

# Sesoda Corporation

Stock code: 1708

## Shareholders' regular meeting of the Year 2021 **Meeting Agenda**

Date: May 25, 2021

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

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# **Agenda for shareholders' regular meeting of Sesoda Corporation 2021**

Time: May 25, 2021 (Tuesday) 9:00 a.m.

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

- I. Call the Meeting to Order
- II. Opening Ceremony
- III. Chairman Remarks
- IV. Management Presentation (Company Reports)
  - (I) Business report of Year 2020
  - (II) Report on remunerations distributed to employees and directors in Year 2020
  - (III) Report by the Audit Committee about review over final financial statements of Year 2020
  - (IV) Report on distribution of earnings into cash dividend in Year 2020
  - (V) Explanatory report about the reasons why the motions posed by shareholders were not entered into the agenda
  - (VI) Report about amendment to Rules Governing Code of Ethical Conduct
  - (VII) Other reports
- V. Matters for Acknowledgment
  - (I) Business report and financial statements for Year 2020
  - (II) Distribution of earnings in Year 2020
  - (III) Distribution of earnings proposed by shareholders over 1% shareholding ratio of the total outstanding shares
- VI. Matters for Discussion
  - (I) Motion to convert earnings into capital increase to issue new shares
  - (II) Proposal to rename the Company

(III) Amendment to Articles of Incorporation

VII. Elections

Proposal to elect 11 directors (including 3 independent directors) of Session 24

VIII. Other motions

Proposal to lift directors of Session 24 from prohibition of business strife

IX. Questions and Motions

X. Adjournment

## **Management Presentation (Company Reports)**

### I. The Company's business report of Year 2020

Descriptions: Please refer to pp.6~9 regarding the Company's  
business report of Year 2020

## Business report of Sesoda Corporation in Year 2020

### (I) Foreword

Since 2020, the entire world has been ravaged by the rampant coronavirus pandemic (COVID-19). In an attempt to prevent the pandemic from spreading, almost all countries the world over have adopted strict control measures notably lockdown of cities, closing of borders and strict restriction from personal activities, leading global economic demand to almost a standstill and a plummet in crude oil and raw materials and materiel prices in the international community. In Taiwan, notwithstanding its quite successful control over the pandemic, amidst the global economic recession, Taiwan's economy has significantly declined. Starting from the third quarter of the year, as a lot of the countries the world over restarted economic activities, the domestic traditional industry gradually recovered in response to the rebounding overseas demand.

Overall last year, the key products including soda ash and baking soda sold by the Company virtually declined in all cases, due primarily to the coronavirus pandemic (COVID-19) shock while the downstream customers and market demands were significantly sluggish. Those competitors engaged in hot price wars, leading to a very harsh impact upon our turnover and profits. Fortunately, thanks to our sound strategy to diversify markets, the potassium sulfate products manufactured by our Company grew at a stable pace. Starting from October 2020, amidst the pandemic impact, the sea freight rate significantly rose and the freight spaces were hardly available. Under our exceptional endeavors in manufacturing process enhancement and cost control, we eventually maintained the very fundamental profitability.

We leased out the vessels we owned as a result of our investment into the shipping business through short-term, long-term lease contracts to balance seasonality and the impact of the business cycle. During the Year 2020, amidst the impact of the Sino-US trade war and the lingering pandemic lockdown, the demand in the bulk market shrunk and operating costs rose due to the pandemic prevention efforts. As

a natural result, the overall profit of the shipping industry declined.

The coronavirus pandemic (COVID-19) vaccine began to be developed in early 2021. Amidst the multiple uncertainties of the pandemic, the global economic development was still doubtful. Would the Sino-U.S. trade war slowdown in the wake of the Biden administration, nobody could answer this question and in turn, we could not predict the demand of all sorts of businesses. At the current moment in terms of the export of potassium sulphate, we are facing the impact of tough competition in the market and hard availability in container spaces. In an attempt to secure orders from customers, we consider, in the Company, a policy to appropriately adjust prices as the substantial demand may justify and study the feasibility of exporting through bulk ships. With regard to soda ash and other products concerned, we are still highly subject to the economic downturn and sluggish demand. The overall demand for soda ash is declining. We anticipate that the chemical raw materials market would turn into more competition in the second half of the year. That means a mounting challenge in our sales of soda ash in the market.

(II) Status of production and sales

In Year 2020, the Company's net operating revenue came to NT\$2,667,022,000, which was down by an approximately 3.27% when compared with NT\$2,757,197,000 of Year 2019, due primarily to the shrinking market of soda ash products affected by the COVID-19 pandemic where both sales volume and prices declined.



Herewith, we worked out a comparison list of our own production/outsourcing volume and sales volume of Year 2020 and Year 2019 as shown below:

	Department	2020	2019	Rate of Increase (Decrease)
Production/outsourcing volume (M.T)	Manufacturing	335,931	295,074	13.85%
	Trading	94,110	112,382	-16.26%
Net sale volume (M.T)	Manufacturing	337,221	283,501	18.95%
	Trading	97,358	112,379	-13.37%

### (III) Status of operating profit and loss

During Year 2020, the Company's operating net profit came to NT\$69,248,000 and net profit after tax came to NT\$174,129,000, indicating an increase of NT\$17,451,000 (approximately 33.69%) and a decrease of NT\$100,512,000 (approximately -36.6%) when compared with the year of 2019. The increase in the operating profit was as a result of increase in sales of potassium sulfate manufactured by the Company itself. The decrease in net profit was due primarily to the decline in profits from the Company's reinvesting in shipping undertakings.

### (IV) Outlook

Subsequently as the vaccine had been launched and vaccinated, the adverse impact of the pandemic is expected to gradually fade down in the present year, coupled with the political uncertainty in the United States and Europe which is, as well, believed to gradually face into oblivion, those major international forecasting agencies believe that the global economic and trade performance will outperform the preceding year. As the adverse impact by the pandemic gradually eases up, some production lines have been relocated back to Taiwan. Further coupled with the booming demand for emerging technologies, Taiwan's export will grow at quite a remarkable pace. Domestically, the demand for traditional industry is gradually warming up and the demand in the market is recovering at a moderate pace in line with the rising

oil prices in the international community. The petrochemical raw materials will be continuously quoted at rising prices.

In terms of export, we anticipate that the price war in the global fertilizer market will continue in 2021. Here at the Company, we shall sophisticatedly deal with the markets in line with the prices to actively secure and develop markets. In terms of the domestic sales segment, in addition to working harder to win the support of upstream manufacturers, it will also actively attack competitors' customers and effectively increase sales. We earnestly hope that with the launch of the vaccine, the global economy will be able to break through the dark clouds into the bright sunshine in the present year. The industries of relevant customers will, in turn, gradually return to the right track. The prices and overall sales performance will eventually and gradually be better off.

In our investment in shipping business, in the Year 2021, thanks to the finalization of the US presidential election and the development of the vaccines against coronavirus pandemic (COVID-19), the handysize shipping market is expected to rise in demand for shipping capacity and the fundamentals of the shipping market are expected to warm up.

Looking ahead toward the future, notwithstanding the global economic performance is expected to bottom out from recession into growth in 2021, there is still great uncertainty amidst the emergence of new variant virus strains that would challenge how to effectively control the global pandemic. In the face of market changes ahead, here at our Company, we shall actively invest in industry-academy cooperation to develop new products and revitalize existent plants into sound reuse. In our Company, our entire staff shall continually go all out with their consistent persistence as always. We hope that with sufficient production capacity and a flexible operating model, our dedicated employees will enhance competitiveness and ensure the Company's operations have sustainable into sounder growth.

Finally, I would like to express my deep gratitude to all shareholders, directors, and all colleagues for their support, and I wish you all good health and all the best.

## II. Report about remuneration to be distributed to employees and directors in Year 2020

Descriptions: As officially resolved by the Remuneration Committee in its 13th Meeting of Session Four convened on March 24, 2021 and further resolved in the Board of Directors in its 24th Meeting of Session 23 convened on March 29, 2021, for the year 2020, the remuneration payable to employees shall be 3.5% amounting to NT\$7,016,744; a special bonus shall be 1% amounting to NT\$2,004,784. The remuneration to directors and supervisors shall be and 2%; amounting to NT\$4,009,568. All such remuneration and bonus shall be paid in cash.

III. The final accounts report reviewed and worked out by the Audit Committee for Year 2020.

Descriptions: The Company's final accounts of Year 2020 have been duly audited and verified by KPMG Certified Public Accountants and further audited by the Audit Committee. Please refer to pages 12 to 20 for details.

## **Sesoda Corporation**

### **Review Report of the Audit Committee**

The business report, financial statements and surplus distribution proposal of the Company of Year 2020 duly worked out by the Board of Directors. Among them, the financial statements have been completed in auditing process by KPMG Certified Public Accountants which has duly issued the audit report. The above-mentioned business report, financial statements and profit distribution proposal has been reviewed by the Audit Committee and found to have no inconsistencies. This report is issued in accordance with relevant provisions of the Securities and Exchange Act and the Company Act.

Sincerely

The Company's shareholders' regular meeting for year 2021

Convener of Audit Committee Wang Po-Hsin

March 29, 2021



安侯建業聯合會計師事務所

KPMG

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## Independent Auditors' Report

To the Board of Directors of SESODA CORPORATION:

### Opinion

We have audited the financial statements of SESODA CORPORATION (“the Company”), which comprise the balance sheets as of December 31, 2020 and 2019, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

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

#### 1. Revenue recognition

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

Description of key audit matter:

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



How the matter was addressed in our audit:

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

## 2. Impairment of investments accounted for using equity method

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

Description of key audit matter:

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

How the matter was addressed in our audit:

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

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

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

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

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



## **Auditors' Responsibilities for the Audit of the Financial Statements**

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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





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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current 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 parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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



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## Independent Auditors' Report

To the Board of Directors of SESODA CORPORATION:

### Opinion

We have audited the consolidated financial statements of SESODA CORPORATION and its subsidiaries (“the Group”), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

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

#### 1. Revenue recognition

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

Description of key audit matter:

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



How the matter was addressed in our audit:

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

## 2. Impairment of assets

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

Description of key audit matter:

Vessels are subject to impairment test at the time there are indications that 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.

IV. Report on earning disbursement distribution and cash dividend for Year 2020.

Explanation:

- (1) The present issue is to be duly handled in accordance with Paragraph 5, Article 240 of the Company Act; Article 29 of the Company's Articles of Incorporation and the decision resolved by the Board of Directors in the 24th Board Meeting of Session 23 convened on March 29, 2021.
- (2) The Company's outstanding common shares are 228,441,881 shares in number and it is proposed for distribution with cash dividends to shareholders at NT\$0.9 per share, totaling NT\$205,597,693 in amount.
- (3) In an attempt to cope with computer check operations amidst difficulty in exchange for tokens, cash dividends are calculated up to whole number of New Taiwan Dollar and the fraction below whole number of New Taiwan Dollar is discarded. The total amount of the fractions is included in the Company's other income.
- (4) Besides, the board of directors will convene a meeting separately to set the base date of the cash dividend distribution, the payment date and other relevant issues.

V. Report on the explanation of the reasons why a proposal by a shareholder is not enumerated into the agenda.

Descriptions: A shareholder holding more than 1% of the total outstanding shares, in shareholder account number: 81286, shareholder account name: Jian - Kai Property Management Co., Ltd., according to Article 172-1 of the Company Act, duly suggests that in the present year, surplus distribution into cash dividend should be at NT\$1 per share. Pursuant to the Letter Jing Shang Zi No. 10800540160 of the Ministry of Economic Affairs dated March 12, 2019 and the Company's Articles of Incorporation Article 29, the distribution of cash dividends is an issue under the authority of the Company's board of directors and is not subject to a resolution of the shareholders meeting. The said suggestion proves inconsistent with Paragraph 4, Article 172-1 of the Company Act. The said suggestion is, therefore, not included in the proposal of the Company's 2021 shareholders' meeting.

VI. Report about amendment to Rules Governing Code of Ethical Conduct.

Descriptions: (I) Under hands-on practical operations and as officially resolved in the 20th meeting convened by the Company's Board of Directors of Session 23 on September 24, 2020, the "Code of Ethical Conduct" should be amended.

(II) Comparative Table of Contents Before & After Amendment "Code of Ethical Conduct." Please refer to pp. 24~33.



## Sesoda Corporation

### Table of Contents Before & After Amendment in Comparison of “Code of Ethical Conduct”

Amended on September 24, 2020

Contents after amendment	Contents before amendment	Descriptions
<p>Article I Purpose and basis of enactment: This “Code of Ethical Conduct” is duly enacted in accordance with “Referential Prototype upon Ethical Code for Exchange-listed and/or OTC-listed Companies” to be complied with in an attempt to guide <u>the directors, supervisors, managerial officers (including president, vice president, assistant vice president and those equivalent to the aforementioned position levels, head of Department of Accounting &amp; Finance and other personnel in charge of management affairs for the Company and personnel authorized with power to sign) of Sesoda Corporation and its affiliated enterprises, subsidiaries with control powers (hereinafter referred to as Sesoda Group) and entire staff in their behaviors to satisfy the criteria for ethics and to enable the Company's stakeholders to be better aware of the Company's ethical standards.</u></p>	<p>Article 1 Purpose and basis of enactment: This “Code of Ethical Conduct” is duly enacted to be complied with in an attempt to guide <u>the Company's</u> directors, managerial officers and entire staff in their behaviors to satisfy the criteria for ethics and to enable the Company's stakeholders to be better aware of the Company's ethical standards.</p>	<p>To amend the targets to apply into the Group’s members in coordination with the hands-on business operation with adjustment on the wording.</p>
<p>Article II Targets to apply: This Code of Ethical Conduct is applicable to the directors, supervisors, managerial officers and staff members. (<u>hereinafter collectively referred to as the “Sesoda’s members”</u>)</p>	<p>Article 2 Targets to apply: This Code of Ethical Conduct is applicable to the Company's directors, managerial officers and staff members. The aforementioned <u>targets</u> to apply are hereinafter referred to as <u>the Company's personnel</u>).</p>	<p>Cf. Same Descriptions above</p>
<p>Article III Principle of good faith: <u>The entire Sesoda staff members shall be honest and fair, law-abiding and trustworthy. Their performance of duties shall not be confined to compliance with the</u></p>	<p>Article 3 Principle of good faith: <u>The Company's personnel shall faithfully abide by the laws and regulations and the provisions set forth under this Principle when</u></p>	<p>Cf. Same Descriptions above</p>

Contents after amendment	Contents before amendment	Descriptions
<p><u>laws and regulations prevalent locally in their own country and this Code. Upon compliance with the Sesoda staff members. they shall be faithfully comply with the Sesoda Group's Code of Practice Ethics at their discretion not contrary to common sense. Whenever they are not definitely sure whether their behavior or situation meets the Sesoda Group's practice ethics, they are advised verify the legitimacy based on the following principles:</u></p> <p>I. <u>Whether or not disclosure of such relationship or behavior would have a negative impact on the Company's reputation.</u></p> <p>II. <u>Whether or not engaging in such relationship or behavior would be generally interpreted as affecting the fair performance of duties or professional discretion.</u></p>	<p><u>performing their duties and shall uphold a proactive, prudential and responsible attitude, abandon standardism, focus toward team spirit and put up with the Principle of Good Faith to strive for a high standard of ethical behavior.</u></p>	
<p>Article IV Prevention of conflicts in interest:  <u>The term “conflict of interest” as set forth in this Code refers to a situation in which the Sesoda staff members or their blood relatives within the second degree of kinship perform the duties of the Sesoda Group, their act or omissions would affect the interests of the Sesoda Group either directly or indirectly.</u>  Whenever a related company belonging to the personnel defined in the preceding paragraph is engaging in loaning of fund or providing guarantees, a transaction with major assets, purchases (sales) of goods with the Sesoda Group, the relevant Sesoda staff members shall take the initiative to clear up and explain to the Sesoda Group whether that company is in a potential conflict of interest with</p>	<p>Article 4 Prevention of conflicts in interest:  <u>The Company's personnel shall handle official duties in an objective and efficient manner and shall not take advantage of their positions in the Company to gain improper benefits for themselves, their spouses, parents, children or relatives within blood relatives within the second degree of kinship.</u> Whenever a related company belonging to the personnel defined in the preceding paragraph is engaging in loaning of fund or providing guarantees, a transaction with major assets, purchases (sales) of goods with the Company, the personnel of the Company shall take the initiative to clear up and explain to the Company whether that company is in a potential conflict of interest with the Company and shall</p>	<p>Cf. Same Descriptions above</p>

Contents after amendment	Contents before amendment	Descriptions
<p>the Sesoda Group. In an event that the external environment changes or other people get involved, leading to a conflict of interest that did not exist previously, Sesoda staff members shall , upon awareness of such fact, duly take charge of the issue based on the decision of one-level superior supervisor of Sesoda Group's approval authority list.</p>	<p>report to and get approval from the supervisor in one superior level based on the Company's approval authority list to assure sound prevention of conflicts in interest.</p>	
<p>Article V No act to pursue personal benefit for oneself <u>or others</u>: Whenever the Company runs into a profit opportunity, the Sesoda staff members are responsible to increase the justifiable and legitimate interests that Sesoda Group can obtain. An act for buy and sale of products and assets shall be in pursuit of maximum possible profit to the Sesoda Group in principle. Under no circumstances shall Sesoda staff members engage in the following acts: 一、<u>An act to take advantage of an opportunity to use the Sesoda Group's property, information or an act to strive for personal interests through opportunity for such person.</u> 二、<u>Unless approved, Sesoda staff members operate or invest in a business that is same or similar to Sesoda Group's business in the name of themselves or others (including: blood relatives within the second degree of kinship, agents, partners or other representatives) serve or moonlight in another company in the capacity of an employee, assignee, consultant and other position and compete with Sesoda</u></p>	<p>Article 5 No act to pursue personal benefit for oneself Whenever the Company runs into a profit opportunity, the Company's personnel are responsible to increase the justifiable and legitimate interests that the company can obtain. Under no circumstances shall the Company's personnel engage in the following acts: 1. An act to take advantage of an opportunity to use the Company's property, information or an act to strive for personal interests through opportunity for such personal interests. <u>2. An act in competition against the Company</u></p>	<p>Cf. Same Descriptions above</p>

Contents after amendment	Contents before amendment	Descriptions
<p><u>Group, unless otherwise specified under the employee contract or stipulations which shall prevail, if any.</u></p> <p><u>III. An act intended to benefit another or impair interests of Sesoda Group.</u></p>		
<p>Article VI Responsibility of confidentiality:  <u>Sesoda staff members shall be obliged to keep confidential the information of Sesoda Group itself or its import (sales) customers except disclosure as duly authorized or required by law., unless it is authorized or disclosed by law. The information that should be kept confidential includes all such information that has not been disclosed to public and that might lead to an impairment to Sesoda Group or customer(s) after being used by a competitor or being leaked. On all such confidential information, technical data, personal data or any other information having not yet known to the public, business information, and the like (All aforementioned information is not confined to verbal, written form, disregarding whether it has been classified with the word "confidentiality" or not) of Sesoda Group or Sesoda Group's suppliers, partners of Sesoda Group having been known to Sesoda staff members, the Sesoda staff members shall keep in strict confidentiality . Except as required for the performance of duty, the Sesoda staff members shall not inquire or use it arbitrarily. Without a consent from the Company in writing in advance, the Sesoda staff members shall not duplicate such confidential</u></p>	<p>Article 6 Responsibility of confidentiality:  1. <u>The company's personnel shall be obliged to keep confidential the information of the company itself or its import (sales) customers, unless it is authorized or disclosed by law. The information that should be kept confidential includes all information that may be used or leaked by competitors, to the company or customers Undisclosed information that is harmful.</u>  2. <u>On all such confidential information, technical data, personal data or any other information having not yet known to the public, business information, and the like (All aforementioned information is not confined to verbal, written form, disregarding whether it has been classified with the word "confidentiality" or not) of users of the Company and/or affiliated enterprise(s) and/or any others, the Company's staff members shall keep in strict confidentiality . Except as required for the performance of duty, such personnel shall not inquire or use it arbitrarily. Without a consent from the Company in writing in advance, the Company's personnel shall not duplicate such confidential information nor shall they build a backup. Furthermore, under no</u></p>	<p>Cf. Same Descriptions above</p>

Contents after amendment	Contents before amendment	Descriptions
<p><u>information nor shall they build a backup. Furthermore, under no circumstances shall such confidential information being leaked, known, delivered or transferred to another in any means nor shall it be published externally in any means.</u></p> <p><u>Where the aforementioned confidential information and the Company's financial and business transaction information are a sort of information that would significantly affect its stock price, Sesoda staff members shall abide by the provisions set forth under the Securities and Exchange Act regarding the prohibition of insider trading, and shall not trade the stock or securities of that company either directly or indirectly, nor shall they disclose such information to enable others to conduct the aforementioned transactions. The term "information or news that is likely to significantly affect its stock price" as set forth in the preceding Paragraph refers to any non-public information that is likely to affect general investors' decision-making on securities trading or is likely to affect the price of a Company's securities market as specified under Article 157-1 of the Securities and Exchange Act.</u></p>	<p><u>circumstances shall such confidential information being leaked, known, delivered or transferred to another in any means nor shall it be published externally in any means.</u></p>	
<p>Article VII Fair trade: The <u>Sesoda staff members</u> shall treat the <u>Sesoda Group's</u> input(sales) customers, competitors and employees in a fair manner and shall under no circumstance manipulate, conceal or misuse the information obtained through performance of duties or make misrepresentations on significant issues or other unfair trading methods in an attempt to</p>	<p>Article 7 Fair trade: 1. <u>The Company's personnel</u> shall treat the Company's input(sales) customers, competitors and employees in a fair manner and shall under no circumstance manipulate, conceal or misuse the information obtained through performance of duties or make misrepresentations on significant issues or other unfair trading methods in an attempt to obtain</p>	<p>Cf. Same Descriptions above</p>

Contents after amendment	Contents before amendment	Descriptions
<p>obtain improper interests. Upon engaging in daily duty and performing business, the <u>Sesoda staff members</u> shall faithfully abide by the Sesoda Group’s required ethical standards and fair trade principles. Upon accepting a gift, <u>entertainment on business and social rules</u> from a manufacturers related to <u>Sesoda Group</u>, all such personnel shall closely watch the key points as enumerated below:</p> <p>一、Do not take advantage of job relations to request or accept bribes, kickbacks, gifts or other improper benefits from a vendor.</p> <p>二、Upon accepting a gift or entertainment from a supplier, whenever it is found to be contrary to social etiquette or customs, such personnel shall courteously decline on-the-spot and report to the department level head. Under no circumstances shall such personnel accept any gift in cash or negotiable securities (e.g., gift coupon, stocks, and the like).</p> <p>III. In case of a force majeure or ,in the event that a gift or entertainment received from a supplier is not found in contravention of social etiquette or customs until a time afterward, such personnel shall report to their direct supervisor after the event. In case of a gift, it shall be returned forthwith. In the event that it cannot be returned for any reason, such personnel shall submit the gift to the general affairs office to facilitate subsequent handling.</p>	<p>improper interests. 2. Upon engaging in daily duty and performing business, the <u>Company’s</u> personnel shall faithfully abide by the Company’s required ethical standards and fair trade principles. Upon accepting a gift or entertainment from a manufacturers related to the <u>Company</u>, all such personnel shall closely watch the key points as enumerated below:</p> <p>(1)Do not take advantage of job relations to request or accept bribes, kickbacks, gifts or other improper benefits from a vendor.</p> <p>(2) Upon accepting a gift or entertainment from a supplier, whenever it is found to be contrary to social etiquette or customs, such personnel shall courteously decline on-the-spot and under no circumstances shall such personnel accept a gift in cash or negotiable securities.</p> <p>(3) In case of a force majeure or ,in the event that a gift or entertainment received from a supplier is not found in contravention of social etiquette or customs until a time afterward, such personnel shall report to their direct supervisor after the event and shall, meanwhile keep the top audit head informed at the same time to facilitate subsequent handling.</p>	

Contents after amendment	Contents before amendment	Descriptions
<p>Article VIII Appropriate protection and use of the Company's assets:  <u>All Sesoda staff members are obliged to protect the Sesoda Group's assets and shall assure that such assets could be used effectively and legally onto official business and shall prevent potential theft, negligence or waste.</u></p>	<p>Article 8 Appropriate protection and use of the Company's assets:  The entire staff of <u>the Company</u> are obliged to protect the Company's assets and shall assure that such assets could be used effectively and legally onto official business and shall prevent potential theft, negligence or waste.</p>	<p>Cf. Same Descriptions above</p>
<p>Article IX Law compliance:  <u>The Sesoda staff members shall faithfully abide by all laws and regulations as well as the Company policies that regulate Sesoda Group's activities and shall further abide by the laws and ordinances concerned prevalent in the country or region where the business is undertaken. In case of a discrepancy found between this Principal and the laws and ordinances concerned prevalent locally, the higher standard among them shall function as the grounds for such acts. In case of a conflict is found between the inside requirements of Sesoda Group and laws and ordinances concerned, the Sesoda staff members shall report to the business department head forthwith.</u>  <u>Sesoda staff members</u>  The <u>Sesoda staff members</u> shall further abide by the Securities Exchange Act amidst the relevant laws and regulations to prevent potential insider trading.  Whenever they dominate the key information of the Company that has not been disclosed to public, such personnel shall not engage in related securities transactions.</p>	<p>Article 9 Law compliance:  The <u>Company's</u> personnel shall faithfully abide by all laws and regulations as well as the Company policies that regulate the Company's activities and shall further abide by the Securities Exchange Act amidst the relevant laws and regulations to prevent potential insider trading.  Whenever they dominate the key information of the Company that has not been disclosed to public, such personnel shall not engage in related securities transactions..</p>	<p>Cf. Same Descriptions above</p>
<p>Article X Encouragement for report of any illegal or violation of Code of Ethical Conduct:  Whenever a <u>Sesoda staff member</u></p>	<p>Article 10 Encouragement for report of any illegal or violation of Code of Ethical Conduct:  Whenever an <u>employee</u> suspects</p>	<p>Cf. Same Descriptions above</p>

Contents after amendment	Contents before amendment	Descriptions
<p>suspects or notices a violation of laws, regulations or Code of Ethical Conduct, he or she shall take the initiative to report to the supervisor of the management department, the head of internal audit or other appropriate supervisors. In an attempt to encourage employees to report violations, <u>Sesoda Group</u> has enacted the informant reporting system and a Sesoda staff member may launch an informant report through the means as enumerated below:</p> <p>一、<u>Mailing address: 23F, No. 99 Tunhua S. Road, Sec. 2, Da-an District, Taipei City 106, Attn.: Personnel designated for informant report.</u></p> <p>二、<u>E-mail: whistleblower@sesoda.com.tw Report (E-mail message will be automatically transferred to the Business Department head or Audit head) .</u></p>	<p>or notices a violation of laws, regulations or Code of Ethical Conduct, he or she shall take the initiative to report to the supervisor of the management department, the head of internal audit or other appropriate supervisors. In an attempt to encourage employees to report violations, <u>the Company</u> shall duly enact a specific reporting system and shall let employees know that the Company will put forth maximum possible efforts to safeguard the safety of the informant from a potential retaliation.</p>	
<p>Article XI Punishment and remedy: Where a director and the <u>Sesoda staff members</u> are confirmed to have violated this Code, they may be, as the actual severity degree may justify, prosecuted in accordance with the Civil Code and Criminal Code and relevant laws and regulation. In addition, the <u>Sesoda staff members</u> may be further punished appropriately in accordance with the work rules. After the disciplinary measures of this Code by the directors and managerial officers are confirmed, the date of violation of the Code of Ethical Conduct, the violation of the code, the facts of handling</p>	<p>Article 11 Punishment and remedy: Where a director and the <u>Company's</u> personnel are confirmed to have violated this Code, they may be, as the actual severity degree may justify, prosecuted in accordance with the Civil Code and Criminal Code and relevant laws and regulation. In addition, the <u>Company's</u> personnel may be further punished appropriately in accordance with the work rules. After the disciplinary measures of this Code by the directors and managerial officers are confirmed, the date of violation of the Code of Ethical Conduct, the</p>	<p>Cf. Same Descriptions above</p>



Contents after amendment	Contents before amendment	Descriptions
situation should be disclosed onto the Market Observation Post System (MOPS) forthwith.	violation of the code, the facts of handling situation should be disclosed onto the Market Observation Post System (MOPS) forthwith.	
Article XI ~1 Grievance system Whenever the <u>Sesoda Group's</u> directors and managerial officers prove in contravention of this Code, the victimized employee may apply to the Audit Committee for investigation or lodge grievance in accordance with the Regulations Governing Grievance for Employees.	Article 11-1 Grievance system Whenever the <u>Company's</u> directors and managerial officers <u>prove in contravention of this Code, the victimized employee may apply to the Audit Committee for investigation or lodge grievance in accordance with the Regulations Governing Grievance for Employees.</u>	Cf. Same Descriptions above
Article XII Procedure when exemption applies: <u>When a director or a managerial officer of the Sesoda Group intends to exempt from compliance with this Code, such director or a managerial officer shall be approved by the board of directors through a resolution and the date of approval of the exemption by the board of directors, the objections or reservations of independent directors, the period during which the exemption applies, the reasons for the exemption and the criteria for the exemption and such information to which the exemption applies shall be disclosed onto the Market Observation Post System (MOPS) forthwith to facilitate shareholders to assess whether it is appropriate.</u>	Article 12 Procedure when exemption applies: <u>When a director or a managerial officer of the Company intends to exempt from compliance with this Code, such director or a managerial officer shall be approved by the board of directors through a resolution and the date of approval of the exemption by the board of directors, the objections or reservations of independent directors, the period during which the exemption applies, the reasons for the exemption and the criteria for the exemption and such information to which the exemption applies shall be disclosed onto the Market Observation Post System (MOPS) forthwith to facilitate shareholders to assess whether it is appropriate.</u>	Cf. Same Descriptions above
Article XIII Disclosure method: The <u>Sesoda Group</u> shall have this Code of Ethical Conduct duly disclosed through the Company's website, annual report, prospective and Market Observation Post System (MOPS). This same shall apply to an event of amendment.	Article 13 Disclosure method: The <u>Company</u> shall have this Code of Ethical Conduct duly disclosed through the Company's website, annual report, prospective and Market Observation Post System (MOPS). This same shall apply to an event of amendment.	Cf. Same Descriptions above

Contents after amendment	Contents before amendment	Descriptions
<p>Article XIV Enforcement and amendment:  This Code of Ethical Conduct shall be put into enforcement after being resolved in the Audit Committee and Board of Directors. This same shall apply to an event of amendment.</p>	<p>Article 14 Enforcement and amendment:  This Code of Ethical Conduct shall be put into enforcement after being resolved in the board of directors. This same shall apply to an event of amendment.</p>	<p>Cf. Same Descriptions above</p>

## VII. Issues covered in other reports.

1. The impact of the present issuance of bonus shares upon the Company in its operating performance, earnings per share and return on investment to shareholders:

Pursuant to the requirements of Securities and Futures Institute of the Ministry of Finance with its Letter (Year 2002)-Tai-Tsai-Zheng-(I)-Zi 002534 dated April 16, 2002, where the Company has not yet compiled and promulgated financial forecast for Year 2021, the Company is not required to disclose such information here.

2. Investment in Mainland China:

The Company, cumulatively, invested in Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd. and Hebei Oxen Special Chemicals Co., Ltd. directly and indirectly on December 31, 2020 in total amount of NT\$174,443,000, accounting for 7.64% of the Company's paid-in capital.

3. Endorsement/guarantee:

As of December 31, 2020, the Company rendered an endorsement guarantee limit of NT\$7,172,972,000 toward investee companies that directly or indirectly where the Company holds more than 50% of the investee companies common shares, with a balance of NT\$4,470,220,000 put into use (For more details, please refer to the Company's 2020 Annual Report or Market Observation Post System (MOPS)).

## **Matters for Acknowledgment**

Proposal 1: Proposed by the Board

Subject: The Company's business report and financial statements (including consolidated financial statements) of Year 2020 are submitted for acknowledgement.

Descriptions:

- I. The Company's financial statements (including consolidated financial statements) and business report of Year 2020 have been duly reviewed by the Company's Audit Committee and been passed at the 24th meeting of the Board of Directors of Session 23 on March 29, 2021 with audit report duly issued. Among the papers, the financial statements (including consolidated financial statements) have been duly audited and verified by KPMG Certified Public Accountants.
- II. For the business report, please refer to pp. 6~9.  
For the Financial Statements, please refer to pp. 36~43.

Resolution:

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

Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
1100 Cash and cash equivalents (note 6 (a))	\$ 346,334	5	125,285	2
1150 Notes receivable, net (note 6(c))	79,949	1	153,218	2
1170 Accounts receivable, net (note 6(c))	353,483	5	428,763	6
1210 Other receivables from related parties (note 7)	13,961	-	7,565	-
1220 Current tax assets	108	-	111	-
130X Inventories (note 6(d))	312,112	4	421,895	6
1476 Other current financial assets (note 6(b))	16,280	-	23,723	-
1470 Other current assets	50,303	1	57,460	1
<b>Total current assets</b>	<u>1,172,530</u>	<u>16</u>	<u>1,218,020</u>	<u>17</u>
<b>Non-current assets:</b>				
1517 Non-current financial assets at fair value through other comprehensive income (note 6(b))	137,068	2	87,591	1
1422 Prepayments for investments (note 6(b))	-	-	351	-
1550 Investments accounted for using equity method (note 6(c))	3,920,379	54	3,860,960	54
1600 Property, plant and equipment (notes 6(f), 8 and 9)	1,974,870	28	1,956,695	28
1755 Right-of-use assets (note 6(g))	2,268	-	5,328	-
1840 Deferred tax assets (note 6(k))	1,003	-	2,212	-
1915 Prepayments for business facilities (note 9)	240	-	-	-
1920 Refundable deposits	5,894	-	7,597	-
1975 Net defined benefit asset (note 6(i))	26,509	-	16,560	-
<b>Total non-current assets</b>	<u>6,068,231</u>	<u>84</u>	<u>5,937,303</u>	<u>83</u>
<b>Total assets</b>	<u>\$ 7,240,761</u>	<u>100</u>	<u>7,155,323</u>	<u>100</u>
<b>Liabilities and Equity</b>				
<b>Current liabilities:</b>				
Short-term borrowings (notes 6(h) and 8)	2100		2100	
Accounts payable	2170		2170	
Other payables (note 6(o))	2200		2200	
Other payables to related parties (note 7)	2220		2220	
Current tax liabilities	2230		2230	
Lease liabilities-current (note 6(i))	2280		2280	
Other current liabilities	2399		2399	
<b>Total current liabilities</b>	<u>1,010,513</u>	<u>14</u>	<u>786,205</u>	<u>11</u>
<b>Non-current liabilities:</b>				
Guarantee deposits received	2645		2645	
Deferred tax liabilities (note 6(k))	2570		2570	
Lease liabilities-non-current (note 6(i))	2580		2580	
<b>Total non-current liabilities</b>	<u>434,171</u>	<u>6</u>	<u>434,890</u>	<u>6</u>
<b>Total liabilities</b>	<u>1,444,684</u>	<u>20</u>	<u>1,223,095</u>	<u>17</u>
<b>Equity (notes 6(b), (e), (j), (k) and (l)):</b>				
Common stock	2,284,419	32	2,115,203	30
Capital surplus	102,594	1	17,420	-
<b>Retained earnings:</b>				
Legal reserve	966,494	13	938,804	13
Special reserve	163,741	2	131,930	2
Unappropriated retained earnings	2,537,958	35	2,760,702	39
<b>Other equity interest:</b>				
Exchange differences on translation of foreign financial statements	(242,652)	(3)	(68,465)	(1)
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(16,477)	-	36,634	-
<b>Total equity</b>	<u>(259,129)</u>	<u>(3)</u>	<u>(31,831)</u>	<u>(1)</u>
<b>Total liabilities and equity</b>	<u>\$ 7,240,761</u>	<u>100</u>	<u>7,155,323</u>	<u>100</u>

See accompanying notes to parent company only financial statements.

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

Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

	2020		2019	
	Amount	%	Amount	%
4110 <b>Operating revenue (note 6(n))</b>	\$ 2,667,022	100	2,757,197	100
5111 <b>Operating cost (notes 6(d), (f), (j) and 7)</b>	<u>2,150,161</u>	<u>81</u>	<u>2,282,399</u>	<u>83</u>
<b>Gross profit from operations</b>	<u>516,861</u>	<u>19</u>	<u>474,798</u>	<u>17</u>
6000 <b>Operating expenses (notes 6(c), (f), (g), (i), (j), (o) and 7):</b>				
6100 Selling expenses	335,721	13	302,756	11
6200 Administrative expenses	111,892	4	118,942	4
6450 Expected credit loss	-	-	1,303	-
<b>Total operating expenses</b>	<u>447,613</u>	<u>17</u>	<u>423,001</u>	<u>15</u>
6900 <b>Net operating income</b>	<u>69,248</u>	<u>2</u>	<u>51,797</u>	<u>2</u>
7000 <b>Non-operating income and expenses (notes 6(e), (f), (i), (p) and 7):</b>				
7100 Interest income	172	-	271	-
7010 Other income	6,247	-	2,034	-
7020 Other gains and losses	13,679	1	28,621	1
7050 Finance costs	(4,010)	-	(4,730)	-
7060 Share of gains of subsidiaries and associates accounted for using equity method	<u>102,111</u>	<u>4</u>	<u>242,672</u>	<u>9</u>
<b>Total non-operating income and expenses</b>	<u>118,199</u>	<u>5</u>	<u>268,868</u>	<u>10</u>
7900 <b>Income before tax</b>	187,447	7	320,665	12
7950 <b>Less: Income tax expenses (note 6(k))</b>	<u>13,318</u>	<u>-</u>	<u>46,024</u>	<u>2</u>
<b>Net income</b>	<u>174,129</u>	<u>7</u>	<u>274,641</u>	<u>10</u>
8300 <b>Other comprehensive income (notes 6(e), (j), (k) and (l)):</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
8311 Remeasurements of defined benefit plans	3,174	-	7,818	-
8316 Unrealized gains or losses from financial assets measured at fair value through other comprehensive income	(54,147)	(2)	35,515	1
8330 Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	(443)	-	(321)	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>635</u>	<u>-</u>	<u>1,564</u>	<u>-</u>
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(52,051)</u>	<u>(2)</u>	<u>41,448</u>	<u>1</u>
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
8361 Exchange differences on translation of foreign financial statements	(174,105)	(7)	(84,834)	(3)
8380 Share of other comprehensive income of subsidiaries and associates accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(82)	-	(348)	-
8399 Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(174,187)</u>	<u>(7)</u>	<u>(85,182)</u>	<u>(3)</u>
8300 <b>Other comprehensive income</b>	<u>(226,238)</u>	<u>(9)</u>	<u>(43,734)</u>	<u>(2)</u>
8500 <b>Total comprehensive income</b>	<u>\$ (52,109)</u>	<u>(2)</u>	<u>230,907</u>	<u>8</u>
9750 <b>Basic earnings per share (note 6(m)) (expressed in New Taiwan dollars)</b>	<u>\$ 0.76</u>		<u>1.20</u>	
9850 <b>Diluted earnings per share (note 6(m))(expressed in New Taiwan dollars)</b>	<u>\$ 0.76</u>		<u>1.20</u>	

See accompanying notes to parent company only financial statements.

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

**Statements of Changes in Equity**

**For the years ended December 31, 2020 and 2019**  
**(Expressed in Thousands of New Taiwan Dollars)**

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

See accompanying notes to parent company only financial statements.

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

**SESODA CORPORATION**

**Statements of Cash Flows**

**For the years ended December 31, 2020 and 2019**

**(Expressed in Thousands of New Taiwan Dollars)**

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

See accompanying notes to parent company only financial statements.



(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)

	December 31, 2020		December 31, 2019		December 31, 2020		December 31, 2019	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
1100 Cash and cash equivalents (note 6(a))	\$ 923,288	8	720,977	6	2100		984,730	8
1150 Notes receivable, net (note 6(d))	79,949	1	153,218	1	2322		478,216	4
1170 Accounts receivable, net (note 6(d))	356,298	3	429,517	4	2170		192,784	2
1220 Current tax assets	108	-	111	-	2200		307,242	2
130X Inventories (note 6(e))	313,461	3	422,776	3	2230		542	-
1476 Other current financial assets (note 6(c))	41,980	-	28,523	-	2280		7,226	-
1470 Other current assets	128,237	1	121,943	1	2399		54,325	-
<b>Total current assets</b>	<b>1,843,321</b>	<b>16</b>	<b>1,877,065</b>	<b>15</b>			<b>2,025,065</b>	<b>16</b>
<b>Non-current assets:</b>								
1510 Non-current financial assets at fair value through profit or loss (note 6(b))	2,970	-	3,026	-	2540		4,167,370	33
1517 Non-current financial assets at fair value through other comprehensive income (note 6(c))	181,374	2	241,156	2	2570		434,722	4
1422 Prepayments for investments (note 6(c))	-	-	351	-	2645		16,636	-
1550 Investments accounted for using equity method (note 6(f))	504,221	4	425,648	4			4,618,728	37
1600 Property, plant and equipment (notes 6(g), (k), 8 and 9)	9,289,285	78	9,970,017	79			6,643,793	53
1755 Right-of-use assets (note 6(h))	16,040	-	23,625	-			-	-
1840 Deferred tax assets (note 6(m))	1,003	-	2,212	-	3100		2,115,203	17
1915 Prepayments for business facilities (note 9)	5,639	-	6,363	-	3200		17,420	-
1920 Refundable deposits	7,297	-	9,007	-			938,804	7
1975 Net defined benefit asset, non-current (note 6(l))	26,509	-	16,569	-	3310		131,930	1
1995 Other non-current assets	626	-	982	-	3320		2,760,702	22
<b>Total non-current assets</b>	<b>10,034,964</b>	<b>84</b>	<b>10,698,956</b>	<b>85</b>	3350		<b>3,831,436</b>	<b>30</b>
<b>Total assets</b>	<b>\$ 11,878,285</b>	<b>100</b>	<b>12,576,021</b>	<b>100</b>			<b>\$ 11,878,285</b>	<b>100</b>
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Total short-term borrowings (notes 6 (i) and 8)								
Long-term borrowings, current portion (notes 6(i) and 8)								
Accounts payable								
Other payables (note 6(q))								
Current tax liabilities								
Lease liabilities-current (note 6(j))								
Other current liabilities								
<b>Total current liabilities</b>	<b>2,335,674</b>	<b>19</b>	<b>2,025,065</b>	<b>16</b>			<b>(242,652)</b>	<b>(2)</b>
<b>Non-current liabilities:</b>								
Long-term borrowings (notes 6(i) and 8)								
Deferred tax liabilities (note 6(m))								
Lease liabilities-non-current (note 6(j))								
Guarantee deposits received								
<b>Total non-current liabilities</b>	<b>3,746,534</b>	<b>32</b>	<b>4,618,728</b>	<b>37</b>			<b>(16,477)</b>	<b>-</b>
<b>Total liabilities</b>	<b>6,082,208</b>	<b>51</b>	<b>6,643,793</b>	<b>53</b>			<b>(259,129)</b>	<b>(2)</b>
<b>Equity attributable to owners of parent (notes 6(c), (f), (l), (m) and (n)):</b>								
Common stock	2,284,419	19	2,115,203	17			36,634	-
Capital surplus	102,594	1	17,420	-			(31,831)	-
<b>Retained earnings:</b>								
Legal reserve	966,494	8	938,804	7			5,932,228	47
Special reserve	163,741	2	131,930	1			5,796,077	49
Unappropriated retained earnings	2,537,958	21	2,760,702	22			11,878,285	100
<b>Other equity interest:</b>								
Exchange differences on translation of foreign financial statements	(242,652)	(2)	(68,465)	-			12,576,021	100
Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	(16,477)	-	36,634	-				
<b>Total equity</b>	<b>(259,129)</b>	<b>(2)</b>	<b>(31,831)</b>	<b>-</b>			<b>11,878,285</b>	<b>100</b>
<b>Total liabilities and equity</b>	<b>\$ 11,878,285</b>	<b>100</b>	<b>12,576,021</b>	<b>100</b>			<b>\$ 11,878,285</b>	<b>100</b>

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 <b>Operating revenue (notes 6 (k) and (p))</b>	\$ 4,034,992	100	4,343,168	100
5111 <b>Operating cost (notes 6(e), (g), (h), (j), (l) and 7)</b>	<u>3,197,912</u>	<u>79</u>	<u>3,324,057</u>	<u>77</u>
<b>Gross profit from operations</b>	<u>837,080</u>	<u>21</u>	<u>1,019,111</u>	<u>23</u>
6000 <b>Operating expenses (notes 6(d), (g), (h), (j), (l), (q) and 7):</b>				
6100 Selling expenses	333,887	9	295,328	7
6200 Administrative expenses	248,865	6	273,006	6
6450 Expected credit loss	-	-	1,303	-
<b>Total operating expenses</b>	<u>582,752</u>	<u>15</u>	<u>569,637</u>	<u>13</u>
6900 <b>Net operating income</b>	<u>254,328</u>	<u>6</u>	<u>449,474</u>	<u>10</u>
7000 <b>Non-operating income and expenses (notes 6(f), (j) and (r)):</b>				
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	-
<b>Total non-operating income and expenses</b>	<u>(66,055)</u>	<u>(2)</u>	<u>(127,085)</u>	<u>(3)</u>
7900 <b>Income before tax</b>	188,273	4	322,389	7
7950 <b>Less: Income tax expenses (note 6(m))</b>	<u>14,144</u>	<u>-</u>	<u>47,748</u>	<u>1</u>
<b>Profit</b>	<u>174,129</u>	<u>4</u>	<u>274,641</u>	<u>6</u>
8300 <b>Other comprehensive income (notes 6(f), (l), (m) and (n)):</b>				
8310 <b>Components of other comprehensive income that will not be reclassified to profit or loss</b>				
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	-
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>	<u>(52,051)</u>	<u>(1)</u>	<u>41,448</u>	<u>1</u>
8360 <b>Components of other comprehensive income that will be reclassified to profit or loss</b>				
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	-	-	-	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>	<u>(174,187)</u>	<u>(4)</u>	<u>(85,182)</u>	<u>(2)</u>
8300 <b>Other comprehensive income</b>	<u>(226,238)</u>	<u>(5)</u>	<u>(43,734)</u>	<u>(1)</u>
<b>Total comprehensive income</b>	<u>\$ (52,109)</u>	<u>(1)</u>	<u>230,907</u>	<u>5</u>
<b>Basic earnings per share</b>				
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			Unappropriated retained earnings			Total retained earnings		Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings				
<b>Balance at January 1, 2019</b>	\$ 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
<b>Balance at December 31, 2019</b>	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
<b>Balance at December 31, 2020</b>	\$ 2,284,419	102,594	966,494	163,741	2,537,958	3,668,193	(242,652)	(16,477)	(259,120)	5,796,077

See accompanying notes to consolidated financial statements.

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

SESODA CORPORATION AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 188,273	322,389
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
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)
<b>Total adjustments to reconcile profit (loss)</b>	<u>576,841</u>	<u>668,216</u>
<b>Changes in operating assets and liabilities:</b>		
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
<b>Total adjustments</b>	<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)
<b>Net cash flows from operating activities</b>	<u>888,960</u>	<u>650,805</u>
<b>Cash flows from (used in) investing activities:</b>		
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
<b>Net cash used in investing activities</b>	<u>(189,617)</u>	<u>(1,224,576)</u>
<b>Cash flows from (used in) financing activities:</b>		
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
<b>Net cash flows from (used in) financing activities</b>	<u>(483,870)</u>	<u>241,295</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<u>(13,162)</u>	<u>(64,393)</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	202,311	(396,869)
<b>Cash and cash equivalents at beginning of period</b>	720,977	1,117,846
<b>Cash and cash equivalents at end of period</b>	<u>\$ 923,288</u>	<u>720,977</u>

See accompanying notes to consolidated financial statements.

Proposal 2: Proposed by the Board

Subject: The Company's surplus distribution proposal for year 2020 is submitted herewith for acknowledgement.

Explanation:

- I. In Year 2020, the accumulative distributable surplus amounted to NT\$2,537,957,714 (in New Taiwan Dollars, as equally applicable hereinafter). It is proposed to distribute NT\$411,195,393, of which (a) NT\$205,597,693 shall be distributed as cash dividends, at NT\$0.9 per share; (b) NT\$ 205,597,700 surplus shall be transferred to capital increase to issue 20,559,770 new shares, with NT\$ 0.9 to be allocated per share.
- II. For Table of surplus distribution of Year 2020, please refer to p. 45.

Resolution:

Sesoda Corporation  
Profit Distribution Table  
2020

Unit: New Taiwan Dollars

Undistributed surplus earnings, beginning of period	2,362,748,583
Add (subtract):	
Determine the remeasurement of the benefit plan	2,538,746
Changes in affiliated companies accounted for using equity method	(443,137)
Disposal of equity investments at fair value through other comprehensive income	(1,035,453)
Others	20,242
Current year net profit after tax	174,128,733
<b>Amount available for distribution</b>	<b>2,537,957,714</b>
Less:	
Legal reserve (10% after tax)	(17,520,913)
Provision for special reserve	(95,387,827)
Distribution item:	
Shareholder dividend-cash dividends (NTD 0.9 per share)	(205,597,693)
-Stock dividends (NTD 0.9 per share)	(205,597,700)
<b>Undistributed surplus earnings, end of period</b>	<b>2,013,853,581</b>

Explanation:

1. The current number of issued shares and the number of shares participating in the distribution are both 228,441,881 shares.
2. In order to cope with the difficulty of computer check operations and the exchange of fractional currency units, cash dividends are calculated up to the nearest NTD and amounts less than one NTD are discarded. The total amount of fractional shares is included in the company's other income.
3. Stock dividends are calculated based on the percentage of shares held by the original shareholders on the basis of the distribution of dividends. If there is a fractional amount of less than one share, shareholders may apply to the company's stock agency within 5 days from the day after the record date of dividend distribution. For registration of whole shares, those that have not been merged within the time limit shall be deemed to have been given up. The shares shall be purchased by the Board of Directors of the company in consultation with a specific person at face value and distributed in cash. The amount of fractional shares is calculated up to one NTD, and the amount below one NTD is discarded.
4. The basis for the legal reserve is revised to "the current period's after-tax net profit plus items other than the current period's after-tax net profit are included in the current year's undistributed surplus earnings."

Motion No. 3. Proposed by a shareholder

Subject: A shareholder holding more than 1% of the total outstanding shares, in shareholder account number: 81286, shareholder account name: Jian - Kai Property Management Co., Ltd. duly suggests that in the present year, surplus distribution into stock dividend should be at NT\$1.5 per share. The suggestion is herewith posed for acknowledgement.

Explanation:

- I. The contents of proposal by the aforementioned shareholder are as enumerated below:

Regarding the information already available to public about your company's revenue and the undistributed earnings listed in the accounts, our company would propose that in the distribution of earning in the present year, the cash dividend should be NT\$1 per share: stock dividend should be NT\$1.5 per share.

- II. The proposal posed by the said shareholder regarding allocation of cash dividend proves inconsistent with provisions set forth under Paragraph 4 of Article 172-1 of the Company Act and is, therefore, not included within the agenda of shareholders' meeting, 2021.

Resolution:

## Discussion Item

Proposal 1: Proposed by the Board

Subject: it is proposed that a sum NT\$205,597,700 of earnings should be taken to transfer into capital increase to issue new shares. Please resolve decision as appropriate.

Explanation:

- I. In an attempt to diversify business operations and enrich working capital, it is proposed to distribute a sum of NT\$205,597,700 out of the distributable earnings of Year 2020. In accordance with Article 240 of the Company Act, that sum is to be used to increase capital by means of issuance of new shares to issue 20,559,770 new shares (with NT\$0.9 to be allocated per share).
- II. Where the proposal is passed in the shareholders' regular meeting of the present year and approved by the competent authority for issuance of new shares, the base date for the allotment of dividends shall be fixed. With calculation according to the shareholding ratios of all shareholders as of the base date of the allotment of dividends, 90 bonus shares shall be allocated for each thousand shares held. For fraction less than one share, the shareholders may, within five (5) days from the day after the base date of the allotment of the dividends, register with the Company's professional share service agent "Transfer Agency Department of CTBC Bank Co., Ltd." to make up to the entire share. A shareholder who fails to make up the fraction shares within the specified time limit shall be deemed to have given up and such shares shall be purchased by the specific people arranged by the board of directors of the Company at face value and shall be distributed in cash. Such odd fraction shares shall be calculated up to a whole number of New Taiwan Dollar and the amount less than one New Taiwan Dollar shall be discarded.



- III. The new shares issued this time bear rights and obligations exactly same as the shares originally issued.
- IV. Whenever those issues involved in the present capital increase call for a change in response to factual needs or requirements by the competent authority, the Board of Directors is authorized with plenipotentiary power for handle as appropriate.

Resolution:

Proposal 2: Proposed by the Board

Subject: It is proposed that the Company be renamed into “South East Industrial Co., Ltd.” Please resolve the decision as appropriate.

Descriptions: In response to the need for diversified operations and the development of diversified business entities, it is proposed to rename the Company to "South East Industrial Co., Ltd." in accordance with the decision in by the Company's Board of Directors in its 22nd meeting of Session 23 on December 28, 2020. Please resolve a decision as appropriate. Resolution of the 22nd meeting of the 23rd Board of Directors of the company.

Resolution:

Proposal 3: Proposed by the Board

Subject: it is proposed that the Company's "Articles of Incorporation" should be duly amended. Please resolve a decision as appropriate.

Explanation:

- I. The present motion is duly posed in accordance with the decision resolved by the Company's Board of Directors of Session 23 in its 23rd meeting convened on February 22, 2021 and 24th meeting convened on March 29, 2021.
- II. For Comparative Table of Contents Before and After Amendment of the "Articles of Incorporation," please refer to pp. 51~54.

Resolution:

**Sesoda Corporation**  
**Comparative Table of Contents Before and After**  
**Amendment of the “Articles of Incorporation”**

As amended on May 25, 2021

Contents in amendment	Contents before amendment	Explanation
<p>Article I:  This Company, pursuant to the provisions governing company limited by shares as set forth under the Company Act, is duly incorporated in the full name of “<u>東南實業股份有限公司</u>” in Chinese and “Sesoda Corporation” in English.</p>	<p>Article I:  This Company, pursuant to the provisions governing company limited by shares as set forth under the Company Act, is duly incorporated in the full name of “<u>東碱股份有限公司</u>” in Chinese and “Sesoda Corporation” in English.</p>	Duly amended in response to factual need.
<p>Article 2:  The Company's operations are as follows:  I. C801010 Basic Industrial Chemical Manufacturing.  II. C801110 Fertilizer Manufacturing.  III. C802990 Other Chemical Products Manufacturing.  IV. C802090 Manufacture of Cleaning Preparations.  V. C802200 Coating, Paint, Dye and Pigment Manufacturing.  VI. F113010 Wholesale of Machinery.  VII. C701010 Printing.  VIII. C702010 Plate Making Industry.  IX. G801010 Warehousing.  X. F103010 Wholesale of Animal Feeds.</p>	<p>Article 2:  The Company's operations are as follows:  I. C801010 Basic Industrial Chemical Manufacturing.  II. C801110 Fertilizer Manufacturing.  III. C802990 Other Chemical Products Manufacturing.  IV. C802090 Manufacture of Cleaning Preparations.  V. C802200 Coating, Paint, Dye and Pigment Manufacturing.  VI. F113010 Wholesale of Machinery.  VII. C701010 Printing.  VIII. C702010 Plate Making Industry.  IX. G801010 Warehousing.  X. F103010 Wholesale of Animal Feeds.</p>	Duly amended in response to factual need with adjustment in article numbers.

Contents in amendment		Contents before amendment		Explanation
XI.	J101050 Environmental Testing Services.	XI.	J101050 Environmental Testing Services.	
XII.	F107050 Wholesale of Fertilizer.	XII.	F107050 Wholesale of Fertilizer.	
XIII.	F107100 Wholesale of Chemical Materials.	XIII.	F107100 Wholesale of Chemical Materials.	
XIV.	F107070 Wholesale of Animal Medicines.	XIV.	F107070 Wholesale of Animal Medicines.	
XV.	F107080 Wholesale of Environment Medicines.	XV.	F107080 Wholesale of Environment Medicines.	
XVI.	F107110 Wholesale of Petrochemical Materials.	XVI.	F107110 Wholesale of Petrochemical Materials.	
XVII.	F111020 Wholesale of Cement, Lime and Products.	XVII.	F111020 Wholesale of Cement, Lime and Products.	
XVIII.	C901050 Cement and Concrete Mixing Manufacturing.	XVIII.	C901050 Cement and Concrete Mixing Manufacturing.	
XIX.	F112020 Wholesale of Coal and Products.	XIX.	F112020 Wholesale of Coal and Products.	
XX.	F107130 Wholesale of Synthetic Resin.	XX.	F107130 Wholesale of Synthetic Resin.	
XXI.	F115020 Wholesale of Mineral.	XXI.	F115020 Wholesale of Mineral.	
XXII.	F119010 Wholesale of Electronic Materials.	XXII.	F119010 Wholesale of Electronic Materials.	
XXIII.	F219010 Retail Sale of Electronic Materials.	XXIII.	F219010 Retail Sale of Electronic Materials.	
XXIV.	F102130 Wholesale of Flavoring Pastes.	XXIV.	F102130 Wholesale of Flavoring Pastes.	
XXV.	F107010 Wholesale of Paints, Varnishes and Lacquers.	XXV.	F107010 Wholesale of Paints, Varnishes and Lacquers.	
XXVI.	F107020 Wholesale of Dyeing Mills	XXVI.	F107020 Wholesale of Dyeing Mills and Dyestuff.	

Contents in amendment	Contents before amendment	Explanation
<p>and Dyestuff.</p> <p>XXVII. F107170 Wholesale of Industrial Catalyst.</p> <p>XXVIII. F401010 International Trade.</p> <p>XXIX. F106010 Wholesale of Ironware.</p> <p>XXX. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p> <p>XXXI. <u>C114010 Food additives manufacturing.</u></p> <p>XXXII. <u>F121010 Wholesale of food additives.</u></p> <p>XXXIII. <u>F221010 Retail of food additives.</u></p>	<p>XXVII. F107170 Wholesale of Industrial Catalyst.</p> <p>XXVIII. F401010 International Trade.</p> <p>XXIX. F106010 Wholesale of Ironware.</p> <p>XXX. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
<p>Article 5: The Company has a capital amounting to <u>Three Billion</u> New Taiwan Dollars, divided into <u>300,000,000</u> shares at NT\$10 par value, to be issued in installments. Among the unissued shares, the Board of Directors is authorized to issue a resolution based on actual needs. With the approval of the shareholders meeting, the Company can issue employee stock options at a subscription price lower than the market price, or transfer the Company's shares to employees at a price lower than the average price of the actual shares.</p>	<p>Article 5: The Company has a capital amounting to <u>Two Billion Five Hundred Million</u> New Taiwan Dollars, divided into <u>250,000,000</u> shares at NT\$10 par value, to be issued in installments. Among the unissued shares, the Board of Directors is authorized to issue a resolution based on actual needs. With the approval of the shareholders meeting, the Company can issue employee stock options at a subscription price lower than the market price, or transfer the Company's shares to employees at a price lower than the average price of the actual shares.</p>	<p>Duly amended in response to factual need.</p>

Contents in amendment	Contents before amendment	Explanation
<p>Article 30: The Company's capital structure and long-term financial planning shall be considered in response to the Company's long-term development. The Company's dividend policy shall be to reflect operational performance and is based on the principle of balanced dividend distribution. Among them, the cash dividends allocated shall not be less than 20% of the total dividends in the year and may be allocated as cash dividends in full.</p>	<p>Article 30: The Company's capital structure and long-term financial planning shall be considered in response to the Company's long-term development. The Company's dividend policy shall be to reflect operational performance and is based on the principle of balanced dividend distribution. Among them, the cash dividends allocated shall not be less than 20% of the total dividends in the year in principle. Furthermore, all cash dividends must be issued.</p>	<p>Amendment in wording.</p>
<p>Article 33 These Articles of Incorporation were duly enacted on February 22, 1957, ....., amended on June 5, 2019 as the 51st amendment; May 25, 2021 as the 52nd amendment.</p>	<p>Article 33 These Articles of Incorporation were duly enacted on February 22, 1957, .....June 8, 2018 as the 50th amendment and June 5, 2019 as the 51st amendment.</p>	<p>In response to the aforementioned amendment, an increase of 52nd amendment.</p>

## **Election matters**

Proposed by the Board of Directors

Subject: election of 11 directors (including 3 independent directors) of the Company for Session 24, with a three-year tenure of office starting from June 8, 2021 until June 7, 2024.

Explanation:

1. The Company's incumbent directors were elected on June 8, 2018 with tenure of office until June 7 of the present year.
2. List of candidates of the Company's directors (including independent directors) for Session 24 is as enumerated below:



Serial number	Account number (identity certificate number)	Account title (name)	Academic credentials and career experiences	Number of shareholding	Category of the nominees	Whether or not having served as an independent director for three consecutive terms/the reasons why?
1	3941	Sincere Industrial Corporation Representative: Chen Kai-Yuen	Department of Industrial Engineering, Chung Yuan Christian University 1. Director, Sesoda Corporation 2. Director, Sincere Industrial Corporation	3,425,923	Director	Not applicable
2	97936	Zhengbang Investment Co., Ltd. Representative: Chen Rong-Yuan	Florida Institute of Technology of the United States Master of Business Administration 1. Chairman of Sesoda Corporation 2. General Manager of Hebei Oxen Special Chemicals Co., Ltd.	14,758,338	Director	Not applicable
3	97936	Zhengbang Investment Co., Ltd. Representative: Chen Li-Te	Department of Business Administration, University of Southern California 1. Director, Sesoda Corporation 2. Director, Sincere Industrial Corporation	14,758,338	Director	Not applicable
4	3941	Sincere Industrial Corporation Representative: Chen Cheng-Te	Leonard N. Stern School of Business, New York University Master of Business Administration (MBA) 1. Vice Chairman, Sesoda Corporation 2. Chairman of East Tender Optoelectronics Co., Ltd. 3. Director, Sincere Industrial Corporation	3,425,923	Director	Not applicable
5	59629	Aran Investment Advisor Company limited by shares Representative: Wu Chung-Lee	Department of Business Administration, Chu Hai College of Higher Education, Hong Kong 1. Director, Sesoda Corporation 2. Director, Teh-Hu Cargocean Management Company Limited	4,017,929	Director	Not applicable
6	3941	Sincere Industrial Corporation Representative: Chu Yuan-Hua	Holy Name University, the United States, MBA 1. Director, Sesoda Corporation 2. Macy's Department Store Business Administrative Assistant	3,425,923	Director	Not applicable
7	97937	San De International Investment Co., Ltd. Statutory representative: Huang	Arizona State University, the United States General Manager of Sesoda Corporation	4,967,462	Director	Not applicable

Serial number	Account number (identity certificate number)	Account title (name)	Academic credentials and career experiences	Number of shareholding	Category of the nominees	Whether or not having served as an independent director for three consecutive terms/the reasons why?
		Chih-Cheng				
8	81286	Jian - Kai Property Management Co., Ltd. Statutory representative: Liu Bo-Chien	University of Manchester, UK Master of Economics and Finance Chairman of Jian-Kai Property Management Co., Ltd.	18,039,000	Director	Not applicable
9	K10111XXXX	Wang Po-Hsin	Michigan State University, the United States Master of Business Administration (MBA) 1. Independent director of Sesoda Corporation 2. Chairman in Taiwan, Hong Kong Commercial East Asia Securities Co., Ltd.	0	Independent Director	No
10	A10067XXXX	Tsao Ming	National Sun Yat-sen University Advanced Master of Business Administration 1. Independent director of Sesoda Corporation 2. General Manager of Kuo Kuang Petrochemical Technology Corporation 3. Vice General Manager of Chinese Petroleum Corporation 4. Chairman of Overseas Petroleum and Investment Co., Ltd.	0	Independent Director	Yes The chemical industry knowledge and management expertise can assist the Company's business development in various aspects
11	N12221XXXX	Chu Jih-Chuan	Master of Laws (LLM), Northwestern University, USA 1. A partner Attorney-at-Law of Liu, Chang & Partners 2. An assistant partner Attorney-at-Law of Baker & Mckenzie 3. Attorney-at-Law of Formosa Transnational Attorneys-at-Law 4. Attorney-at-Law of Taiwan Depository & Clearing Corporation. 5. Attorney-at-Law of Central Deposit Insurance Corporation (CDIC), Ministry of Finance	0	Independent Director	No

Outcome of elections:

## Other Proposals

Proposal 1: Proposed by the Board

Subject: it is proposed to lift the prohibition of business strife from the Company's directors on Session 24 (including corporate director representatives) and independent directors. Please resolve the decision as appropriate.

Explanation:

- I. Toward the Session 24 directors (including representatives of corporate directors) and independent directors elected at the present shareholders' meeting or a company which may invest in or operate other companies with the same or similar business scope as the Company's, it is proposed without prejudice to the interests of the Company should be, in accordance with Article 209 of the Company Act, lifted from prohibition of business strife stipulates that the restrictions on the prohibition of competition.
- II. The details of the prohibition of business strife on the proposed lifting from directors:

Director	Name of company in part-time service	Duty in part-time service
Chen Kai-Yuen	Sincere Industrial Corporation	Director
Chen Li-Te	Sincere Industrial Corporation	Director
Chen Cheng-Te	Sincere Industrial Corporation	Director
Chen Rong-Yuan	Qingdao Soda Ash Industrial Potassic Fertilizer Technology Co., Ltd.	Director
Wu Chung-Lee	Teh-Hu Cargocean Management Company Limited	Director

Resolution:

## **Extraordinary motions**

## **Adjournment**

# Sesoda Corporation Rules of Procedure for Shareholders' Meetings

Amended on May 11,

2017

- I. Sesoda Corporation (hereinafter referred to as the Company) shall duly handle and convene its shareholders' meeting in accordance with these rules, unless otherwise provided by laws and regulations.
- II. The Company shall provide a signature book for attending shareholders to sign in or the attending shareholders may hand in a sign-in card instead of the sign-in process. The number of attending shares is calculated based on the signature book or the handed in sign-in card plus the number of shares exercised in writing or electronically.
- III. The participation and voting ballots in a shareholders meeting shall be calculated on the basis of number of shares.
- IV. The venue to convene a shareholders meeting shall be the location where the Company or the factory is located or at a place convenient for shareholders to attend well oriented to the shareholders meeting. The meeting shall not start earlier than 9 a.m. and Adjournment shall not be later than 3 p.m.
- V. A shareholders' meeting convened by the board of directors shall be chaired by the chairman. Whenever the chairman is on leave or unavailable to perform his duties, the vice chairman shall act as the substitute. In case of no vice chairman or where the vice chairman is on leave or unavailable to perform duty as well, the chairman shall appoint a managing director to act as the substitute. In case of no managing director, one director shall be appointed to act as the substitute. Where the chairman does not appoint a substitute, one managing director or director shall be elected from among themselves to act as the substitute.  
  
If the shareholders' meeting is convened by a convening party other than the Board of Directors, the convener shall be the presiding chair.
- VI. The Company may appoint lawyers, accountants or related

personnel to attend the shareholders meeting as non-voting (guest) participants.

Staff handling the administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

- VII. The Company shall audio record or videotape the entire process of a shareholders' meeting and shall keep the audio and video tapes into custody for one year minimum.
- VIII. The chairperson shall announce the start of the meeting forthwith when the specified time is up. Where the attending shareholders are not up to one half majority of the total outstanding shares at that moment, nevertheless, the chairperson may announce postponement of the meeting and the postponements shall not exceed twice and the total period so postponed shall not exceed one hour maximum. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.

By the end of such meeting, if number of shares represented by the attending shareholders has already constituted more than one half of the outstanding shares, the presiding chair may put the tentative resolution to the vote at the general meeting again in accordance with Article 174 of Taiwan's Company Act.

- IX. Where a shareholders' meeting is convened by the board of directors, the agenda shall be set by the board of directors and the meeting shall be duly carried out in accordance with the scheduled agenda which shall not be changed without a resolution adopted in the shareholders' meeting. If the shareholders' meeting is convened by a convening party other than the Board of Directors, the provisions of the preceding paragraph shall apply.

The agenda set out in the previous two items shall not be declared adjourned by the presiding chair without a resolution before the proceedings are over (including provisional motions). After the meeting is adjourned, shareholders may not elect a new presiding chair to continue the meeting at the meeting site or at another venue.

- X. A shareholder who intends to deliver a speech shall fill up the speech note which shall expressly bear key point of the speech, shareholder account number (or attendance certificate number) and account name. The chairperson may determine the order to deliver the speech.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the contents of the speech do not correspond to the subject given on the speaker's slip, the content of the speech shall prevail. When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violations.

- XI. Each share shall not speak more than twice on the same motion unless consented by the chairperson. Each speech shall not exceed five (5) minutes in the maximum.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

- XII. Where a juristic person is entrusted to attend a shareholders' meeting, such juristic person may appoint one representative to attend the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders meeting, only one of the representatives so appointed may speak on the same proposal.

- XIII. After an attending shareholder completes his or her speech, the chairperson may answer either in person or by designating the relevant personnel.

- XIV. Where the chairperson considers that the discussion of the proposal has reached the point of being ready to be voted, the chairperson may announce the cessation of the discussion process and put the issue into vote.

- XV. In the voting process of a motion, the scrutineers and vote-counters shall be designated by the chairperson but the scrutineers shall be appointed out of the shareholders. Voting results shall be made known on-site immediately and



recorded in writing.

- XVI. During the process of a meeting, the chairperson may declare a break at his discretion. In the event that all resolutions cannot be completed in one meeting, the shareholders meeting may come to a decision to resume the meeting within five (5) days without a need to serve a notice and announcement.
- XVII. Unless otherwise specified in the Company Act and the Company's Articles of Incorporation, a decision shall be duly resolved in a shareholders' meeting with one half majority vote of the total present shareholders.
- XVIII. During resolution of a motion, the motion was unanimously resolved if no objection is heard in response to the inquiry by the chairperson and decision so resolved is equally valid as a decision resolved through balloting.
- When there are amendments or alternatives to the same proposal that are not compatible with the original proposal, the presiding chair may determine the order of voting. If one of the proposals has been passed by the number of voting rights specified in the regulations or the Articles of Incorporation, the other proposals that are incompatible are deemed to be rejected and do not need to be voted on again.
- XIX. The chairperson may direct picketers (or security guard personnel) to help safeguard order in the venue.
- XX. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- XXI. Matters not specified in these Regulations, if any, shall be duly handled in accordance with Company Act, laws and ordinances concerned and the Company's Articles of Incorporation.
- XXII. These Regulations shall be put into enforcement after being resolved in the shareholders' meeting. This same provision is applicable mutatis mutandis to an event of amendment.

# **Regulations Governing Selection of Directors for Sesoda Corporation**

Amended on June 8,  
2018

- I. The directors of the Company shall be duly elected exactly in accordance with these Regulations.
- I-I The directors of the Company shall be duly elected from the candidates nomination system in accordance with Article 192-1 of the Company Act.
- II. In the election of the Company's directors, each share is entitled to the same voting rights as the number of directors to be elected and the voting powers may be used for one candidate collectively or to be distributed to elect several candidates.
- III. The Company shall prepare election ballots in the number same as the directors to be elected and shall fill in its weight and distribute the ballots to the shareholders attending the shareholders meeting. For shareholders who exercise the right to vote electronically, no separate election ballot shall be issued.
- IV. Before the election process starts, the chairperson shall appoint a certain number of ballot scrutineers and vote-counters to carry out a variety of duties concerned.
- V. In the election of directors, the board of directors shall set up ballot boxes which shall be opened and checked up by the scrutineers before voting process.
- VI. Where an electee is a shareholder, the elector shall fill in the election ballots the name and shareholder account number of that electee in the box of "electee" of the ballot. Where an electee is not a shareholder, the electors shall fill in the electee's name and identity certificate number, Where a government or juristic person shareholder is an electee, nevertheless, the name of the government or juristic person in the account of the electee of the ballot shall be filled in, and the name of the government or juristic person and the name of its representative may also be filled in. Where there are several

representatives, the name of the representatives should be added separately.

- VII. An election ballot is null and void if in one of the following circumstances:
- (I) Not using a ballot prepared by the board of directors.
  - (II) Where a blank ballot is put into the ballot box.
  - (III) Where the handwriting is blurred and illegible or has been tampered with.
  - (IV) Where the filled-in electee is a shareholder and where the account name and shareholder account number are not consistent with the shareholder registry; or where the filled-in electee is not a shareholder and where the name and identity certificate number are found to be inconsistent with upon verification.
  - (V) Where other than the account name (name) and shareholder account number (identity certificate number) and number of allocated election powers, there is additional wording.
  - (VI) Where the name of filled electee is found the same as the name of other shareholder and where there is no supporting document code for the account name and shareholder account number available for identification.
  - (VII) Where the same election ballot is filled with two or more electees.
- VIII. The Company's directors shall be elected by the shareholders' meeting from the candidates with disposing capacity and shall, based on the number of directors set forth under the Company's Articles of Incorporation, have the candidates winning more election powers to be elected into the directorship. In the event that two or more candidates win a same number of election powers in excess of the specified number of winners, those candidates winning the same number of election ballots shall coordinate among themselves about the successful winner. In the event that the coordination effort fails, that director's seat shall be vacated.

- VIII-I. The Company's independent directors and non-independent directors shall be elected in the same package in accordance with the relevant provisions of these Regulations and the independent directors and non-independent directors shall be calculated separately and the candidates winning more election powers shall be separately elected.
- IX. The ballots shall be opened on the spot forthwith upon completion of the balloting process. The results of the ballot opening process shall be announced on the spot by the chairperson.
- X. Toward the successfully elected directors, the Company shall issue official notices of their successful election.
- XI. Matters not specified in these regulations, if any, shall be duly handled in accordance with the Company Act, the Company's Articles of Incorporation and laws and ordinances concerned.
- XII. These Regulations shall be put into enforcement after being resolved in the shareholders' meeting, This same provision is applicable mutatis mutandis to an event of amendment.

# Sesoda Corporation Articles of Incorporation

Amended on June 5, 2019.

## Chapter One General Provisions

- Article 1: This Company is duly incorporated in accordance with the provisions governing companies limited by shares as set forth under the Company Act in the name of “東碱股份有限公司” in Chinese and “Sesoda Corporation” in English.
- Article 2: The Company's operations are as follows:
- I. C801010 Basic Industrial Chemical Manufacturing.
  - II. C801110 Fertilizer Manufacturing.
  - III. C802990 Other Chemical Products Manufacturing.
  - IV. C802090 Manufacture of Cleaning Preparations.
  - V. C802200 Coating, Paint, Dye and Pigment Manufacturing.
  - VI. F113010 Wholesale of Machinery.
  - VII. C701010 Printing.
  - VIII. C702010 Plate Making Industry.
  - IX. G801010 Warehousing.
  - X. F103010 Wholesale of Animal Feeds.
  - XI. J101050 Environmental Testing Services.
  - XII. F107050 Wholesale of Fertilizer.
  - XIII. F107100 Wholesale of Chemical Materials.
  - XIV. F107070 Wholesale of Animal Medicines.
  - XV. F107080 Wholesale of Environment Medicines.
  - XVI. F107110 Wholesale of Petrochemical Materials.
  - XVII. F111020 Wholesale of Cement, Lime and Products.
  - XVIII. C901050 Cement and Concrete Mixing Manufacturing.
  - XIX. F112020 Wholesale of Coal and Products.
  - XX. F107130 Wholesale of Synthetic Resin.

- XXI. F115020 Wholesale of Mineral.
- XXII. F119010 Wholesale of Electronic Materials.
- XXIII. F219010 Retail Sale of Electronic Materials.
- XXIV. F102130 Wholesale of Flavoring Pastes.
- XXV. F107010 Wholesale of Paints, Varnishes and Lacquers.
- XXVI. F107020 Wholesale of Dyeing Mills and Dyestuff.
- XXVII. F107170 Wholesale of Industrial Catalyst.
- XXVIII. F401010 International Trade.
- XXIX. F106010 Wholesale of Ironware.
- XXX. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 2-1: The Company, when re-investing externally, is free of the restriction set forth under Article 13 of the Company Act.

Article 2-2: In response to business need, the Company may render guarantees externally.

Article 3: The Company is located in Taipei City, and has set up a manufacturing plant in Suao Township, Yilan County, Taiwan Province. Afterwards, depending on business needs, the Board of Directors may decide to establish plants, branches, offices, or sales offices domestically and overseas.

Article 4: The Company's public announcement shall be duly carried out in accordance with the Company Act and other laws and ordinances concerned.

## **Chapter Two      Shares**

Article 5: The total capital of the Company is set at NTD 2.5 billion divided into 250 million shares or ten New Taiwan Dollars per share, to be issued in installments. Among the unissued shares, the Board of Directors is authorized to issue a resolution based on actual needs. With the approval of the shareholders meeting, the

Company can issue employee stock options at a subscription price lower than the market price, or transfer the Company's shares to employees at a price lower than the average price of the actual shares.

Article 6: The Company's stock is designated as a registered type, which shall be serially numbered, signed or stamped by the director representing the Company, and issued after being issued with a certificate. It may also be issued without printing the stock or combined and printed for the total number of each issue. Unprinted shares shall be registered with the central securities depository for safekeeping.

Article 7: For the transfer or establishment of shares, the transferor and the transferee or the pledger and the pledgee shall jointly apply for the registration of the change of the account name or the establishment of the rights by the Company. Those who are acquired by inheritance or donation shall submit the necessary supporting documents.

Article 8: The Company's stock affairs are handled in accordance with the regulations of the competent authority.

Article 9: Transfer of shares of the Company shall not be done within 60 days before the General Meeting of Shareholders, within 30 days before an interim shareholders meeting, or within 5 days before the base date when the Company has decided to distribute dividends and bonuses or other benefits.

Article 10: Shareholders shall fill in their seal cards and deposit them in the Company to receive dividends and exercise their equity rights. The transfer of shares and the establishment, revocation, and renewal of the seal card shall be handled in accordance with the regulations of the competent authority.

### **Chapter Three Shareholders' meeting**

Article 11: There are two types of shareholder meetings: General

Meetings and interim meetings. General meetings are held within six months after the end of each fiscal year, and interim meetings are held in accordance with the law when necessary.

Article 12: The shareholders' meeting shall take the Chairman as the presiding chair. In case of the absence of the Chairman, the vice chairman or one of the directors shall act as his representative.

Article 13: The convening of the General Meeting of Shareholders and interim meetings shall be handled in accordance with relevant laws and regulations.

Article 14: Shareholders of the Company shall have one voting right per share unless otherwise provided by the Company Act.

Article 15: Unless otherwise stipulated by relevant laws and regulations, the resolutions of the shareholders' meeting shall be attended by shareholders representing more than half of the total number of issued shares, and shall be implemented with more than half of the voting rights of the shareholders present.

## **Chapter Four Directors and Audit Committee**

Article 16: The Company has nine to eleven directors to organize the Board of Directors. According to the law, one chairman and one vice chairman are mutually recommended. The term of office is three years, and they can be re-elected. The number of candidates to be elected shall be determined by the Board of Directors, and the selection procedures shall be conducted in accordance with relevant laws and regulations and the "Procedures for Election of Directors."

The total number of shares held by all directors shall not be less than the number set by the competent authority.

Article 16-1: The Company adopts a candidate nomination system



for directors. Shareholders shall select from the list of candidates, among which the number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. Regarding independent directors' professional qualifications, shareholding, part-time restrictions, nomination and selection methods, and other compliance matters, they shall be handled in accordance with the regulations of the competent authority.

The election of directors shall be carried out in accordance with Article 198 of the Company Act. Independent directors and non-independent directors shall be elected together, and the number of elections shall be calculated separately. Those with more voting rights represented by the votes obtained shall be elected as independent directors and non-independent directors.

Article 16-2: The Company shall establish an Audit Committee in accordance with the provisions of the Securities and Exchange Act. The Audit Committee shall be composed of all independent directors. The Audit Committee or Audit Committee members, the exercise of powers and other matters to be complied with shall be handled in accordance with relevant laws and regulations or Company rules, and its organizational rules shall be separately formulated by the Board of Directors.

Article 17: The Board of Directors exercises the powers granted by the Company Act and the shareholders meeting.

Article 18: The Chairman of the Company, on behalf of the Company, decides important policies internally and supervises the implementation of the plan. If the Chairman is absent due to an event or is on business, his position is represented by the vice chairman. If the vice chairman is absent, the Chairman shall appoint a director to act as his representative. If the Chairman does not designate such a stand-in, the directors will choose a

representative from among themselves.

Article 19: Except as otherwise provided by the Company Act, they shall be convened by the Chairman of the Board. Resolutions shall be attended by more than half of the directors unless otherwise provided by the Company Act, and shall require the consent of more than half of the directors present; the presiding chair shall decide if this shall be the same number.

Notices of the board of directors to convene a board meeting may be served in writing, e-mail or fax.

Article 20: In respect to the remuneration and transportation expenses of directors of the Company, the Board of Directors is authorized to make decisions based on a director's degree of participation and contribution to the operations of the Company, and to negotiate with reference to industry standards.

Article 21: Where the board of directors convenes a meeting, all directors shall participate in person. A director who participates in the meeting through an authorized proxy shall issue the written proxy for each participation. The written proxy shall bear the reasons to convene the meeting and the scope of power so authorized. One director may serve as a proxy only for one other director. If the Board of Directors uses a video conference, the directors who participate in the conference with a video screen shall be deemed to be present in person.

Article 22: (Deleted).

## **Chapter Five            Managerial officers**

Article 23: The Company has one general manager to take overall charge of all sorts of business operations for the Company under the decisions resolved in the board of directors and the chairman's instructions. The general manager shall be duly appointed, discharged and paid in accordance with the provisions concerned as set forth

under the Company Act.

- Article 24: The contents of business to be handled by the managerial officers, the power and scope authorized to them for signature shall be separately stipulated by the board of directors.
- Article 25: The Company may, as duly resolved by the board of directors, retain one supreme consultant.
- Article 26: The Company may purchase liability insurance for directors and important staff members who perform their duties in accordance with the law during their term of office to safeguard them from potential compensation liability according to law when they perform a specified duty.

## **Chapter Six      Accounting**

- Article 27: The Company takes the period of January 1 to December 31 of every year as the fiscal year. Upon the end of every fiscal year, the board of directors shall work out the following books and documents to be submitted to the shareholders' meeting for acknowledgement.
- I. Business Report.
  - II. Financial Statements.
  - III. Proposals concerning profit distributions or covering of losses.
- Article 28: The Company shall allocate 3.5% of the current year's profit to employees and 1% of the special bonus, and the Company shall distribute directors' remuneration not exceeding 2% of the current year's profit. However, if the Company still has accumulated losses, these shall first be made up. The current year's profit as mentioned in the preceding paragraph refers to the current year's pre-tax earnings before deducting the distribution of employee remuneration, special incentives and directors' remuneration. The distribution of employee remuneration, special incentives and directors'

remuneration shall be made by the Board of Directors with more than two-thirds of the directors attending and a resolution approved by more than half of the directors present, and this shall be reported to the shareholders' meeting. Employee remuneration and special incentives can be paid in stock or cash, and the recipients may include employees of affiliated companies who meet certain conditions.

Article 29: If there is a surplus in the Company's annual final accounts, it shall first pay taxes to make up for the accumulated losses over the years. A 10% withdrawal is the legal reserve, but this is not the limit when the legal reserve has reached the Company's paid-in capital. Furthermore, a special reserve shall be allocated or transferred according to laws and regulations or the competent authority. If there is still a surplus, the balance plus undistributed surplus earnings accumulated in previous years is the amount of dividends that can be distributed to shareholders. In addition, no less than 1% of the distributable amount shall be allocated for the distribution of shareholder dividends. The Board of Directors shall draft a distribution proposal and submit it to the shareholders meeting for distribution after resolution.

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

Article 30: The Company's capital structure and long-term financial planning shall be considered in response to the Company's long-term development. The Company's dividend policy shall be to reflect operational performance and is based on the principle of balanced

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

## **Chapter Seven Supplementary provisions**

- Article 31: The Company's variety of articles and operating rules shall be separately enacted.
- Article 32: Matters not specified in these Articles of Incorporation, if any, shall be duly handled in accordance with the Company Act and other laws and ordinances concerned.
- Article 33: These Articles, duly enacted on February 22, 1957 and duly amended on October 1, 1957 as the 1st amendment; September 20, 1958 as the 2nd amendment; March 29, 1959 as the 3rd amendment; July 3, 1959 as the 4th amendment, October 12, 1960 as the 5th amendment; August 8, 1961 as the 6th amendment; December 29, 1961 as the 7th amendment; May 15, 1965 as the 8th amendment; May 6, 1967 as the 9th amendment; April 15, 1968 as the 10th amendment; March 30, 1970 as the 11th amendment; April 30, 1971 as the 12th amendment; March 18, 1976 as the 13th amendment; March 30, 1978 as the 14th amendment; October 6, 1978 as the 15th amendment; March 25, 1980 as the 16th amendment; March 6, 1981 as the 17th amendment; March 31, 1982 as the 18th amendment; June 9, 1983 as the 19th amendment; May 16, 1984 as the 20th amendment; April 30, 1985 as the 21st amendment; May 16, 1986 as the 22nd amendment; May 7, 1987 as the 23rd amendment; April 21, 1988 as the 24th amendment; March 31, 1989 as the 25th amendment; April 7, 1990 as the 26th amendment; April 17, 1990 as the 27th amendment; April 11, 1992 as the 28th amendment; April 16, 1993; as the 29th amendment; April 21, 1994; as the 30th amendment; May 9, 1995; as the 31st amendment; April 23, 1996. as the 32nd amendment; April 28 1996, as the 33rd

amendment; April 23, 1998 as the 34th amendment; April 23, 1998 as the 35th amendment; April 20, 1999 as the 36th amendment; June 9, 2000 as the 37th amendment; April 24, 2001 as the 38th amendment; April 26, 2002 as the 39th amendment; April 23 2003 as the 40th amendment; April 21, 2004 as the 41st amendment; May 20, 2005 as the 42nd amendment; May 12, 2006 as the 43rd amendment; May 15, 2007 as the 44th amendment; May 11, 2010 as the 45th amendment; May 28, 2012 as the 46th amendment; May 14, 2014 as the 47th amendment; May 24, 2016 as the 48th amendment; May 11, 2017 as the 49th amendment; June 8, 2018 as the 50th amendment and June 5, 2019 as the 51st amendment.

Sesoda Corporation  
Schedule of director shareholding

Base date: March 27, 2021

Register of directors	Title	Name	Appointment date	Number of shares held at the time of appointment		Number of shares currently held		Remarks	
				Type	Number of shares	% held as of that time	Type		Number of shares
Chairman		Zhengbang Investment Co., Ltd.	2018.06.08	Common stock	13,014,408	6.46%	Common stock	14,758,338	6.46%
		Representative: Chen Rong-Yuan							
Director		Zhengbang Investment Co., Ltd.	2018.06.08	Common stock	3,021,097	1.50%	Common stock	3,425,923	1.50%
		Representative: Chen Li-Te							
Vice Chairman		Sincere Industrial Corporation	2018.06.08	Common stock					
		Representative: Chen Cheng-Te							
Director		Sincere Industrial Corporation	2018.06.08	Common stock					
		Representative: Chen Kai-Yuen							
Director		Sincere Industrial Corporation	2018.06.08	Common stock					
		Representative: Chu Yuan-Hua							
Director		Zhifu Investment Co., Ltd.	2018.06.08	Common stock	9,543,182	4.74%	Common stock	10,821,968	4.74%
		Representative: Chao Hsin-Jung							
Director		Yalan Investment Consulting Co., Ltd.	2018.06.08	Common stock	3,381,243	1.68%	Common stock	4,017,929	1.76%
		Representative: Wu Chung-Lee							
Independent Director		Tsao Ming	2018.06.08	Common stock	0	0.00%	Common stock	0	0.00%
Independent Director		Wang Po-Hsin	2018.06.08	Common stock	0	0.00%	Common stock	0	0.00%
Independent Director		Chen Pei-Chun	2018.06.08	Common stock	0	0.00%	Common stock	0	0.00%
		Total		Common stock	28,959,930		Common stock	33,024,158	

Total shares issued as of June 8, 2018: 201,447,866 shares

Aggregate total of outstanding shares as of March 27, 2021: 228,441,881 shares

Here at the Company, the number of legal shareholding is:

12,000,000 shares. The number of shares held as of March 27, 2021:

33,024,158 shares

◎ The Company has set up an Audit Committee, so there is no applicability regarding number of shares that should be held by supervisors  
 ◎ Shares held by independent directors are not included in the number of shares held by directors