaning products, the other end demand markets for soda ash are almost completely tightened. In particular, the lockdown of cities in various countries has a significant impact on exports of glass containers and textiles, and dyeing and finishing plants have reduced production lines, implemented leave without pay or even closed down, which have had a great impact; overall revenue has dropped substantially from 2019, and sales and profits were far below the average level of previous years. Since the fourth quarter, due to the advent of vaccine research and development, the economy of various regions has improved slightly. However, ocean freight schedules have been disrupted and the turnover of containers has been slow. This has led to skyrocketing shipping prices and chaos in global trade, and the chaos has spread to the first quarter of 2021. The strengthening of the economic recovery has caused the prices of major raw materials to rise rapidly, and soda ash was not immune to this wave of price increase. A major member of the Company's soda ash supplier left the production alliance in 2020, but the supplier ensures that it will not affect the Company's future demand. Benefiting from the gradual improvement in global economy and trade and the robust application demand, plus that the domestic pandemic is well controlled, the daily-life of Taiwanese people almost unaffected, and Taiwan's exports, investment and consumption all have an optimistic outlook, these should be able to drive the overall economic growth. Sales are optimistic but the outlook is cautious in 2021; however, the high raw material price drove the global soda ash price up sharply in the second quarter, and the rising trend will continue. It is expected that the price competition in the soda ash market will become more intense, and the cooperation with suppliers will be deepened in the future. When encountering the impact of low-price competition from competitors, the Company will try its best to get orders, hoping to stabilize its market share.

【Fertilizer category】

According to the research report of the International Fertilizer Association (IFA), although the pandemic has not yet been fully controlled, after evaluating the government policies, supply and demand conditions, and climate of major agricultural product exporting and consuming countries, it is estimated that from 2020 to 2021 the global fertilizer consumption will increase by 2% to 193.5 million tons, of which potash fertilizer will increase by 1.4%. The travel restrictions due to the 2020 pandemic and the lockdown of cities and countries have led to the interruption of global shipping. The slow turnover of containers has led to skyrocketing shipping prices, as well as the successive plummet and skyrocketing of oil spot prices in the international market, which caused the Company's potassium sulfate sales in the first half of 2020 to grow month by month; however, the prosperous situation was unable to sustain in the second half of the year and the first quarter of 2021.In addition to the increase in oil prices in 2021, although the economies of various regions have gradually recovered, the labor force at ports has not yet in full. The loading and unloading efficiency of major economic and commercial ports is poor, and the port congestion is serious. As a result, the ocean freight in the first quarter is still at a high level; this not only causes great pressure for container orders, but even bulk shipping orders will face the challenge of difficult shipping scheduling. Future shipping price trends will be the focus of attention. Another serious challenge is the soaring raw materials, which will drive the global potassium chloride price to increase by 5% to 20% in major global markets in the second quarter of 2021, and the rising trend will continue. Whether customers of potassium sulfate can accept the rising prices will be a serious test.

(2) Subsidiary shipping business

In 2021, the global shipping market has rebounded due to COVID-19 vaccine; in addition, the reduced supply of shipping capacity during holidays has led to a strong rebound of freight rates and the market is optimistic. The Company will grasp the timing of contract renewal and try to lock in better leases for ships facing contract renewal, in the hope that the Company's revenue can therefore increase.

(3) Subsidiary catering business

Due to the proper control of the pandemic in Taiwan’s catering market, Taiwan’s dietary concept is moving toward a healthy and natural trend. Due to the increasing demand for healthy organic catering, businesses participation in the same concept in the market has increased. Future competition and the response to changes in customer tastes will inevitably become more challenging.

3. Product Niche

(1) Core Industrial Chemical Business

A. The global market of potassium sulfate still has room for growth year by year in the future.

B. The Company's potassium sulfate has obtained EU REACH certification, which is beneficial to the development of the European market.

C. The Company's close cooperation with suppliers is built on a solid foundation, and the Company has obtained full support and trust from suppliers for a long time to ensure that there is no worry about their supply.

(2) Subsidiary shipping business

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

(3) Subsidiary catering business

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

4. Favorable and Unfavorable Factors for Future Development and Countermeasures

(1) Core Industrial Chemical Business

【Development Vision】

A. Favorable factors

We have a good long-term cooperative relationship with key upstream suppliers and can support each other in response to market changes. The downstream sales system is comprehensive, 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 factor: 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.

B. Unfavorable factors

Shipping is a business with a high concentration of capital, and if interest rates rise in the future, the cost of capital will also increase.

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.

(3) Subsidiary catering business

A. Favorable factors

a. Good business opportunities in the Japanese catering of Taiwan.

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. Changes in dining habits and implementation of five-day work 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 has low entry barriers and fierce market competition.

   Taiwan’s catering industry has low entry barriers and therefore seen investment by a large number of operators. The competition among various companies is fierce, with price wars often seen in an effort to win customers. Coupled with high substitution potential for catering this forms a kind of competition among brand owners.

   Countermeasure: The subsidiary’s catering business is a newly created brand, hoping to provide customers with the most natural and healthy food, provide good services to win consumers’ affirmation and build a good brand image and reputation, in order to respond to the trend of competition.

b. The training of service and management personnel is not easy, and the turnover rate is high.

   As the Company debuts stores, the demand for service and management personnel has also increased. However, when the economy heats up, grassroots jobs in the service industry are not easily favored, resulting in a high turnover rate and a burden on labor costs.

   Countermeasure: The subsidiary’s catering business is a newly created brand. It will actively establish a personnel training system and plan, and uphold the tradition of caring for employees and maintain employee benefits, so as to meet the needs of various types of talents for future business expansion.

(II) Important Applications and Production Process of Main Products

1. Product application

(1) Core Industrial Chemical Business

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

【Liquid Calcium Chloride】	1. Ice making	2. Wastewater treatment	3. Neutralizing additives
【Hydrochloric acid】	1. Chemical Industry	2. Metallurgical Industry	3. Wastewater treatment

【Soda Ash (Sodium Carbonate)】

1. Flat glass	2. Glass bottle	3. Chemical manufacturing	4. Detergent
5. Pulp	6. Water treatment	7. Textile	

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

【Baking Soda (Sodium Bicarbonate)】

1. Expanding agent	2. Fire extinguishing agent	3. Feed additive
4. Detergent	5. Waste incineration plant	

【Mixed calcium phosphate】 Various feed additives

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

【Ammonium Powder (Ammonium Bicarbonate)】

1. Food (flour)	2. Pharmaceutical	3. Leather softening	4. Electronics industry

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

(2) Subsidiary shipping business

Not applicable to transportation services.

(3) Subsidiary catering business

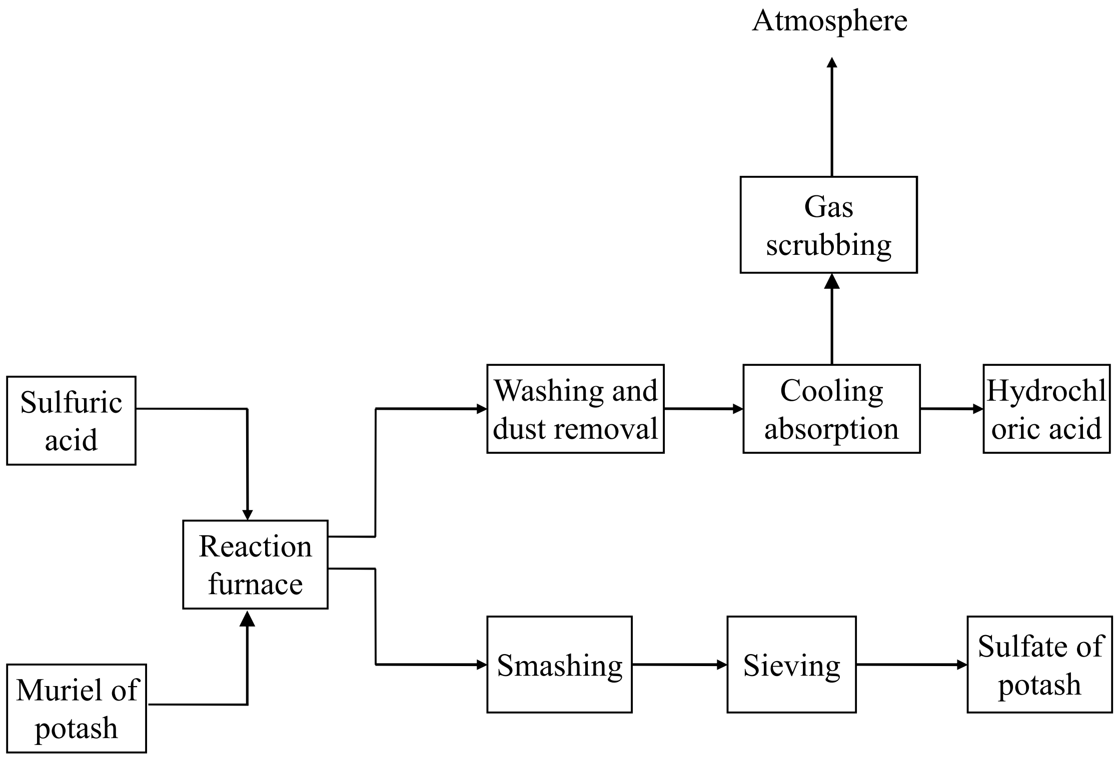
Catering services.

2. Production Process of Main Products:

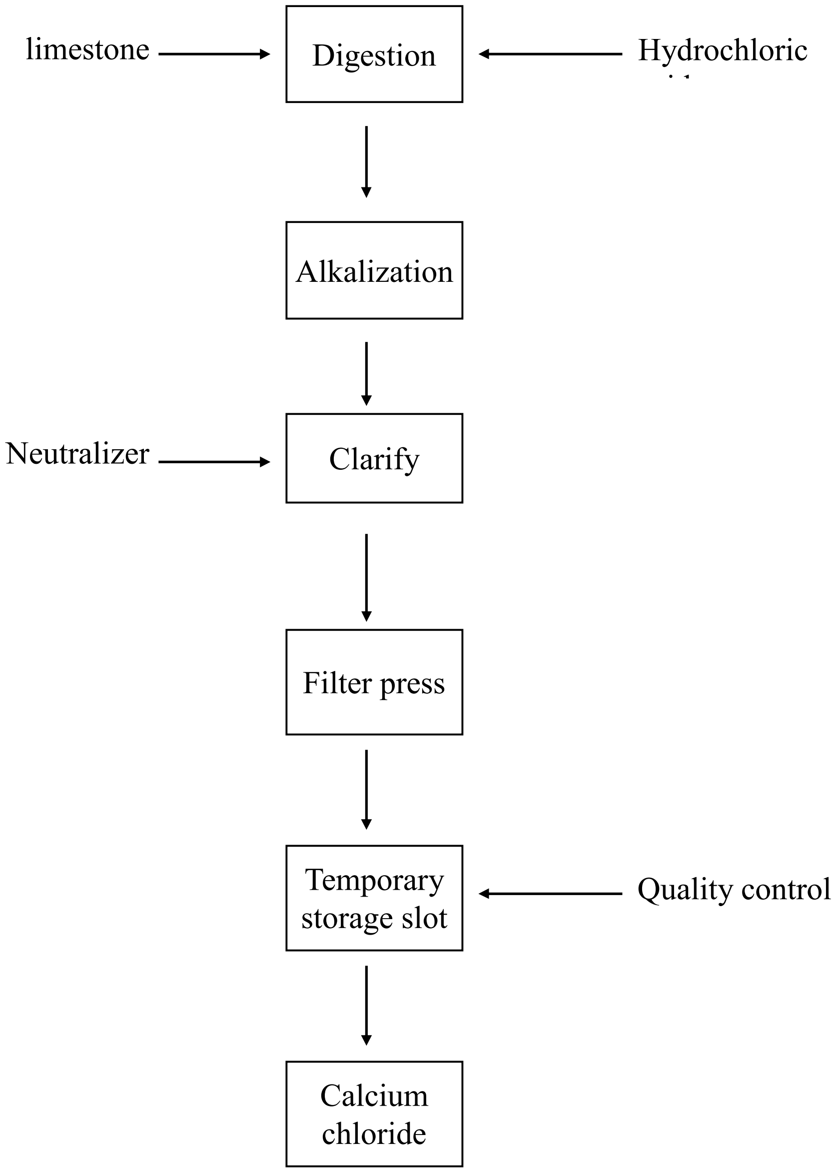
(1) Core Industrial Chemical Business

Sulfate of potash and hydrochloric acid

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

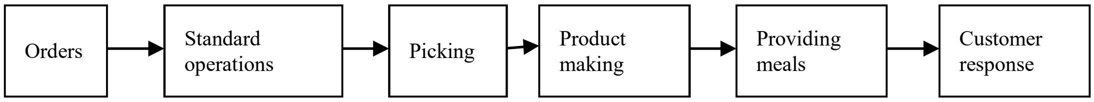


Liquid Calcium Chloride



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

(3) Subsidiary catering business



(III) Supply Status of Main Raw Materials

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

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

1. Major customer transaction status:

Unit: NTD Thousand

	2019				2020			
Item	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net sales (%)	Relationship with issuer
1	Others (none attaining 10%)	4,343,168	100.00	None	Others (none attaining 10%)	4,034,992	100.00	None
	Net sales	4,343,168	100.00		Net sales	4,034,992	100.00	

2. Supplier transaction status:

Unit: NTD Thousand

	2019				2020			
Item	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer	Designation	Amount	Percentage of total annual net purchases (%)	Relationship with issuer
1	Vendor A	820,455	43.20	None	Vendor A	941,286	57.05	None
2	Vendor D	477,773	25.16	None	Vendor D	317,555	19.25	None
	Others (none attaining 10%)	600,998	31.64	None	Others (none attaining 10%)	391,100	23.70	None
	Net purchases	1,899,226	100.00		Net purchases	1,649,941	100.00	

(V) Production value table for the last two years

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

Year / Production value / Department	2019			2020		
	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	364,142	295,074	1,899,004	365,140	335,931	1,843,366
Trade-chemical products	--	112,382	1,028,710	--	94,110	747,164
Total	--	--	2,927,714	--	--	2,590,530

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) Table of sales value in the last two years

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

Year / Sales value / Department	2019				2020			
	Domestic sales		Exports		Domestic sales		Exports	
	Volume	Value.	Volume	Value.	Volume	Value.	Volume	Value.
Manufacturing-chemical products	181,205	233,203	102,296	1,502,436	206,896	248,010	130,325	1,633,463
Trade-chemical products	112,379	1,021,558	--	--	97,358	785,549	--	--
Shipping transport	--	--	--	1,533,551	--	--	--	1,303,998
Catering	--	52,420	--	--	--	63,774	--	--
Truck freight transportation	--	--	--	--	--	91	--	--
Others	--	--	--	--	--	107	--	--
Total	--	1,307,181	--	3,035,987	--	1,097,531	--	2,937,461

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. Employee Information

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

1. Information on employees of Sesoda Corporation

March 31, 2021

Year		2019	2020	Current year as of March 31, 2021 (note)
Number of employees	Headquarters	38	38	38
	Suao Main Plant	104	112	113
	Changhua Plant	4	5	5
	Taichung Plant	4	4	5
	Total	147	159	161
Average age		44.94	43.90	44.05
Average years of service		14.90	13.95	14.02
Education distribution ratio	Ph.D.	0%	0%	0%
	Master's degree	6%	8%	8%
	College and university	52%	50%	50%
	High school	41%	41%	41%
	Below high school	1%	1%	1%

2. Information on the number of employees of merged companies under the structure of the Group

March 31, 2021

Year / Number of individuals / Company	2019	2020	Current year as of March 31, 2021 (note)
SSC	0	0	0
SSMHC	0	0	0
SIL	0	0	0
East Tender Trading	0	0	0
E-Teq Venture Co.	1	1	1
Yukari Group	19	26	24
SESC	22	22	22
SMGC	22	22	22
SMTC	22	22	22
SEHC	22	22	22
SEBC	22	22	22
SEAC	22	22	22
SEMC	22	22	22
SECC	22	22	22
Zaifeng Motor	6	6	6
SEDC	22	22	22
SEGC	22	22	22
SEPC	22	22	22
SERC	22	22	22
SEEC	22	22	22
SEFC	22	22	22
SEVC	22	22	22
SEJC	0	0	0

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

IV. Environmental Protection Expenditure Information

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

	2019	2020
Pollution status (type, process)	(Statistics as follows)	(none)
Compensation party or sanctioned unit	(Statistics as follows)	(none)
The amount of compensation or sanctions	(Statistics as follows)	(none)

Date	Category	Amount (NTD)	Provisions	Explanation
20190118	Waste	54,000	Subparagraphs 1 and 2, paragraph 1, Article 31 of the Waste Disposal Act and subparagraph 2, paragraph 1, Article 36 of the Waste Disposal Act	6000-five, 12000-two

(II) Countermeasures

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

2. Estimated environmental capital expenditure in the next three years

	2021	2022	2023
(a) Implement environmental improvement and beautification and pollution prevention.	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

		2021	2022	2023
(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, make the operation and production in line with the national environmental protection standards, enables the Company to move towards internationalization and establish an opportunity for sustainable operation.	Enhance corporate image, operate and produce in line with national environmental protection standards, enable the Company to move towards internationalization, and establish an opportunity for sustainable operations.	Enhance corporate image, operate and produce in line with national environmental protection standards, enable the Company to move towards internationalization, and establish an opportunity for sustainable operations.

4. Portion of countermeasures not taken: None.

V. Labor Relations

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

1. Various employee welfare measures, further study, training, protection of work environment and employee personal safety and their implementation status: The Company has formulated work rules in accordance with the Labor Standards Act, established an employee welfare committee, allocated employee benefits on a monthly basis and held regular labor and management meetings. In addition, the Company implements various employee vocational trainings according to actual needs, regularly implements employee health checks, strictly implements various operating environment measurements, and provides appropriate protective equipment and facilities to protect 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. Employees' Further Study and Training

   (1) Employee 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 employees' further study and training

Names of further study and training courses	Implementation date	Course title	Amount	Hours
Occupational Safety and Health Act	February 13, 2020	Stacker Training (re-training)	800	3
Education and training management measures	January 16, 2020	Seminar by Importers and Exporters Association of Taipei	2,286	3

Names of further study and training courses	Implementation date	Course title	Amount	Hours
Labor Safety and Health Act	March 30, 2020	On-the-job Re-training for Stacker Operators	500	3
Qualification of Internal Audit Personnel	April 17, 2020	Credits for Further Study in Auditing	3,150	6
Occupational Safety and Health Act	May 7, 2020	Construction Supervisor Training (re-training)	3,000	12
Labor Safety and Health Act	May 28, 2020	Stacker Re-training	571	3
Occupational Safety and Health Act	June 10, 2020	Stacker Training (new training)	7,870	18
Labor Safety and Health Act	June 30, 2020	Class C Labor Safety Business Supervisor Re-training	762	3
Labor Safety and Health Act	June 30, 2020	Emergency Personnel Re-training	667	3
Occupational Safety and Health Act	July 7, 2020	Stationary Crane (new training)	6,160	94
Labor Safety and Health Act	July 15, 2020	Labor Safety and Health Business Supervisor Course	6,000	18
Act Governing Food Safety and Sanitation	July 27, 2020	Food safety and sanitation training course	1,238	8
Labor Safety and Health Act	July 27, 2020	On-the-job Re-training for Stacker Operators	500	3
Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	August 28, 2020	Accounting Supervisor Continuing Education	7,200	12
Occupational Safety and Health Act	September 21, 2020	Specific Chemical Operations Supervisor Training (new training)	9,000	36
Qualification of Internal Audit Personnel	September 22, 2020	Credits for Internal Audit Agency	6,000	6
Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	September 23, 2020	Accounting Supervisor Continuing Education Course	7,200	12

Names of further study and training courses	Implementation date	Course title	Amount	Hours
Qualification of Internal Audit Personnel	November 16, 2020	Credits for Further Study in Auditing	3,500	6
Public Dangerous Goods and Flammable High-pressure Gas Standards and Safety Management Measures	November 20, 2020	Security Supervisor (re-training)	2,700	8
Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	November 23, 2020	Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	3,150	6
Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	November 24, 2020	Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	3,600	6
Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	November 24, 2020	Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	3,150	6
Occupational Safety and Health Act	December 8, 2020	Stationary Crane (new training)	11,420	38
Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	December 15, 2020	Continuing Education for Accounting Staff of TWSE / TPEx Listed Companies	3,150	6
Occupational Safety and Health Act	December 16, 2020	Stationary Crane (re-training)	800	3
Occupational Safety and Health Act	December 18, 2020	Stacker Training (re-training)	1,600	6
Occupational Safety and Health Act	December 22, 2020	Stacker Training (new training)	7,870	18

3. Licenses Obtained by Employees

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

4. Protection Measures for Work 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.

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

VI. Important contracts:

Long-term loan contracts

Item	Contract nature	Group subsidiary	Contract counterparty	Contract date	Contract period	Main content
1	Collateralized bank loans	Southeast Marine Globe Corporation	Bank of Taiwan, Chung Hsiao Br.	2020/09/30	3 years from the contract signing date	Lending receipts
2	Collateralized bank loans	Southeast Marine Transport Corporation	Bank of Taiwan, Chung Hsiao Br.	2020/09/30	3 years from the contract signing date	Lending receipts
3	Collateralized bank loans	SE Bulker Corporation	Bank of Taiwan, Chung Hsiao Br.	2013/07/12	10 years from the start date	Credit agreement
4	Collateralized bank loans	SE Marine Corporation	Bank of Taiwan, Chung Hsiao Br.	2015/11/10	10 years from the start date	Credit agreement
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
6	Collateralized bank loans	SE Carrier Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement
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
8	Collateralized bank loans	SE Victory Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/01/09	10 years from the start date	Credit agreement
9	Collateralized bank loans	SE Royal Corporation	Bank of Taiwan, Chung Hsiao Br.	2017/12/28	10 years from the start date	Credit agreement
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
11	Collateralized bank loans	SE Fortune Corporation	Bank of Taiwan, Chung Hsiao Br.	2018/11/07	10 years from the start date	Credit agreement
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

VI. Financial Overview

I. Condensed balance sheet and income statement for last five years

(I) Condensed Balance Sheet - Consolidated

Unit: NTD Thousand

Item \ Year		Financial data for the most recent five years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		1,722,156	1,836,532	2,089,898	1,877,065	1,843,321
Property, plant and equipment		5,891,353	7,388,267	8,946,803	9,970,017	9,289,285
Intangible assets		22,791	--	--	--	--
Other assets		1,898,980	1,422,253	1,169,325	728,939	745,679
Total assets		9,535,280	10,647,052	12,206,026	12,576,021	11,878,285
Current liabilities:	Before distribution	1,544,980	1,561,963	2,149,825	2,025,065	2,335,674
	After distribution	1,640,908	1,763,411	2,250,549	2,194,281	2,541,271
Non-current liabilities:		2,644,740	3,556,368	4,255,652	4,618,728	3,746,534
Total liabilities	Before distribution	4,189,720	5,118,331	6,405,477	6,643,793	6,082,208
	After distribution	4,285,648	5,319,779	6,506,201	6,813,009	6,287,805
Equity attributable to owners of parent		5,338,914	5,521,788	5,800,549	5,932,228	5,796,077
Common stock		1,918,551	2,014,479	2,014,479	2,115,203	2,284,419
Capital surplus		10,789	13,967	15,924	17,420	102,594
Retained earnings	Before distribution	3,268,098	3,577,213	3,756,000	3,831,436	3,668,193
	After distribution	3,076,243	3,375,765	3,554,552	3,493,004	3,256,998
Other equity interest		141,476	(83,871)	14,146	(31,831)	(259,129)
Treasury shares		--	--	--	--	--
Non-controlling interests		6,646	6,933	--	--	--
Total equity	Before distribution	5,345,560	5,528,721	5,800,549	5,932,228	5,796,077
	After distribution	5,249,632	5,327,273	5,699,825	5,763,012	5,590,480

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

Note 2: The board meeting on March 29, 2021 resolved to distribute NT$0.9 per share for 2020 earnings; the board meeting on March 29, 2021 proposed to distribute NT$0.9 per share for share allotment from capital increase, and this is pending the resolution of the shareholders' meeting.

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

(II) Condensed Balance Sheet - Individual

Unit: NTD Thousand

Item \ Year		Financial data for the most recent five years (Note 1)				
		2016	2017	2018	2019	2020
Current assets		1,344,896	1,281,282	1,461,787	1,218,020	1,172,530
Property, plant and equipment		1,777,338	1,787,213	1,869,915	1,956,695	1,974,870
Intangible assets		--	--	--	--	--
Other assets		3,425,002	3,503,350	3,785,595	3,980,608	4,093,361
Total assets		6,547,236	6,571,845	7,117,297	7,155,323	7,240,761
Current liabilities:	Before distribution	774,273	647,717	908,371	786,205	1,010,513
	After distribution	870,201	849,165	1,009,095	955,421	1,216,110
Non-current liabilities:		434,049	402,340	408,377	436,890	434,171
Total liabilities	Before distribution	1,208,322	1,050,057	1,316,748	1,223,095	1,444,684
	After distribution	1,304,250	1,251,505	1,417,472	1,392,311	1,650,281
Equity attributable to owners of parent		--	--	--	--	--
Common stock		1,918,551	2,014,479	2,014,479	2,115,203	2,284,419
Capital surplus		10,789	13,967	15,924	17,420	102,594
Retained earnings	Before distribution	3,268,098	3,577,213	3,756,000	3,831,436	3,668,193
	After distribution	3,076,243	3,375,765	3,554,552	3,493,004	3,256,998
Other equity interest		141,476	(83,871)	14,146	(31,831)	(259,129)
Treasury shares		--	--	--	--	--
Non-controlling interests		--	--	--	--	--
Total equity	Before distribution	5,338,914	5,521,788	5,800,549	5,932,228	5,796,077
	After distribution	5,242,986	5,320,340	5,699,825	5,763,012	5,590,480

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

Note 2: The board meeting on March 29, 2021 resolved to distribute NT$0.9 per share for 2020 earnings; the board meeting on March 29, 2021 proposed to distribute NT$0.9 per share for share allotment from capital increase, and this is pending the resolution of the shareholders' meeting.

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)				
	2016	2017	2018	2019	2020
Operating revenue	4,114,685	3,876,952	4,068,623	4,343,168	4,034,992
Gross profit from operations	1,240,186	1,109,491	1,041,447	1,019,111	837,080
Operating profit and loss	655,906	556,639	518,354	449,474	254,328
Non-operating income and expenses	66,633	26,965	(95,647)	(127,085)	(66,055)
Net profit before tax	722,539	583,604	422,707	322,389	188,273
Profit from continuing operations	626,795	492,064	351,736	274,641	174,129
Profit or loss from discontinued operations	--	--	--	--	--
Profit (loss) for the period	626,795	492,064	351,736	274,641	174,129
Other comprehensive income for the period (net after tax)	(57,753)	(215,189)	62,671	(43,734)	(226,238)
Total comprehensive income for the period	569,042	276,875	414,407	230,907	(52,109)
Net profit attributable to owner of the parent company	572,140	490,813	351,180	274,641	174,129
Net profit attributable to non-controlling interest	54,655	1,251	556	--	--
Total comprehensive income attributable to owners of the parent company	514,387	275,624	413,851	274,641	174,129
Total comprehensive profit and loss attributable to non-controlling interests	54,655	1,251	556	--	--
Earnings per share	2.50	2.15	1.54	1.20	0.76

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

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

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

(IV) Condensed Income Statement - Individual

Unit: NTD Thousand

Year / Item	Financial data for the most recent five years (Note 1)				
	2016	2017	2018	2019	2020
Operating revenue	3,103,366	2,953,089	2,828,375	2,757,197	2,667,022
Gross profit from operations	930,130	896,247	654,259	474,798	516,861
Operating profit and loss	456,301	420,836	243,113	51,797	69,248
Non-operating income and expenses	191,780	160,493	178,040	268,868	118,119
Net profit before tax	648,081	581,329	421,153	320,665	187,447
Profit from continuing operations	572,140	490,813	351,180	274,641	174,129
Profit or loss from discontinued operations	--	--	--	--	--
Profit (loss) for the period	572,140	490,813	351,180	274,641	174,129
Other comprehensive income for the period (net after tax)	(57,753)	(215,189)	62,671	(43,734)	(226,238)
Total comprehensive income for the period	514,387	275,624	413,851	230,907	(52,109)
Net profit attributable to owner of the parent company	--	--	--	--	--
Net profit attributable to non-controlling interest	--	--	--	--	--
Total comprehensive income attributable to owners of the parent company	--	--	--	--	--
Total comprehensive profit and loss attributable to non-controlling interests	--	--	--	--	--
Earnings per share	2.50	2.15	1.54	1.20	0.76

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

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

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

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

Year	Accountants	Audit opinion
2016	Chen Ya Lin Chang Chia-Hsin	Unqualified opinion
2017	Huang Ming-Hung Chang Chia-Hsin	Unqualified 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

II. Financial analysis for the last five years

(I) Financial Analysis - Consolidated

Analysis item		Year (Note 1): 2016	2017	2018	2019	2020
		Financial analysis for the last five years (note 1)				
Financial structure (%)	Liabilities to asset ratio	44	48	52	53	51
	Ratio of long-term capital to fixed assets	136	123	112	106	103
Liabilities repayment ability (%)	Current ratio	111	118	97	93	79
	Quick ratio	85	87	75	68	61
	Interest coverage ratio (times)	13	7	4	3	3
Operating ability	Receivables turnover rate (times)	6.13	6.27	7.87	8.36	7.92
	Average cash collection days	60	58	46	44	46
	Inventory turnover rate (times)	6.77	7.43	7.59	8.18	8.69
	Payables turnover rate (times)	8.73	8.73	11.09	16.61	13.66
	Average sales days	54	49	48	45	42
	Property, plant, and equipment turnover rate (times)	0.70	0.52	0.45	0.44	0.43
	Total asset turnover (times)	0.43	0.36	0.33	0.35	0.34
Profitability	Return on assets (%)	7	6	4	4	2
	Return on equity (%)	12	9	6	5	3
	Net profit before tax to paid-in capital ratio (%)	38	29	21	15	8
	Net profit rate (%)	15	13	9	6	4
	Earnings per share (NTD)	2.50	2.15	1.54	1.20	0.76
Cash flows (%)	Cash flow ratio (%)	58	53	35	32	38
	Cash flow adequacy ratio (%)	79	67	62	54	61
	Cash reinvestment ratio (%)	8	6	4	4	5
Leverage	Operating leverage	2.77	3.07	3.53	4.28	6.94
	Financial leverage	1.10	1.21	1.41	1.79	1.70
	Changes in various financial ratios in the last two years that have increased or decreased by 20%: Profitability: The decline in the ratio was mainly due to the decline in the profits of the chemical industry and shipping business compared with the previous year. Cash reinvestment ratio (%): The increase in the ratio was mainly due to the decrease in accounts receivable and inventories of the chemical industry, which increased the net cash flow of operating activities. Operating leverage: The increase in the ratio is mainly due to the decrease in the operating profit.					

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 105.

(II) Financial Analysis - Individual

Analysis item	Year (Note 1)	Financial analysis for the last five years (note 1)				
		2016	2017	2018	2019	2020
Financial structure (%)	Liabilities to asset ratio	18	16	19	17	20
	Ratio of long-term capital to fixed assets	325	331	332	326	315
Liquidity	Current ratio	174	198	161	155	116
	Quick ratio	127	130	114	98	82
	Interest coverage ratio (times)	170	328	133	52	36
Operating ability	Turnover rate of accounts receivable (times)	4.84	4.80	5.56	5.33	5.25
	Average cash collection days	75	76	66	68	70
	Inventory turnover rate (times)	5.51	5.54	5.46	5.63	5.86
	Turnover rate of accounts payable (times)	6.78	6.58	8.1	11.67	9.4
	Average sales days	66	66	67	65	62
	Property, plant, and equipment turnover rate (times)	1.75	1.65	1.51	1.41	1.35
	Total asset turnover (times)	0.47	0.45	0.4	0.39	0.37
Profitability	Return on assets (%)	9	8	5	4	2
	Return on equity (%)	11	9	6	5	3
	Net profit before tax to paid-in capital ratio (%)	34	29	21	15	8
	Net profit rate (%)	18	17	12	10	7
	Earnings per share (NTD)	2.50	2.15	1.54	1.20	0.76
Cash flows (%)	Cash flow ratio (%)	57	85	35	0	48
	Cash flow adequacy ratio (%)	158	174	154	123	116
	Cash reinvestment ratio (%)	5	6	2	(1)	4
Leverage	Operating leverage	1.98	2.05	2.82	9.09	7.76
	Financial leverage	1.01	1.00	1.01	1.10	1.06

Changes in various financial ratios in the last two years that have increased or decreased by 20%:
Current ratio: The decrease in the ratio was mainly due to the increase in bank borrowings.
Interest coverage ratio (times): The decrease in the ratio is mainly due to the decrease in net profit before tax.
Profitability: The decrease in the ratio is mainly due to the decrease in net profit.
Cash flow ratio (%)/cash reinvestment ratio (%): The increase in the ratio is mainly due to the decrease in accounts receivable and inventories, which increases the net cash flow of operating activities.

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

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

1. Financial Structure
   (1) Liabilities to assets ratio = total liabilities/total assets.
   (2) Ratio of long-term funds to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.
2. Debt Repayment Ability
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets – inventory - prepaid expenses)/current liabilities
   (3) Times interest earned = Net profit before income tax and interest expense/interest expense in the current period
3. Operating ability
   (1) Receivables (including accounts receivable and notes receivable due to business) turnover rate = net sales/average balance of receivables (including accounts receivable and notes receivable due to business) for each period
   (2) Average cash collection days = 365/turnover rate of receivables.
   (3) Inventory turnover rate = cost of goods sold/average inventory value
   (4) Payables (including accounts payable and notes payable due to business) turnover rate = cost of goods sold/average balance of payables (including accounts payable and notes payable due to business) for each period.
   (5) Average days of sales = 365/inventory turnover rate
   (6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment
   (7) Turnover rate of total assets = net sales/total average assets
4. Profitability
   (1) Return on assets = [after-tax profit or loss + interest expense × (1-tax rate)]/average total assets
   (2) Return on equity = after-tax profit or loss/average total equity
   (3) Net profit rate = after-tax profit or loss/net sales
   (4) Earnings per share = (profit or loss attributable to owners of the parent company - stock dividend for preferred shares)/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 adequacy ratio = net cash flow from operating activities in the last five years/(capital expenditure + inventory increase + cash dividends) in the last five years
   (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)/operating profit
   (2) Financial leverage = operating profit/(operating profit - interest expense)

III. Audit Committee's Review Report on the Latest Financial Report

Sesoda Corporation
Audit Committee's Review Report

The board of directors prepared the Company's 2020 business report, financial statements and earnings distribution proposal, among which the financial statements were audited by the CPAs of PwC and an audit report was issued accordingly. The above-mentioned business report, financial statements and profit distribution proposal has been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with relevant provisions of the Securities and Exchange Act and the Company Act.

Sincerely

The Company's 2021 general shareholders' meeting

Convener of the Audit Committee　　Wang Po-Hsin

March 29, 2021

IV. Financial Report of the Most Recent Year

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, 2020 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 29, 2021

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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, 2020 and 2019, 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, 2020 and 2019, 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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.

2. Impairment of assets

Please refer to note 4(l), note 5, and note 6(q) for the disclosures related to impairment of assets.

Description of key audit matter:

Vessels are subject to impairment test at the time there are indications that vessles may have been impaired. Also, the impairment assessment is measured using the future cash flow of present discount value. Because the impairment assessment involved significant uncertainty and management's judgment. Therefore, we consider it one of our key audit matters.

How the matter was addressed in our audit:

In relation to the key audit matter above, we have performed certain audit procedures including, understanding the financial reporting process; evaluating the judgement made by the management in measuring the recoverable amount and the historical reasonableness of the management's estimates on business forecasts; verifying the key assumptions used by management to formulate future cash flow forecasts and calculate the recoverable amount; as well as performing a sensitivity analysis of key assumptions, and reviewing whether the relevant information has been properly disclosed.

Other Matter

SESODA CORPORATION has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, 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 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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 Ming-Hung Huang and Po-Shu Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 29, 2021

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6(a))	$ 923,288	8	720,977	6
1150	Notes receivable, net (note 6(d))	79,949	1	153,218	1
1170	Accounts receivable, net (note 6(d))	356,298	3	429,517	4
1220	Current tax assets	108	-	111	-
130X	Inventories (note 6(e))	313,461	3	422,776	3
1476	Other current financial assets (note 6(c))	41,980	-	28,523	-
1470	Other current assets	128,237	1	121,943	1
	Total current assets	1,843,321	16	1,877,065	15
	Non-current assets:				
1510	Non-current financial assets at fair value through profit or loss (note 6(b))	2,970	-	3,026	-
1517	Non-current financial assets at fair value through other comprehensive income (note 6(c))	181,374	2	241,156	2
1422	Prepayments for investments (note 6(c))	-	-	351	-
1550	Investments accounted for using equity method (note 6(f))	504,221	4	425,648	4
1600	Property, plant and equipment (notes 6(g), (k), 8 and 9)	9,289,285	78	9,970,017	79
1755	Right-of-use assets (note 6(h))	16,040	-	23,625	-
1840	Deferred tax assets (note 6(m))	1,003	-	2,212	-
1915	Prepayments for business facilities (note 9)	5,639	-	6,363	-
1920	Refundable deposits	7,297	-	9,007	-
1975	Net defined benefit asset, non-current (note 6(l))	26,509	-	16,569	-
1995	Other non-current assets	626	-	982	-
	Total non-current assets	10,034,964	84	10,698,956	85
	Total assets	$ 11,878,285	100	12,576,021	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Total short-term borrowings (notes 6 (i) and 8)	$ 1,340,544	11	984,730	8
2322	Long-term borrowings, current portion (notes 6(i) and 8)	447,439	4	478,216	4
2170	Accounts payable	275,553	2	192,784	2
2200	Other payables (note 6(q))	215,023	2	307,242	2
2230	Current tax liabilities	6,155	-	542	-
2280	Lease liabilities-current (note 6(j))	6,646	-	7,226	-
2399	Other current liabilities	44,314	-	54,325	-
	Total current liabilities	2,335,674	19	2,025,065	16
	Non-current liabilities:				
2540	Long-term borrowings (notes 6(i) and 8)	3,302,236	28	4,167,370	33
2570	Deferred tax liabilities (note 6(m))	433,929	4	434,722	4
2580	Lease liabilities-non-current (note 6(j))	10,127	-	16,636	-
2645	Guarantee deposits received	242	-	-	-
	Total non-current liabilities	3,746,534	32	4,618,728	37
	Total liabilities	6,082,208	51	6,643,793	53
	Equity attributable to owners of parent (notes 6(c), (f), (l), (m) and (n)):				
3100	Common stock	2,284,419	19	2,115,203	17
3200	Capital surplus	102,594	1	17,420	-
	Retained earnings:				
3310	Legal reserve	966,494	8	938,804	7
3320	Special reserve	163,741	2	131,930	1
3350	Unappropriated retained earnings	2,537,958	21	2,760,702	22
		3,668,193	31	3,831,436	30
	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	(242,652)	(2)	(68,465)	-
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(16,477)	-	36,634	-
		(259,129)	(2)	(31,831)	-
	Total equity	5,796,077	49	5,932,228	47
	Total liabilities and equity	$ 11,878,285	100	12,576,021	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, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4110	**Operating revenue (notes 6 (k) and (p))**	$ 4,034,992	100	4,343,168	100
5111	**Operating cost (notes 6(e), (g), (h), (j), (l) and 7)**	3,197,912	79	3,324,057	77
	Gross profit from operations	837,080	21	1,019,111	23
6000	**Operating expenses (notes 6(d), (g), (h), (j), (l), (q) and 7):**				
6100	Selling expenses	333,887	9	295,328	7
6200	Administrative expenses	248,865	6	273,006	6
6450	Expected credit loss	-	-	1,303	-
	Total operating expenses	582,752	15	569,637	13
6900	**Net operating income**	254,328	6	449,474	10
7000	**Non-operating income and expenses (notes 6(f), (j) and (r)):**				
7100	Interest income	3,107	-	7,745	-
7010	Other income	6,236	-	8,809	-
7020	Other gains and losses	14,269	-	38,653	1
7050	Finance costs	(104,857)	(2)	(198,556)	(4)
7060	Share of profit of associates accounted for using equity method	15,190	-	16,264	-
	Total non-operating income and expenses	(66,055)	(2)	(127,085)	(3)
7900	**Income before tax**	188,273	4	322,389	7
7950	**Less: Income tax expenses (note 6(m))**	14,144	-	47,748	1
	Profit	174,129	4	274,641	6
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 on remeasurements of defined benefit plans	3,174	-	7,818	-
8316	Unrealized gains or losses from investments in equity instruments measured at fair value through other comprehensive income	(54,147)	(1)	35,515	1
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	(443)	-	(321)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	635	-	1,564	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(52,051)	(1)	41,448	1
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(174,105)	(4)	(84,834)	(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	(82)	-	(348)	-
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	(174,187)	(4)	(85,182)	(2)
8300	**Other comprehensive income**	(226,238)	(5)	(43,734)	(1)
	Total comprehensive income	**$ (52,109)**	**(1)**	**230,907**	**5**
	Basic earnings per share				
9750	Basic earnings per share (note 6(o)) (expressed in New Taiwan dollars)	**$**	**0.76**		**1.20**
9850	Diluted earnings per share (note 6(o)) (expressed in New Taiwan dollars)	**$**	**0.76**		**1.20**

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent									
			Retained earnings				Total other equity interest			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2019	$ 2,014,479	15,924	903,685	215,821	2,636,494	3,756,000	16,717	(2,571)	14,146	5,800,549
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	35,119	-	(35,119)	-	-	-	-	-
Cash dividends	-	-	-	-	(100,724)	(100,724)	-	-	-	(100,724)
Stock dividends	100,724	-	-	-	(100,724)	(100,724)	-	-	-	-
Special reserve	-	-	-	(83,891)	83,891	-	-	-	-	-
Profit	-	-	-	-	274,641	274,641	-	-	-	274,641
Other comprehensive income	-	-	-	-	5,933	5,933	(85,182)	35,515	(49,667)	(43,734)
Total comprehensive income	-	-	-	-	280,574	280,574	(85,182)	35,515	(49,667)	230,907
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,690)	(3,690)	-	3,690	3,690	-
Change of share profit of associates accounted for using equity method	-	13	-	-	-	-	-	-	-	13
Change of other capital surplus	-	1,483	-	-	-	-	-	-	-	1,483
Balance at December 31, 2019	2,115,203	17,420	938,804	131,930	2,760,702	3,831,436	(68,465)	36,634	(31,831)	5,932,228
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	27,690	-	(27,690)	-	-	-	-	-
Special reserve	-	-	-	31,831	(31,831)	-	-	-	-	-
Cash dividends	-	-	-	-	(169,216)	(169,216)	-	-	-	(169,216)
Stock dividends	169,216	-	-	-	(169,216)	(169,216)	-	-	-	-
Special reserve	-	-	-	(20)	20	-	-	-	-	-
Profit	-	-	-	-	174,129	174,129	-	-	-	174,129
Other comprehensive income	-	-	-	-	2,096	2,096	(174,187)	(54,147)	(228,334)	(226,238)
Total comprehensive income	-	-	-	-	176,225	176,225	(174,187)	(54,147)	(228,334)	(52,109)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,036)	(1,036)	-	1,036	1,036	-
Change of share profit of associates accounted for using equity method	-	84,670	-	-	-	-	-	-	-	84,670
Change of other capital surplus	-	504	-	-	-	-	-	-	-	504
Balance at December 31, 2020	**$ 2,284,419**	**102,594**	**966,494**	**163,741**	**2,537,958**	**3,668,193**	**(242,652)**	**(16,477)**	**(259,129)**	**5,796,077**

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 188,273	322,389
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	474,540	464,142
Expected credit loss	-	1,303
Net gain on financial assets at fair value through profit or loss	(99)	(252)
Interest expense	104,857	198,556
Interest income	(3,107)	(7,745)
Dividend income	(6,236)	(8,809)
Share of profit of associates accounted for using equity method	(15,190)	(16,264)
Gain on disposal of property, plant and equipment	3,439	(1,143)
Property, plant and equipment transferred to expenses	23,615	39,625
Gain on disposal of investments accounted for using equity method	(4,978)	(1,197)
Total adjustments to reconcile profit (loss)	576,841	668,216
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	5,066
Decrease in notes receivable	73,269	23,533
Decrease (increase) in accounts receivable	73,219	(150,893)
Decrease (increase) in inventories	109,039	(33,434)
Increase in other current assets	(6,281)	(16,711)
Increase in other current financial assets	(17,916)	(10,080)
Increase in net defined benefit assts	(6,766)	(4,091)
Increase (decrease) in accounts payable	82,769	(14,746)
Increase (decrease) in other payables	(73,705)	81,344
Increase (decrease) in other current liabilities	(10,011)	8,538
Total adjustments	800,458	556,742
Cash inflow generated from operations	988,731	879,131
Interest received	3,537	8,737
Dividends received	18,418	18,234
Interest paid	(112,966)	(208,502)
Income taxes paid	(8,760)	(46,795)
Net cash flows from operating activities	888,960	650,805
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,086	-
Acquisition of financial assets at fair value through profit or loss	-	(3,106)
Proceeds from disposal of investments accounted for using equity method	13,559	2,954
Acquisition of property, plant and equipment	(209,328)	(1,225,731)
Proceeds from disposal of property, plant and equipment	-	1,143
Decrease (increase) in refundable deposits	1,710	(243)
Decrease in other non-current assets	356	407
Net cash used in investing activities	(189,617)	(1,224,576)
Cash flows from (used in) financing activities:		
Increase in short-term loans	8,940,423	5,984,599
Decrease in short-term loans	(8,556,859)	(6,110,374)
Proceeds from long-term borrowings	-	1,038,634
Repayments of long-term borrowings	(691,570)	(565,338)
Increase in guarantee deposits received	242	-
Payment of lease liabilities	(7,394)	(6,985)
Cash dividends paid	(169,216)	(100,724)
Other financing activities	504	1,483
Net cash flows from (used in) financing activities	(483,870)	241,295
Effect of exchange rate changes on cash and cash equivalents	(13,162)	(64,393)
Net increase (decrease) in cash and cash equivalents	202,311	(396,869)
Cash and cash equivalents at beginning of period	720,977	1,117,846
Cash and cash equivalents at end of period	**$ 923,288**	**720,977**

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, 2020 and 2019

(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 29, 2021.

(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. ("FSC") 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, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(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, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

(Continued)

(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 16 “Property, Plant and Equipmentt－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”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(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).

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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(ii) Functional and presentation currency

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

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

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

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

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

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

(ii) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Shareholding December 31, 2020	December 31, 2019
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 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 %

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of investor	Name of subsidiary	Principal activity	Shareholding	
			December 31, 2020	December 31, 2019
SSC	Southeast Marine Transport Corporation (SMTC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Harmony Corporation (SEHC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Bulker Corporation (SEBC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Apex Corporation (SEAC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Marine Corporation (SEMC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Carrier Corporation (SECC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Evermore Corporation (SEEC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Fortune Corporation (SEFC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Royal Corporation (SERC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Delta Corporation (SEDC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Victory Corporation (SEVC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Glory Corporation (SEGC)	Ship operation and chartering	100.00 %	100.00 %
SSC	SE Peace Corporation (SEPC)	Ship operation and chartering	100.00 %	100.00 %
SSMHC	SE Jasmine Corporation (SEJC)	Holding company	100.00 %	100.00 %
East Tender Trading Co., Ltd	Zai Feng Auto Transportation Co., Ltd.	Automobile cargo transportation business	100.00 %	100.00 %

(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.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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(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.

(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.

(Continued)

2) Fair value through other comprehensive income (FVOCI)

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

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

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

3) Fair value through profit or loss (FVTPL)

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. Trade receivables that the Group intends to sell immediately or in the near term are measured at FVTPL; however, they are included in the ‘trade receivables' line item. 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.

(Continued)

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

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

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

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

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

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

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

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. 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 and equity instruments

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.

(Continued)

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(h) Inventories

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

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

(i) Investment in associates

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

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

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

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

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

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

(j) Property, plant and equipment

(i) Recognition and measurement

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

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

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

(ii) Subsequent cost

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

(iii) Depreciation

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

Land is not depreciated.

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

1)	Buildings	5～50 years
2)	Machinery and equipment	5～15 years
3)	Transportation equipment	3～5 years

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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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.

(k) Leases

(i) Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Group has the right to direct the use of the asset throughout the period of use only if either:

- the Group has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  - the Group has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  - the Group designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

(Continued)

(ii) As a leasee

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

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

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

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

— fixed payments, including in-substance fixed payments;

— variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

— amounts expected to be payable under a residual value guarantee; and

— payments for purchase or termination options that are reasonably certain to be exercised.

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

— there is a change in future lease payments arising from the change in an index or rate; or

— there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee; or

— there is a change in the assessment on whether it will have the option to exercise a purchase;, or

— there is a change in the assessment on lease term as to whether it will be extended or terminated; or

— there is any lease modifications

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

(Continued)

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

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

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

(iii) As a leasor

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.

(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.

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.

(Continued)

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(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.

(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.

(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.

(Continued)

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.

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

(Continued)

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.

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.

(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.

(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:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC 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.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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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, 2020 and 2019, the Group holds 34.89% and 40.88%, respectively, 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:

(a) 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, 2020	December 31, 2019
Petty Cash	$ 15,604	40,815
Demand deposits	453,966	494,779
Time deposits	453,718	185,383
Cash and cash equivalents	**$ 923,288**	**720,977**

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

	December 31, 2020	December 31, 2019
Open end Funds	**$ 2,970**	**3,026**

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

	December 31, 2020	December 31, 2019
Domestic unlisted companies stocks	$ 5,571	4,675
Foreign unlisted companies stocks	175,803	236,481
Total	**$ 181,374**	**241,156**

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SESODA CORPORATION AND SUBSIDIARIES
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(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 2020, due to the liquidation of Beijing Technology Development Fund (Cayman), the Group received the amounts of $57 thousand in cash and $77 thousand in stock of StemCyte International, Ltd., wherein the liquidated loss of $1,106 thousand was classified from other equity to retained earnings.

In 2019, due to the liquidation of WI Harper Investment Company, the Group expected to receive the amounts of $3,959 thousand in cash and $351 thousand in stock, to be recognized as other financial assets and prepayments for investments, respectively, wherein the liquidated loss of $3,690 thousand will be reclassified from other equity to retained earnings. In 2020, the Group received the amount of $4,029 thousand in cash, resulting in the gain of $70 thousand to be reclassified from other equity to retained earnings.

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

(iii) The aforementioned financial assets were not pledged.

(d) Notes and accounts receivables

	December 31, 2020	**December 31, 2019**
Notes receivables	$ 79,949	153,218
Accounts receivable–measured as amortized cost	367,601	440,820
Less: Loss allowance	(11,303)	(11,303)
Sub-total	356,298	429,517
Total	**$ 436,247**	**582,735**

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 were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 372,927	0-0.35%	1,224
1 to 30 days past due	60,562	0-6.96%	4,209
31 to 60 days past due	9,660	0-15.62%	1,444
61 to 90 days past due	15	0-82.57%	12
More than 90 days past due	4,386	100%	4,386
	$ 447,550		**11,275**

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SESODA CORPORATION AND SUBSIDIARIES
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	December 31, 2019		
	Gross carrying amount	Weighted-average expected credit loss rate	Loss allowance provision
Current	$ 532,597	0.17 %	905
1 to 30 days past due	18,214	5.12 %	933
31 to 60 days past due	40,616	16.92 %	6,872
61 to 90 days past due	110	83.94 %	92
More than 90 days past due	2,501	100.00 %	2,501
	$ 594,038		11,303

The movements in the allowance for notes and accounts receivable were as follows:

	2020	2019
Balance at January 1	$ 11,303	10,000
Impairment losses recognized	-	1,303
Balance at December 31	$ 11,303	11,303

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

(e) Inventories

	December 31, 2020	December 31, 2019
Merchandise	$ 98,737	115,973
Finished goods	76,595	141,167
Raw materials	121,428	149,366
Fuel	2,262	3,115
Supplies	14,439	13,155
	$ 313,461	422,776

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

	2020	2019
Unallocated overheads	$ 29,983	51,264
Loss on valuation of inventories	275	-
Losses (gains) on inventroies count	(1,635)	8
	$ 28,623	51,272

The inventories were not pledged.

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SESODA CORPORATION AND SUBSIDIARIES
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(f) Investments accounted for using 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, 2020	December 31, 2019
Associates	$ **504,221**	**425,648**

(i) Associates

Name of Associates	Main business	Main operating location	Proportion of shareholding and voting rights: December 31, 2020	Proportion of shareholding and voting rights: December 31, 2019
EOC	Manufacturing of DWDM filter components required for Optical communication	Yilan	34.89 %	40.88 %

EOC became a listed company on July 1, 2020. The fair values of the Group's shares on EOC were $696,859 thousand as of December 31, 2020.

The financial information of EOC was as follows:

	December 31, 2020	December 31, 2019
Current assets	$ 642,144	372,966
Non-current assets	594,550	536,517
Current liabilities	(81,976)	(74,885)
Non-current liabilities	(105,234)	(116,612)
Net assets	$ **1,049,484**	**717,986**
Net assets attributable to the Group	$ **498,351**	**418,519**

	2020	2019
Operating revenue	$ **334,567**	**349,651**
Profit from continuing operations	$ 51,124	55,880
Other comprehensive income	(1,585)	(1,624)
Total comprehensive income	$ **49,539**	**54,256**
Comprehensive income attributable to the Group	$ **15,924**	**17,594**

	2020	2019
Share of net assets of associates as of January 1	$ 418,519	412,185
Comprehensive income attributable to the Group	15,924	17,594
Capital surplus arising from not participating in capital increase	86,571	-
Disposals	(10,490)	(1,757)
Dividends received from associates	(12,182)	(9,516)
Others	9	13
Share of net assets of associates as of December 31	$ **498,351**	**418,519**

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SESODA CORPORATION AND SUBSIDIARIES
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The Group's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	$ 5,870	7,129

	2020	2019
Attributable to the Group:		
Loss from continuing operations	$ (1,259)	(1,999)
Other comprehensive income	-	-
Comprehensive income	$ (1,259)	(1,999)

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

(iii) In 2020 and 2019, the Group sold its shares in EOC amounting to $13,559 thousand and $2,954 thousand, resulting in the gains on sale of shares to be $4,978 thousand and $1,197 thousand, respectively, recognized as other gains and losses under gains on disposals of investment.

(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, 2020 and 2019 were as follows:

		Land	Buildings	Machinery and equipment	Transportatoin equipment	Vessels	Leasehold improvements	Other equipment	Construction in progress	Total
Cost:										
Balance on January 1, 2020	$	1,205,356	695,719	1,369,649	45,760	10,722,247	13,958	154,411	126,486	14,333,586
Additions		-	64	1,942	-	75,110	318	44,078	78,089	199,601
Reclassification		-	7,917	33,055	-	-	5,931	(35,432)	(32,889)	(21,418)
Disposals		-	-	(13,549)	-	(18,769)	-	(121)	-	(32,439)
Effect on changes in foreign exchange rates		-	-	-	-	(538,510)	-	(774)	-	(539,284)
Balance on December 31, 2020	$	**1,205,356**	**703,700**	**1,391,097**	**45,760**	**10,240,078**	**20,207**	**162,162**	**171,686**	**13,940,046**
Balance on January 1, 2019	$	1,194,447	656,087	1,206,485	43,320	9,479,816	13,695	147,525	186,077	12,927,452
Additions		10,909	-	4,203	5,800	1,517,299	263	56,910	129,042	1,724,426
Reclassification		-	39,632	158,991	-	(888)	-	(49,241)	(188,633)	(40,139)
Disposals		-	-	(30)	(3,360)	-	-	(431)	-	(3,821)
Effect on changes in foreign exchange rates		-	-	-	-	(273,980)	-	(352)	-	(274,332)
Balance on December 31, 2019	$	**1,205,356**	**695,719**	**1,369,649**	**45,760**	**10,722,247**	**13,958**	**154,411**	**126,486**	**14,333,586**
Depreciation and impairments loss:										
Balance on January 1, 2020	$	-	458,335	1,050,373	27,426	2,728,637	7,699	91,099	-	4,363,569
Depreciation		-	12,052	59,448	4,770	381,219	2,784	6,331	-	466,604
Disposals		-	-	(13,549)	-	(15,330)	-	(121)	-	(29,000)
Effect on movements in exchange rates		-	-	-	-	(149,771)	-	(641)	-	(150,412)
Balance on December 31, 2020	$	**-**	**470,387**	**1,096,272**	**32,196**	**2,944,755**	**10,483**	**96,668**	**-**	**4,650,761**

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		Land	Buildings	Machinery and equipment	Transportatoin equipment	Vessels	Leasehold improvements	Other equipment	Construction in progress	Total
Balance on January 1, 2019	$	-	447,145	998,989	26,654	2,418,715	5,562	83,584	-	3,980,649
Depreciation		-	11,190	51,414	4,132	379,607	2,137	8,247	-	456,727
Disposals		-	-	(30)	(3,360)	-	-	(431)	-	(3,821)
Effect on changes in foreign exchange rates		-	-	-	-	(69,685)	-	(301)	-	(69,986)
Balance on January 1, 2019	**$**	**-**	**458,335**	**1,050,373**	**27,426**	**2,728,637**	**7,699**	**91,099**	**-**	**4,363,569**
Carrying amounts:										
Balance on December 31, 2020	**$**	**1,205,356**	**233,313**	**294,825**	**13,564**	**7,295,323**	**9,724**	**65,494**	**171,686**	**9,289,285**
Balance on January 1, 2019	**$**	**1,194,447**	**208,942**	**207,496**	**16,666**	**7,061,101**	**8,133**	**63,941**	**186,077**	**8,946,803**
Balance on December 31, 2019	**$**	**1,205,356**	**237,384**	**319,276**	**18,334**	**7,993,610**	**6,259**	**63,312**	**126,486**	**9,970,017**

(i) Impairment losses

For the years ended December 31, 2020 and 2019, the movements in accumulated impairment loss were as follows:

		2020	2019
Balance at January 1	$	378,065	415,594
Transferred to accumulated depreciation		(25,909)	(27,607)
Effect on changes in foreign on exchange rates		(18,818)	(9,922)
Balance at December 31	**$**	**333,338**	**378,065**

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, 2020 and 2019, the estimated of values in use were determined using a pre-tax discount rate of 4.08%～ 7.45% and 6.80%～ 7.90%, respectively.

(ii) Pledge information

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

(iii) For the years ended December 31, 2020 and 2019, the capitalized interest expenses amounted to $1,331 thousand and $1,858 thousand, with interest rates of 1.01% and 1.36%~3.64%, respectively.

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(h) Right-of-use assets

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

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2020	$ 22,305	8,252	30,557
Additions	589	-	589
Disposals	(827)	-	(827)
Balance at December 31, 2020	$ 22,067	8,252	30,319
Balance at January 1, 2019	$ -	-	-
Effects of retrospective application for IFRS 16	14,588	8,252	22,840
Depreciation	8,200	-	8,200
Disposals	(483)	-	(483)
Balance at December 31, 2019	$ 22,305	8,252	30,557
Accumulated depreciation:			
Balance at January 1, 2020	$ 3,872	3,060	6,932
Depreciation	4,876	3,060	7,936
Disposals	(589)	-	(589)
Balance at December 31, 2020	$ 8,159	6,120	14,279
Balance at January 1, 2019	$ -	-	-
Effects of retrospective application for IFRS 16	-	-	-
Depreciation	4,355	3,060	7,415
Disposals	(483)	-	(483)
Balance at January 1, 2019	$ 3,872	3,060	6,932
Carrying amounts:			
Balance at December 31, 2020	$ 13,908	2,132	16,040
Balance at December 31, 2019	$ 18,433	5,192	23,625

(i) Short-term and long-term borrowings

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

	December 31, 2020	December 31, 2019
Secured bank loans	$ 290,000	260,000
Unsecured bank loans	1,050,544	724,730
	$ 1,340,544	984,730
Unused credit lines (including short-term and long-term borrowings)	$ 1,612,192	2,504,030
Range of interest rates	0.42%~2.46%	0.98%~3.85%

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

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

	December 31, 2020		
	Interest rate	**Maturity year**	**Amount**
Secured bank loans	1.06%~3.14%	2021~2029	$ 3,749,675
Less: current portion			447,439
Total			$ 3,302,236

	December 31, 2019		
	Interest rate	**Maturity year**	**Amount**
Secured bank loans	2.72%~4.10%	2020~2029	$ 4,645,586
Less: current portion			478,216
Total			$ 4,167,370

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

(j) Lease liabilities

The carrying amounts of lease liabilities were as follow:

	December 31, 2020	December 31, 2019
Current	$ 6,646	7,226
Non-current	$ 10,127	16,636

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

The amounts recognized in profit or loss was as follows:

	2020	2019
Interest expenses on lease liabilities	$ 337	389
Expenses relating to leases of low-value assets	$ 314	295

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

	2020	2019
Total cash outflow for leases	$ 8,045	7,669

(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, 2020 and 2019, the carrying amounts of ressels were $7,295,323 thousand and $7,993,610 thousand, respectively, recognized as property, plant and equipment.

As of December 31, 2020, the Group chartered out its entire vessels.

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For the years ended December 31, 2020 and 2019, the income from chartering amounted to $1,303,998 thousand and $1,533,551 thousand, respectively.

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

	December 31, 2020	December 31, 2019
Less than one year	$ 429,627	735,440
One to two years	89,846	40,759
Total undiscounted lease receivables	**$ 519,473**	**776,199**

(l) Employee benefits

(i) Defined benefit plans

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

	December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$ 142,658	146,009
Fair value of plan assets	(169,167)	(162,578)
Net defined benefit assets	**$ (26,509)**	**(16,569)**

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 $169,167 thousand as of December 31, 2020. For information on the utilization of the labor pension fund assets, including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

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2) Movements in present value of the defined benefit obligation

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

	2020	2019
Defined benefit obligations at January 1	$ 146,009	151,896
Current service costs and interest cost	1,619	2,386
Remeasurements of the net defined benefit asset:		
—Actuarial gains or losses arising from financial assumption	2,262	(2,175)
Benefits paid	(7,232)	(6,098)
Defined benefit obligations at December 31	**$ 142,658**	**146,009**

3) Movements in fair value of the defined benefit plan assets

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

	2020	2019
Fair value of plan assets at January 1	$ 162,578	156,556
Interest revenue	1,216	1,539
Remeasurements of the net defined benefit asset:		
—Actuarial gains or losses arising from financial assumption	5,436	5,643
Amounts contributed to plan	4,929	4,938
Benefits paid	(4,992)	(6,098)
Fair value of plan assets at December 31	**$ 169,167**	**162,578**

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	2020	2019
Current service costs	$ 545	917
Net interest expense of net defined benefit assets	(142)	(70)
	$ 403	**847**

	2020	2019
Operating cost	$ 369	759
Operating expenses	34	88
	$ 403	**847**

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

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

	2020	2019
Balance at the beginning	$ (7,321)	(15,139)
Recognized in the current period	3,174	7,818
Balance at the beginning	**$ (4,147)**	**(7,321)**

6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	2020.12.31	2019.12.31
Discount rate	0.500 %	0.750 %
Future salary increasing rate	3.000 %	3.000 %

The Group expects to make contributions of $4,835 thousand to the defined benefit plans in the next year starting from December 31, 2020.

The weighted average duration of the defined benefit plans is 7.08 years.

7) Sensitivity analysis

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

	Influences on defined benefit obligations	
	Increased	**Decreased**
December 31, 2020		
Discount rate decrease (increase) 0.25%	$ 2,107	(2,057)
Future salary increasing rate increase (decrease) 0.25%	1,991	(1,954)
December 31, 2019		
Discount rate decrease (increase) 0.25%	2,358	(2,298)
Future salary increasing rate increase (decrease) 0.25%	2,236	(2,192)

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 2020 and 2019.

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(ii) Defined contribution plans

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

The pension costs incurred from the contributions to the Bureau of the Labor Insurance amounted for the years ended December 31, 2020 and 2019 were as follow:

	2020	2019
Operating cost	$ 2,959	2,482
Operating expense	1,989	2,072
Total	**$ 4,948**	**4,554**

(iii) Others

The Group paid and recognized the severance pay for the years ended December 31, 2020 and 2019 as follow:

	2020	2019
Operating cost	$ 48	63
Operating expense	2,276	243
Total	**$ 2,324**	**306**

(m) Income taxes

(i) Income tax expense

The amounts of income tax for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Current tax expense		
Current period	$ 14,301	23,185
Adjustment for prior periods	62	157
	14,363	23,342
Deferred tax expense		
Origination and reversal of temporary differences	(219)	24,406
	(219)	24,406
Income tax expense from continuing operations	**$ 14,144**	**47,748**

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Items that will not be reclassified subsequently to profit or loss:		
Remeasurement from defined benefit plans	**$ 635**	**1,564**

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Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2020 and 2019 were as follows:

	2020	2019
Profit before tax	$ 188,273	322,389
Income tax using the Company's domestic tax rate	$ 37,655	64,477
The income tax effects on permanent difference	(4,369)	(4,231)
Change of temporary differences	(19,204)	(21,324)
Adjustment for prior periods	62	157
Undistributed earnings tax	-	8,669
	$ 14,144	47,748

(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, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	$ 397,529	390,182

2) Recognized deferred tax assets and liabilities

Deferred Tax Assets:

	Refund liability	Unrealized exchange loss	Impairment loss of property, plant and equipment	Defined benefit plans	Total
Balance at January 1, 2020	$ 1,724	-	479	9	2,212
Recognized in profit or loss	(1,562)	332	-	21	(1,209)
Balance at December 31, 2020	**$ 162**	**332**	**479**	**30**	**1,003**
Balance at January 1, 2019	$ 1,358	-	479	-	1,837
Recognized in profit or loss	366	-	-	9	375
Balance at December 31, 2019	**$ 1,724**	**-**	**479**	**9**	**2,212**

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Deferred Tax Liability:

	Land value increment tax	Investment income under equity method	Unrealized exchange gain	Defined benefit plans	Others	Total
Balance at January 1, 2020	$ 166,990	264,198	203	3,306	25	434,722
Recognized in profit or loss	-	(2,553)	(203)	1,353	(25)	(1,428)
Recognized in other comprehensive income	-	-	-	635	-	635
Balance at December 31, 2020	**$ 166,990**	**261,645**		**5,294**		**433,929**
Balance at January 1, 2019	$ 166,990	240,317	121	924	25	408,377
Recognized in profit or loss	-	23,881	82	818	-	24,781
Recognized in other comprehensive income	-	-	-	1,564	-	1,564
Balance at December 31, 2019	**$ 166,990**	**264,198**	**203**	**3,306**	**25**	**434,722**

(iii) Assessment

The Company' s income tax returns for all years through 2018 were assessed by the tax authorities.

(n) Capital and other equity

As of December 31, 2020 and 2019, the total number of authorized ordinary shares were 250,000 thousand shares, with a par value of $10 per share, of which, 228,442 thousand shares and 211,520 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding was as follows:

	Ordinary Shares	
(in thousands of shares)	**2020**	**2019**
Balance on January 1	211,520	201,448
Capital increase out of earnings	16,922	10,072
Balance on December 31	**228,442**	**211,520**

(i) Ordinary shares

A resolution was decided during the general meeting of the shareholders held on May 27, 2020 for a capital increase via stock dividends of 16,922 thousand shares amounting to $169,216 thousand, with the base date set on July 17, 2020, which was approved by the FSC. All relevant registration procedures had been completed as of the reporting date.

A resolution was decided during the general meeting of the shareholders held on June 5, 2019 for a capital increase via stock dividends of 10,072 thousand shares amounting to $100,724 thousand, with the base date set on July 28, 2019, which was approved by the FSC. All relevant registration procedures had been completed as of the reporting date.

(Continued)

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(ii) Capital surplus

The detail of capital surplus were as follows:

	December 31, 2020	December 31, 2019
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	6,482
Donation from shareholders	4,984	4,480
	$ **102,594**	**17,420**

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.

(Continued)

1) Legal reserve

The Company should contribute 10% of net profit after tax as legal reserve until it is equal to the capital. 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, 2020 and 2019, the special reserve were $131,910 thousand and $131,930 thousand, 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, 2020 and 2019, the special reserve were $31,831 thousand and $0, respectively.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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(iv) Earnings distribution

The appropriations of earning for 2019 and 2018 had been approved in shareholders' meetings held on May 27, 2020 and June 5, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share (Dollars)	**Total amount**	**Amount per share (Dollars)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.80	169,216	0.50	100,724
Shares	0.80	169,216	0.50	100,724
Total		$ **338,432**		**201,448**

On March 29, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. The earnings were appropriated as follows:

	2020	
	Amount per share (Dollars)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.90	205,597
Shares	0.90	205,598
Total		$ **411,195**

(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, 2020	$ (68,465)	36,634	(31,831)
Exchange differences on foreign operations	(174,105)	-	(174,105)
Exchange differences on associates accounted for using equity method	(82)	-	(82)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(54,147)	(54,147)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	1,036	1,036
Balance as of December 31, 2020	$ **(242,652)**	**(16,477)**	**(259,129)**

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 2019	$ 16,717	(2,571)	14,146
Exchange differences on foreign operations	(84,834)	-	(84,834)
Exchange differences on subsidiaries accounted for using equity method	(348)	-	(348)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	35,515	35,515
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	3,690	3,690
Balance as of December 31, 2019	$ (68,465)	36,634	(31,831)

(o) Earnings per share

For the years ended December 31, 2020 and 2019, the Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	2020	2019
Profit belonging to common shareholders	$ 174,129	274,641
Weighted average number of outstanding shares of common stock (in thousands shares)	228,442	228,442
Basic earnings per share (expressed in New Taiwan dollars)	$ 0.76	1.20

(ii) Diluted earnings per share

	2020	2019
Profit belonging to common shareholders	$ 174,129	274,641
Weighted average number of outstanding shares of common stock (in thousands shares)	228,442	228,442
Effect of potentially dilutive common stock employee remuneration (in thousands shares)	553	720
Weighted average number of common stock (diluted) (in thousands shares)	228,995	229,162
Diluted earnings per share (expressed in New Taiwan dollars)	$ 0.76	1.20

(Continued)

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(p) Revenue from contracts with customers

	2020				
	Chemical products	Charting	Catering	Others	Total
Primary geographical markets:					
Taiwan	$ 1,033,559	-	63,774	198	1,097,531
Denmark	-	407,626	-	-	407,626
Singapore	-	475,204	-	-	475,204
Japan	302,964	9,159	-	-	312,123
Pakistan	182,665	-	-	-	182,665
Other countries	1,147,834	412,009	-	-	1,559,843
	$ 2,667,022	**1,303,998**	**63,774**	**198**	**4,034,992**

	2019			
	Chemical products	Charting	Catering	Total
Primary geographical markets:				
Taiwan	$ 1,254,761	-	52,420	1,307,181
Denmark	-	506,420	-	506,420
Singapore	-	511,415	-	511,415
Japan	249,990	-	-	249,990
Other countries	1,252,446	515,716	-	1,768,162
	$ 2,757,197	**1,533,551**	**52,420**	**4,343,168**

(q) Remuneration to employees and directors

In accordance with the articles of incorporation, the Company should contribute 1% of special bonus, 3.5% of employee remuneration, and less than 2% of directors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration, amounting to $7,017 thousand and $12,004 thousand, special bonus amounting to $2,005 thousand and $3,429 thousand, and directors' remuneration amounting to $4,010 thousand and $6,859 thousand, 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 2020 and 2019.

(Continued)

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(r) Non-operating income and expenses

(i) Interest revenue

		2020	2019
Interest income from bank deposits	$	**3,107**	**7,745**

(ii) Other revenue

		2020	2019
Dividend income	$	**6,236**	**8,809**

(iii) Other gains and losses

		2020	2019
Foreign exchange gains or losses	$	(12,035)	1,256
Gains or losses on disposals of investments	$	4,978	1,197
Gains or losses on financial assets at fair value through profit or loss		99	252
Gains or losses on disposals of property, plant and equipment		(3,439)	1,143
Subsidy to crew bonus		13,529	15,749
Subsidy to communication fee		7,384	7,807
Price difference from fuel		(1,884)	4,298
Others		5,637	6,951
Total	$	**14,269**	**38,653**

(iv) Finance costs

		2020	2019
Interest expenses – bank loan	$	(104,520)	(198,167)
Interest expenses – lease liabilities		(337)	(389)
Total	$	**(104,857)**	**(198,556)**

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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2) Concentration of credit risk

When financial commodity trading is relatively concentrated within a few trading partners, a significant concentration of credit risk is less likely to occur. However, if the trading partners who are mostly engaged in similar commercial activities and have similar economic characteristics are affected by economic or other conditions, the occurrence of a significant concentration of credit risk is certain. The Group's notes and accounts receivable which are concentrated within a few trading parties are as follow:

	Amount	Percentage of notes and accounts receivable
December 31, 2019		
D Company	$ 58,630	10

No such incident on December 31, 2020.

3) Receivables securities

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

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

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 year	2-5 year	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Short-term borrowing	$ 1,340,544	1,342,164	1,342,164	-	-	-
Long-term borrowing	3,749,675	4,064,448	524,399	496,620	1,557,791	1,485,638
Accounts payable	275,553	275,553	275,553	-	-	-
Other payables	215,023	215,023	215,023	-	-	-
Lease liability	16,773	17,257	6,860	3,910	6,351	136
Refundable deposits	242	242	242	-	-	-
	$ 5,597,810	**5,914,687**	**2,364,241**	**500,530**	**1,564,142**	**1,485,774**
December 31, 2019						
Non-derivative financial liabilities						
Short-term borrowing	$ 984,730	987,764	987,764	-	-	-
Long-term borrowing	4,645,586	5,257,187	601,048	721,241	1,733,289	2,201,609
Accounts payable	192,784	192,784	192,784	-	-	-
Other payables	307,242	307,242	307,242	-	-	-
Refundable deposits	23,862	24,679	7,559	6,723	8,626	1,771
	$ 6,154,204	**6,769,656**	**2,096,397**	**727,964**	**1,741,915**	**2,203,380**

(Continued)

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

(iii) Currency risk

1) Exposure to foreign currency risk

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

	December 31, 2020			December 31, 2019		
	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 14,767	28.48	420,564	11,528	29.98	345,609
Non-monetary items						
RMB	41,646	4.38	182,409	41,646	4.31	179,494
Financial liabilities						
Monetary items						
USD	6,551	28.48	186,572	5,461	29.98	163,721

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, 2020 and 2019 would have increased (decreased) the net profit before tax by $2,340 thousand and $1,819 thousand, 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 (losses) on monetary items is disclosed by total amount. For the years ended December 31, 2020 and 2019, foreign exchange gains (losses) (including realized and unrealized portions) amounted to $(12,035) thousand and $1,256 thousand, 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.

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If the interest rate increases (decreases) by 1%, the Group's net profit before tax would have decreased (increased) by $50,902 thousand and $56,303 thousand for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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	2020 Other comprehensive income before tax	2020 Income before tax	2019 Other comprehensive income before tax	2019 Income before tax
Increasing 1%	$ 1,814	30	2,412	30
Decreasing 1%	$ (1,814)	(30)	(2,412)	(30)

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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

	December 31, 2020				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss					
Open end funds	$ 2,970	2,970	-	-	2,970
Financial assets at fair value through other comprehensive income					
Domestic unlisted companies stocks	5,571	-	-	5,571	5,571
Foreign unlisted companies stocks	175,803	-	-	175,803	175,803
	181,374	-	-	181,374	181,374
Subtotal	$ 184,344	2,970	-	181,374	184,344

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	December 31, 2019				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit or loss					
Open end funds	$ 3,026	3,026	-	-	3,026
Financial assets at fair value through other comprehensive income					
Domestic unlisted companies stocks	4,675	-	-	4,675	4,675
Foreign unlisted companies stocks	236,481	-	-	236,481	236,481
Subtotal	241,156	-	-	241,156	241,156
Subtotal	**$ 244,182**	**3,026**	**-**	**241,156**	**244,182**

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.

(Continued)

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3) Reconciliation of Level 3 fair values

		Fair value through other comprehensive income
		Unquoted equity instrument
Balance as of January 1, 2020	$	241,156
Total gains and losses recognized:		
In other comprehensive income		(54,147)
Reclassification		351
Effect on changes in foreign exchange rates		(4,746)
Disposals		(1,240)
Balance as of December 31, 2020	**$**	**181,374**
Balance as of January 1, 2019	$	212,873
Total gains and losses recognized:		
In other comprehensive income		35,515
Effect on changes in foreign exchange rates		768
Disposals		(8,000)
Balance as of December 31, 2019	**$**	**241,156**

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 other comprehensive income – equity investments".

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable listed companies approach	·PE ratio (as of December 31, 2020 was 0.6) ·EBITDA (as of December 31, 2020 and 2019 was 13.2 and 8.1~15.3)	· The higher the PE ratio and EBITDA ratio, the higher the fair value
		·Market liquidity discount rate (as of December 31, 2020 and 2019 were both 40%~45% and 30%)	· The higher the market liquidity discount rate, the lower the fair value

(Continued)

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

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

			Effects of changes in fair value on other comprehensive income	
	Inputs	**Increase or decrease**	**Favorable**	**Unfavorable**
December 31, 2020				
Financial assets at fair value through other comprehensive income	EBITDA ratio/ PE ratio	10%	$ 17,444	(17,444)
December 31, 2019				
Financial assets at fair value through other comprehensive income	EBITDA ratio/ PE ratio	10%	23,496	(23,496)

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 risks 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.

(Continued)

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

(iii) Credit risk

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

1) Notes and accounts receivables and other receivables

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

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

Please refer to note 6(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, 2020, the Group did not provide grarantee to other entities.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial asset. 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.

(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.

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

		December 31, 2020	December 31, 2019
Total liabilities	$	6,082,208	6,643,793
Less: cash and cash equivalents		923,288	720,977
Net debt	$	**5,158,920**	**5,922,816**
Total equity	$	**5,796,077**	**5,932,228**
Debt-to-equity ratio		**89.01 %**	**99.84 %**

As of December 31, 2020, there were no material change to the ratio.

(v) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2020 and 2019 were as follows:

				Non-cash changes			
		January 1, 2020	Cash flows	Foreign exchange movement	New lease		December 31, 2020
Long-term borrowings	$	4,645,586	(691,570)	(204,341)	-	-	3,749,675
Short-term borrowings		984,730	383,564	(27,750)	-	-	1,340,544
Lease liabilities		23,862	(7,394)	-	543	(238)	16,773
Total liabilities from financing activities	$	**5,654,178**	**(315,400)**	**(232,091)**	**543**	**(238)**	**5,106,992**

				Non-cash changes		
		January 1, 2019	Cash flows	Foreign exchange movement	New lease	December 31, 2019
Long-term borrowings	$	4,297,181	473,296	(124,891)	-	4,645,586
Short-term borrowings		1,172,640	(125,775)	(62,135)	-	984,730
Lease liabilities		22,681	(6,985)	-	8,166	23,862
Total liabilities from financing activities	$	**5,492,502**	**340,536**	**(187,026)**	**8,166**	**5,654,178**

(7) Related-party transactions:

Key management personnel compensation comprised:

		2020	2019
Short-term employee benefits	$	50,250	49,637
Post-employment benefits		6,422	455
	$	**56,672**	**50,092**

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(8) Pledged assets:

Pledged assets	Object	December 31, 2020	December 31, 2019
Property, plant and equipment			
－Land	Guarantees for long-term and short-term borrowings	$ 678,737	678,737
－Buildings	Guarantees for long-term and short-term borrowings	12,520	10,623
－Vessels	Guarantees for long-term borrowings	7,262,496	7,993,610
		$ 7,953,753	**8,682,970**

(9) Significant commitments and contingencies:

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

	December 31, 2020	December 31, 2019
Total contract value	**$ 172,227**	**171,287**
Cumulative payments	**$ 104,218**	**73,404**

(10) Losses Due to Major Disasters:None

(11) Subsequent Events:None

(12) Other:

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

By funtion / By item	2020			2019		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	422,400	62,735	485,135	421,976	70,036	492,012
Labor and health insurance	8,606	4,562	13,168	8,180	4,837	13,017
Pension	3,376	4,299	7,675	3,304	2,403	5,707
Remuneration of directors	-	23,480	23,480	-	21,419	21,419
Others	34,290	2,105	36,395	34,985	2,348	37,333
Depreciation	452,146	22,394	474,540	442,246	21,896	464,142
Depletion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(13) Other disclosures:

(a) Information on significant transactions:None

The following were the information on significant transactions required by the Regulations for the Group for the year ended December 31, 2020:

(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, 2020 (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.

(b) Information on investees: Please refer to schedule D.

(c) Information on investment in mainland China: None.

(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
Jian-Kai Property Management Co., Ltd.	16,808,755	7.35 %
Zhengbang Investment Co., Ltd.	14,758,338	6.46 %
Chu Ying-Piao	11,605,549	5.08 %

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(14) Segment information:

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

	2020							
	Chemical products							
	Oversea sales	Domestic sales	Chartering	Feright income	Catering	Others	Reconciliation and elimination (note)	Total
Revenue:								
Revenue from external customers	$ 1,633,463	1,033,559	1,303,998	91	63,774	107	-	4,034,992
Intersegment revenues	-	-	-	15,290	368	-	(15,658)	-
Interest revenue	105	67	2,549	36	2	348	-	3,107
Total revenue	$ 1,633,568	1,033,626	1,306,547	15,417	64,144	455	(15,658)	4,038,099
Interest expenses	$ 2,454	1,556	88,706	-	273	11,868	-	104,857
Depreciation and amortization	$ 61,564	20,697	383,457	914	7,908	-	-	474,540
Reportable segment profit or loss	$ 82,090	(12,842)	101,088	3,715	536	13,686	-	188,273

	2019							
	Chemical products							
	Oversea sales	Domestic sales	Chartering	Feright income	Catering	Others	Reconciliation and elimination (note)	Total
Revenue::								
Revenue from external customers	$ 1,502,436	1,254,761	1,533,551	-	52,420	-	-	4,343,168
Intersegment revenues	-	-	-	17,980	469	-	(18,449)	-
Interest revenue	148	123	6,610	121	40	703	-	7,745
Total revenue	$ 1,502,584	1,254,884	1,540,161	18,101	52,929	703	(18,449)	4,350,913
Interest expenses	$ 2,577	2,153	174,168	-	271	19,387	-	198,556
Depreciation and amortization	$ 54,615	18,846	383,793	432	6,452	4	-	464,142
Reportable segment profit or loss	$ 82,128	(30,331)	231,889	3,995	(1,505)	36,213	-	322,389

Note: For the years ended December 31, 2020 and 2019, the reportable segement should eliminate intersegment revenues by $15,658 thousand and $18,449 thousand, respectively.

The Group's information

(i) Product and service information

Revenue from external customers of the Group was as follows:

	2020	2019
Pure soda ash	$ 512,209	754,022
Potassium sulfate	1,716,028	1,552,166
Chartering	1,303,998	1,533,551
Catering	63,774	52,420
Others	438,983	451,009
	$ 4,034,992	4,343,168

(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:

Geographical information	2020	2019
Taiwan	$ 1,097,531	1,307,181
United States America	45,551	51,997
Japan	312,123	249,990
Australia	237,999	219,420
Singapore	475,204	511,415
Denmark	407,626	506,420
India	182,021	134,835
Pakistan	182,665	130,015
Other	1,094,272	1,231,895
Total	**$ 4,034,992**	**4,343,168**

Non-current assets:

Geographical information	December 31, 2020	December 31, 2019
Taiwan	$ 2,008,328	1,999,905
Panama	7,303,263	8,001,082
Total	**$ 9,311,591**	**10,000,987**

(iii) Major customers

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

Schedule A Guarantees and endorsements for other parties:

Nunber (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	5,796,077	3,189,760	3,189,760	720,544	-	55.03%	17,388,231	Y	N	N
0	The Company	SMTC	2	5,796,077	604,912	128,160	-	-	2.21%	17,388,231	Y	N	N
0	The Company	SMGC	2	5,796,077	628,784	105,376	-	-	1.82%	17,388,231	Y	N	N
0	The Company	SEHC	2	5,796,077	521,056	-	-	-	0.00%	17,388,231	Y	N	N
0	The Company	SEBC	2	5,796,077	546,195	215,474	215,474	-	3.72%	17,388,231	Y	N	N
0	The Company	SECC	2	5,796,077	464,943	345,889	345,889	-	5.97%	17,388,231	Y	N	N
0	The Company	SEMC	2	5,796,077	465,850	302,770	302,770	-	5.22%	17,388,231	Y	N	N
0	The Company	SEDC	2	5,796,077	505,175	356,712	356,712	-	6.15%	17,388,231	Y	N	N
0	The Company	SEVC	2	5,796,077	497,310	383,631	383,631	-	6.62%	17,388,231	Y	N	N
0	The Company	SEEC	2	5,796,077	498,218	370,226	370,226	-	6.39%	17,388,231	Y	N	N
0	The Company	SEFC	2	5,796,077	499,125	455,680	455,680	-	7.86%	17,388,231	Y	N	N
0	The Company	SERC	2	5,796,077	514,250	420,402	420,402	-	7.25%	17,388,231	Y	N	N
0	The Company	SEGC	2	5,796,077	520,300	461,376	461,376	-	7.96%	17,388,231	Y	N	N
0	The Company	SEPC	2	5,796,077	520,300	437,516	437,516	-	7.55%	17,388,231	Y	N	N
						7,172,972							

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, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Mid-term Maximum shareholding	Remark
				Shares/ Units	Carrying value	Percentage of ownership	Fair value		
	Open-end Funds :								
SSC	Schroder Maturity Asian Emerging Bond Fund	—	Non-current financial assets at fair value through profit or loss	10,000	2,970	-	2,970	10,000	
	Stock :								
The Company	Pushi Venture Capital Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	426,166	3,498	1.00%	3,498	426,166	
"	Puxun Venture Capital Co., Ltd.	—	"	126,566	2,073	0.63%	2,073	126,566	
"	COM2B	—	"	1,000,000	-	2.22%	-	1,000,000	
"	Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	—	"	-	130,384	15.00%	130,384	-	
"	StemCyte International, Ltd.		"	82,382	1,113	0.09%	1,113	82,382	
"	Others		Non-current financial assets at fair value through profit or loss	78,000	-	0.44%	-	78,000	
	Subtotal				137,068		137,068		
SIL	Hebei Oxen New Materials Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	15,675,000	44,059	23.64%	44,059	15,675,000	
"	StemCyte International, Ltd.	—	"	18,070	247	0.02%	247	18,070	
"	Others	—	Non-current financial assets at fair value through profit or loss	2	-	-	-	2	
	Subtotal				44,306		44,306		
	Total				181,374		181,374		

Schedule C Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Nunber (Note 1)	Company Name	Related Party	Relationship (Note 2)	Transaction			
				Account title	Amount	Credit term	Percentage of consolidated sales revenue and total assets
1	SSC	SMGC、SEHC、SEBC、SEAC、SECC、SEMC、SMTC、SEEC、SEDC、SEVC、SESC、SERC、SEGC、SEFC、SEPC	2	Other payables-related parties	68,286	-	0.57%

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 year	Original investment amount: The ending balance at the beginning	The ending balance at this period: Shares	The ending balance at this period: Percentage of ownership	The ending balance at this period: Carrying value	Mid-term Maximum shareholding	Net income (losses) of investee	Investment income (losses)	Remark
The Company	SSC	Panama	Ship operation and chartering	1,696,437	1,696,437	10	100.00%	3,372,541	10	86,597	86,597	Subsidiary
"	East Tender Trading Co., Ltd.	Taipei	General trade and investments	38,023	38,023	3,200,000	100.00%	39,066	3,200,000	2,399	2,399	Subsidiary
"	SIL	BVI	Holding company	21,145	21,145	880	50.00%	(11,594)	880	(59)	(30)	Subsidiary
"	East Tender Optoelectronics Co., Ltd.	Yilan	Manufacturing of thin film filter components required for optical communication	97,142	99,227	9,316,297	34.89%	498,351	9,516,297	55,784	16,449	Associate
"	Yukari Group Co., Ltd.	Taipei	Wholesale of foods and groceries, sales of drinks, operation of restaurant	89,787	89,787	2,100,000	100.00%	18,280	2,100,000	253	253	Subsidiary
"	E-Teq Venture Co., Ltd.	Taipei	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	15,000	10,000	600,000	100.00%	3,735	600,000	(2,298)	(2,298)	Subsidiary
"	Other			25,000	25,000	2,500,000	25.00%	-	2,500,000	(10,894)	(1,259)	Associate
				1,982,534	1,979,619			3,920,379			102,111	
SSC	SESC	Panama	Ship operation and chartering	USD 20	USD 620	10	100.00%	184,260	10	8,126	8,126	Sub-Subsidiary
"	SIL	BVI	Holding company	USD 2,792	USD 2,792	880	50.00%	51,893	880	(59)	(29)	Sub-Subsidiary
"	SMGC	Panama	Ship operation and chartering	USD 14,981	USD 10,581	11	100.00%	252,953	11	(16,576)	(16,576)	Sub-Subsidiary
"	SEHC	Panama	Ship operation and chartering	USD 11,116	USD 9,546	10	100.00%	354,029	10	(35,151)	(35,151)	Sub-Subsidiary
"	SMTC	Panama	Ship operation and chartering	USD 20,690	USD 15,490	11	100.00%	368,568	11	(9,400)	(9,400)	Sub-Subsidiary
"	SEBC	Panama	Ship operation and chartering	USD 8,920	USD 8,420	10	100.00%	365,795	10	3,233	3,233	Sub-Subsidiary
"	SEAC	Panama	Ship operation and chartering	USD 7,501	USD 7,951	10	100.00%	209,618	10	(2,587)	(2,587)	Sub-Subsidiary
"	SEMC	Panama	Ship operation and chartering	USD 7,504	USD 7,104	10	100.00%	229,877	10	5,409	5,409	Sub-Subsidiary
"	SECC	Panama	Ship operation and chartering	USD 7,608	USD 7,608	10	100.00%	250,801	10	14,930	14,930	Sub-Subsidiary
"	SEEC	Panama	Ship operation and chartering	USD 8,451	USD 8,451	10	100.00%	259,098	10	18,914	18,914	Sub-Subsidiary
"	SEFC	Panama	Ship operation and chartering	USD 7,761	USD 7,761	10	100.00%	268,059	10	28,395	28,395	Sub-Subsidiary
"	SERC	Panama	Ship operation and chartering	USD 8,615	USD 8,615	10	100.00%	286,812	10	23,051	23,051	Sub-Subsidiary
"	SEDC	Panama	Ship operation and chartering	USD 8,828	USD 8,828	10	100.00%	254,215	10	7,258	7,258	Sub-Subsidiary
"	SEVC	Panama	Ship operation and chartering	USD 7,994	USD 7,994	10	100.00%	234,065	10	(36)	(36)	Sub-Subsidiary
"	SEGC	Panama	Ship operation and chartering	USD 8,311	USD 8,311	10	100.00%	286,282	10	27,126	27,126	Sub-Subsidiary
"	SEPC	Panama	Ship operation and chartering	USD 8,119	USD 8,119	10	100.00%	284,885	10	37,690	37,690	Sub-Subsidiary
"	SSMHC	Cayman Islands	Holding company	USD 34	USD 27	-	100.00%	191	-	(88)	(88)	Sub-Subsidiary
				USD 139,245	USD 128,218			4,141,401			110,265	
SSMHC	SEJC	Panama	Holding company	USD 4	USD 3	-	100.00%	(19)	-	(37)	(37)	Sub-Subsidiary
East Tender Trading Co., Ltd.	Zai Feng Auto Transportation Co., Ltd.	Yilan	Automobile cargo transportation business	20,381	20,381	12,000	100.00%	19,881	12,000	2,985	2,985	Sub-Subsidiary
"	Hing Dian Industrial Co., Ltd.	Chiayi	Basic chemical industrial 、other chemical materials manufacturing and other chemical products manufacturing	5,870	5,870	587,000	48.92%	5,870	587,000	-	-	Associate
				26,251	26,251			25,751			2,985	

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

V. The Company's Individual Financial Report of the Most Recent Year Audited and Certified by CPAs

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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, 2020 and 2019, 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, 2020 and 2019, 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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.

KPMG

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.

2. Impairment of investments accounted for using equity method

   Please refer to note 4(l), note 5, and note 6(e) for the disclosures related to impairment on investments accounted for using equity method.

   Description of key audit matter:

   Some subsidiaries accounted for using equity method are subject to impairment test when there are indications that vessels may have been impaired. Also, the impairment assessment is measured using the future cash flow of present discount value. Because the impairment assessment involved significant uncertainty and management's judgment. Therefore, we consider it one of our key audit matters.

   How the matter was addressed in our audit:

   In relation to the key audit matter above, we have performed certain audit procedures including, understanding the financial reporting process; evaluating the judgement made by the management in measuring the recoverable amount and the historical reasonableness of the management's estimates on business forecasts; verifying the key assumptions used by management to formulate future cash flow forecasts and calculate the recoverable amount; as well as performing a sensitivity analysis of key assumptions, and reviewing whether the relevant information has been properly disclosed.

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 auditing standards generally accepted in 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain 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 this 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 peiod 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 Ming-Hung Huang and Po-Shu Huang.

KPMG

Taipei, Taiwan (Republic of China)
March 29, 2021

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Assets	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current assets:				
1100	Cash and cash equivalents (note 6 (a))	$ 346,334	5	125,285	2
1150	Notes receivable, net (note 6(c))	79,949	1	153,218	2
1170	Accounts receivable, net (note 6(c))	353,483	5	428,763	6
1210	Other receivables from related parties (note 7)	13,961	-	7,565	-
1220	Current tax assets	108	-	111	-
130X	Inventories (note 6(d))	312,112	4	421,895	6
1476	Other current financial assets (note 6(b))	16,280	-	23,723	-
1470	Other current assets	50,303	1	57,460	1
	Total current assets	1,172,530	16	1,218,020	17
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (note 6(b))	137,068	2	87,591	1
1422	Prepayments for investments (note 6(b))	-	-	351	-
1550	Investments accounted for using equity method (note 6(e))	3,920,379	54	3,860,960	54
1600	Property, plant and equipment (notes 6(f), 8 and 9)	1,974,870	28	1,956,695	28
1755	Right-of-use assets (note 6(g))	2,268	-	5,328	-
1840	Deferred tax assets (note 6(k))	1,003	-	2,212	-
1915	Prepayments for business facilities (note 9)	240	-	-	-
1920	Refundable deposits	5,894	-	7,597	-
1975	Net defined benefit asset (note 6(j))	26,509	-	16,569	-
	Total non-current assets	6,068,231	84	5,937,303	83
	Total assets	$ 7,240,761	100	7,155,323	100

	Liabilities and Equity	December 31, 2020 Amount	%	December 31, 2019 Amount	%
	Current liabilities:				
2100	Short-term borrowings (notes 6(h) and 8)	$ 620,000	9	430,100	6
2170	Accounts payable	269,219	3	188,405	3
2200	Other payables (note 6(o))	105,304	2	145,867	2
2220	Other payables to related parties (note 7)	3,702	-	4,719	-
2230	Current tax liabilities	5,897	-	-	-
2280	Lease liabilities-current (note 6(i))	2,305	-	3,204	-
2399	Other current liabilities	4,086	-	13,910	-
	Total current liabilities	1,010,513	14	786,205	11
	Non-Current liabilities:				
2645	Guarantee deposits received	242	-	-	-
2570	Deferred tax liabilities (note 6(k))	433,929	6	434,722	6
2580	Lease liabilities-non-current (note 6(i))	-	-	2,168	-
	Total non-current liabilities	434,171	6	436,890	6
	Total liabilities	1,444,684	20	1,223,095	17
	Equity (notes 6(b), (e), (j), (k) and (l)):				
3100	Common stock	2,284,419	32	2,115,203	30
3200	Capital surplus	102,594	1	17,420	-
	Retained earnings:				
3310	Legal reserve	966,494	13	938,804	13
3320	Special reserve	163,741	2	131,930	2
3350	Unappropriated retained earnings	2,537,958	35	2,760,702	39
		3,668,193	50	3,831,436	54
	Other equity interest:				
3410	Exchange differences on translation of foreign financial statements	(242,652)	(3)	(68,465)	(1)
3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(16,477)	-	36,634	-
		(259,129)	(3)	(31,831)	(1)
	Total equity	5,796,077	80	5,932,228	83
	Total liabilities and equity	$ 7,240,761	100	7,155,323	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, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4110	**Operating revenue (note 6(n))**	$ 2,667,022	100	2,757,197	100
5111	**Operating cost (notes 6(d), (f), (j) and 7)**	2,150,161	81	2,282,399	83
	Gross profit from operations	516,861	19	474,798	17
6000	**Operating expenses (notes 6(c), (f), (g), (i), (j), (o) and 7):**				
6100	Selling expenses	335,721	13	302,756	11
6200	Administrative expenses	111,892	4	118,942	4
6450	Expected credit loss	-	-	1,303	-
	Total operating expenses	447,613	17	423,001	15
6900	**Net operating income**	69,248	2	51,797	2
7000	**Non-operating income and expenses (notes 6(e), (f), (i), (p) and 7):**				
7100	Interest income	172	-	271	-
7010	Other income	6,247	-	2,034	-
7020	Other gains and losses	13,679	1	28,621	1
7050	Finance costs	(4,010)	-	(4,730)	-
7060	Share of gains of subsidiaries and associates accounted for using equity method	102,111	4	242,672	9
	Total non-operating income and expenses	118,199	5	268,868	10
7900	**Income before tax**	187,447	7	320,665	12
7950	**Less: Income tax expenses (note 6(k))**	13,318	-	46,024	2
	Net income	174,129	7	274,641	10
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	3,174	-	7,818	-
8316	Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	(54,147)	(2)	35,515	1
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(443)	-	(321)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	635	-	1,564	-
	Components of other comprehensive income that will not be reclassified to profit or loss	(52,051)	(2)	41,448	1
8360	**Components of other comprehensive income that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(174,105)	(7)	(84,834)	(3)
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(82)	-	(348)	-
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	(174,187)	(7)	(85,182)	(3)
8300	**Other comprehensive income**	(226,238)	(9)	(43,734)	(2)
8500	**Total comprehensive income**	**$ (52,109)**	**(2)**	**230,907**	**8**
9750	**Basic earnings per share (note 6(m)) (expressed in New Taiwan dollars)**	**$**	**0.76**		**1.20**
9850	**Diluted earnings per share (note 6(m))(expressed in New Taiwan dollars)**	**$**	**0.76**		**1.20**

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

			Retained earnings				Total other equity interest			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance at January 1, 2019	$ 2,014,479	15,924	903,685	215,821	2,636,494	3,756,000	16,717	(2,571)	14,146	5,800,549
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	35,119	-	(35,119)	-	-	-	-	-
Cash dividends	-	-	-	-	(100,724)	(100,724)	-	-	-	(100,724)
Stock dividends	100,724	-	-	-	(100,724)	(100,724)	-	-	-	-
Special reserve	-	-	-	(83,891)	83,891	-	-	-	-	-
Net income	-	-	-	-	274,641	274,641	-	-	-	274,641
Other comprehensive income	-	-	-	-	5,933	5,933	(85,182)	35,515	(49,667)	(43,734)
Total comprehensive income	-	-	-	-	280,574	280,574	(85,182)	35,515	(49,667)	230,907
Changes in associates accounted for using equity method	-	13	-	-	-	-	-	-	-	13
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(3,690)	(3,690)	-	3,690	3,690	-
Changes in capital surplus	-	1,483	-	-	-	-	-	-	-	1,483
Balance at December 31, 2019	2,115,203	17,420	938,804	131,930	2,760,702	3,831,436	(68,465)	36,634	(31,831)	5,932,228
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	27,690	-	(27,690)	-	-	-	-	-
Special reserve	-	-	-	31,831	(31,831)	-	-	-	-	-
Cash dividends	-	-	-	-	(169,216)	(169,216)	-	-	-	(169,216)
Stock dividends	169,216	-	-	-	(169,216)	(169,216)	-	-	-	-
Special reserve	-	-	-	(20)	20	-	-	-	-	-
Net income	-	-	-	-	174,129	174,129	-	-	-	174,129
Other comprehensive income	-	-	-	-	2,096	2,096	(174,187)	(54,147)	(228,334)	(226,238)
Total comprehensive income	-	-	-	-	176,225	176,225	(174,187)	(54,147)	(228,334)	(52,109)
Changes in capital surplus	-	504	-	-	-	-	-	-	-	504
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(1,036)	(1,036)	-	1,036	1,036	-
Changes in associates accounted for using equity method	-	84,670	-	-	-	-	-	-	-	84,670
Balance at December 31, 2020	$ 2,284,419	102,594	966,494	163,741	2,537,958	3,668,193	(242,652)	(16,477)	(259,129)	5,796,077

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	$ 187,447	320,665
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	82,261	73,461
Expected credit loss	-	1,303
Net gain on financial assets at fair value through profit or loss	-	(224)
Interest expense	4,010	4,730
Interest income	(172)	(271)
Dividend income	(6,236)	(2,023)
Share of profit of subsidiaries and associates accounted for using equity method	(102,111)	(242,672)
Gain on disposal of property, plant and equipment	-	(58)
Property, plant and equipment transferred to expenses	23,615	39,625
Gain on disposal of investments accounted for using equity method	(4,978)	(1,197)
Total adjustments to reconcile profit (loss)	(3,611)	(127,326)
Changes in operating assets and liabilities:		
Decrease in financial assets at fair value through profit or loss	-	5,066
Decrease in notes receivable	73,269	23,533
Decrease (increase) in accounts receivable	75,280	(154,722)
Increase in accounts receivable from related parties	(6,396)	(942)
Decrease (increase) in inventories	109,507	(33,456)
Decrease (increase) in other current assets	7,157	(12,453)
Decrease (increase) in other current financial assets	3,495	(9,035)
Increase in net defined benefit assets	(6,766)	(4,091)
Increase (decrease) in accounts payable	80,814	(14,312)
Increase (decrease) in other payables	(33,349)	11,870
Decrease in other payables to related parties	(1,017)	(199)
Decrease in other current liabilities	(9,824)	(1,768)
Total adjustments	288,559	(317,835)
Cash inflow generated from operations	476,006	2,830
Interest received	160	271
Dividends received	24,950	11,539
Interest paid	(5,182)	(7,206)
Income taxes paid	(7,637)	(45,076)
Net cash flows from (used in) operating activities	488,297	(37,642)
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,029	-
Acquisition of investments accounted for using equity method	(177,905)	-
Proceeds from disposal of investments accounted for using equity method	13,559	2,954
Acquisition of property, plant and equipment	(126,454)	(178,186)
Proceeds from disposal of property, plant and equipment	-	58
Decrease in refundable deposits	1,703	4
Net cash used in investing activities	(285,068)	(175,170)
Cash flows from (used in) financing activities:		
Increase in short-term loans	2,948,231	3,031,569
Decrease in short-term loans	(2,758,331)	(3,142,354)
Increase in guarantee deposits received	242	-
Payment of lease liabilities	(3,610)	(3,560)
Cash dividends paid	(169,216)	(100,724)
Other financing activities	504	1,483
Net cash flows from (used in) financing activities	17,820	(213,586)
Effect of exchange rate changes on cash and cash equivalents	-	(1,995)
Net increase (decrease) in cash and cash equivalents	221,049	(428,393)
Cash and cash equivalents at beginning of period	125,285	553,678
Cash and cash equivalents at end of period	$ **346,334**	**125,285**

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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars, Unless Otherwise Specified)

(1) Company history

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

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

These financial statements were authorized for issue by the Board of Directors as of March 29, 2021.

(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. ("FSC") 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, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(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, 2021, would not have a significant impact on its financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

(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"

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

- 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 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"
- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

(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.

(Continued)

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 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 Company disposes of only part of investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

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

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

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

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

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

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

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

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

An entity shall classify a liability as current when:

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

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

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

(iv) The 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.

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

4) Impairment of financial assets

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

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

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

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

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

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

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

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

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

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

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

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. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

5) Derecognition of financial assets

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

(ii) Financial liabilities

1) Other financial liabilities

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

2) Derecognition of financial liabilities

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

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

3) Offsetting of financial assets and liabilities

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

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(g) Inventories

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

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

(h) Investment in associates

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

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

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

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

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

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

(Continued)

SESODA CORPORATION
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(i) Investment in subsidiaries

When preparing the parent company only financial statements, the investments in subsidiaries, which are controlled by the Company, are accounted for using the equity method. Under the equity method, the profit or loss for the period and other comprehensive income presented in the parent company only financial statements should be the same as the allocations of profit or loss for the period and of other comprehensive income attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis; and the owners' equity presented in the parent company only financial statements should be the same as the equity attributable to the owners of the parent presented in the financial statements prepared on a consolidated basis. The Company also recognized its shares in the changes in its equity of subsidiaries.

Changes in a parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for within equity.

(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

(Continued)

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

(k) Leases

(i) Identifying a lease

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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

1) the contract involves the use of an identified asset – this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified; and

2) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the Company has the right to direct the use of the asset throughout the period of use only if either:

- the Company has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how and for what purpose the asset is used are predetermined and:

  - the Company has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

  - the Company designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand alone prices.

(ii) As a leasee

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.

(Continued)

SESODA CORPORATION
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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

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.

(Continued)

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.

(iii) As a leasor

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.

(l) Impairment of non financial assets

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

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

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

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

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

(Continued)

(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.

(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.

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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.

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;

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

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

(i) the 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.

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.

(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.

(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.

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(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, 2020 and 2019, the Company holds 34.89% and 40.88%, respectively, 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:

(a) 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, 2020	December 31, 2019
Petty Cash	$ 380	280
Demand deposits	259,514	124,005
Time deposits	86,440	1,000
Cash and cash equivalents	**$ 346,334**	**125,285**

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

		December 31, 2020	December 31, 2019
Domestic unlisted companies stocks	$	5,571	4,675
Foreign unlisted companies stocks		131,497	82,916
Total	$	137,068	87,591

(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 2019, due to the liquidation of WI Harper Investment Company, the Company expected to receive the amounts of $3,959 thousand in cash and $351 thousand in stocks, to be recognized as other financial assets and prepayments for investments, respectively, wherein the liquidated loss of $3,690 thousand will be reclassified from other equity to retained earnings.

In 2020, the Company received the amount of $4,029 thousand in cash, resulting in the gain of $70 thousand to be reclassified from other equity to retained earnings.

(ii) For market risk, please refer to note 6(q).

(iii) The aforementioned financial assets were not pledged.

(c) Notes and accounts receivables

		December 31, 2020	December 31, 2019
Notes receivables	$	79,949	153,218
Accounts receivables–measured as amortized cost		364,786	440,066
Less: Loss allowance		(11,303)	(11,303)
Subtotals		353,483	428,763
Total	**$**	**433,432**	**581,981**

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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 were determined as follows:

	December 31, 2020		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 370,112	0.33 %	1,224
1 to 30 days past due	60,562	6.95 %	4,209
31 to 60 days past due	9,660	14.95 %	1,444
61 to 90 days past due	15	82.57 %	12
More than 90 days past due	4,386	100.00%	4,386
	$ 444,735		**11,275**

	December 31, 2019		
	Gross carrying amount	**Weighted-average expected credit loss rate**	**Loss allowance provision**
Current	$ 531,843	0.17 %	905
1 to 30 days past due	18,214	5.12 %	933
31 to 60 days past due	40,616	16.92 %	6,872
61 to 90 days past due	110	83.94 %	92
More than 90 days past due	2,501	100.00 %	2,501
	$ 593,284		**11,303**

The movements in the allowance for notes and accounts receivable were as follows:

	For the years ended December 31,	
	2020	**2019**
Balance at January 1	$ 11,303	10,000
Impairment losses recognized	-	1,303
Balance at December 31	**$ 11,303**	**11,303**

As of December 31, 2020 and 2019, the notes and accounts receivable were not discounted and pledged. For other credit risk, please refer to note 6(q).

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SESODA CORPORATION
Notes to the Financial Statements

(d) Inventories

		December 31, 2020	December 31, 2019
Merchandise	$	98,737	115,973
Finished goods		76,595	141,167
Raw materials		120,079	148,485
Fuel		2,262	3,115
Supplies		14,439	13,155
	$	**312,112**	**421,895**

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

		2020	2019
Unallocated overheads	$	29,983	51,264
Loss on valuation of inventories		275	-
Losses (gains) on inventories count		(1,635)	8
	$	**28,623**	**51,272**

As of December 31, 2020 and 2019, the inventories were not pledged.

(e) Investments accounted for using 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, 2020	December 31, 2019
Subsidiaries	$	3,422,028	3,441,182
Associates		498,351	419,778
	$	**3,920,379**	**3,860,960**

(i) Subsidiaries

Please refer to 2020 and 2019 consolidated financial statements.

(ii) Associates

Name of Associates	Main business	Main operating location	Proportion of shareholding and voting rights December 31, 2020	Proportion of shareholding and voting rights December 31, 2019
EOC	Manufacturing of DWDM filter components required for Optical communication	Yilan	34.89 %	40.88 %

(Continued)

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Notes to the Financial Statements

EOC became a listed company on July 1, 2020. The fair values of the Company's shares on EOC were $696,859 thousand as of December 31, 2020.

The financial information of EOC was as follows::

	December 31, 2020	December 31, 2019
Current assets	$ 642,144	372,966
Non-current assets	594,550	536,517
Current liabilities	(81,976)	(74,885)
Non-current liabilities	(105,234)	(116,612)
Net assets	**$ 1,049,484**	**717,986**
Net assets attributable to the Company	**$ 498,351**	**418,519**

	2020	2019
Operating revenue	**$ 334,567**	**349,651**
Profit from continuing operations	$ 51,124	55,880
Other comprehensive income	(1,585)	(1,624)
Total comprehensive income	**$ 49,539**	**54,256**
Comprehensive income attributable to the Company	**$ 15,924**	**17,594**

	2020	2019
Share of net assets of associates as of January 1	$ 418,519	412,185
Comprehensive income attributable to the Company	15,924	17,594
Capital surplus arising from not participating in capital increase	86,571	-
Disposals	(10,490)	(1,757)
Dividends received from associates	(12,182)	(9,516)
Others	9	13
Share of net assets of associates as of December 31	**$ 498,351**	**418,519**

The Company's financial information for investments accounted for using the equity method that are individually insignificant was as follows:

	December 31, 2020	December 31, 2019
Carrying amount of individually insignificant associates' equity	**$ -**	**1,259**

	2020	2019
Attributable to the Company:		
Loss from continuing operations	$ (1,259)	(1,999)
Other comprehensive income	-	-
Comprehensive income	**$ (1,259)**	**(1,999)**

(Continued)

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Notes to the Financial Statements

(iii) The Company did not provide any investment accounted for using the equity method as collateral for its loans.

(iv) In 2020 and 2019, the Company sold its shares in EOC amounting to $13,559 thousand and $2,954 thousand, resulting in the gains on sale of shares to be $4,978 thousand and $1,197 thousand, respectively, recognized as other gains and losses under gains on disposals of investment.

(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, 2020 and 2019 were as follows:

	Land	Buildings	Machinery and equipment	Transportation equipment	Other facilities	Construction in progress	Total
Cost:							
Balance on January 1, 2020	$ 1,205,356	695,719	1,369,648	25,766	136,353	121,649	3,554,491
Additions	-	64	1,942	-	41,422	76,743	120,171
Disposal	-	-	(13,549)	-	(121)	-	(13,670)
Reclassification	-	7,917	33,055	-	(37,604)	(26,706)	(23,338)
Balance on December 31, 2020	**$ 1,205,356**	**703,700**	**1,391,096**	**25,766**	**140,050**	**171,686**	**3,637,654**
Balance on January 1, 2019	$ 1,194,447	656,086	1,206,486	24,726	131,004	186,077	3,398,826
Additions	10,909	-	4,202	1,550	55,022	124,205	195,888
Disposal	-	-	(31)	(510)	(431)	-	(972)
Reclassification	-	39,633	158,991	-	(49,242)	(188,633)	(39,251)
Balance on December 31, 2019	**$ 1,205,356**	**695,719**	**1,369,648**	**25,766**	**136,353**	**121,649**	**3,554,491**
Depreciation and impairments loss:							
Balance on January 1, 2020	$ -	458,334	1,050,373	11,612	77,477	-	1,597,796
Depreciation	-	12,052	59,448	3,920	3,238	-	78,658
Disposal	-	-	(13,549)	-	(121)	-	(13,670)
Balance on December 31, 2020	**$ -**	**470,386**	**1,096,272**	**15,532**	**80,594**	**-**	**1,662,784**
Balance on January 1, 2019	$ -	447,144	998,990	8,358	74,419	-	1,528,911
Depreciation	-	11,190	51,414	3,764	3,489	-	69,857
Disposal	-	-	(31)	(510)	(431)	-	(972)
Balance on January 1, 2019	**$ -**	**458,334**	**1,050,373**	**11,612**	**77,477**	**-**	**1,597,796**
Carrying amounts:							
Balance on December 31, 2020	**$ 1,205,356**	**233,314**	**294,824**	**10,234**	**59,456**	**171,686**	**1,974,870**
Balance on January 1, 2019	**$ 1,194,447**	**208,942**	**207,496**	**16,368**	**56,585**	**186,077**	**1,869,915**
Balance on December 31, 2019	**$ 1,205,356**	**237,385**	**319,275**	**14,154**	**58,876**	**121,649**	**1,956,695**

(i) Impairment losses

For the years ended December 31, 2020 and 2019, the movements in accumulated impairment loss were as follows:

	2020	2019
Balance at January 1	$ 1,731	3,335
Reclassified to accumulated depreciation	(1,203)	(1,604)
Balance at December 31	**$ 528**	**1,731**

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(ii) Pledged information

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

(iii) For the years ended December 31, 2020 and 2019, the capitalized interest expenses amounted to $1,331 thousand and $1,480 thousand, with interest rates of 1.01% and 1.36%, respectively.

(g) Right-of-use assets

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

	Buildings	Transportation equipment	Total
Cost:			
Balance at January 1, 2020	$ 543	8,252	8,795
Additions	543	-	543
Disposal	(543)	-	(543)
Balance at December 31, 2020	**$ 543**	**8,252**	**8,795**
Balance at January 1, 2019	$ -	-	-
Effects of retrospective application for IFRS 16	137	8,252	8,389
Additions	543	-	543
Disposal	(137)	-	(137)
Balance at December 31, 2019	**$ 543**	**8,252**	**8,795**
Accumulated depreciation:			
Balance at January 1, 2020	$ 407	3,060	3,467
Depreciation	543	3,060	3,603
Disposal	(543)	-	(543)
Balance at December 31, 2020	**$ 407**	**6,120**	**6,527**
Balance at January 1, 2019	$ -	-	-
Effects of retrospective application for IFRS 16	-	-	-
Depreciation for the year	544	3,060	3,604
Disposal	(137)	-	(137)
Balance at January 1, 2019	**$ 407**	**3,060**	**3,467**
Carrying amounts:			
Balance at December 31, 2020	**$ 136**	**2,132**	**2,268**
Balance at December 31, 2019	**$ 136**	**5,192**	**5,328**

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(h) Short-term and long-term borrowings

		December 31, 2020	December 31, 2019
Secured bank loans	$	290,000	260,000
Unsecured bank loans		330,000	170,100
	$	**620,000**	**430,100**
Unused credit lines	$	**710,000**	**949,900**
Range of interest rates		**0.42%~2.46%**	**0.98%~3.765%**

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

(i) Lease liabilities

The carrying amounts of lease liabilities were as follow:

		December 31, 2020	December 31, 2019
Current	$	**2,305**	**3,204**
Non-current	$	**-**	**2,168**

For the maturity analysis, please refer to note 6(q).

The amounts recognized in profit or loss was as follows:

		2020	2019
Interest expenses on lease liabilities	$	**68**	**118**
Expenses relating to leases of low-value assets	$	**190**	**219**

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

		2020	2019
Total cash outflow for leases	$	**3,868**	**3,897**

(j) Employee benefits

(i) Defined benefit plans

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

		December 31, 2020	December 31, 2019
Present value of the defined benefit obligations	$	142,658	146,009
Fair value of plan assets		(169,167)	(162,578)
Net defined benefit assets	$	**(26,509)**	**(16,569)**

(Continued)

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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 $169,167 thousand as of December 31, 2020. 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:

		2020	2019
Defined benefit obligations at January 1	$	146,009	151,896
Current service costs and interest cost		1,619	2,386
Remeasurements of the net defined benefit asset:			
—Actuarial gains or losses arising from financial assumption		2,262	(2,175)
Benefits paid		(7,232)	(6,098)
Defined benefit obligations at December 31	**$**	**142,658**	**146,009**

3) The movements in fair value of the defined benefit plan assets

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

		2020	2019
Fair value of plan assets at January 1	$	162,578	156,556
Interest revenue		1,216	1,539
Remeasurements of the net defined benefit asset:			
—Actuarial gains or losses arising from financial assumption		5,436	5,643
Amounts contributed to plan		4,929	4,938
Benefits paid		(4,992)	(6,098)
Fair value of plan assets at December 31	**$**	**169,167**	**162,578**

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

4) Expenses recognized in profit or loss

The expenses recognized in profit or losses were as follows:

	2020	2019
Current service costs	$ 545	917
Net interest expense of net defined benefit assets	(142)	(70)
	$ 403	**847**

	2020	2019
Operating cost	$ 369	759
Operating expenses	34	88
	$ 403	**847**

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:

	2020	2019
Balance at the beginning	$ (7,321)	(15,139)
Recognized in the current period	3,174	7,818
Balance at the beginning	**$ (4,147)**	**(7,321)**

6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	2020.12.31	2019.12.31
Discount rate	0.500 %	0.750 %
Future salary increasing rate	3.000 %	3.000 %

The Company expects to make contributions of $4,835 thousand to the defined benefit plans in the next year starting from December 31, 2020.

The weighted average duration of the defined benefit plans is 7.08 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, 2020		
Discount rate decrease (increase) 0.25%	$ 2,107	(2,057)
Future salary increasing rate increase (decrease) 0.25%	1,991	(1,954)
December 31, 2019		
Discount rate decrease (increase) 0.25%	2,358	(2,298)
Future salary increasing rate increase (decrease) 0.25%	2,236	(2,192)

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 2020 and 2019.

(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, 2020 and 2019 were as follow:

	2020	**2019**
Operating cost	$ 1,985	1,866
Operating expense	1,705	1,811
Total	**$ 3,690**	**3,677**

(iii) Others

The Company paid and recognized the severance pay for the years ended December 31, 2020 and 2019 as follow:

	2020	**2019**
Operating cost	$ 48	63
Operating expense	2,276	243
Total	**$ 2,324**	**306**

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(k) Income taxes

(i) Income tax expense

The amounts of income tax for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Current tax expense			
Current period	$	13,534	21,461
Adjustment for prior periods		3	157
		13,537	21,618
Deferred tax expense			
Origination and reversal of temporary differences		(219)	24,406
Income tax expense from continuing operations	$	**13,318**	**46,024**

The amounts of income tax recognized in other comprehensive income for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement from defined benefit plans	$	**635**	**1,564**

Reconciliations of income tax expenses and profit before tax for the years ended December 31, 2020 and 2019 were as follows:

		2020	2019
Profit before tax	$	**187,447**	**320,665**
Income tax using the Company's domestic tax rate	$	37,489	64,133
The income tax effects on permanent difference		(4,866)	(5,611)
Change of temporary differences		(19,308)	(21,324)
Adjustment for prior periods		3	157
Undistributed earnings tax		-	8,669
	$	**13,318**	**46,024**

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(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, 2020 and 2019. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2020	December 31, 2019
Aggregate amount of temporary differences related to investments in subsidiaries	$ **397,529**	**390,182**

2) Recognized deferred tax assets and liabilities

Deferred Tax Assets:

	Refund liability	Unrealized exchange loss	Impairment loss of property, plant and equipment	Defined benefit plans	Total
Balance at January 1, 2020	$ 1,724	-	479	9	2,212
Recognized in profit or loss	(1,562)	332	-	21	(1,209)
Balance at December 31, 2020	**$ 162**	**332**	**479**	**30**	**1,003**
Balance at January 1, 2019	$ 1,358	-	479	-	1,837
Recognized in profit or loss	366	-	-	9	375
Balance at December 31, 2019	**$ 1,724**	**-**	**479**	**9**	**2,212**

Deferred Tax Liability:

	Land value increment tax	Investment income under equity method	Unrealized exchange gain	Defined benefit plans	Others	Total
Balance at January 1, 2020	$ 166,990	264,198	203	3,306	25	434,722
Recognized in profit or loss	-	(2,553)	(203)	1,353	(25)	(1,428)
Recognized in other comprehensive income	-	-	-	635	-	635
Balance at December 31, 2020	**$ 166,990**	**261,645**		**5,294**		**433,929**
Balance at January 1, 2019	$ 166,990	240,317	121	924	25	408,377
Recognized in profit or loss	-	23,881	82	818	-	24,781
Recognized in other comprehensive income	-	-	-	1,564	-	1,564
Balance at December 31, 2019	**$ 166,990**	**264,198**	**203**	**3,306**	**25**	**434,722**

(iii) Assessment

The Company's income tax returns for all years through 2018 were assessed by the tax authorities.

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SESODA CORPORATION
Notes to the Financial Statements

(l) Capital and other equity

As of December 31, 2020 and 2019, the total number of authorized ordinary shares were 250,000 thousand shares, with a par value of $10 per share, of which, 228,442 thousand shares and 211,520 thousand shares, respectively, were issued. All issued shares were paid up upon issuance.

Reconciliation of shares outstanding was as follows:

	Ordinary Shares	
(in thousands of shares)	2020	2019
Balance on January 1	211,520	201,448
Capital increase by stock dividend	16,922	10,072
Balance on December 31	**228,442**	**211,520**

(i) Ordinary shares

A resolution was decided during the general meeting of the shareholders held on May 27, 2020 for a capital increase via stock dividends of 16,922 thousand shares amounting to $169,216 thousand, with the base date set on July 17, 2020, which was approved by the FSC. All relevant registration procedures had been completed as of the reporting date.

A resolution was decided during the general meeting of the shareholders held on June 5, 2019 for a capital increase via stock dividends of 10,072 thousand shares amounting to $100,724 thousand, with the base date set on July 28, 2019, which was approved by the FSC. All relevant registration procedures had been completed as of the reporting date.

(ii) Capital surplus

The detail of capital surplus were as follows:

	December 31, 2020	December 31, 2019
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	6,482
Donation from shareholders	4,984	4,480
	$ 102,594	**17,420**

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

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(iii) Retained earnings

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

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

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

1) Legal reserve

The Company should contribute 10% of net profit after tax as legal reserve until it is equal to the capital. 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, 2020 and 2019, the special reserve were $131,910 thousand and $131,930 thousand, respectively.

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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, 2020 and 2019, the special reserve were $31,831 thousand and $0, respectively.

(iv) Earnings distribution

The appropriations of earning for 2019 and 2018 had been approved in shareholders' meetings held on May 27, 2020 and June 5, 2019, respectively. The relevant dividend distributions to shareholders were as follows:

	2019		2018	
	Amount per share (Dollars)	**Total amount**	**Amount per share (Dollars)**	**Total amount**
Dividends distributed to ordinary shareholders:				
Cash	$ 0.80	169,216	0.50	100,724
Shares	0.80	169,216	0.50	100,724
Total		**$ 338,432**		**201,448**

On March 29, 2021, the Company's Board of Directors resolved to appropriate the 2020 earnings. The earnings were appropriated as follows:

	2020	
	Amount per share (Dollars)	**Total amount**
Dividends distributed to ordinary shareholders:		
Cash	$ 0.90	205,597
Shares	0.90	205,598
Total		**$ 411,195**

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(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, 2020	$ (68,465)	36,634	(31,831)
Exchange differences on foreign operations	(174,105)	-	(174,105)
Exchange differences on subsidiaries accounted for using equity method	(82)	-	(82)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	(54,147)	(54,147)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	1,036	1,036
Balance as of December 31, 2020	**$ (242,652)**	**(16,477)**	**(259,129)**

	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, 2019	$ 16,717	(2,571)	14,146
Exchange differences on foreign operations	(84,834)	-	(84,834)
Exchange differences on subsidiaries accounted for using equity method	(348)	-	(348)
Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	-	35,515	35,515
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	3,690	3,690
Balance as of December 31, 2019	**$ (68,465)**	**36,634**	**(31,831)**

(m) Earnings per share

For the years ended December 31, 2020 and 2019, the Company's earnings per share were calculated as follows:

(i) Basic earnings per share

	2020	2019
Profit belonging to common shareholders	**$ 174,129**	**274,641**
Weighted average number of outstanding shares of common stock (in thousands shares)	**228,442**	**228,442**
Basic earnings per share (expressed in New Taiwan dollars)	**$ 0.76**	**1.20**

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(ii) Diluted earnings per share

		2020	2019
Profit belonging to common shareholders	$	**174,129**	**274,641**
Weighted average number of outstanding shares of common stock (in thousands shares)		228,442	228,442
Effect of potentially dilutive common stock employee remuneration (in thousands shares)		553	720
Weighted average number of common stock (diluted) (in thousands shares)		**228,995**	**229,162**
Diluted earnings per share (expressed in New Taiwan dollars)	$	**0.76**	**1.20**

(n) Revenue from contracts with customers

		2020	2019
Primary geographical markets:			
Taiwan	$	1,033,559	1,254,761
Japan		302,964	249,990
Pakistan		182,665	130,015
Other countries		1,147,834	1,122,431
Total	$	**2,667,022**	**2,757,197**

The Company was engaged in the sales of chemical products.

(o) Remuneration to employees and directors

In accordance with the articles of incorporation, the Company should contribute 1% of special bonus, 3.5% of employee remuneration, and less than 2% of directors' remuneration when there is profit for the year. However, if the Company has accumulated deficit, the profit should be reserved to offset the deficit.

For the years ended December 31, 2020 and 2019, the Company estimated its employee remuneration amounting to $7,017 thousand and $12,004 thousand, special bonus amounting to $2,005 thousand and $3,429 thousand, and directors' remuneration amounting to $4,010 thousand and $6,859 thousand, 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 2020 and 2019.

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(p) Non operating income and expenses

(i) Interest income

	2020	2019
Interest income from bank deposits	**$ 172**	**271**

(ii) Other income

	2020	2019
Rental income	$ 11	11
Dividend income	6,236	2,023
Total	**$ 6,247**	**2,034**

(iii) Other gains and losses

	2020	2019
Foreign exchange gains or losses	$ (11,060)	1,498
Gains or losses on disposals of investments	4,978	1,197
Gains or losses on financial assets at fair value through profit or loss	-	224
Gains or losses on disposals of property, plant and equipment	-	58
Revenue from endorsement guarantee	14,594	15,610
Others	5,167	10,034
Total	**$ 13,679**	**28,621**

(iv) Finance costs

	2020	2019
Interest expenses – bank loan	$ (3,942)	(4,612)
Interest expenses – lease liabilities	(68)	(118)
Total	**$ (4,010)**	**(4,730)**

(q) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

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SESODA CORPORATION
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2) Concentration of credit risk

When financial commodity trading is relatively concentrated within a few trading partners, a significant concentration of credit risk is less likely to occur. However, if the trading partners who are mostly engaged in similar commercial activities and have similar economic characteristics are affected by economic or other conditions, the occurrence of a significant concentration of credit risk is certain. The Company's notes and accounts receivable which are concentrated within a few trading parties are as follow:

	Amount	Percentage of notes and accounts receivable
December 31, 2019		
D Company	$ 58,630	10

No such incident on December 31, 2020.

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).

(ii) Liquidity risk

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

	Carrying amount	Contractual cash flows	Within 1 year	1-2 year	2-5 year	Over 5 years
December 31, 2020						
Non-derivative financial liabilities						
Short-term loans	$ 620,000	620,597	620,597	-	-	-
Accounts payable	269,219	269,219	269,219	-	-	-
Other payables	105,304	105,304	105,304	-	-	-
Other payables to related parties	3,702	3,702	3,702	-	-	-
Lease liabilities	2,305	2,319	2,319	-	-	-
Guarantee deposits received	242	242	242	-	-	-
	$ 1,000,772	1,001,383	1,001,383	-	-	-
December 31, 2019						
Non-derivative financial liabilities						
Short-term loans	$ 430,100	430,638	430,638	-	-	-
Accounts payable	188,405	188,405	188,405	-	-	-
Other payables	145,867	145,867	145,867	-	-	-
Other payables to related parties	4,719	4,719	4,719	-	-	-
Lease liabilities	5,372	5,450	3,268	2,182	-	-
	$ 774,463	775,079	772,897	2,182	-	-

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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 were as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency (thousand dollars)	Exchange rate	NTD	Foreign currency (thousand dollars)	Exchange rate	NTD
Financial assets						
Monetary items						
USD	$ 14,060	28.48	400,429	10,867	29.98	325,793
Non-monetary items						
RMB	15,000	4.38	65,700	15,000	4.31	64,650
Financial liabilities						
Monetary items						
USD	6,551	28.48	186,752	5,461	29.98	163,721

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, 2020 and 2019 would have increased (decreased) the net profit before tax by $2,137 thousand and $1,621 thousand, respectively. The analysis assumes that all other variables remain constant.

The amount, expressed in functional currency, of foreign exchange gain and loss (including realized and unrealized portion) of the Company's monetary items, and the exchange rate used to translate the original amount to the Company's functional currency, NTD (also the expressed currency), were as follows:

	2020		2019	
	Foreign exchange gain (loss)	Average exchange rate	Foreign exchange gain (loss)	Average exchange rate
NTD	(11,060)	-	1,498	-

(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.

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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 $6,200 thousand and $4,301 thousand for the years ended December 31, 2020 and 2019, 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, 2020 and 2019, 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:

	2020		2019	
Prices of securities at the reporting date	**Other comprehensive income before tax**	**Income before tax**	**Other comprehensive income before tax**	**Income before tax**
Increasing 1%	$ 1,371	-	876	-
Decreasing 1%	$ (1,371)	-	(876)	-

(vi) Fair value of financial instruments

1) Categories and fair value of financial instruments

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

	December 31, 2020				
		Fair Value			
	Book Value	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through other comprehensive income					
Domestic unlisted companies stocks	$ 5,571	-	-	5,571	5,571
Foreign unlisted companies stocks	131,497	-	-	131,497	131,497
Subtotal	$ 137,068	-	-	137,068	137,068

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	December 31, 2019				
		Fair Value			
	Book Value	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income					
Domestic unlisted companies stocks	$ 4,675	-	-	4,675	4,675
Foreign unlisted companies stocks	82,916	-	-	82,916	82,916
Subtotal	**$ 87,591**	**-**	**-**	**87,591**	**87,591**

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 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, 2020	$ 87,591
Total gains and losses recognized:	
In other comprehensive income	49,126
Reclassification	351
Balance as of December 31, 2020	**$ 137,068**

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

	Fair value through other comprehensive income
	Unquoted equity instrument
Balance as of January 1, 2019	$ 95,980
Total gains and losses recognized:	
In other comprehensive income	(389)
Disposals	(8,000)
Balance as of December 31, 2019	**$ 87,591**

4) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Company's financial instruments that use Level 3 inputs to measure fair value were "financial assets measured at fair value through other comprehensive income – equity investments".

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

Quantified information of significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable listed companies approach	·EBITDA Ratio (as of December 31, 2020 and 2019 was 13.2 and 8.1) ·Market liquidity discount rate (as of December 31, 2020 and 2019 was 40% and 30%)	·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:

	Inputs	Increase or decrease	Effects on changes in fair value on other comprehensive income: Favorable	Unfavorable
December 31, 2020				
Financial assets at fair value through other comprehensive income	EBITDA ratio	10%	$ 13,038	(13,038)
December 31, 2019				
Financial assets at fair value through other comprehensive income	EBITDA ratio	10%	8,256	(8,256)

(Continued)

SESODA CORPORATION
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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.

(r) Financial risk management

(i) Overview

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

1) credit risk

2) liquidity risk

3) market risk

The following likewise discusses the Company's objectives, policies and processes for measuring and managing the above mentioned risks. For more disclosures about the quantitative effects of these risks 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.

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

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.

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

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 not be approved by the Board of Directors.

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

(Continued)

(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 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 Company's reputation.

The Company calculates its cost of products and services by using the activity based costing, which assists in monitoring its cash flow requirements and optimizing its cash return on investments. Generally, the Company ensures that it maintains sufficient cash to meet expected operational expenses within 60 days.

(v) Market risk

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

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

(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, 2020	December 31, 2019
Total liabilities	$ 1,444,684	1,223,095
Less: cash and cash equivalents	346,334	125,285
Net debt	**$ 1,098,350**	**1,097,810**
Total equity	**$ 5,796,077**	**5,932,228**
Debt-to-equity ratio	**18.95 %**	**18.51 %**

As of December 31, 2020, there were no material changes to the ratio.

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(t) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2020 and 2019 were as follows:

	January 1, 2020	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Acquisition	December 31, 2020
Short-term borrowing	$ 430,100	189,900	-	-	620,000
Lease liabilities	5,372	(3,610)	-	543	2,305
Total liabilities from financing activities	**$ 435,472**	**186,290**	**-**	**543**	**622,305**

	January 1, 2019	Cash flows	Non-cash changes: Foreign exchange movement	Non-cash changes: Acquisition	December 31, 2019
Short-term borrowing	$ 542,880	(110,785)	(1,995)	-	430,100
Lease liabilities	8,389	(3,560)	-	543	5,372
Total liabilities from financing activities	**$ 551,269**	**(114,345)**	**(1,995)**	**543**	**435,472**

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are entities that have transactions with the Company during the periods covered in the financial statements and the Company's subsidiaries.

Name of related party	Relationship with the Company
Sesoda Steamship Corporation (SSC)	Subsidiary
SS Marine Holding Coporation (SSMHC)	Subsidiary
EAST TENDER TRADING CO., LTD	Subsidiary
YUKARI GROUP CO., LTD.	Subsidiary
E-Teq Venture Co., Ltd.	Subsidiary
Sesoda Investment (BVI) Ltd. (SIL)	Subsidiary
Southeast Shipping Corp. (SESC)	Subsidiary
Southeast Marine Globe Corporation (SMGC)	Subsidiary
Southeast Marine Transport Corporation (SMTC)	Subsidiary
SE Harmony Corporation (SEHC)	Subsidiary
SE Bulker Corporation (SEBC)	Subsidiary
SE Apex Corporation (SEAC)	Subsidiary
SE Marine Corporation (SEMC)	Subsidiary
SE Carrier Corporation (SECC)	Subsidiary
Zai Feng Auto Transportation Co., Ltd.	Subsidiary
SE Delta Corporation (SEDC)	Subsidiary

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

Name of related party	Relationship with the Company
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
SE Jasmine Corporation (SEJC)	Subsidiary

(b) Significant transactions with related parties

(i) Shipping expenses

	2020	2019
Subsidiaries	$ 15,290	17,979

(ii) Guarantees

The Company had provided a guarantee for loans as follow:

	December 31, 2020	December 31, 2019
Subsidiaries	$ 7,172,972	8,309,585

The Company charges 0.25%～0.5% guarantee fee to its subsidiaries, wherein the guarantee revenues amounted to $14,594 thousand and $15,610 thousand for the years ended December 31, 2020 and 2019, respectively.

(iii) Payables to related parties

Account	Relationship	December 31, 2020	December 31, 2019
Other payables to related parties	Subsidiaries	$ 3,702	4,719

(iv) Receivables from related parties

Account	Relationship	December 31, 2020	December 31, 2019
Other receivables from related parties	Subsidiaries	$ 13,961	7,565

(c) Key management personnel compensation comprised:

	2020	2019
Short-term employee benefits	$ 41,182	40,573
Post-employment benefits	6,323	455
	$ 47,505	41,028

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(8) Pledged assets:

Pledged assets	Object	December 31, 2020	December 31, 2019
Property, plant and equipment			
—Land	Guarantees for long-term and short-term borrowing	$ 678,737	678,737
—Buildings	Guarantees for long-term and short-term loans borrowing	12,520	10,623
		$ 691,257	689,360

(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, 2020	December 31, 2019
Total contract value	$ 152,309	145,724
Cumulative payments	$ 98,819	67,130

(10) Losses Due to Major Disasters: None.

(11) Subsequent Events: None.

(12) Other:

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

By funtion / By item	2020			2019		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefits						
Salary	75,336	48,652	123,988	70,653	55,343	125,996
Labor and health insurance	7,063	4,027	11,090	6,869	4,334	11,203
Pension	2,402	4,015	6,417	2,688	2,142	4,830
Remuneration of directors	-	23,480	23,480	-	21,419	21,419
Others	5,006	1,894	6,900	4,919	2,209	7,128
Depreciation	64,727	17,534	82,261	55,587	17,874	73,461
Depletion	-	-	-	-	-	-
Amortization	-	-	-	-	-	-

(Continued)

SESODA CORPORATION

Notes to the Financial Statements

As of December 31, 2020 and 2019, the additional information for employee numbers and employee benefits was as follows:

	2020	2019
Average employee numbers	169	157
Average directors numbers without serving concurrently as employee	7	7
Average employee benefits	$ 916	994
Average employee salaries	$ 765	840
Average adjustment rate of employee salaries	(8.93)%	(1.75)%
Remuneration received by supervisors	$ -	-

The Company's salary and remuneration policy (including directors, managers and employees) is as follows:

(a) 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.

(b) 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, 2020:

(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, 2020 (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.

(Continued)

SESODA CORPORATION
Notes to the Financial Statements

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$300 million or 20% of the capital stock: None.

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None.

(ix) Trading in derivative instruments: None.

(b) Information on investees: Please refer to schedule C.

(c) Information on investment in mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information: None.

(ii) Limitation on investment in Mainland China: None.

(iii) Significant transactions: None.

(d) Major shareholders:

Shareholding Shareholder's Name	Shares	Percentage
Jian-Kai Property Management Co., Ltd.	16,808,755	7.35 %
Zhengbang Investment Co., Ltd.	14,758,338	6.46 %
Chu Ying-Piao	11,605,549	5.08 %

(14) Segment information:

Please refers to 2020 consolidated financial statements.

(Continued)

Schedule A Guarantees and endorsements for other parties:

Nunber (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	5,796,077	3,189,760	3,189,760	720,544	-	55.03%	17,388,231	Y	N	N
0	The Company	SMTC	2	5,796,077	604,912	128,160	-	-	2.21%	17,388,231	Y	N	N
0	The Company	SMGC	2	5,796,077	628,784	105,376	-	-	1.82%	17,388,231	Y	N	N
0	The Company	SEHC	2	5,796,077	521,056	-	-	-	0.00%	17,388,231	Y	N	N
0	The Company	SEBC	2	5,796,077	546,195	215,474	215,474	-	3.72%	17,388,231	Y	N	N
0	The Company	SECC	2	5,796,077	464,943	345,889	345,889	-	5.97%	17,388,231	Y	N	N
0	The Company	SEMC	2	5,796,077	465,850	302,770	302,770	-	5.22%	17,388,231	Y	N	N
0	The Company	SEDC	2	5,796,077	505,175	356,712	356,712	-	6.15%	17,388,231	Y	N	N
0	The Company	SEVC	2	5,796,077	497,310	383,631	383,631	-	6.62%	17,388,231	Y	N	N
0	The Company	SEEC	2	5,796,077	498,218	370,226	370,226	-	6.39%	17,388,231	Y	N	N
0	The Company	SEFC	2	5,796,077	499,125	455,680	455,680	-	7.86%	17,388,231	Y	N	N
0	The Company	SERC	2	5,796,077	514,250	420,402	420,402	-	7.25%	17,388,231	Y	N	N
0	The Company	SEGC	2	5,796,077	520,300	461,376	461,376	-	7.96%	17,388,231	Y	N	N
0	The Company	SEPC	2	5,796,077	520,300	437,516	437,516	-	7.55%	17,388,231	Y	N	N
						7,172,972							

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, 2020 (excluding investment in subsidiaries, associates and joint ventures):

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Remark
				Shares/ Units	Carrying value	Percentage of ownership	Fair value	
	Open-end Funds :							
SSC	Schroder Maturity Asian Emerging Bond Fund	—	Non-current financial assets at fair value through profit or loss	10,000	2,970	-	2,970	
	Stock :							
The Company	Pushi Venture Capital Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	426,166	3,498	1.00%	3,498	
"	Puxun Venture Capital Co., Ltd.	—	"	126,566	2,073	0.63%	2,073	
"	COM2B	—	"	1,000,000	-	2.22%	-	
"	Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	—	"	-	130,384	15.00%	130,384	
"	StemCyte International, Ltd.	—	"	82,382	1,113	0.09%	1,113	
"	Others	—	Non-current financial assets at fair value through profit or loss	78,000	-	0.44%	-	
	Subtotal				137,068		137,068	
SIL	Hebei Oxen New Materials Co., Ltd.	—	Non-current financial assets at fair value through other comprehensive income	15,675,000	44,059	23.64%	44,059	
"	StemCyte International, Ltd.	—	"	18,070	247	0.02%	247	
"	Others	—	Non-current financial assets at fair value through profit or loss	2	-	-	-	
	Subtotal				44,306		44,306	
	Total				181,374		181,374	

Schedule C Information on investments:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount: The ending balance at this year	Original investment amount: The ending balance at the beginning	The ending balance at this period: Shares	The ending balance at this period: Percentage of	The ending balance at this period: Carrying value	Net income (losses) of investee	Investment income (losses)	Remark
The Company	SSC	Panama	Ship operation and chartering	1,696,437	1,696,437	10	100.00%	3,372,541	86,597	86,597	Subsidiary
"	East Tender Trading Co., Ltd.	Taipei	General trade and investments	38,023	38,023	3,200,000	100.00%	39,066	2,399	2,399	Subsidiary
"	SIL	BVI	Holding company	21,145	21,145	880	50.00%	(11,594)	(59)	(30)	Subsidiary
"	East Tender Optoelectronics Co., Ltd.	Yilan	Manufacturing of thin film filter components required for optical communication	97,142	99,227	9,316,297	34.89%	498,351	55,784	16,449	Associate
"	Yukari Group Co., Ltd.	Taipei	Wholesale of foods and groceries, sales of drinks, operation of restaurant	89,787	89,787	2,100,000	100.00%	18,280	253	253	Subsidiary
"	E-Teq Venture Co., Ltd.	Taipei	Electronics components manufacturing, data storage media manufacturing and duplicating, general investments	15,000	10,000	600,000	100.00%	3,735	(2,298)	(2,298)	Subsidiary
"	Other			25,000	25,000	2,500,000	25.00%	-	(10,894)	(1,259)	Associate
				1,982,534	1,979,619			3,920,379		102,111	
SSC	SESC	Panama	Ship operation and chartering	USD 20	USD 620	10	100.00%	184,260	8,126	8,126	Sub-Subsidiary
"	SIL	BVI	Holding company	USD 2,792	USD 2,792	880	50.00%	51,893	(59)	(29)	Sub-Subsidiary
"	SMGC	Panama	Ship operation and chartering	USD 14,981	USD 10,581	11	100.00%	252,953	(16,576)	(16,576)	Sub-Subsidiary
"	SEHC	Panama	Ship operation and chartering	USD 11,116	USD 9,546	10	100.00%	354,029	(35,151)	(35,151)	Sub-Subsidiary
"	SMTC	Panama	Ship operation and chartering	USD 20,690	USD 15,490	11	100.00%	368,568	(9,400)	(9,400)	Sub-Subsidiary
"	SEBC	Panama	Ship operation and chartering	USD 8,920	USD 8,420	10	100.00%	365,795	3,233	3,233	Sub-Subsidiary
"	SEAC	Panama	Ship operation and chartering	USD 7,501	USD 7,951	10	100.00%	209,618	(2,587)	(2,587)	Sub-Subsidiary
"	SEMC	Panama	Ship operation and chartering	USD 7,504	USD 7,104	10	100.00%	229,877	5,409	5,409	Sub-Subsidiary
"	SECC	Panama	Ship operation and chartering	USD 7,608	USD 7,608	10	100.00%	250,801	14,930	14,930	Sub-Subsidiary
"	SEEC	Panama	Ship operation and chartering	USD 8,451	USD 8,451	10	100.00%	259,098	18,914	18,914	Sub-Subsidiary
"	SEFC	Panama	Ship operation and chartering	USD 7,761	USD 7,761	10	100.00%	268,059	28,395	28,395	Sub-Subsidiary
"	SERC	Panama	Ship operation and chartering	USD 8,615	USD 8,615	10	100.00%	286,812	23,051	23,051	Sub-Subsidiary
"	SEDC	Panama	Ship operation and chartering	USD 8,828	USD 8,828	10	100.00%	254,215	7,258	7,258	Sub-Subsidiary
"	SEVC	Panama	Ship operation and chartering	USD 7,994	USD 7,994	10	100.00%	234,065	(36)	(36)	Sub-Subsidiary
"	SEGC	Panama	Ship operation and chartering	USD 8,311	USD 8,311	10	100.00%	286,282	27,126	27,126	Sub-Subsidiary
"	SEPC	Panama	Ship operation and chartering	USD 8,119	USD 8,119	10	100.00%	284,885	37,690	37,690	Sub-Subsidiary
"	SSMHC	Cayman Islands	Holding company	USD 34	USD 27	-	100.00%	191	(88)	(88)	Sub-Subsidiary
				USD 139,245	USD 128,218			4,141,401		110,265	
SSMHC	SEJC	Panama	Holding company	USD 4	USD 3	-	100.00%	(19)	(37)	(37)	Sub-Subsidiary
East Tender Trading Co., Ltd.	Zai Feng Auto Transportation Co., Ltd.	Yilan	Automobile cargo transportation business	20,381	20,381	12,000	100.00%	19,881	2,985	2,985	Sub-Subsidiary
"	Hing Dian Industrial Co., Ltd.	Chiayi	Basic chemical industrial 、other chemical materials manufacturing and other chemical products manufacturing	5,870	5,870	587,000	48.92%	5,870	-	-	Associate
				26,251	26,251			25,751		2,985	

VI. If the Company and its affiliated companies had any financial difficulties in the most recent year and as of the publication date of the annual report, the impact on the Company's financial status: None.

VII. Review and Analysis of Financial Status and Financial Performance and Risk Issues

I. Review and Analysis of Financial Status

(I) Comparative Analysis Table of Financial Status

Unit: NTD Thousand

Year / Item	2020	2019	Difference	
			Amount	%
Current assets	1,843,321	1,877,065	(33,744)	(1.80)
Property, plant and equipment	9,289,285	9,970,017	(680,732)	(6.83)
Intangible assets	--	--	--	--
Other assets	745,679	728,939	16,740	2.30
Total assets	11,878,285	12,576,021	(697,736)	(5.55)
Current liabilities	2,335,674	2,025,065	310,609	15.34
Non-current liabilities	3,746,534	4,618,728	(872,194)	(18.88)
Total liabilities	6,082,208	6,643,793	(561,585)	(8.45)
Common stock	2,284,419	2,115,203	169,216	8.00
Capital surplus	102,594	17,420	85,174	488.94
Retained earnings	3,668,193	3,831,436	(163,243)	(4.26)
Other equity interest	(259,129)	(31,831)	(227,298)	714.08
Non-controlling interests	--	--	--	--
Total equity	5,796,077	5,932,228	(136,151)	(2.30)

(II) Description of Major Changes:

1. Capital reserve: Mainly due to the fact that East Tender Optoelectronics Co., Ltd. handled a cash capital increase in the second quarter of 2020, and the consolidated company did not participate in the capital increase.
2. Other rights and interests: As a result of the appreciation of New Taiwan dollars, the exchange differences on translation of foreign financial statements increased.

II. Financial Performance

(I) Comparative Analysis of Business Results

Unit: NTD Thousand

Item \ Year	2020	2019	Amount of increase or decrease	Change (%)
Operating revenue	4,034,992	4,343,168	(308,176)	(7.10)
Operating costs	3,197,912	3,324,057	(126,145)	(3.79)
Operating margin	837,080	1,019,111	(182,031)	(17.86)
Operating Expenses	582,752	569,637	13,115	2.30
Operating profit	254,328	449,474	(195,146)	(43.42)
Non-operating income and expenses	(66,055)	(127,085)	61,030	(48.02)
Profit (loss) from continuing operations before tax	188,273	322,389	(134,116)	(41.60)
Less: Income tax expense	14,144	47,748	(33,604)	(70.38)
Net profit after tax for continuing operations	174,129	274,641	(100,512)	(36.60)

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

1. Net operating profit: Mainly due to the decline in the profits of the chemical industry and shipping industry.
2. Non-operating income and expenses: Mainly due to the decrease in borrowing interest rates in 2020 and the gradual repayment of ship loans, which resulted in a decrease in interest expenses.
3. Income tax expenses: Mainly due to the decline in profits.

(II) Estimated Sales Volume and Basis:

The Company's estimated sales volume for 2021 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 2021
Manufacturing	315,766
Trade	92,173

(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 flow

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
720,977	888,960	(686,649)	923,288	0	0

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

1. Operating activity: Net cash inflow (outflow) from operating activities	888,960
2. Investment activity: Net cash inflow (outflow) from investing activities	(189,617)
3. Financing activities: Net cash inflows (outflows) from financing activities	(483,870)
4. Effect of exchange rate changes	(13,162)
Net cash inflow for the year	202,311

※Analysis and explanation of increase and decrease in ratios:
The increase in cash flow ratio was mainly due to the increase in sales.

(II) Analysis of cash liquidity in the coming year

Unit: NTD Thousand

Beginning cash balance	Estimated annual net cash inflow (outflow) from operating activities	Estimated other annual cash inflows (outflows)	Cash balance (insufficiency) amount	Remedial measures for cash shortages	
				Investment plan	Financing plan
923,288	947,165	(981,544)	888,909	0	0

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

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

IV. Impact of major capital expenditures on financial operations in the most recent year

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

Unit: NTD Thousand

Plan item	Actual or expected source of funds	Actual or expected completion date	Funding required (as of 2020)	Actual use of funds		
				2018	2019	2020
Water and air pollution prevention equipment	Own funds and bank loans	June 30, 2021	143,840	25,711	85,986	32,143
Mixed acid conversion equipment	Own funds and bank loans	April 30, 2021	8,281			8,281

(II) Expected benefits:

1. Improve plant operating environment and space facilities to enhance labor safety and health goal management.
2. Development of new products and supply for market demand.

V. Reinvestment policy in the most recent year, the main reason for its profit or loss, improvement plan and investment plan for the next year

(I) Reinvestment policy

In addition to focusing on the operation of the chemical industry, the shipping business of the subsidiary and the catering business of the subsidiary, the Company will adopt strategic cooperative investment and increase investment in different industries to increase revenue and diversify operations, so that the Company can diversify industry risks and expand its operating base.

(II) Main reason for profit or loss

The amount of dividend income and benefits of investment disposal in 2020 was NT$11,214 thousand, an increase of NT$1,208,000 compared with that in 2019. This was mainly due to the disposal of part of the shareholding in East Tender Optoelectronics Co., Ltd. in 2020.

(III) Improvement program

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

(IV) Investment plan for the coming year

The changes in the world situation and the COVID-19 pandemic have made the Company realize the need to diversify risks. Therefore, in addition to maintaining the business in a steady manner, the Company will strengthen its cooperation with the industry peers to strive for strategic alliance. Development of new or strengthening or increasing existing investments with good performance.

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

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

Item	2020
Interest expense (net)	104,857
Currency conversion benefits (net)	12,035

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.

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

The Company and its subsidiaries do not engage in high-risk, high-leverage investments, and do not conduct other derivative trading except for general forward foreign exchange transactions for hedging.

Loans to others and endorsements and guarantees: Currently the Company only 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.

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

1. Core Industrial Chemical Business
   (1) Take into account the quality improvement of existing chemicals produced, and implement operation procedures 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: Expand product market and enhance product competitiveness.
   Estimated cost: NTD 10,000 thousand.
   (2) Comply with the Company's operating strategy, break through the bottleneck of traditional industries, and seek opportunities for diversified chemical industry cooperation.
   Estimated cost: NTD 1,000 thousand.
2. Subsidiary shipping business: as service industry, it is not applicable.
3. Subsidiary catering business
   Invest in the development of its own catering brand, seek new business opportunities and expand different customer groups to strengthen the Company's competitive market advantage.

(IV) The impact of important domestic and foreign policies and legal changes on the Company's financial business and corresponding measures:

Important changes in policies and laws: Major policy changes will be actively updated and handled in compliance; for new regulations, equipment will be upgraded or alternative methods will be approved before the deadline set in the regulations. On the financial side, there may be an impact due to additional capital expenditures.

Countermeasures:

Actively update regulatory information to obtain sufficient time to respond to changes. In addition to updating or formulating methods, we will also cooperate with qualified suppliers/maintainers to update equipment. In terms of capital, the Company maintains a good relationship with banks, and maintains a fairly flexible capital utilization quota to meet the capital expenditure requirements for equipment renewal.

(V) The impact of technological changes and industrial changes on the Company's financial business and corresponding measures:

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

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.

(VI) The impact of corporate change on corporate crisis management and countermeasures:

The Company's corporate culture is conservative and stable; its legitimate operations are profitable and stable, and it complies with laws and regulations. The Company does not have a corporate image of intentional misconduct. The Company has a low-key style and strives to operate pragmatically without media hype.

Countermeasure: In addition to complying with the regulations of the competent authority, the Company proactively handles corporate briefings to let the outside world know about the Company. Always pay attention to and correct major false news. The spokesperson will respond to shareholders' or media's calls or visits in accordance with the regulations. He will take the initiative to face internal and external problems of the Company, and actively deal with them with the Company's method of self- improvement from the root cause, so there will be no corporate image change that will cause a crisis.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

The Company and its subsidiaries currently have no specific acquisition targets.

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

(VIII) Expected benefits and possible risks of plant expansion and countermeasures

1. Core Industrial Chemical Business

   The Company expanded its two production lines in February 2019. The annual production capacity of sulfate of potash and hydrochloric acid is 22,000 metric tons and 25,740 metric tons respectively. If the benefits are realized and market prices are favorable, the annual revenue is expected to increase by NTD 310 million.

   The possible risk is an oversupply in the market and a huge drop in prices.

   Countermeasures:

   The international population is still growing, and the demand for food and quality is also increasing due to regional economic growth. Therefore, the demand for potassium sulfate has the base for its growth. On the supply side, due to the characteristics of by-products, new production competitors have obstacles in the consumption of their by-products. However, facing the competition generated by the opening of the original closed market, the Company strives to participate in the newly opened market to increase demand; when necessary, such as when the distribution channel is impacted by the COVID-19 pandemic, the Company may also adjust its production lines to reduce inventory.

2. Subsidiary shipping business:

   Not applicable.

3. Subsidiary catering business:

   Not applicable.

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

1. Core Industrial Chemical Business

   (1) Purchase: Companies A and D, the major raw material suppliers, are international companies and long-term suppliers of the Company; the relationship is stable and there has been good interactions for a long time.

At the same time, these companies are also the main suppliers for industry peers around the globe. Therefore, the supply status has been normal.
Risk: very small, as explained above.

(2) Sales: None of the existing customers' sales revenue in 2020 has exceeded 10%, so there is not the problem of concentration of sales.

2. Subsidiary shipping business
   (1) Purchase: The suppliers of main equipment parts and consumables are long-term suppliers, and the supply status is stable and good; because of the global route operation, there are many suppliers and the substitution is also high, so there is no risk of concentration of purchases.
   (2) Sales: The existing leasees are all reputable international companies with good relationship and normal payment status, so such risks are slight.
3. Subsidiary catering business
   (1) Purchase: The Company operates in the Japanese cuisine and catering business with diversified menu designs. The raw materials used are all complementary and highly replaceable, and no item is purchased in a centralized manner, so there should be no risk of shortage of important raw materials.
   (2) Sales: Most of the Company's sales targets are general consumers, so there is no concentration of sales.

(X) The influence and risk of the massive transfer of shares or the replacement of the directors, supervisors, or major shareholders holding more than 10% of the shares issued by the Company, and the response:
The Company's directors, supervisors or major shareholders holding more than 10% of the Company's shares have not undergone a massive transfer of equity.
Risk: Not applicable because of the absence of the above facts.

(XI) Impact, risks and countermeasure of change of management rights on the Company:
The Company has experienced no change in management rights.
Risk: Not applicable because of the absence of the above facts.

(XII) Litigation or non-litigation incidents: Major litigations, non-litigations or administrative litigations of the Company, its directors, supervisors, president, substantive person in charge, major shareholders with more than 10% shareholding or affiliated companies that have been judged and decided or are still being processed, the outcome of which may have a significant impact on shareholder rights or the price of securities.
The Company is experiencing no major litigation or non-litigation events.
Risk: Not applicable because of the absence of the above facts.

(XIII) Other important risks and countermeasures: None.

(XIV) Risk Assessment of Information Security
The impact of information system damage on the Company's financial business and countermeasures:
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.
In order to smoothly restore business as soon as possible when information system damage occurs, and reduce possible losses and risks, disaster recovery drills are conducted every three years to ensure that the target time for expected system recovery is met.
The Company has also strengthened information security protection and fully implemented information security management and control, including installing

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

VII. Other important matters: None

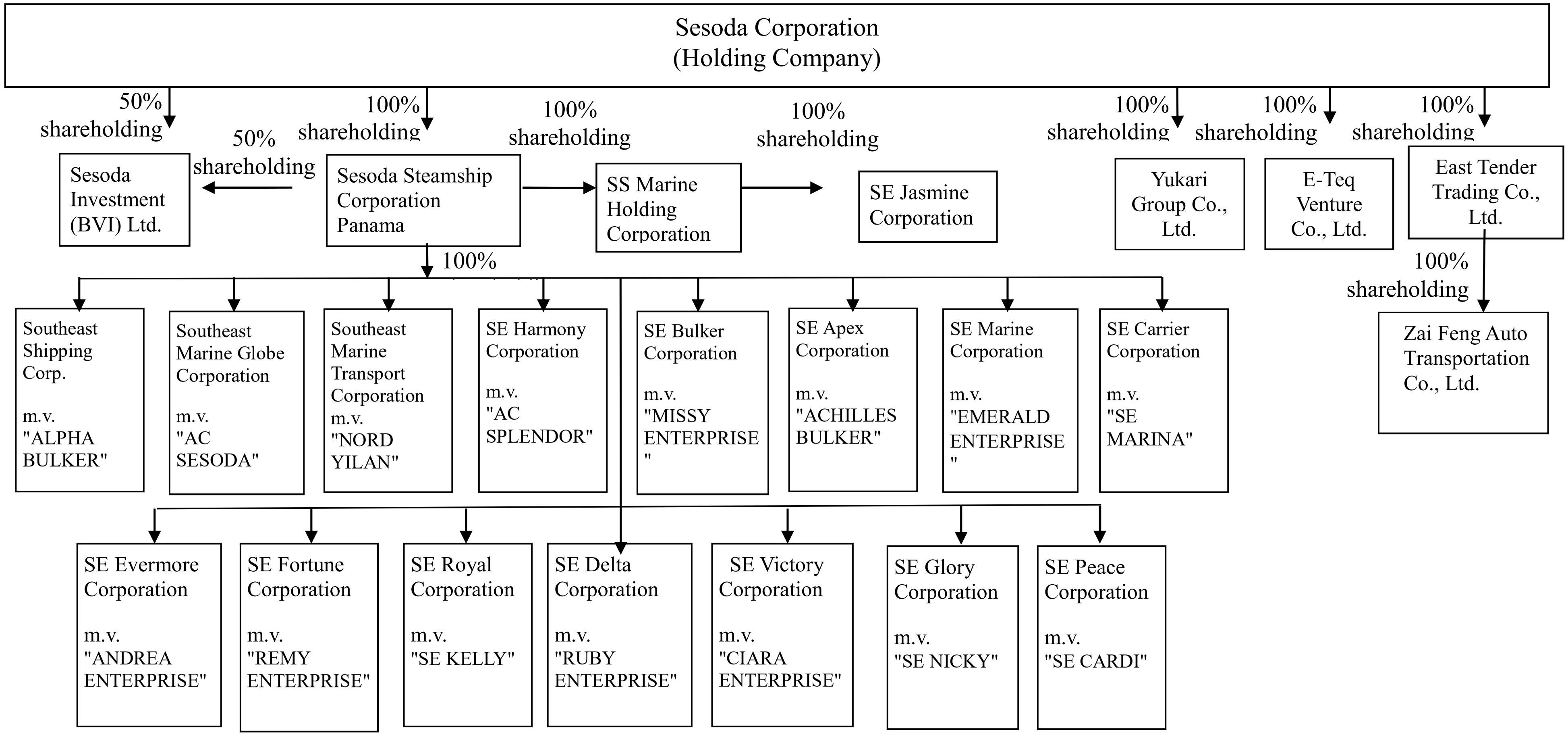
VII. Special Records

I. Information of Affiliated Companies:

(I) Consolidated Business Report of Affiliated Companies

1. Organization Chart of Affiliated Companies:

December 31, 2020



2. Basic information of each affiliated company:

December 31, 2020

Units: NTD in Thousand; USD in 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	32,000	General import and export trade
Yukari Group Co., Ltd.	2012.09.19	1F, No. 9, Lane 160, Yanji Street, Da'an District, Taipei City	21,000	Catering business
E-Teq Venture Co., Ltd.	2015.12.02	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan	6,000	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 USD34	Overseas investment holding company
Southeast Shipping Corp.	2005.08.10	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD20	Bulk carrier shipping
Southeast Marine Transport Corporation	2009.07.27	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
Southeast Marine Globe Corporation	2010.01.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD11	Bulk carrier shipping
SE Harmony Corporation	2010.04.26	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Bulker Corporation	2011.03.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Apex Corporation	2012.06.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Marine Corporation	2013.02.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Carrier Corporation	2013.02.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping

December 31, 2020

Units: NTD in Thousand; USD in thousand

Enterprise Name	Date Established	Address	Paid-in capital amount	Main business or production items
SE Evermore Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Fortune Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Royal Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Delta Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Glory Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Peace Corporation	2014.02.17	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Victory Corporation	2014.03.25	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	USD10	Bulk carrier shipping
SE Jasmine Corporation	2015.10.06	23F, No. 99, Sec. 2, Dunhua S. Road, Taipei City, Taiwan (Registration: Panama)	Share capital collected in advance USD4	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
Zai Feng Auto Transportation Co., Ltd.	1983.05.17	No. 220, Lane 680, Guangxing Road, Guangxing Village, Dongshan Township, Yilan County	12,000	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: share December 31, 2020

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 Rong-Yuan Huang Chih-Cheng Liu Chih-Yung Lin Hung-Chung	3,200,000	100%	Sesoda Corporation Representative
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%	Sesoda Corporation Representative
E-Teq Venture Co.,Ltd. (Note 1)	Chairman Supervisor	Chen Cheng-Te Liu Chih-Yung	600,000	100%	Sesoda Corporation Representative
Sesoda Steamship Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yean Chen Rong-Yuan Wu Chung-Li	10	100%	Sesoda Corporation Representative
SS Marine Holding Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yean Chen Rong-Yuan Wu Chung-Li	(Note 2)	100%	Sesoda Steamship Corporation Representative
Southeast Shipping Corp. (Note 1)	Director/General Manager Director Director	Chen Kai-Yean Chen Rong-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative
Southeast Marine Transport Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yean Chen Rong-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative

Southeast Marine Globe Corporation (note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Li	11	100%	Sesoda Steamship Corporation Representative
SE Harmony Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Li	10	100%	Sesoda Steamship Corporation Representative
SE Bulker Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Apex Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative

Unit: share December 31, 2020

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-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Carrier Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Evermore Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Fortune Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Royal Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Delta Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Glory Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Peace Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	10	100%	Sesoda Steamship Corporation Representative
SE Victory	Director/Gen	Chen	10	100%	Sesoda Steamship

Corporation (Note 1)	eral Manager Director Director	Kai-Yuen Chen Rong-Yuan Wu Chung-Lee			Corporation Representative
SE Jasmine Corporation (Note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	(註 2)	100%	SS Marine Holding Corporation Representative:
Sesoda Investment (BVI) Ltd. (note 1)	Director/General Manager Director Director	Chen Kai-Yuen Chen Rong-Yuan Wu Chung-Lee	1,760	100%	Sesoda Corporation Representative
Zai Feng Auto Transportation Co., Ltd.	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 100% directly (indirectly) held by the Company.
2. SS Marine Holding Corporation, SE Jasmine Corporation the share capital is being collected in advance, and 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	Net profit and loss (after tax)	Earnings per share (NTD) (after tax)
East Tender Trading Co., Ltd.	32,000	63,482	24,416	39,066	107	(21)	2,399	0.75
Yukari Group Co., Ltd.	21,000	43,429	25,149	18,280	64,142	536	253	0.12
E-Teq Venture Co., Ltd.	6,000	3,964	229	3,735	--	(2,298)	(2,298)	(3.83)
Sesoda Steamship Corporation	312	4,167,947	795,406	3,372,541	--	(6,505)	86,597	8,659,706.80
Southeast Shipping Corp.	661	195,853	11,593	184,260	73,995	7,153	8,126	812,564.40
Southeast Marine Transport Corporation	344	382,287	13,719	368,568	63,553	(4,396)	(9,400)	(854,526.73)
Southeast Marine Globe Corporation	352	258,486	5,533	252,953	54,651	(15,931)	(16,576)	(1,506,950.82)
SE Harmony Corporation	314	367,228	13,199	354,029	59,058	(35,133)	(35,151)	(3,515,074.40)
SE Bulker Corporation	295	593,228	227,433	365,795	85,276	7,559	3,233	323,261.90
SE Apex Corporation	300	216,678	7,060	209,618	72,551	(4,065)	(2,587)	(258,670.90)
SE Marine Corporation	307	540,192	310,315	229,877	83,768	10,861	5,409	540,893.30
SE Carrier Corporation	306	605,535	354,734	250,801	92,373	22,188	14,930	1,493,042.50
SE Evermore Corporation	313	638,612	379,514	259,098	103,472	27,612	18,914	1,891,430.50
SE Fortune Corporation	309	733,868	465,809	268,059	106,384	37,734	28,395	2,839,505.10
SE Royal Corporation	308	721,271	434,459	286,812	106,562	32,461	23,051	2,305,090.80
SE Delta Corporation	316	619,658	365,443	254,215	89,173	13,963	7,258	725,835.40
SE Victory Corporation	309	628,261	394,196	234,065	86,788	6,412	(36)	(3,580.30)

Enterprise Name	Capital	Total assets	Total liabilities	Net worth	Operating revenue	Operating profit	Net profit and loss (after tax)	Earnings per share (NTD) (after tax)
SE Glory Corporation	310	761,664	475,382	286,282	107,963	35,941	27,126	2,712,614.30
SE Peace Corporation	302	732,451	447,566	284,885	118,431	47,436	37,690	3,769,037.60
Sesoda Investment (BVI) Ltd.	51	45,051	19	45,032	--	(65)	(59)	(33.58)
SS Marine Holding Corporation	--	210	19	191	--	(50)	(88)	--
Zai Feng Auto Transportation Co., Ltd.	12,000	21,417	1,536	19,881	15,381	3,715	2,985	248.79
SE Jasmine Corporation	--	--	19	(19)	--	(37)	(37)	--

(II) Consolidated Statements of Affiliated Companies:

Please refer to item 5 of "VI. Financial Overview" (CPA Audited and Certified Consolidated Financial Statements of the Parent and Subsidiary Companies for 2020).

(III) Relationship report: None.

II. Status of private equity securities handling in the most recent year and as of the publication date of the annual report: None.

III. Status of holding or disposing of the Company's stocks by subsidiaries in the most recent year and as of the publication date of the annual report: None.

IV. Other necessary supplementary explanations: None

IX. Matters with significant impact

In the most recent year and as of the printing date of the annual report, the occurrence of the matters that have a significant impact on shareholders' equity or securities prices: None.