

SESODA CORPORATION AND SUBSIDIARIES**Consolidated Financial Statements****With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019**

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

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Representation Letter

The entities that are required to be included in the combined financial statements of SESODA CORPORATION as of and for the year ended December 31, 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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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 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.

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		December 31, 2019		Liabilities and Equity		December 31, 2020		December 31, 2019			
		Amount	%	Amount	%			Amount	%	Amount	%		
Current assets:						Current liabilities:							
1100	Cash and cash equivalents (note 6(a))	\$	923,288	8	720,977	6	2100	Total short-term borrowings (notes 6 (i) and 8)	\$	1,340,544	11	984,730	8
1150	Notes receivable, net (note 6(d))		79,949	1	153,218	1	2322	Long-term borrowings, current portion (notes 6(i) and 8)		447,439	4	478,216	4
1170	Accounts receivable, net (note 6(d))		356,298	3	429,517	4	2170	Accounts payable		275,553	2	192,784	2
1220	Current tax assets		108	-	111	-	2200	Other payables (note 6(q))		215,023	2	307,242	2
130X	Inventories (note 6(e))		313,461	3	422,776	3	2230	Current tax liabilities		6,155	-	542	-
1476	Other current financial assets (note 6(c))		41,980	-	28,523	-	2280	Lease liabilities-current (note 6(j))		6,646	-	7,226	-
1470	Other current assets		128,237	1	121,943	1	2399	Other current liabilities		44,314	-	54,325	-
Total current assets			1,843,321	16	1,877,065	15	Total current liabilities			2,335,674	19	2,025,065	16
Non-current assets:						Non-current liabilities:							
1510	Non-current financial assets at fair value through profit or loss (note 6(b))		2,970	-	3,026	-	2540	Long-term borrowings (notes 6(i) and 8)		3,302,236	28	4,167,370	33
	Non-current financial assets at fair value through other comprehensive income (note 6(c))		181,374	2	241,156	2	2570	Deferred tax liabilities (note 6(m))		433,929	4	434,722	4
1422	Prepayments for investments (note 6(c))		-	-	351	-	2580	Lease liabilities-non-current (note 6(j))		10,127	-	16,636	-
1550	Investments accounted for using equity method (note 6(f))		504,221	4	425,648	4	2645	Guarantee deposits received		242	-	-	-
Total non-current assets			10,034,964	84	10,698,956	85	Total non-current liabilities			3,746,534	32	4,618,728	37
Total assets		\$	11,878,285	100	12,576,021	100	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
						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	-
						Total equity							
						Total liabilities and equity							
		\$	11,878,285	100	12,576,021	100			\$	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)	<u>3,197,912</u>	<u>79</u>	<u>3,324,057</u>	<u>77</u>
	Gross profit from operations	<u>837,080</u>	<u>21</u>	<u>1,019,111</u>	<u>23</u>
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	<u>582,752</u>	<u>15</u>	<u>569,637</u>	<u>13</u>
6900	Net operating income	<u>254,328</u>	<u>6</u>	<u>449,474</u>	<u>10</u>
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	<u>(66,055)</u>	<u>(2)</u>	<u>(127,085)</u>	<u>(3)</u>
7900	Income before tax	188,273	4	322,389	7
7950	Less: Income tax expenses (note 6(m))	<u>14,144</u>	<u>-</u>	<u>47,748</u>	<u>1</u>
	Profit	<u>174,129</u>	<u>4</u>	<u>274,641</u>	<u>6</u>
8300	Other comprehensive income (notes 6(f), (l), (m) and (n)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains 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	<u>(52,051)</u>	<u>(1)</u>	<u>41,448</u>	<u>1</u>
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	<u>(174,187)</u>	<u>(4)</u>	<u>(85,182)</u>	<u>(2)</u>
8300	Other comprehensive income	<u>(226,238)</u>	<u>(5)</u>	<u>(43,734)</u>	<u>(1)</u>
	Total comprehensive income	<u>\$ (52,109)</u>	<u>(1)</u>	<u>230,907</u>	<u>5</u>
	Basic earnings per share				
9750	Basic earnings per share (note 6(o)) (expressed in New Taiwan dollars)	\$ <u>0.76</u>		<u>1.20</u>	
9850	Diluted earnings per share (note 6(o)) (expressed in New Taiwan dollars)	\$ <u>0.76</u>		<u>1.20</u>	

See accompanying notes to consolidated financial statements.

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

SESODA CORPORATION AND SUBSIDIARIES**Consolidated Statements of Changes in Equity****For the years ended December 31, 2020 and 2019****(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent						Total other equity interest			
	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
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings				
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)**

	<u>2020</u>	<u>2019</u>
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)	<u>576,841</u>	<u>668,216</u>
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 assets	(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	<u>800,458</u>	<u>556,742</u>
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	<u>888,960</u>	<u>650,805</u>
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	<u>(189,617)</u>	<u>(1,224,576)</u>
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	<u>(483,870)</u>	<u>241,295</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(13,162)</u>	<u>(64,393)</u>
Net increase (decrease) in cash and cash equivalents	<u>202,311</u>	<u>(396,869)</u>
Cash and cash equivalents at beginning of period	<u>720,977</u>	<u>1,117,846</u>
Cash and cash equivalents at end of period	<u>\$ 923,288</u>	<u>720,977</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 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”

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SESODA CORPORATION AND SUBSIDIARIES
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- (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).

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SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

(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 %

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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 (SMTTC)	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.

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SESODA CORPORATION AND SUBSIDIARIES
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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 or joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

(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.

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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.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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SESODA CORPORATION AND SUBSIDIARIES
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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)

SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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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SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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.

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SESODA CORPORATION AND SUBSIDIARIES
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(ii) As a lessee

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

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

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

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

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

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

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

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

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SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 lessor

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

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

(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.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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)

SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

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 reverse, using tax rates enacted or substantively enacted at the reporting date.

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SESODA CORPORATION AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

Deferred 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.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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	<u><u>\$ 923,288</u></u>	<u><u>720,977</u></u>

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

	December 31, 2020	December 31, 2019
Open end Funds	<u><u>\$ 2,970</u></u>	<u><u>3,026</u></u>

(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	<u><u>\$ 181,374</u></u>	<u><u>241,156</u></u>

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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 StemCyt 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	<u><u>\$ 436,247</u></u>	<u><u>582,735</u></u>

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
	<u><u>\$ 447,550</u></u>		<u><u>11,275</u></u>

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	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	<u>2,501</u>	100.00 %	<u>2,501</u>
	<u>\$ 594,038</u>		<u>11,303</u>

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	<u>-</u>	<u>1,303</u>
Balance at December 31	<u>\$ 11,303</u>	<u>11,303</u>

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	<u>14,439</u>	<u>13,155</u>
	<u>\$ 313,461</u>	<u>422,776</u>

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	<u>(1,635)</u>	<u>8</u>
	<u>\$ 28,623</u>	<u>51,272</u>

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	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

Notes to the Consolidated Financial Statements

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	\$ <u>5,870</u>	<u>7,129</u>
	<u>2020</u>	<u>2019</u>
Attributable to the Group:		
Loss from continuing operations	\$ (1,259)	(1,999)
Other comprehensive income	-	-
Comprehensive income	\$ <u>(1,259)</u>	<u>(1,999)</u>

(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	Transportation 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	\$ <u>1,205,356</u>	<u>703,700</u>	<u>1,391,097</u>	<u>45,760</u>	<u>10,240,078</u>	<u>20,207</u>	<u>162,162</u>	<u>171,686</u>	<u>13,940,046</u>
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	\$ <u>1,205,356</u>	<u>695,719</u>	<u>1,369,649</u>	<u>45,760</u>	<u>10,722,247</u>	<u>13,958</u>	<u>154,411</u>	<u>126,486</u>	<u>14,333,586</u>
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	\$ <u>-</u>	<u>470,387</u>	<u>1,096,272</u>	<u>32,196</u>	<u>2,944,755</u>	<u>10,483</u>	<u>96,668</u>	<u>-</u>	<u>4,650,761</u>

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Vessels</u>	<u>Leasehold improvements</u>	<u>Other equipment</u>	<u>Construction in progress</u>	<u>Total</u>
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	<u>\$ -</u>	<u>458,335</u>	<u>1,050,373</u>	<u>27,426</u>	<u>2,728,637</u>	<u>7,699</u>	<u>91,099</u>	<u>-</u>	<u>4,363,569</u>
Carrying amounts:									
Balance on December 31, 2020	<u>\$ 1,205,356</u>	<u>233,313</u>	<u>294,825</u>	<u>13,564</u>	<u>7,295,323</u>	<u>9,724</u>	<u>65,494</u>	<u>171,686</u>	<u>9,289,285</u>
Balance on January 1, 2019	<u>\$ 1,194,447</u>	<u>208,942</u>	<u>207,496</u>	<u>16,666</u>	<u>7,061,101</u>	<u>8,133</u>	<u>63,941</u>	<u>186,077</u>	<u>8,946,803</u>
Balance on December 31, 2019	<u>\$ 1,205,356</u>	<u>237,384</u>	<u>319,276</u>	<u>18,334</u>	<u>7,993,610</u>	<u>6,259</u>	<u>63,312</u>	<u>126,486</u>	<u>9,970,017</u>

(i) Impairment losses

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

	<u>2020</u>	<u>2019</u>
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	<u>\$ 333,338</u>	<u>378,065</u>

The Group recognized the impairment losses on its vessels based on their values in use, which were estimated according to future cash flow, future trends and market competition of related industries. For the years ended December 31, 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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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(h) Right-of-use assets

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

	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:			
Balance at January 1, 2020	\$ 22,305	8,252	30,557
Additions	589	-	589
Disposals	(827)	-	(827)
Balance at December 31, 2020	<u>\$ 22,067</u>	<u>8,252</u>	<u>30,319</u>
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	<u>\$ 22,305</u>	<u>8,252</u>	<u>30,557</u>
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	<u>\$ 8,159</u>	<u>6,120</u>	<u>14,279</u>
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	<u>\$ 3,872</u>	<u>3,060</u>	<u>6,932</u>
Carrying amounts:			
Balance at December 31, 2020	<u>\$ 13,908</u>	<u>2,132</u>	<u>16,040</u>
Balance at December 31, 2019	<u>\$ 18,433</u>	<u>5,192</u>	<u>23,625</u>

(i) Short-term and long-term borrowings

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

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

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

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SESODA CORPORATION AND SUBSIDIARIES
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(ii) The long-term borrowings were summarized as follows:

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

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

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	\$ <u>6,646</u>	<u>7,226</u>
Non-current	\$ <u>10,127</u>	<u>16,636</u>

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	\$ <u>337</u>	<u>389</u>
Expenses relating to leases of low-value assets	\$ <u>314</u>	<u>295</u>

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

	2020	2019
Total cash outflow for leases	\$ <u>8,045</u>	<u>7,669</u>

(k) Operating lease

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

As of December 31, 2020 and 2019, the carrying amounts of resells 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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SESODA CORPORATION AND SUBSIDIARIES
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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	<u>\$ 519,473</u>	<u>776,199</u>

(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	<u>\$ (26,509)</u>	<u>(16,569)</u>

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

1) Composition of plan assets

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

The Group's Bank of Taiwan labor pension reserve account balance amounted to \$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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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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	<u><u>\$ 142,658</u></u>	<u><u>146,009</u></u>

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	<u><u>\$ 169,167</u></u>	<u><u>162,578</u></u>

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)
	<u><u>\$ 403</u></u>	<u><u>847</u></u>
	2020	2019
Operating cost	\$ 369	759
Operating expenses	34	88
	<u><u>\$ 403</u></u>	<u><u>847</u></u>

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Notes to the Consolidated Financial Statements

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

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

	<u>2020</u>	<u>2019</u>
Balance at the beginning	\$ (7,321)	(15,139)
Recognized in the current period	<u>3,174</u>	<u>7,818</u>
Balance at the beginning	<u><u>\$ (4,147)</u></u>	<u><u>(7,321)</u></u>

- 6) Actuarial assumptions

The principal actuarial assumptions were as follows:

	<u>2020.12.31</u>	<u>2019.12.31</u>
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:

	<u>Influences on defined benefit obligations</u>	
	<u>Increased</u>	<u>Decreased</u>
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.

(Continued)

SESODA CORPORATION AND SUBSIDIARIES
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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:

	<u>2020</u>	<u>2019</u>
Operating cost	\$ 2,959	2,482
Operating expense	<u>1,989</u>	<u>2,072</u>
Total	<u><u>\$ 4,948</u></u>	<u><u>4,554</u></u>

(iii) Others

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

	<u>2020</u>	<u>2019</u>
Operating cost	\$ 48	63
Operating expense	<u>2,276</u>	<u>243</u>
Total	<u><u>\$ 2,324</u></u>	<u><u>306</u></u>

(m) Income taxes

(i) Income tax expense

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

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

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

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

(Continued)

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

	2020	2019
Profit before tax	\$ <u>188,273</u>	<u>322,389</u>
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
	\$ <u>14,144</u>	<u>47,748</u>

(ii) Deferred tax assets and liabilities

1) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 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	\$ <u>397,529</u>	<u>390,182</u>

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	\$ <u>162</u>	<u>332</u>	<u>479</u>	<u>30</u>	<u>1,003</u>
Balance at January 1, 2019	\$ 1,358	-	479	-	1,837
Recognized in profit or loss	366	-	-	9	375
Balance at December 31, 2019	\$ <u>1,724</u>	<u>-</u>	<u>479</u>	<u>9</u>	<u>2,212</u>

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SESODA CORPORATION AND SUBSIDIARIES
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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	<u>\$ 166,990</u>	<u>261,645</u>		<u>5,294</u>		<u>433,929</u>
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	<u>\$ 166,990</u>	<u>264,198</u>	<u>203</u>	<u>3,306</u>	<u>25</u>	<u>434,722</u>

(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:

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

(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.

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SESODA CORPORATION AND SUBSIDIARIES
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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
	<u>\$ 102,594</u>	<u>17,420</u>

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

(iii) Retained earnings

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

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

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

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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.

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(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)

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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Total
Balance as of January 1, 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	<u>\$ (68,465)</u>	<u>36,634</u>	<u>(31,831)</u>

(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	<u>\$ 174,129</u>	<u>274,641</u>
Weighted average number of outstanding shares of common stock (in thousands shares)	<u>228,442</u>	<u>228,442</u>
Basic earnings per share (expressed in New Taiwan dollars)	<u>\$ 0.76</u>	<u>1.20</u>

(ii) Diluted earnings per share

	2020	2019
Profit belonging to common shareholders	<u>\$ 174,129</u>	<u>274,641</u>
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)	<u>553</u>	<u>720</u>
Weighted average number of common stock (diluted) (in thousands shares)	<u>228,995</u>	<u>229,162</u>
Diluted earnings per share (expressed in New Taiwan dollars)	<u>\$ 0.76</u>	<u>1.20</u>

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SESODA CORPORATION AND SUBSIDIARIES
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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
	\$	<u>2,667,022</u>	<u>1,303,998</u>	<u>63,774</u>	<u>198</u>	<u>4,034,992</u>
		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
	\$	<u>2,757,197</u>	<u>1,533,551</u>	<u>52,420</u>		<u>4,343,168</u>

(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.

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(r) Non-operating income and expenses

(i) Interest revenue

	2020	2019
Interest income from bank deposits	\$ <u><u>3,107</u></u>	<u><u>7,745</u></u>

(ii) Other revenue

	2020	2019
Dividend income	\$ <u><u>6,236</u></u>	<u><u>8,809</u></u>

(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	<u>5,637</u>	<u>6,951</u>
Total	\$ <u><u>14,269</u></u>	<u><u>38,653</u></u>

(iv) Finance costs

	2020	2019
Interest expenses – bank loan	\$ (104,520)	(198,167)
Interest expenses – lease liabilities	<u>(337)</u>	<u>(389)</u>
Total	\$ <u><u>(104,857)</u></u>	<u><u>(198,556)</u></u>

(s) Financial instruments

(i) Credit risk

1) Credit risk exposure

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

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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:

	<u>Amount</u>	<u>Percentage of notes and accounts receivable</u>
<u>December 31, 2019</u>		
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.

	<u>Carrying amount</u>	<u>Contractual cash flows</u>	<u>Within 1 year</u>	<u>1-2 year</u>	<u>2-5 year</u>	<u>Over 5 years</u>
December 31, 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	-	-	-
	<u>\$ 5,597,810</u>	<u>5,914,687</u>	<u>2,364,241</u>	<u>500,530</u>	<u>1,564,142</u>	<u>1,485,774</u>
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
	<u>\$ 6,154,204</u>	<u>6,769,656</u>	<u>2,096,397</u>	<u>727,964</u>	<u>1,741,915</u>	<u>2,203,380</u>

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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
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$ 14,767	28.48	420,564	11,528	29.98	345,609
<u>Non-monetary items</u>						
RMB	41,646	4.38	182,409	41,646	4.31	179,494
<u>Financial liabilities</u>						
<u>Monetary items</u>						
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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SESODA CORPORATION AND SUBSIDIARIES
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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		2019	
	Other comprehensive income before tax	Income before tax	Other comprehensive income before tax	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 valued approximately to their fair value, and are not based on observable market data and the value measurements which are not reliable. No additional fair value disclosure is required in accordance to the regulations.

	December 31, 2020				
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
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

(Continued)

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December 31, 2019					
	<u>Book Value</u>	<u>Fair Value</u>			<u>Total</u>
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
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	<u>\$ 244,182</u>	<u>3,026</u>	<u>-</u>	<u>241,156</u>	<u>244,182</u>

2) Valuation techniques for financial instruments measured at fair value

Non-derivative financial instruments

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

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

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

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

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

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3) Reconciliation of Level 3 fair values

	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) · Market liquidity discount rate (as of December 31, 2020 and 2019 were both 40%~45% and 30%)	· The higher the PE ratio and EBITDA ratio, the higher the fair value · The higher the market liquidity discount rate, the lower the fair value

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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:

		Increase or decrease	Effects of changes in fair value on other comprehensive income	
			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.

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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.

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SESODA CORPORATION AND SUBSIDIARIES
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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 guarantee to other entities.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial 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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SESODA CORPORATION AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

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	<u><u>\$ 5,158,920</u></u>	<u><u>5,922,816</u></u>
Total equity	<u><u>\$ 5,796,077</u></u>	<u><u>5,932,228</u></u>
Debt-to-equity ratio	<u><u>89.01 %</u></u>	<u><u>99.84 %</u></u>

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:

	January 1, 2020	Cash flows	Non-cash changes	December 31, 2020
			Foreign exchange movement	
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	16,773
Total liabilities from financing activities	<u><u>\$ 5,654,178</u></u>	<u><u>(315,400)</u></u>	<u><u>(232,091)</u></u>	<u><u>5,106,992</u></u>

	January 1, 2019	Cash flows	Non-cash changes	December 31, 2019
			Foreign exchange movement	
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	<u><u>\$ 5,492,502</u></u>	<u><u>340,536</u></u>	<u><u>(187,026)</u></u>	<u><u>5,654,178</u></u>

(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
	<u><u>\$ 56,672</u></u>	<u><u>50,092</u></u>

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SESODA CORPORATION AND SUBSIDIARIES
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(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
		<u>\$ 7,953,753</u>	<u>8,682,970</u>

(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	\$ <u>172,227</u>	<u>171,287</u>
Cumulative payments	\$ <u>104,218</u>	<u>73,404</u>

(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 item	By function	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
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(13) Other disclosures:

- (a) Information on significant transactions: None

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

Shareholder's Name	Shareholding	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 %

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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								
	<u>Chemical products</u>						Reconciliation and elimination (note)	Total
	Overseasales	Domesticsales	Chartering	Ferightincome	Catering	Others		
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	<u>\$ 1,633,568</u>	<u>1,033,626</u>	<u>1,306,547</u>	<u>15,417</u>	<u>64,144</u>	<u>455</u>	<u>(15,658)</u>	<u>4,038,099</u>
Interest expenses	<u>\$ 2,454</u>	<u>1,556</u>	<u>88,706</u>	<u>-</u>	<u>273</u>	<u>11,868</u>	<u>-</u>	<u>104,857</u>
Depreciation and amortization	<u>\$ 61,564</u>	<u>20,697</u>	<u>383,457</u>	<u>914</u>	<u>7,908</u>	<u>-</u>	<u>-</u>	<u>474,540</u>
Reportable segment profit or loss	<u>\$ 82,090</u>	<u>(12,842)</u>	<u>101,088</u>	<u>3,715</u>	<u>536</u>	<u>13,686</u>	<u>-</u>	<u>188,273</u>

2019								
	<u>Chemical products</u>						Reconciliation and elimination (note)	Total
	Overseasales	Domesticsales	Chartering	Ferightincome	Catering	Others		
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	<u>\$ 1,502,584</u>	<u>1,254,884</u>	<u>1,540,161</u>	<u>18,101</u>	<u>52,929</u>	<u>703</u>	<u>(18,449)</u>	<u>4,350,913</u>
Interest expenses	<u>\$ 2,577</u>	<u>2,153</u>	<u>174,168</u>	<u>-</u>	<u>271</u>	<u>19,387</u>	<u>-</u>	<u>198,556</u>
Depreciation and amortization	<u>\$ 54,615</u>	<u>18,846</u>	<u>383,793</u>	<u>432</u>	<u>6,452</u>	<u>4</u>	<u>-</u>	<u>464,142</u>
Reportable segment profit or loss	<u>\$ 82,128</u>	<u>(30,331)</u>	<u>231,889</u>	<u>3,995</u>	<u>(1,505)</u>	<u>36,213</u>	<u>-</u>	<u>322,389</u>

Note: For the years ended December 31, 2020 and 2019, the reportable segment 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
	<u>\$ 4,034,992</u>	<u>4,343,168</u>

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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	<u><u>\$ 4,034,992</u></u>	<u><u>4,343,168</u></u>

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	<u><u>\$ 9,311,591</u></u>	<u><u>10,000,987</u></u>

(iii) Major customers

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

Schedule A Guarantees and endorsements for other parties:

Number (Note 1)	Name of guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent company endorsements/ guarantees to subsidiary	Subsidiary endorsements/ guarantees to parent company	Endorsements/ guarantees to the companies in mainland China
		Name	Relationship with the Company (Note 2)										
0	The Company	SSC	2	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. Ordinary business relationship.

2. An entity, directly and indirectly, owned more than 50% voting shares of a guarantor.

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 statement by a certified accountant. The individual guarantee amount should not exceed 100% of its equity based on the most recent audited or reviewed financial statement 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		
SSC	Open-end Funds : 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	
The Company	Stock : 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):

Number (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:

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

Note 2: Relationship of the counterparties:

- Parent company to subsidiary.
- Transactions are between subsidiaries.

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

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

Schedule D Information on investments:

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		The ending balance at this period			Mid-term Maximum shareholding	Net income (losses) of investee	Investment income (losses)	Remark
				The ending balance at this year	The ending balance at the beginning	Shares	Percentage of ownership	Carrying value				
The Company	SSC	Panama	Ship operation and chartering	1,696,437	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.