

Stock Code: 3570

Otsuka Information Technology Corp.

2021 Annual Shareholders' Meeting

Meeting Agenda

(In case of any discrepancy between the Chinese and English versions,
the Chinese version shall prevail.)

June 21st, 2021

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Otsuka Information Technology Corp.

2021 Annual Shareholders' Meeting Procedure

I. Commencement of Meeting

II. Chairman's Statement

III. Report Items

IV. Matters for Ratification

V. Matters for Discussion

VI. Matters for Election

VII. Other Matters

VIII. Extempore Motion

IX. Adjournment

Otsuka Information Technology Corp.

2021 Annual Shareholders' Meeting Agenda

Time: June 21 (MON) of 2021 at 9: 00 a.m.

Place: 6F, No. 68, Sec. 2, Xianmin Blvd., Banqiao Dist., New Taipei City (Training Classroom of the Corporation)

Attendees: All shareholders and representatives of the shares

Chairman: Chairman Hironobu Tsurumi

I. Commencement of Meeting

II. Chairman's Statement

III. Report Items:

- (I) 2020 Business Report
- (II) 2020 Audit Committee's Review Report
- (III) 2020 Employee Bonus Stock and Directors and Supervisors' Bonus Stock Allocation Plans
- (IV) 2020 Report of Retained Earnings Allocation through Cash Dividend.

IV. Matters for Ratification:

- (I) 2020 Business Report and Consolidated Financial Statements
- (II) 2020 Earning Distribution Table

V. Matters for Discussion:

- (I) Amendment of the Corporation's Procedures for Election of Directors
- (II) Amendment of the Corporation's Procedures for Loaning of Funds to Others

VI. Matters for Election:

- (I) By-election of Independent Director

VII. Other Matters:

- (I) Contents of Proposal on removing Non-Competing Limitations for the candidates of the corporation's directors

VIII. Extempore Motion:

IX. Adjournment

Report Items:

Proposal 1: 2020 Business Report. For your review.

Explanation: 2020 Business Report, attached in the Meeting Agenda pages 7~11,【Attachment 1】.

Proposal 2: 2020 S Audit Committee's Review Report. For your review.

Explanation: 2020 Audit Committee's Review Report, attached in the Meeting Agenda page 12, 【Attachment 2】 .

Proposal 3: 2020 Employee Remuneration and Directors and Supervisors' Remuneration Allocation Plans. For your review.

Explanation: I. In accordance with Article 25 of the Corporation's Article of Incorporation, if there is a profit in the final accounts of the Corporation, a proportion no lower than 5 percent shall be reserved as employee's bonus stock, distributed in stock or cash as resolved by the Board; the Corporation shall, based on the aforementioned values of profit, reserve a proportion no lower than 3 percent as the directors' and supervisors' bonus stock as resolved by the Board.

II. Taking into consideration the Corporation's current operation scale and profitability status, the Corporation's Remuneration Committee and the Board have resolved the total amount of distributable for employee's compensation in 2020 will be NTD 8,810,186, distributed in form of cash. The total amount of distributable for directors and supervisors is NTD 2,643,056.

Proposal 4: 2020 Report of Retained Earnings Allocation through Cash Dividend. For your review.

Explanation: I. In accordance with Article 25 of the Corporation's Article of Incorporation and pursuant to Article 240, paragraph 5 of the Company Act, the Corporation authorize the distributable dividends and bonuses in whole or in part may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

II. Board of the Directors of the Corporation has resolved the distribution of shareholders' dividend at NTD 88,904,400 through cash dividend, with NTD 5.2 distributed for per share held. The cash dividends will be distributed to each shareholder based on shareholding percentages, and be rounded down to the nearest dollar. The total number of odd shares for less than NTD 1 is transferred to other revenue of the Corporation.

Matters for Ratification:

Proposal 1: 2020 business report and financial statement. For your adoption. (Proposed by the board)

Explanation: I. The Corporation's 2020 separate financial statement and consolidated financial statement are audited by independent certified public accountants Ms. Wu, Mei Ping and Mr. Fu, Hong Wen of KPMG, with unqualified opinion audit report offered. The aforementioned financial statements along with the business report shall be submitted to the audit committee for audit and resolved by the Corporation's Board of Directors.

II. 2020 business report, attached in the Meeting Agenda pages 7~11,【 Attachment 1】 KPMG audit report and financial statement, attached in the Meeting Agenda pages 13~28, 【 Attachment 3】 .

III. For your adoption.

Resolution:

Proposal 2: 2020 Earning Distribution Table, for your adoption. (Proposed by the Board)

Explanation: I. The Corporation's appropriation of the 2020 earnings is resolved by the Corporation's Board. Earnings Distribution Table, attached in the Meeting Agenda, page 29, 【 Attachment 4】 .

II. For your adoption.

Resolution:

Matters for Discussion:

Proposal 1: Amendment of the Corporation's "Procedures for Election of Directors". For your discussion (Proposed by the Board)

Explanation: I. It is proposed that partial amendments be made to the articles according to the updated laws and actual operation requirements.

II. The amended "Procedures for Election of Directors" and comparison table for the "Procedures for Election of Directors" before and after amendment are attached in the Meeting Agenda, page 30, 【 Attachment 5】 .

III. For your voting.

Resolution:

Proposal 2: Amendment of the Corporation’s “Procedures for Loaning of Funds to Others”. For your discussion (Proposed by the Board)

Explanation: I. It is proposed that partial amendments be made to the articles according to the updated laws and actual operation requirements.

II.The comparison table for the “Procedures for Loaning of Funds to Others” are attached in the Meeting Agenda, page 31~32, **【Attachment 6】** .

III.For your voting.

Resolution:

Matters for Election:

Proposal 1: By-election of Independent Director. For your election (Proposed by the Board)

Explanation: I. Following the resignation of former independent director Chen Yen Hsun resigned on December 31, 2020, it is proposed to add an independent director by by-election at the shareholders’ meeting on June 21, 2021, according to the updated laws and actual operation requirements.

II.The Corporation intends to elect 1 additional independent director to fill the vacancy, who will take office immediately after being elected at the shareholders’ meeting, with the term from June 21, 2021 to June 23, 2022.

III.In accordance with Article 17 of the Corporation’s Articles of Incorporation, the election adopts a nomination system. The list of candidates is approved in the Board of Directors meeting on the 22nd of March 2021. The list of candidates is attached in the Meeting Agenda, page 33, **【Attachment 7】** .

IV.This election is held pursuant to the Corporation’s “Measures for Directors and Supervisors Elections”, attached in the Meeting Agenda, pages 45~46, **【Appendix 3】** .

V. For your election.

Election Result:

Other Matters:

Proposal 1: Contents of proposal on removing Non-Competing Limitations for the candidates of the corporation's directors. For your discussion. (Proposed by the Board)

Explanation: I. Handled in accordance with Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain during the shareholders' meeting the essential contents of such an act and secure its approval."

II. Where a Corporation's director has investments or operations or serves as a director in a company within the same or similar scope of business to the Corporation, under the premise of causing no damage to the Corporation's interest, the director shall submit a proposal for removing the non-competing limitations to the representatives appointed by the directors and corporate directors for approval during the shareholders' meeting as regulated in Article 209 of the Company Act.

III. Contents of removing directors' Non-Competing Limitations on the corporation's new directors, attached in the Meeting Agenda, page 34, **【Attachment 8】**.

IV. For your voting.

Resolution:

Extempore Motions:

Adjournment

【Attachment 1】 2020 Business Report

I. 2020 Business Report

(I) Implementation Results of Business Plans

The Corporation has been dedicated to assisting clients in the introduction and application integration of 3D Painting software systems, providing middle-to-high level CAX/CAM software application solutions and technical consultation to our clients. In recent years, in order to correspond to market changes, we expanded new high-level application opportunities continuously and developed agency service for new products, as we assisted customers in introducing mixed reality and mobile data processes to drive digital transformation of customers. As a result, despite the outbreak of the pandemic in 2020, operating income and profit in 2020 could still maintain a satisfactory performance.

1. The Corporation's Operation results and sales condition of primary products are shown in the table below:

(1) Operation result comparison:

The corporation's 2020 operating revenue is NTD 1,129,672,000, which decreased by NTD 75,703,000, 6.28% from last year; operating margin is NTD 437,977,000, which decreased by 113,000, 0.03% from last year, and net income is NTD 136,279,000, which decreased by 6,723,000, 4.7% from last year.

Otsuka Consolidated Financial Statement

Unit: NTD thousands

Year	2019		2020		Gain/Loss	
	Amount	%	Amount	%	Amount	%
Operating Revenue	1,205,375	100.00	1,129,672	100.00%	-75,703	-6.28%
Gross Profit	438,090	36.34	437,977	38.77%	-113	-0.03%
Operating Expenses	263,912	21.89	275,422	24.38%	11,510	4.36%
Operating Income	174,178	14.45	162,555	14.39%	-11,623	-6.67%
Income before Tax	176,815	14.67	164,591	14.57%	-12,224	-6.91%
Net Income	143,002	11.86	136,279	12.06%	-6,723	-4.70%

(2) Financial Receipts and Expenditure (Structure) and Profitability Analysis

Item		2019	2020	Difference	
Financial Structure	Debt to Assets Ratio	28.08	23.70	-4.38	
	Long-term Funds to Fixed Assets Ratio	2,623.10	2,759.46	136.36	
Debt Paying Ability	Current Ratio	361.53	423.27	61.74	
	Quick Ratio	319.28	375.96	56.68	
Profitability	Return on Assets (%)	17.07	14.85	-2.22	
	Shareholders' Return on Equity (%)	23.05	19.96	-3.09	
	Profit before Tax to Capital Stock (%)	Operating Profit	101.88	95.08	-6.80
		Net Profit Before Tax	103.42	96.27	-7.15
	Net Profit Ratio (%)	11.86	12.06	0.20	
Earnings per Share(NTD)	8.37	8.00	-0.37		

(3) Conditions of Research and Development

The Corporation's R&D expense and proportion to each year's operating net operating revenue in the recent three years are shown in the following table:

Unit: NTD thousands ; %

Item and Year	2018	2019	2020
R&D Expense(A)	7,023	6,232	7,715
Net Operating Revenue(B)	923,668	1,205,375	1,129,672
(A)/(B)	0.76%	0.52%	0.68%

Besides cooperation on certain large projects, adding new features as expected by our clients, and leading clients through digital transformation via the integration of AR/VR virtual reality, substantially enhancing their 3D design effects, the Corporation's R&D department is, in 2020, dedicated to internal system integration with a view to facilitate overall business management effectiveness.

II. 2021 Business Plan Abstract:

(I) Guideline for management

1. Maintaining long-term relationships with clients, and trailblazing new business opportunities:

The corporation is entering its 25th year on the management of Taiwanese computer-aided design software market, and service is the core of maintaining the relationships between our clients and us. This year, the client management system development will be fortified through big data analysis and systematic management of customer problem solutions, etc. We wish to review and discover our clients' changing needs and continuously heighten the coverage rate of repurchases by our existing clients. In addition, the Corporation will have further promotions on client value service, providing differentiated services and solutions such as online technical counseling, professional introduction courses and value-added toolkits, etc., with an objective to segment our brands from our competitors. We believe that through a stable, long-term and systematic management, we can experience overall competitive edge facilitation.

2. Providing complete product line technical integration

(1) The corporation has the dealership for the entire Autodesk product line, including manufacturing, construction and Autodesk Media & Entertainment (M&E), and will establish a complete technical incubation and service team. Also, the Corporation has experiences in introductions of all types of projects and has accumulated rich technical consultation and system planning experiences; therefore, with the support from complete product line planning, we will provide more effective solutions to clients for their satisfaction.

(2) The Corporation's innovative business department is involved in the sale of PTC's advanced level 3D CAD software CREO. This product is the system with extraordinarily extensive use among Taiwanese computer manufacturers, containing extraordinary features of strong advanced surface design, structural static analysis, etc. Moreover, the parametric 3D CAD/CAM design platform and integrated solution feature demonstrates sublime performance, showing more powerful functions, flexibility and efficiency. Also, as the Corporation is equipped with solid industry guidance experiences and serves as an agent providing Windchill product life cycle management system, we are able to facilitate the internal collaboration efficiency between the departments of our clients. Under the development orientation for intelligence industry nowadays, in addition, the brand-new IoT technology allows businesses to capture and utilize relevant information on effectiveness during the operation of their products, and significantly raise the quality of existing and future products. We believe that through the technical edge gained by our ownership of

PDM technology, the raising of our product line's profitability is certain and we can seal our position in the market.

(3) We provide consultative Total Solutions package and enhanced ability for multi-brand maintenance services. We continue to provide domestic clients CAD software integration with diverse application, information security protection, virtual reality and augmented reality market expansion, and by integrating the development technology of computer graphics, computer simulation, artificial intelligence, sensing, display and network parallel processing, we provide clients with computer technology-assisted high-tech simulation systems and internal management paperless process consultant introduction, making our way forward versatile.

3. Integration of the internal management process:

With the trend of digitization, the Corporation's management process shall be more prompt and equipped with data analysis features. The Corporation has established a portal in 2019 that assists supervisors of business development departments, technical departments and responsibility centers to obtain access to clients' case status, service progress and sales performance while managing ongoing cases, making the Corporation's management information process smoother. In 2021, we plan to introduce an automation module of the enterprise's internal expense process with the vision of effectively improve accounting system posting efficiency.

(II) Expected sales amount and its accordance

On basis of the changes to domestic and overseas circumstances and industry development trend, a 5% growth in sales of the Corporation in 2021 is expected.

(III) Important selling and promotion strategies

1. Enhance internal information system to integrate client needs, deliver business opportunities, and actively enhance organizational response and service network efficiency, while developing core technologies to meet industry development requirements on the technical side.

2. In response to the rapid changes in the business environment of the industry, rapid growth was driven in emerging application markets such as mobile apps, cloud computing, and artificial intelligence, plus, companies are moving towards smart development or actively carrying out digital transformations, which allows manufacturers to build an automated equipment of high flexibility, fast sample change and introduction of intelligent robot system technology, and furthermore attain flexible manufacturing needs with quick line change. We will actively engage in client proposals with high potential on automation introduction and provide complete system solutions.

3. In addition, our business department continues to gain an in-depth understanding on the needs of existing clients and large target clients, and actively keeps abreast of the pulse and development of products from the original manufacturers, performing a more active and effective business drive through more comprehensive product services. Furthermore, we will maintain a concrete introduction of our product lines with value-adding synergy and increase width and depth of product lines.

4. Innovation is the motility to an enterprise's development. As VR/MR(Mixed Reality) and 3D sensing elements are surging in production, and the pandemic era has changed consumption habits and led to the digital transformation of remote zero-contact interfaces, many applications including hardware, service and contents are benefitting from such; therefore, we actively cultivate professional marketing staff and new-generation technical support consultants to provide a complete and integrated sales model and client service, to facilitate consultative selling ability and cultivate management trainees, to pass on the Corporation's technical ability, and furthermore enhance the Corporation's competitive edge and overall coherence.

(IV) Future development strategies

1. Provide integrated business systems via professional service

CAD and video call software technology is widely applied to personal computers, smart handheld devices, digital TVs, AR and VR. 3D image display smoothness and control precision and user-friendliness determine the competitiveness of a single CAD software. The Corporation, by cooperating with complete and diverse solutions platforms and actively cultivating certified engineers, performs Total Solution services to drive sales as the significant management strategy and establishes a close and reciprocal partnership to make a win-win situation among the Corporation, manufacturers and sales force.

2. As the manufacturing industry has, in recent years, faced rapid changes in the international market and a strong challenge from the Chinese supply chain, enhancement in finishing efficiency operation model shall be made to maintain competitiveness and raise the added value, therefore, the Corporation started off from hastening the pace of client product development, offering versatile manufacturing industry solutions and technical support, assisting clients in the new product's research and development and acceleration of product launch efficiency, and with all efforts expanding business domains to operations and development of different franchised product lines to navigate Taiwan toward the goal of intelligent manufacturing.

3. Future R&D orientation:

(1) Due to the sales strategy change of the original manufacturer Autodesk and PTC to the subscription model, Otsuka must gradually build its own solution to raise competitiveness. Currently, the Corporation has developed relevant toolkits and optimized systems for Autodesk Manufacturing Solutions, Moldflow and PTC Creo to strengthen the utility of original products.

(2) Subscription model is the trend of future product authorization. The initial stage of the transformation will cause authorization assignment problems for system administrators. In this transitional period, Otsuka will provide clients with effective and legal tools for managing subscription accounts, so that clients will maintain their support for the original product.

(3) Cloud service is the trend of future development. Leveraging the fast computing function of the cloud platform and integrating the collaborative design environment, product development efficiency can be comprehensively enhanced. Otsuka will combine the CAD/CAM/CAE technology accumulated over the years with the resources on the cloud platform to create a unique cloud solution.

(V) Effects of the external competitive environment, laws & regulations and overall operating environment

1. Effects of the external competitive environment

As the challenges of the US-China trade war, the impact of the pandemic, and the high variety and short manufacturing cycle of products are impending, the Corporation has prepared itself in providing solutions of professional CAD software to manufacturing, construction, multimedia, etc. With the ability to propose and perform high-level integration, digital security management and research and development in data management system, the Corporation is a professional technical CAD software distributor oriented toward broadening future intelligent automation technology. The Corporation is an agency of core technology products with high competitiveness, together with a strong sales consultation service group. We facilitate clients' product specifications and adherence to technical services to create a distinction from our competitors while gaining higher profit margins.

2. Effects of laws and regulations

Significant domestic or overseas laws and regulation changes include revision of the IFRS, which didn't cause major impacts to the Corporation's finance, and as the government's laws on the operation of a company became stricter, the Corporation will pay constant attention and propose a revision on relevant internal procedures and measurements, promptly convening discussion meetings with accountants and attorneys at law when necessary in order to minimize the potential impacts.

3.Effects of the overall operating environment

The research report of TIER indicated that the world economic performance in 2021 will show improvement from 2020. For example, the IMF predicts that the global gross domestic product (GDP) will increase by 5.5% in 2021. When faced with domestic and overseas economic environment changes, the Corporation will strive to facilitate technical integration, quality and R&D of technology to raise client satisfaction and profitability. For internal efficiency, the Corporation will also perform systematic analysis and process control on sales data via internal operation process integration with a view to enable business departments to keep abreast of client needs and for colleagues and the technical department to be on top of controlling important production and sales information including client project progress, while raising client satisfaction .

(VI) Prospects

The outlook of the world economy in 2021 is more positive than that of 2020. According to the latest prediction as announced by Chung-Hua Institution Economic Research in December 2020, the domestic economy growth rate is 3.73%. The Corporation, as the CAD/CAM leader in the Taiwanese market, holds the must-have in-depth service to facilitate product value and spirits, striding towards the goal of expanding technical edge, continuous market share expansion. This year, in response to the market competitions and the ever-innovating digital services, the Corporation will face challenges with a more cautious attitude to ensure the sustainable growth and development of Otsuka Information.

We would like to show our appreciation to the endeavors by our employees in the previous year and the support and trust for a long period of time, which contributed the stable growth in the Corporation's profit in 2020. Since founded, we have persisted in the idea that only through consistent and pragmatic management style and financial structure will we be dauntless in facing challenges, expecting to continuously create higher values for all shareholders with the support of every shareholder and director as well as the efforts by our staff. As for the distribution of the 2020 retained earnings, all are pursuant to the Corporation's long-term and stable dividend policies, and we anticipate creating a rosier business prospect for our clients and all shareholders.

Chairman: Hironobu Tsurumi

General Manager: GUO, Yi Long

Manager of Accounting: FU, Kai Li

【Attachment 2】 Audit Committee’s Review Report

**Otsuka Information Technology Corp.
Audit Committee’s Review Report**

Approved

The Board of Directors hereby submits tabulations of the Corporation’s 2020 separate financial statement and consolidated financial statement and business report and earnings distribution audited and attested by independent certified public accountants Ms. Wu, Mei Ping and Mr. Fu, Hung Wen of KPMG. All tabulations have been reviewed by the Audit Committee and all are produced in compliance with the relevant laws, therefore this report is prescribed in accordance with Article 219 of the Company Act. For your approval.

Hereby presented to

The Corporation’s 2021 Annual Shareholders’ Meeting

Audit Committee’s Convener : LIN, Hui Fen

March 22th, 2021

【Attachment 3】 Audit Report of Independent Accountants and 2020 Consolidated Financial Statements



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of OTSUKA INFORMATION TECHNOLOGY CORP.:

Opinion

We have audited the consolidated financial statements of OTSUKA INFORMATION TECHNOLOGY CORP. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, 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 at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2020 and 2019 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"), interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

Please refer to Note 4(h) "Inventories", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(d) "Inventories" of the consolidated financial statements.



Description of key audit matter:

The Group's inventories are measured at the lower of cost and net realizable value. Due to the rapid transformation of technology, the products may be out of date in the market, and there is a risk that the cost of the inventory would be higher than its net realizable value. The condition of inventories to be sold will influence the result of evaluation, so consistent attention are required. In addition, the inventories are the significant account in the consolidated financial statement. Therefore, evaluation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the policies of evaluating the allowance and obsolescence of the inventories of the Group and inspecting whether existing inventory policies are applied; sampling the individual inventory items and examining the sources of the net realizable value of the samples to access whether the net realizable value are reasonable; examining the accuracy of aging of inventories by sampling and analyzing the changes of the aging of inventories; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate.

2. Impairment of accounts receivable

Please refer to Note 4(g) "Financial Instruments", Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(c) "Notes and accounts receivable" of the consolidated financial statements.

Description of key audit matter:

The Group's accounts receivable are derived from sales of software and rendering of service, the balance constitutes 22% of the consolidated assets as of December 31, 2020. Due to the payment terms of the major customers are long and the receivables are not collected totally up to the date of the auditors' report. The recoverability of accounts receivable requires subjective judgments of the management. Therefore, impairment assessment of receivables is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing internal control process of accounts receivable; understanding the policies of evaluating the allowance of accounts receivable of the Group, and inspecting whether existing receivables policies are applied; asking the management whether there are any debtors with financial difficulties, and examining the accuracy of aging of receivables by sampling; inspecting the reasonableness of impairment loss of receivables recognized by the management in the past, and compare it to the current year to ensure that the measurements and assumptions are appropriate; inspecting collection of receivables in the subsequent period to assess the reasonability of impairment loss measurement.

Other Matter

Otsuka Information Technology Corp. has 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, 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.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 auditor's 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 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 Mei-Pin Wu and Hung-Wen Fu.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2021

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OJSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%
	Amount	%	Amount	%
Assets				
Current assets:				
1100 Cash and cash equivalents (note 6(i))	\$ 508,979	55	409,516	44
1137 Financial assets at amortized cost— current (note 6(b))	-	-	10,000	1
1170 Notes and accounts receivable, net (notes 6(c), (m) and 7)	203,900	22	281,280	31
1300 Inventories (note 6(d))	86,986	10	89,850	10
1410 Prepaid expense and other current assets (notes 6(c) and (e))	2,719	-	2,888	-
	<u>802,584</u>	<u>87</u>	<u>793,534</u>	<u>86</u>
Non-current assets:				
1535 Financial assets at amortized cost— non-current (note 6(b))	20,000	2	20,000	2
1600 Property, plant and equipment (note 6(f))	25,527	3	25,216	3
1755 Right-of-use assets (note 6(g))	35,977	4	42,641	5
1990 Other non-current assets (notes 6(a), (c), (i), (m) and 8)	39,083	4	38,261	4
	<u>120,587</u>	<u>13</u>	<u>126,118</u>	<u>14</u>
	<u>\$ 923,171</u>	<u>100</u>	<u>919,652</u>	<u>100</u>
Total assets				
	<u>\$ 923,171</u>	<u>100</u>	<u>919,652</u>	<u>100</u>
Liabilities and Equity				
Current liabilities:				
Accounts payable	2170		2170	
Salaries payable	2201		2201	
Accrued expenses and other payable	2200		2200	
Current lease liabilities (note 6(h))	2280		2280	
Other current liabilities	2300		2300	
	<u>189,614</u>	<u>21</u>	<u>219,493</u>	<u>24</u>
	<u>\$ 77,892</u>	<u>9</u>	<u>97,189</u>	<u>10</u>
	<u>49,664</u>	<u>5</u>	<u>48,967</u>	<u>5</u>
	<u>37,553</u>	<u>4</u>	<u>53,236</u>	<u>6</u>
	<u>16,218</u>	<u>2</u>	<u>14,500</u>	<u>2</u>
	<u>8,287</u>	<u>1</u>	<u>5,601</u>	<u>1</u>
	<u>218,764</u>	<u>24</u>	<u>258,210</u>	<u>28</u>
Non-current liabilities:				
Deferred tax liabilities (note 6(j))	6,143	1	4,651	-
Non-current lease liabilities (note 6(h))	20,002	2	28,628	3
Net defined benefit liability (note 6(i))	3,005	-	5,438	1
	<u>29,150</u>	<u>3</u>	<u>38,717</u>	<u>4</u>
	<u>218,764</u>	<u>24</u>	<u>258,210</u>	<u>28</u>
Equity attributable to owners of parent:				
Ordinary shares (note 6(k))	3100		170,970	19
Capital surplus (note 6(k))	3200		68,813	7
Legal reserve (note 6(k))	3310		80,470	9
Special reserve (note 6(k))	3320		10,930	1
Unappropriated retained earnings (note 6(k))	3350		369,011	40
Exchange differences on translation of foreign financial statements	3410		(10,956)	(1)
	<u>703,551</u>	<u>76</u>	<u>660,066</u>	<u>72</u>
Total equity attributable to owners of parent:	<u>703,551</u>	<u>76</u>	<u>660,066</u>	<u>72</u>
Non-controlling interests	36XX		856	-
	<u>704,407</u>	<u>76</u>	<u>661,442</u>	<u>72</u>
Total liabilities and equity	<u>\$ 923,171</u>	<u>100</u>	<u>919,652</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. 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	%
4000	Operating revenue (notes 6(m) and 7)	\$ 1,129,672	100	1,205,375	100
5000	Operating costs (note 6(d))	691,695	61	767,285	64
	Gross profit	<u>437,977</u>	<u>39</u>	<u>438,090</u>	<u>36</u>
	Operating expenses: (notes 6(c), (h), (i), (n) and 12)				
6100	Selling expenses	227,065	20	215,193	18
6200	Administrative expenses	41,417	3	40,710	3
6300	Research and development expenses	7,715	1	6,232	1
6450	Expected credit loss (reversal of expected credit loss)	(775)	-	1,777	-
	Total operating expenses	<u>275,422</u>	<u>24</u>	<u>263,912</u>	<u>22</u>
	Net operating income	<u>162,555</u>	<u>15</u>	<u>174,178</u>	<u>14</u>
	Non-operating income and expenses:				
7100	Interest income	1,569	-	1,805	1
7020	Other gains and losses (note 6 (o))	1,253	-	1,637	-
7510	Interest expense (note 6(h))	(786)	-	(805)	-
	Total non-operating income and expenses	<u>2,036</u>	<u>-</u>	<u>2,637</u>	<u>1</u>
	Profit before tax	164,591	15	176,815	15
7950	Less: Income tax expenses (note 6(j))	28,312	3	33,813	3
	Profit	<u>136,279</u>	<u>12</u>	<u>143,002</u>	<u>12</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (note 6(i))	746	-	(7,525)	(1)
8349	Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
		<u>746</u>	<u>-</u>	<u>(7,525)</u>	<u>(1)</u>
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign operation's financial statements	(32)	-	(4,711)	-
8399	Income tax related to items that will be reclassified to profit or loss (note 6(j))	6	-	943	-
		<u>(26)</u>	<u>-</u>	<u>(3,768)</u>	<u>-</u>
8300	Other comprehensive income	<u>720</u>	<u>-</u>	<u>(11,293)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 136,999</u>	<u>12</u>	<u>131,709</u>	<u>11</u>
	Profit attributable to:				
8610	Owners of parent	\$ 136,799	12	143,126	12
8620	Non-controlling interest	(520)	-	(124)	-
		<u>\$ 136,279</u>	<u>12</u>	<u>143,002</u>	<u>12</u>
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 137,519	12	131,833	11
8720	Non-controlling interest	(520)	-	(124)	-
		<u>\$ 136,999</u>	<u>12</u>	<u>131,709</u>	<u>11</u>
	Earnings per share (NT dollars) (note 6(l))				
	Basic earnings per share	<u>\$ 8.00</u>		<u>8.37</u>	
	Diluted earnings per share	<u>\$ 7.94</u>		<u>8.31</u>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. 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 equity attributable to owners of parent	Non-controlling interests	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity attributable to parent			
Balance at January 1, 2019	\$ 170,970	68,813	73,045	5,031	268,827	(7,162)	579,524	-	579,524	
Profit	-	-	-	-	143,126	-	143,126	(124)	143,002	
Other comprehensive income	-	-	-	-	(7,525)	(3,768)	(11,293)	-	(11,293)	
Comprehensive income	-	-	-	-	135,601	(3,768)	131,833	(124)	131,709	
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	7,425	-	(7,425)	-	-	-	-	
Special reserve	-	-	-	2,131	(2,131)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(51,291)	-	(51,291)	-	(51,291)	
Changes in non-controlling interests	-	-	-	-	-	-	-	1,500	1,500	
Balance at December 31, 2019	170,970	68,813	80,470	7,162	343,581	(10,930)	660,066	1,376	661,442	
Profit	-	-	-	-	136,799	-	136,799	(520)	136,279	
Other comprehensive income	-	-	-	-	746	(26)	720	-	720	
Total comprehensive income	-	-	-	-	137,545	(26)	137,519	(520)	136,999	
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	14,313	-	(14,313)	-	-	-	-	
Special reserve appropriated	-	-	-	3,768	(3,768)	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(94,034)	-	(94,034)	-	(94,034)	
Balance at December 31, 2020	\$ 170,970	68,813	94,783	10,930	369,011	(10,956)	703,551	856	704,407	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
Cash flows from (used in) operating activities:		
Profit before tax	\$ 164,591	176,815
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	24,882	19,665
Losses on inventory valuation and obsolete inventories	2,901	5,495
Expected credit loss (Reversal of expected credit loss)	(775)	1,777
Interest income	(1,569)	(1,805)
Interest expense	786	805
Loss on disposal of property, plant and equipment	24	9
Total adjustments to reconcile profit	<u>26,249</u>	<u>25,946</u>
Changes in operating assets and liabilities:		
Accounts receivable	77,740	1,960
Other receivables	100	343
Inventories	(31)	(45,431)
Prepaid expenses and other current assets	(14)	(207)
Notes and accounts payable	(19,297)	(9,388)
Salaries payable	697	7,251
Accrued expenses and other payables	(2,418)	8,565
Other current liabilities	2,686	902
Others	(1,687)	(1,616)
Total adjustments	<u>84,025</u>	<u>(11,675)</u>
Cash inflow generated from operations	248,616	165,140
Interest received	1,752	1,559
Interest paid	(786)	(805)
Income taxes paid	(39,071)	(14,798)
Net cash flows from operating activities	<u>210,511</u>	<u>151,096</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(20,000)
Repayments at maturity of financial assets at amortized cost	10,000	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,698
Acquisition of property, plant and equipment	(4,384)	(5,752)
Proceeds from disposal of property, plant and equipment	22	28
Acquisition of unamortized assets	(4,691)	(11,732)
Increase in refundable deposits	(1,956)	(6,839)
Acquisition of right-of-use assets	(481)	(437)
Net cash flows used in investing activities	<u>(1,490)</u>	<u>(40,034)</u>
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(15,479)	(11,847)
Cash dividends	(94,034)	(51,291)
Change in non-controlling interests	-	1,500
Net cash flows used in financing activities	<u>(109,513)</u>	<u>(61,638)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(45)</u>	<u>(5,247)</u>
Net increase in cash and cash equivalents	99,463	44,177
Cash and cash equivalents at beginning of year	409,516	365,339
Cash and cash equivalents at end of year	<u>\$ 508,979</u>	<u>409,516</u>



安侯建業聯合會計師事務所

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Independent Auditors' Report

To the Board of Directors of OTSUKA INFORMATION TECHNOLOGY CORP.:

Opinion

We have audited the parent company only financial statements of OTSUKA INFORMATION TECHNOLOGY CORP. ("the Company"), which comprise the parent company only balance sheets as of December 31, 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2020 and 2019, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and 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 Parent Company Only 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 parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In our professional judgments, key audit matters to be communicated in the independent auditors' report are listed below:

1. Evaluation of inventories

Please refer to Note 4(g) "Inventories", Note 5(b) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(d) "Inventories" of the parent company only financial statements.



Description of key audit matter:

The Company's inventories are measured at the lower of cost and net realizable value. Due to the rapid transformation of technology, the products may be out of date in the market and there is a risk that the cost of the inventory would be higher than its net realizable value. The condition of inventories to be sold will influence the result of evaluation so consistent attention are required. In addition, the inventories are the significant account in the parent company only financial statement. Therefore, evaluation of inventories is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: understanding the policies of evaluating the allowance and obsolescence of the inventories of the Company and inspecting whether existing inventory policies are applied; sampling the individual inventory items and examining the sources of the net realizable value of the samples to access whether the net realizable value are reasonable; examining the accuracy of aging of inventories by sampling and analyzing the changes of the aging of inventories; inspecting the reasonableness for allowance provided on inventory valuation in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate.

2. Impairment of accounts receivable

Please refer to Note 4(f) "Financial Instruments", Note 5(a) "Significant accounting assumptions and judgments, and major sources of estimation uncertainty", and Note 6(c) "Notes and accounts receivable" of the parent company only financial statements.

Description of key audit matter:

The Company's accounts receivable are derived from sales of software and rendering of service, the balance constitutes 21% of the assets as of December 31, 2020. Due to the payment terms of the major customers are long and the receivables are not collected totally up to the date of the auditors' report. The recoverability of accounts receivable requires subjective judgments of the management. Therefore, impairment assessment of receivables is one of the key audit matters for our audit.

How the matter was addressed in our audit:

Our principal audit procedures included: testing internal control process of accounts receivable; understanding the policies of evaluating the allowance of accounts receivable of the Company and inspecting whether existing receivables policies are applied; asking the management whether there are any debtors with financial difficulties and examining the accuracy of aging of receivables by sampling; inspecting the reasonableness of impairment loss of receivables recognized by the management in the past and compare it to the current year to ensure that the measurements and assumptions are appropriate; inspecting collection of receivables in the subsequent period to assess the reasonability of impairment loss measurement.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only 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 parent company only 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 parent company only 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 auditor's 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 investments in other entities accounted for using the equity method to express an opinion on this parent company only 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 parent company only 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 Mei-Pin Wu and Hung-Wen Fu.

KPMG

Taipei, Taiwan (Republic of China)
March 22, 2021

(English Translation of Parent Company Only; Financial Statements Originally Issued in Chinese)
 OTSUKA INFORMATION TECHNOLOGY CORP.

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	%
Assets								
Current assets:								
1100 Cash and cash equivalents (note 6(a))	\$ 357,032	40	298,646	34	2170	Accounts payable	\$ 66,649	8
1137 Financial assets at amortized cost—current (note 6(b))	-	-	10,000	1	2201	Salaries payable	46,633	5
1170 Notes and accounts receivable, net (notes 6(c), (o) and 7)	186,584	21	250,311	28	2200	Accrued expenses and other payables	35,337	4
1300 Inventories (note 6(d))	77,636	9	84,257	9	2280	Current lease liabilities (note 6(i))	12,949	1
1410 Prepaid expense and other current assets (notes 6(c), (e) and 7)	5,335	-	1,521	-	2300	Other current liabilities	7,694	1
	<u>626,587</u>	<u>70</u>	<u>644,735</u>	<u>72</u>			<u>169,262</u>	<u>19</u>
Non-current assets:								
1535 Financial assets at amortized cost—non-current (note 6(b))	20,000	2	20,000	2	2570	Deferred tax liabilities (note 6(l))	6,143	1
1550 Investments accounted for using equity method, net (note 6(f))	176,121	20	146,147	16	2580	Non-current lease liabilities (note 6(i))	17,389	2
1600 Property, plant and equipment (notes 6(g) and 7)	22,830	2	22,914	3	2640	Net defined benefit liability (note 6(k))	3,005	-
1755 Right-of-use assets (note 6(h))	29,643	3	33,745	4			<u>26,537</u>	<u>3</u>
1900 Other non-current assets (notes 6(o), (c), (l), (o), 7 and 8)	24,169	3	22,653	3			<u>195,799</u>	<u>22</u>
	<u>272,763</u>	<u>30</u>	<u>245,459</u>	<u>28</u>				
Total assets	<u>\$ 899,350</u>	<u>100</u>	<u>890,194</u>	<u>100</u>				
Liabilities and Equity								
Current liabilities:								
Ordinary shares (note 6(m))	3100					Ordinary shares (note 6(m))	170,970	19
Capital surplus (note 6(m))	3200					Capital surplus (note 6(m))	68,813	8
Legal reserve (note 6(m))	3310					Legal reserve (note 6(m))	94,783	10
Special reserve (note 6(m))	3320					Special reserve (note 6(m))	10,930	1
Unappropriated retained earnings (note 6(m))	3350					Unappropriated retained earnings (note 6(m))	369,011	41
Exchange differences on translation of foreign financial statements	3410					Exchange differences on translation of foreign financial statements	(10,956)	(1)
Total equity						Total equity	<u>703,551</u>	<u>78</u>
Total liabilities and equity	<u>\$ 899,350</u>	<u>100</u>	<u>890,194</u>	<u>100</u>		Total liabilities and equity	<u>\$ 899,350</u>	<u>100</u>

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP.

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	%
4000 Operating revenue (notes 6(o) and 7)	\$ 1,031,001	100	1,091,288	100
5000 Operating costs (notes 6(d) and 7)	<u>620,696</u>	<u>60</u>	<u>682,795</u>	<u>63</u>
Gross profit	<u>410,305</u>	<u>40</u>	<u>408,493</u>	<u>37</u>
Operating expenses: (notes 6(c), (i), (k), (p), 7 and 12)				
6100 Selling expenses	202,654	20	198,360	18
6200 Administrative expenses	37,263	3	36,190	3
6300 Research and development expenses	7,715	1	6,231	1
6450 Expected credit loss (reversal of expected credit loss)	<u>(868)</u>	<u>-</u>	<u>1,815</u>	<u>-</u>
Total operating expenses	<u>246,764</u>	<u>24</u>	<u>242,596</u>	<u>22</u>
Net operating income	<u>163,541</u>	<u>16</u>	<u>165,897</u>	<u>15</u>
Non-operating income and expenses:				
7100 Interest income (note 7)	1,368	-	1,573	-
7020 Other gains and losses (notes 6 (i), (j), (q) and 7)	486	-	73	-
7070 Share of profit of subsidiaries accounted for using equity method	6	-	9,211	1
7510 Interest expense (note 6(i))	<u>(650)</u>	<u>-</u>	<u>(745)</u>	<u>-</u>
Total non-operating income and expenses	<u>1,210</u>	<u>-</u>	<u>10,112</u>	<u>1</u>
Profit before tax	164,751	16	176,009	16
7950 Less: Income tax expenses (note 6(l))	<u>27,952</u>	<u>3</u>	<u>32,883</u>	<u>3</u>
Profit	<u>136,799</u>	<u>13</u>	<u>143,126</u>	<u>13</u>
8300 Other comprehensive income (loss):				
8310 Items that will not be reclassified to profit or loss				
8311 Remeasurements of defined benefit plans (note 6(k))	746	-	(7,525)	(1)
8349 Income tax related to items that will not be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>746</u>	<u>-</u>	<u>(7,525)</u>	<u>(1)</u>
8360 Items that may be reclassified to profit or loss				
8361 Exchange differences on translation of foreign operations's financial statements	(32)	-	(4,711)	-
8399 Income tax related to items that may be reclassified to profit or loss (note 6(l))	<u>6</u>	<u>-</u>	<u>943</u>	<u>-</u>
	<u>(26)</u>	<u>-</u>	<u>(3,768)</u>	<u>-</u>
8300 Other comprehensive income	<u>720</u>	<u>-</u>	<u>(11,293)</u>	<u>(1)</u>
8500 Total comprehensive income	<u>\$ 137,519</u>	<u>13</u>	<u>131,833</u>	<u>12</u>
Earnings per share (NT dollars) (note 6(n))				
Basic earnings per share	<u>\$ 8.00</u>		<u>8.37</u>	
Diluted earnings per share	<u>\$ 7.94</u>		<u>8.31</u>	

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP.

Statements of Changes in Equity

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

	Retained earnings				Exchange differences on translation of foreign financial statements	Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve		
Balance at January 1, 2019	\$ 170,970	68,813	73,045	5,031	(7,162)	579,524
Profit	-	-	-	-	-	143,126
Other comprehensive income	-	-	-	-	(3,768)	(11,293)
Comprehensive income	-	-	-	-	(3,768)	131,833
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	7,425	-	-	-
Special reserve	-	-	-	2,131	-	-
Cash dividends of ordinary share	-	-	-	-	-	(51,291)
Balance at December 31, 2019	170,970	68,813	80,470	7,162	(10,930)	660,066
Profit	-	-	-	-	-	136,799
Other comprehensive income	-	-	-	-	(26)	720
Comprehensive income	-	-	-	-	(26)	137,519
Appropriation and distribution of retained earnings:						
Legal reserve	-	-	14,313	-	-	-
Special reserve	-	-	-	3,768	-	-
Cash dividends of ordinary share	-	-	-	-	-	(94,034)
Balance at December 31, 2020	\$ 170,970	68,813	94,783	10,930	(10,956)	703,551

(English Translation of Parent Company Only Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP.

Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 164,751	176,009
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	18,330	16,614
Losses on inventory valuation and obsolete inventories	2,455	2,851
Expected credit loss (Reversal of expected credit loss)	(868)	1,815
Interest expense	650	745
Interest income	(1,368)	(1,573)
Share of profit of subsidiaries accounted for using equity method	(6)	(9,211)
Loss on disposal of property, plant and equipment	3	4
Gain on disposal of unamortised assets	(37)	-
Total adjustments to reconcile profit	<u>19,159</u>	<u>11,245</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable, including related parties	64,180	(629)
Other receivables, including related parties	(4,022)	343
Inventories	4,166	(42,175)
Prepaid expenses and other current assets	125	720
Accounts payable	(16,089)	(14,153)
Salaries payable	(396)	6,988
Accrued expenses and other payables	(2,632)	8,767
Other current liabilities	2,408	1,280
Others	(1,687)	(1,616)
Total adjustments	<u>65,212</u>	<u>(29,230)</u>
Cash inflow generated from operations	229,963	146,779
Interest received	1,551	1,327
Interest paid	(650)	(745)
Income taxes paid	(38,360)	(14,798)
Net cash flows from operating activities	<u>192,504</u>	<u>132,563</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	-	(20,000)
Repayments at maturity of financial assets at amortized cost	10,000	-
Proceeds from disposal of financial assets at fair value through profit or loss	-	4,698
Acquisition of investments accounted for using equity method	(30,000)	(13,500)
Acquisition of property, plant and equipment	(3,565)	(3,809)
Proceeds from disposal of property, plant and equipment	526	28
Acquisition of unamortized assets	(4,654)	(2,898)
Proceeds from disposal of unamortized assets	795	-
Increase in other non-current assets	(1,904)	(5,206)
Net cash flows used in investing activities	<u>(28,802)</u>	<u>(40,687)</u>
Cash flows from (used in) financing activities:		
Cash dividends	(94,034)	(51,291)
Payment of lease liabilities	(11,282)	(9,928)
Net cash flows used in financing activities	<u>(105,316)</u>	<u>(61,219)</u>
Net increase in cash and cash equivalents	58,386	30,657
Cash and cash equivalents at beginning of year	298,646	267,989
Cash and cash equivalents at end of year	<u>\$ 357,032</u>	<u>298,646</u>

【Attachment 4】 2020 Earnings Distribution Table

Otsuka Information Technology Corp. 2020 Earnings Distribution Table

Unit: NTD

Items	Amount	
	Subtotal	Total
Beginning Balance	231,466,338	
Add: Changes on Re-measurement of Defined Benefit Plans in Current Period	746,402	
Adjusted beginning balance		232,212,740
Add: 2020 Net Profit After Tax	136,798,763	
Current Distributable Earnings		369,011,503
Minus: Legal Reserve	13,679,876	
Minus: Special Reserve	25,628	
Distribution Item		
1.Shareholder's Dividend-Shares (NTD 0 per share)	0	
2.Shareholder's Dividend-Cash (NTD 5.2 per share)	88,904,400	
Undistributed Retained Earnings		266,401,599
Note: The cash dividends will be distributed to each shareholder based on shareholding percentages and be rounded down to the nearest dollar. The total number of odd shares for less than NTD 1 is transferred to other revenue of the Corporation.		

Chairman: Hironobu Tsurumi Manager: GUO, Yi Long Manager of Accounting: FU, Kai Li

【Attachment 5】 Comparison Table for Regulations Governing Election for Directors before and after amendment

Article	After the Revision	Before the Revision	Purpose
Article 7	(This Article has been deleted)	If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or juristic person shareholder, the name of the governmental organization or juristic person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.	<p>1. In accordance with updated regulations, and due to the Corporation's adoption of the candidate nomination system, it is no longer necessary to use the shareholder account number or ID number as the method to identify the candidate's identity, and relevant articles are deleted.</p> <p>2. Numbers of the remaining Articles adjusted in line with deletion of Article 7.</p>
Article 7 <u>8</u>	A ballot is invalid under any of the following circumstances : (Items 1 to 4 are not modified) 5・The candidate whose name entered in the ballot is verified to be inconsistent. 6・Other words or marks are entered in addition to the number of voting rights allotted.	A ballot is invalid under any of the following circumstances : (Items 1 to 4 are not amended and are omitted) 5・The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross check shows that the candidate's name and identity card number do not match. 6・Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted. 7・The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.	
Article 9 to Article 13	Article <u>8</u> to Article <u>12</u> (Paragraphs not amended are omitted)	Article 9 to Article 13 (Paragraphs not amended are omitted)	

【Attachment 6】 Comparison Table for Procedures for Loaning of Funds to Others before and after amendment

Article	After the Revision	Before the Revision	Purpose
Article 9	<p>Procedures for controlling and managing loans of funds to others by subsidiaries</p> <p>I. Where a subsidiary of the Corporation intends to make loans to others, the Corporation shall instruct it to formulate its Procedures for Loaning Funds to Others and perform loans accordingly; however, the net value available for loans is calculated based on the subsidiary's net value; <u>the procedures that require submission to the Board of Directors for resolutions in accordance with the processing guidelines may be replaced by submission to the parent company's Board of Directors for resolutions.</u></p> <p>(The following paragraph is omitted)</p>	<p>Procedures for controlling and managing loans of funds to others by subsidiaries</p> <p>I. Where a subsidiary of the Corporation intends to make loans to others, the Corporation shall instruct it to formulate its Procedures for Loaning Funds to Others and perform loans accordingly; however, the net value available for loans is calculated based on the subsidiary's net value.</p> <p>(The following paragraph is omitted)</p>	<p>Paragraphs regarding the authority of the parent company's Board of Directors are specified following relevant regulations and in cooperation with the Corporation's practical needs.</p>
Article 10	<p><u>The assessment of accounts receivable beyond the normal credit period is a disguised financing procedure</u></p> <p>I. <u>When the Corporation's money is in the following circumstances, it should be determined whether it belongs to a fund loan:</u></p> <p>1. <u>If the accounts receivable have not been recovered within 3 months after the normal credit period and the amount is significant, it shall be reviewed by the audit committee quarterly and the Board of Directors shall determine whether it belongs to a fund loan or not.</u></p> <p>2. <u>If legal actions have been taken or specific and feasible control measures have been taken to prove that the aforementioned overdue accounts are not intended to be loaned, it does not belong to a fund loan.</u></p> <p>3. <u>Accounts other than the company's accounts receivable, such as other receivables, prepayments, refundable deposits and other subjects that are large in amount or special in nature, which belongs to one of the following</u></p>	<p>(This Article is newly added)</p>	<p>Relevant procedures for the assessment of overdue accounts as a disguised financial service are revised following relevant regulations and in cooperation with the Corporation's practical needs.</p>

Article	After the Revision	Before the Revision	Purpose
	<p><u>situations: the payment amount is not specified by a contractual relationship, the payment amount is inconsistent with the obligations specified by the contract, or the reason for the payment disappeared, shall be handled in accordance with the above regulations if the payment has not been recovered after more than 3 months.</u></p> <p><u>4. The assessment of the significance of the aforementioned account shall be handled with reference to the procedures regarding division of rights and obligations.</u></p> <p><u>II. If the aforementioned payments are determined to be of the nature of fund loans, announcement shall be made in accordance with Article 21 and Article 22 of the processing guidelines from the date of the resolution of the Board of Directors. In addition, since the nature of these payments has been inconsistent with the original definition of accounting items, the accounting unit should switch to appropriate accounting items.</u></p>		
Article 11	(Numbers of the Article adjusted due to addition of new Article, content is not amended)		
Article 12	(Numbers of the Article adjusted due to addition of new Article, content is not amended)		
Article 13	(Numbers of the Article adjusted due to addition of new Article, content is not amended)		

【Attachment 7】 Lists of Candidates for Independent Directors

Role	Shareholder No. or National ID	Name	Education Background	Experiences	Shares Held	Reasons for Continuing to Nominate Independent Directors for Three Consecutive Terms
Independent Director	A1232xxxxx	Xie, Kun Feng	Master of Laws, University of Wisconsin Master of Laws, National Taiwan University	Director of CrownPro Attorneys-at-Law	0	No

【Attachment 8】 Contents of Proposal on Removing Director Candidates' Non-Competing Limitations

Role	Name of Director	Name of Competing Companies with Interlocking Directorate to the Corporation and Role
Director	Guo, Yi Long	1. Chairman and General Manager of UniLink Innovation Information Technology Corporation
Director	Hsu, Hui Ru	1. Director of UniLink Innovation Information Technology Corporation
Independent Director	Xie, Kun Feng	1. Director of CrownPro Attorneys-at-Law 2. Head of Guan Jie Consulting Co., Ltd. 3. Head of Shihong Co., Ltd. 4. Supervisor of RED Investment Partners Co., Ltd. 5. Supervisor of Reid Capital One Investment Co., Ltd. 6. Supervisor of Reid Capital II Investment Co., Ltd. 7. Lecturer of NTPU College of Public Affairs

【Appendix 1】 Articles of Incorporation

Otsuka Information Technology Corp. Articles of Incorporation

Chapter 1 General Provisions

- Article 1: The Corporation is incorporated in accordance with the regulations for Companies Limited by Shares in the Company Act and registered under the business name of Otsuka Information Technology Corp. °
- Article 2: The Corporation's scope of service is set out hereunder
- CC01080 Electronic Parts and Components Manufacturing.
 - CC01110 Computers and Computing Peripheral Equipment Manufacturing
 - F109070 Wholesale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
 - F118010 Wholesale of Computer Software
 - F119010 Wholesale of Electronic Materials
 - F199990 Other Wholesale Trade
 - F113050 Wholesale of Computing and Business Machinery Equipment
 - F209060 Retail sale of Stationery Articles, Musical Instruments and Educational Entertainment Articles
 - F213030 Retail sale of computing and Business Machinery Equipment
 - F218010 Retail Sale of Computer Software
 - F219010 Retail Sale of Electronic Materials
 - I199990 Other Consultancy Services
 - I301010 Software Design Services
 - I301020 Data Processing Services
 - I301030 Digital Information Supply Services
 - J304010 Book Publishers
 - JE01010 Rental and Leasing Business
 - E605010 Computing Equipment Installation Construction
 - I501010 Product Designing
 - F401010 International Trade
 - ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Corporation may provide guarantees after resolution from the Board.
- Article 4: The Corporation may make investments (re-investments) to other companies whose amount is not limited to 40 percent of the Corporation's paid-in capital as regulated in Article 13 of the Company Act after the resolution from the Board.
- Article 5: The Corporation has its head office in New Taipei City, and the Corporation may

establish branches, representative offices or factories in and out of this country after the resolution from the Board.

Article 6: Public announcements of the Corporation shall be made in accordance with the Company Act and other relevant laws and regulations.

Article 6-1: Where the Corporation intends to revoke public offering of the stock, a resolution from the Shareholders' meeting shall be gained, and this article remains unchanged during the emerging listing period.

Chapter 2 Shares

Article 7: The total amount of the Corporation's capital is NTD 300 million, which is further divided into 30 million shares, with the value per share at NTD 10, and the Board is authorized to issue shares in installments. A total of 2 million shares with a value of NTD 10 each and NTD 20 million in aggregate is preserved, which will be used for issuing stock option certificates, preferred shares with warrants or bond with warrants, and the Board is further authorized to issue them in installments thereof based on business needs.

Article 7-1: Where the shares of the Corporation are to be transferred to the employees at the price lower than the average upon actual buyback, a resolution shall be made at the most recent shareholder's meeting before transfer.

Article 7-2: Where the Corporation intends to issue employee stock option certificates at a price lower than the market price (Net Asset Value of Each Share), a resolution during the Shareholders' Meeting shall be made before issuance.

Article 7-3: Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive treasury stock bought back by the Corporation.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive share subscription warrant of the Corporation.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive reserved new shares issued by the Corporation.

Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive restricted stock for employees from the Corporation.

Article 8: The Corporation's shares are all nominal and shall be numbered and should be signed/stamped with seal by a director representing the Corporation as well as being attested to by a bank responsible for stock issuance certification before issuance.

For the shares to be issued by the Corporation, the Corporation may be exempted from printing any share certificate for the shares issued. However, the Corporation not

printing its share certificate shall register the issued shares with a centralized securities depository enterprise and follow the regulations of that enterprise.

Article 9: Where a shareholder requests assistance with share affairs from the Corporation, unless as otherwise stipulated in the regulations and securities articles, all shall be handled in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies”

Article 10: Shares shall not be transferred within 60 days prior to the convening of a regular shareholders’ meeting, or within 30 days prior to the convening date of a special shareholders’ meeting, or within 5 days prior to the target fixed by the issuing corporation for distribution of dividends, bonus or other benefits.

Chapter 3 Shareholders’ Meeting

Article 11: There are two types of shareholders’ meeting:

Regular meeting: convened within six months after the close of each fiscal year.

Special meeting: convened in accordance with the relevant laws and regulations when necessary.

Article 12: When a shareholder is unable to attend the shareholders’ meeting for whatever reason, that shareholder shall appoint a proxy to attend by offering company issued written proxies. The written proxies shall be delivered to the Corporation 5 days prior to the date of the shareholders’ meeting.

A shareholder may only execute one power of attorney and appoint one proxy. In case two or more written proxies are received from one shareholder, the first one received by the company shall prevail; unless an explicit statement to revoke the previous written proxy is made in the proxy which comes later. The attendance of a shareholder’s proxy shall be handled in accordance with Article 177 of the Company Act and rules by competent authorities.

Article 13: When a shareholders’ meeting is held, the Chairman of the Board shall act as the Chairman of the meeting. In case the Chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority for any cause, the Chairman shall designate one of the directors as proxy; in case the proxy is not designated, the directors shall elect from themselves an Acting Chairman of the Board; where the shareholders’ meeting is convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

Article 14: A shareholder, unless otherwise stipulated in Article 179 of the Company Act relating to the circumstances of certain shares as having no voting right, shall have one voting right in respect of each share in his/her/its possession.

Article 15: Resolutions adopted at a shareholders' meeting shall be recorded in the minutes of the meeting, and shall be handled in accordance with Article 183 of the Company Act.

Article 16: Resolutions of a shareholders' meeting, unless stipulated otherwise in relevant regulations, shall require an affirmative vote of the majority represented by the attending shareholders for the passage of a proposal.

Chapter 4 Directors and Audit Committee

Article 17: The Corporation shall appoint 7 to 10 people using the cumulative voting system with voting by shareholders meeting attendees with legal capacity, and the term of the director is three years and may be re-elected after the term. Should the revision for cumulative voting system be necessary, besides handling in accordance with Article 172 of the Company Act, matters shall be itemized in the causes or subjects to be described and the essential contents shall be explained.

The Corporation's director election adopts the candidate nomination system, and the shareholders shall elect the directors from among the nominees.

The aggregate shareholding by all directors of the Corporation shall be handled following the rules of the securities competent authorities.

In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the company has established an audit committee and the audit committee is responsible for the supervision of the company law, the securities exchange law and other laws and regulations. The audit committee is composed of all independent directors, with no less than three persons, one of whom is the convener, and the exercise of its powers and related matters shall be handled in accordance with relevant laws and regulations.

Article 17-1: In the aforementioned number of directors of the Corporation, the number of independent directors shall not be less than two persons but not more than one-fifth of the total number of directors. The professional knowledge, shareholding, part-time job restrictions, nominations, means of election as well as other relevant issues of independent directors should all be in accordance with the regulations of the competent authority on securities.

Article 18: When the number of vacancies in the board of directors of a company equals to one third of the total number of directors, the board of directors shall call a special meeting of shareholders to elect succeeding directors to fill the vacancies, and their term of office shall be extended until the time new directors have been elected and assumed their office.

Article 19: The board of directors is composed of all directors. The Chairman is elected by two-thirds of the directors present at the meeting and representing one-half or more of the number of directors present at the meeting. The board exercises the authority as chairperson of the shareholders' meeting and board of directors according to the laws and regulations, Articles of Incorporation and Resolutions made in the shareholders' meetings and the board of director meetings. Vice chairperson is elected using the same

method. When the Chairman of the Board is on leave or for any reason and unable to exercise the powers of the Chairman, the Vice-Chairman shall act as Chairman. In case there is no vice chairman, or the vice chairman is also on leave or absent or unable to exercise his power and authority for any cause, the chairman of the board of directors shall designate one of the managing directors, or where there is no managing directors, one of the directors to act on his behalf. In the absence of such a designation, the managing directors or the directors shall elect from among themselves an acting chairman of the board of directors.

Meetings of the board of directors shall be convened by the Chairman of the Board of Directors. In case the Chairman of the Board of Directors cannot convene the meeting for any cause, the order of proxy is handled as the preceding paragraph. The reason for convening of the Board of Directors shall be stated and the directors are notified of such seven days in advance, but may be convened at any time when there is an emergency. The above notice in respect of convening the meeting shall be done in writing, by electronic email, or by facsimile.

Article 20: Each director shall attend the meeting of the board of directors in person. However, in case a director cannot attend the meeting, except for the director who resides in a foreign country, the director may appoint another director to attend a meeting of the board of directors in his/her behalf, he/she shall, in each time, issue a written proxy and state therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may accept the appointment to act as the proxy referred to in the preceding Paragraph of one other director only. In case a meeting of the board of directors is held via visual communication network, then the directors taking part in such shall be deemed to have attended the meeting in person.

Article 21: A director shall have one voting power. The resolution of the board of directors, unless as otherwise set forth in the Company Act or this Articles of Incorporation, shall be attended by a majority of all the directors and be approved by a majority of the attending directors.

Article 22: The Board of Directors is authorized to determine the amount of compensation to be given to the directors of the Corporation based on the standard terms in the industry; In case the chairman, director or shareholder be concurrently an employee, the chairman is authorized by the shareholder's meeting to conduct in accordance with the Corporation's internal management measures. The board of directors may also determine the amount of transportation allowance based on the standard terms in the industry and liability insurance for the scope of the business involved for directors.

Chapter 5 Manager

Article 23: The Corporation may have more than one manager, whose appointment, discharge and compensation shall be handled in accordance with the Company Act.

Chapter 6 Accounting

Article 24: The fiscal year of the Corporation starts on the first day of January every year and ends on the thirty-first of December of the same year. The Corporation shall compile the following statements at the end of each fiscal year and submit to its shareholders for their ratification no later than 30 days from the date of the shareholders' meeting.

(I) The annual business report

(ii) The financial statements; and

(iii) The appropriation of profit and remedy in the event of loss proposal

Article 25: If there is a profit in the final accounts of the Corporation, a proportion no lower than 5 percent shall be reserved as employees' compensation, distributed as cash as resolved by the board. Qualification requirements of employees, including the employees of parent or subsidiaries of the Corporation who meet certain specific requirements, entitled to receive shares or cash in accordance with the provisions stipulated by the board; the Corporation may, based on the aforementioned profits, reserve a proportion no higher than 3 percent as compensation to the directors. However, if there's still losses, the amount to make up for the losses shall be made first before distributing the compensation in the ratio hereof.

The Corporation may, by a resolution adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation and compensation to the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The surplus of each company's final accounts, except for the completion of all taxes and compensation for past years' losses, should first allocate 10% of its balance to the statutory surplus reserve, but the statutory surplus reserve has reached the total amount of capital. And according to the provisions of Article 41 of the Securities Exchange Act, the special surplus reserve is proposed or revolved. If there is surplus and the accumulated undistributed surplus in the previous year, the board of directors prepares the surplus distribution case and submits it to the shareholders meeting for resolution.

The Corporation, following the provisions in Article 240, paragraph 5 of the Company Act, authorizes the distributable dividends and bonuses in whole or in part to be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Article 25-1: Allocation of dividends shall also take the Corporation's needs for future operation expansion into account, considering the Corporation's status on cash flow and operation surplus to enable a more flexible business operation and to strengthen competitiveness. Shareholders' bonus in the retained earnings allocation proposed by the Board of Directors shall not be lower than 20 percent of the value of the current net income deducting the legal reserve. In this dividend allocation, cash dividend shall not

be lower than 10 percent of the distributable dividend

Article 25-2: The Corporation, in accordance with Article 241 of the Company Act, distributes its legal reserve and the following capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. The distribution may be paid in cash after a resolution has been adopted by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Chapter 7 Supplementary Provisions

Article 26: Organization regulations and operational rules of the Corporation shall be set otherwise by the Board.

Article 27: Any unspecified matters in this Articles of Incorporation shall be dealt in accordance with the Company Act and relevant regulations.

Article 28: I. This Articles of Incorporation was drawn up on the twenty-fourth of July 1997.

II. First amendment was effected on the fifth of August 1998.

III. Second amendment was effected on the twenty-eighth of June 2000.

IV. Third amendment was effected on the fifteenth of November 2000.

V. Fourth amendment was effected on the tenth of December 2002.

VI. Fifth amendment was effected on the twenty-sixth of December 2006.

VII. Sixth amendment was effected on the thirtieth of March 2007.

VIII. Seventh amendment was effected on the twenty-ninth of May 2007

IX. Eighth amendment was effected on the twenty-ninth of October 2007.

X. Ninth amendment was effected on the twenty-seventh of June 2008.

XI. Tenth amendment was effected on the twenty-sixth of June 2009.

XII. Eleventh amendment was effected on the fourteenth of June 2010.

XIII. Twelfth amendment was effected on the twenty-fifth of June 2012.

XIV. Thirteenth amendment was effected on the twenty-third of June 2014.

XV. Fourteenth amendment was effected on the twenty-ninth of June 2016.

XVI. Fifteenth amendment was effected on the twenty-sixth of June 2017.

XVII. Sixteenth amendment was effected on the twenty-fourth of June 2019.

XVIII. Seventeenth amendment was effected on the twenty-second of June 2020.

Otsuka Information Technology Corp.

Chairman: Hironobu Tsurumi

【Appendix 2】 Rules and Procedures of Shareholders' Meeting

Otsuka Information Technology Corp.

Rules and Procedures of Shareholders' Meeting

- Article 1 The rules of procedures for this Corporation's shareholders' meeting, unless as otherwise provided by relevant laws or regulations, shall be as provided in these Rules.
- Article 2 This Corporation shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in. Total shares represented by shareholders is counted based on signatures on the attendance book or submitted sign-in cards, plus the shares performing voting rights in written and electronic form.
- Article 3 The attendance and vote for each shareholders' meeting shall be counted based on number of shares held.
- Article 4 The venue for the shareholders' meeting shall be within the premises of this Corporation or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.
- Article 5 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. Where the chairman of the board is on leave or for any reason and unable to exercise the powers of the chairman, the vice chairman shall act as chair. Where the Corporation has no managing director or the vice chairman of the board is on leave or for any reason and unable to exercise the powers of the chairman, the chairman shall appoint one managing director to act as chair; Where the Corporation does not have a managing director, the chairman shall appoint one managing director to act as chair. Where the chairman does not make a delegation, the managing directors or directors shall elect from among themselves to serve as chair. If the shareholders' meeting is convened by any other person having the convening right, he/she shall act as chairman.
- Article 6 The Corporation may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting. The staff handling administrative affairs of a shareholders' meeting shall wear identification cards badge or arm bands.
- Article 6-1 The Corporation shall prepare electronic versions of the shareholders meeting notice and proxy forms, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, or the election or dismissal of directors, and upload them to the Market Observation Post System (MOPS) 30 days before the date of a regular shareholders meeting or 15 days before the date of a special shareholders meeting. The Corporation shall prepare electronic versions of the shareholders meeting agenda and supplemental meeting materials and upload them to

the MOPS 21 days before the date of the regular shareholders meeting or 15 days before the date of the special shareholders meeting. In addition, 15 days before the date of the shareholders meeting, this Corporation shall also have prepared the shareholders meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Corporation and the professional shareholder services agent designated thereby as well as being distributed on-site at the meeting place.

Article 7 The Corporation shall make an uninterrupted audio and video recording of all meeting procedures. The recorded materials of the preceding paragraph shall be retained for at least 1 year.

Article 8 The chair shall call the meeting to commence at the appointed meeting time. However, when the attending shareholders does not represent the majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of more than 1 hour, may be made. If the quorum is not met after two postponements but the attending shareholders represent more than one third of the total number of issued shares, a tentative resolution may be adopted pursuant to Article 175, Paragraph 1 of the Company Act.

When, prior to the conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote during the shareholders' meeting pursuant to Article 174 of the Company Act.

Article 9 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders' meeting. The provisions of the preceding paragraph apply mutatis mutandis to a shareholders' meeting convened by a party with the power to convene that is not the board of directors. The Chair may not declare the meeting adjourned prior to completion of deliberation on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders' meeting.

Shareholders may not select a new chair and resume the meeting at the original or another venue.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

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 content of the speech does not correspond to the subject given on the speaker's slip, the spoken content 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 violation.

Article 11 Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chair may terminate the speech.

Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in 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.

Article 13 After an attending shareholder has spoken, the chair may respond in person or ask a direct relevant personnel to respond.

Article 14 When the chair is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of this Corporation.

The result of the vote shall be made known immediately and recorded in writing.

Article 16 When a meeting is in progress, the chair may announce a break based on time considerations.

Article 17 Except as otherwise provided in the Company Act and in this Corporation's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders.

Article 18 When there is an amendment or an alternative to a proposal, the chair shall decide the order in which they will be put to a vote.

When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Article 19 The chair may direct the proctors (or security personnel) to help maintain order at the meeting place. When proctors (or security personnel) help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."

Article 20 Any unspecified matters in these Rules shall be dealt in accordance with the Company Act and relevant regulations.

Article 21 These Rules, and any amendments hereto, shall be implemented after adoption by shareholders' meetings.

【Appendix 3】 Procedures for Election of Directors

Otsuka Information Technology Corp. Procedures for Election of Directors

- Article1 Election of directors of the Corporation is handled in accordance with the provisions in these Measures
- Article2 The cumulative voting method shall be used for election of the directors at the Corporation's shareholders' meeting. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article3 Elections of both directors at the Corporation shall be conducted in accordance with the candidate nomination system and procedures set out in Article 192-1 of the Company Act.
The elections for the Corporation's independent and non-independent directors shall also be held in accordance with the relevant provisions in these measures, with votes calculated separately in groups of directors and non-directors. The candidates with more votes are elected.
The number of directors will be as specified in the Corporation's Articles of Incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective number of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
A shareholder elected as director under the preceding paragraph shall decide which position to serve by him/herself, and the vacancies shall be substituted by the candidates with the second most number of votes in the original election.
- Article4 The election ballots is prepared by the Corporation and shall be numbered with shareholder account number or attendance card number along with number of voting rights
- Article5 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.
- Article6 The ballot boxes shall be prepared by the Board of Directors and publicly checked by the vote monitoring personnel before voting commences.
- Article 7 If a candidate is a shareholder, a voter must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot; for a non-shareholder, the voter shall enter the candidate's full name and identity card number. However, when the candidate is a governmental organization or

juristic-person shareholder, the name of the governmental organization or juristic-person shareholder shall be entered in the column for the candidate's account name in the ballot paper, or both the name of the governmental organization or juristic-person shareholder and the name of its representative may be entered. When there are multiple representatives, the names of each respective representative shall be entered.

Article8 A ballot is invalid under any of the following circumstances :

- 1 、 The ballot was not prepared by the Corporation.
- 2 、 A blank ballot is placed in the ballot box.
- 3 、 A ballot that is not placed in the ballot box.
- 4 、 The writing is unclear and indecipherable or has been altered.
- 5 、 The candidate whose name is entered in the ballot is a shareholder, but the candidate's account name and shareholder account number do not conform with those given in the shareholder register, or the candidate whose name is entered in the ballot is a non-shareholder, and a cross-check shows that the candidate's name and identity card number do not match.
- 6 、 Other words or marks are entered in addition to the candidate's account name or shareholder account number (or identity card number) and the number of voting rights allotted.
- 7 、 The name of the candidate entered in the ballot is identical to that of another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual.

Article9 The voting rights shall be calculated on the site after the end of the poll under the surveillance of the voting monitor, and the results of the calculation shall be announced by the chair on the site.

Article10 After public offering, if the candidates fail to meet the requirements set forth in Article 26-3 and 26-4, then his/her election as a director shall become invalid

Article11 The Corporation shall issue notifications to the persons elected as directors after the election in the shareholders' meeting.

Article12 Any unspecified matters in these Measures shall be dealt in accordance with the Company Act and relevant regulations.

Article12-1 When the number of directors falls below five due to the dismissal of a director for any reason, the Corporation shall hold a by-election to fill the vacancy at its next shareholders meeting.

Article13 These Measures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

【Appendix 4】 Procedures for Loaning of Funds to Others

Otsuka Information Technology Corp. Procedures for Loaning of Funds to Others

Article 1 Purpose

Where the Corporation needs to loan funds to other companies for business needs, the loans shall be handled in accordance with these Procedures. Where the matters unspecified in this Procedures are handled pursuant to the FSC's "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies".

Article 2 Borrower and the aggregate amount of loans and the maximum amount permitted to a single borrower

I. In accordance with the Company Act, unless otherwise under any of the following circumstances, the capital of the Corporation shall not be lent to any shareholders or any other person:

1. Where an inter-company or inter-firm business transaction calls for such lending arrangement: the "business dealings" as used in the preceding paragraph means the purchases or sales made between the Corporation and the company or business.
2. Where an inter-company or inter-firm short-term financing facility is necessary provided that the amount of such financing facility shall not exceed 20 percent of the amount of the net value of the Corporation (limitation not required as it is not regulated in the laws and regulations). The "lending amount" means to aggregate balance of the Corporation's short-term financing capitals, which shall not be more than 40 percent of the amount of the lending enterprise's net value. The term "short-term" as used in the preceding paragraph means one year, or one operating cycle (whichever is longer), in accordance with the previously issued interpretation letter from the Ministry of Economic Affairs.

II. The aggregate amount of loans and the maximum amount permitted to a single borrower

1. Where the loan of funds is provided to the company or business with whom the Corporation makes business dealings, the aggregate amount of loans shall not exceed 20 percent of the Corporation's net value; The amount of a single loan to the companies or businesses with whom the Corporation does business shall not be more than the amount of business dealings the company or business has with the Corporation. The business dealings here refer to the purchases or sales to the company or business made to the Corporation, whichever is higher.
2. Where an inter-company or inter-firm short-term financing facility is necessary, provided that such financing amount shall not exceed 20 percent of the Corporation's net value; the amount of a single loan to the companies or businesses with whom the Corporation does business shall not exceed 10 percent of the Corporation's net value

III. Where a foreign company in which the Corporation directly and indirectly holds 100 percent of the voting shares makes loans to the Corporation, the loan of funds is not limited by Section 2 of paragraph 1 and Section 2 of the preceding paragraph. However, between the aforementioned foreign companies, the aggregate of loans shall not be more than 100% of the Corporation's net value as shown in the most recent financial statement, the amount of a single loan shall not be more than 70% of the Corporation's net value, and the duration of the loan shall not exceed one year, or one operating cycle (whichever is longer) from the date of drawdown.

Article 3 Duration of loans and calculation of interest.

- I. The duration of the loan shall in principle not exceed one year, or one operating cycle (whichever is longer) from the date of drawdown.
- II. Calculation of the loan's interest is taken in days, which is the sum of the daily drawdown balance (i.e. cumulative sum) multiplied with the yearly rate and divided by 365. Yearly interest is in principle not lower than the Corporation's average interest rates of short-term loans made with the banks.
- III. Calculation and collection of the interest of the fund, unless otherwise regulated, is in principle once every month, with notice sent to the borrower one week before the interest payment date set forth.

Article 4 Review Procedure

I. Application Procedure

1. The borrower shall provide basic information and financial information, and submit an application form stating usage of funds, loan duration and amount of loan to the Corporation's financial department.
2. Where funds are loaned for reasons of business dealings, the handling personnel from the financial department of the Corporation shall evaluate whether the amount of a loan is commensurate to the total amount of trading between the two companies; where short-term financing is needed, the reasons for and conditions of extending loans shall be enumerated, and an extra credit assessment shall be performed. After the relevant information and proposed loan terms are reported the supervisor of the financial department, the reported items shall be submitted to the Board of Directors for resolution.
3. The financing between the Corporation and its subsidiary or the financing between the subsidiaries shall be loans of funds between the subsidiary and its parent company or subsidiaries, or between its subsidiaries, and it shall be submitted for a resolution by the Board of Directors pursuant to the preceding paragraph, and the chairperson may be authorized, for a specific borrowing counterparty, within 10 percent of the Corporation's net value, and within a period not to exceed one year, to give loans in installments or to make a revolving credit line available for the counterparty to draw down.
4. Where the Corporation has established the position of independent director, when it loans funds to others, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically

expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

II. Examination of Credit Status

1. For the borrower making a first time loan, the borrower shall offer basic information and financial information for credit status examination.
2. For the borrowers continuing the loans, the credit status check is in principle re-examined upon claim of continuing the loans. Should it be of material case, examinations once every half a year shall be conducted based on actual needs.
3. If the borrower is in good financial condition and the yearly financial statements whose financing certificate has been handled by an entrusted accountant, the borrower may use the examination report prepared in less than a year along with the certified report by an accountant from the same period as reference of loans.
4. When the Corporation performs credit status examination on the borrower, the impacts on the Corporation's management risks, financial status and shareholders' equity after making loans to the borrower shall also be evaluated.

III. Approval of Loans and Notice

1. If, after credit status examination and evaluation, the Board of Directors has reached a resolution not to grant the loan, the handling personnel shall sign and approve the reasons of denial to the borrower as soon as possible.
2. If, after credit status examination and evaluation, the Board of Directors has reached a resolution to grant the loan, the handling personnel shall, as soon as possible, notify the borrower in writing stating borrowing conditions of the Corporation including credit, expiration date, interest rate, collateral, guarantor, etc., and ask the borrower to sign the contract before the expiration date.

IV. Contract Signing and Identity Verification

1. Contract and provision of the borrowing case shall be proposed by the handling personnel and shall be signed after review by the managing personnel and submission to the legal consultant for approval.
2. Content of the contract shall match the loan conditions. After the contract has been signed by the borrower and surety, the identity verification shall be made by the handling personnel.

V. Collateral Value Appraisal and Setting of Rights

Where the loans of the Corporation requires collaterals, a pledge or mortgage shall be made, and the Corporation will also perform collateral value appraisal to ensure its rights. The collateral shall be kept in custody and recorded in a memorandum book by a personnel not responsible for procedures for granting loans to others, and reviewed and signed by the supervisor.

Where the loan drawdown has been performed, a continuous attention to the borrower and guarantor's recent financial, business and relevant credit condition shall be taken, and two appraisals shall be made in the middle and the end of the year, respectively, which shall include whether the borrower remains qualified in accordance with the procedures made by the Corporation and rules by competent authorities, and whether the collateral value has a diminution in value that

furthermore causes loss to the Corporation, and a contingency and evaluation report shall be made to the chairman for approval.

VI. Insurance

1. Except land or negotiable securities, all collaterals shall be insured with fire insurance. The amount insured shall in principle not be lower than the value of mortgage, and the Corporation shall be noted on the insurance policy as beneficiary. Name of subject matter, quantity, storage location, insurance terms and insurance endorsement shall match the Corporation's original loan funding terms.
2. The handling personnel shall pay attention to the expiration of duration and notify the borrower to extend the insurance before expiration.

VII. Drawdown

Where the lending/borrowing case is approved with its contract signed by the borrower and creation of the collateral's mortgage (pledge) is properly handled, the drawdown can be performed if all the procedures are verified correct.

Article 5 Payoffs

Where the loan drawdown has been performed, a continuous attention to the borrower and guarantor's financial, business and relevant credit condition shall be taken. If collaterals are provided, an additional attention to whether there's variation in the security value. A notice instructing the borrower to pay off the principal and interests before expiration or to apply for extension shall be made within one month from the expiration date.

- I. Where the borrower pays off the loans upon or before expiration, accrued interests shall be calculated in advance, and after it is paid off along with the principal, certificates of the obligatory claim such as promissory note can be canceled and returned to the borrower, or mortgage deletion can be applied.
- II. When the borrower requests cancellation on the certificates of the obligatory claim, the Corporation shall perform a check on balance of the loans to determine whether the cancellation can be performed.

Article 6 Postponement

If the loans cannot be paid off upon expiration and postponement is necessary, a postponement request shall be made one month before expiration. The postponement is limited to 1 time (1 year). After request is submitted by the Corporation to the Board of Directors and is passed, relevant formalities shall be retaken.

Article 7 Registration and Custody of Cases

- I. The Corporation shall prepare a memorandum book for its fund-lending activities and truthfully record the following information: borrower, amount, date of approval by the audit committee and Board of Directors, lending/borrowing date, and matters to be carefully evaluated as regulated in these Procedures. The memorandum book shall be reviewed and signed by the responsible supervisor.
- II. After drawdown, the handling personnel of the case shall, on the case handled itself, organize the contract, certificate of the obligatory claim, and collateral identification,

insurance policy, business dealing documents in sequence before putting into the custody bag, and note items contained and client name before submitting to the supervisor for examination. If no error has been found in the examination, the bag shall be sealed promptly, seal on perforation with handling personnel and supervisor's chop, and sent to custody after registering on the custody item register book.

Article 8 Notice for Granting Loans to Others:

- I. Before granting a loan of funds to others, the Corporation shall carefully evaluate whether the loan is in compliance with these Procedures. The Corporation may loan funds to others only after the evaluation results have been submitted to and resolved upon by the Board of Directors. The Corporation shall not empower any other person to make such decision.
- II. The Corporation's internal auditors shall audit this Procedures (including the collaterals obtained, collateral inventory check) and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found.
- III. If, as a result of a change in circumstances, an entity for whose loan balance exceeds the limit, the audit department shall instruct the financial department to set deadlines for collecting the loans and submit the rectification plans to the audit committee, and shall complete the rectification according to the timeframe set out in the plan.
- IV. The handling personnel shall prepare a list (memorandum book) of loans to others in the previous month before the 10th of every month and submit for review at the appropriate levels (within the Corporation).

Article 9 Procedures for controlling and managing loans of funds to others by subsidiaries

- I. Where a subsidiary of the Corporation intends to make loans to others, the Corporation shall instruct it to formulate its Procedures for Loaning Funds to Others and perform loans accordingly; however, the net value available for loans is calculated based on the subsidiary's net value.
- II. The subsidy shall prepare a list of loans to others in the previous month before the 10th of every month and submit it to the Corporation for review.
- III. The Corporation's internal auditors shall audit this Procedures and the implementation thereof no less frequently than quarterly and prepare written records accordingly. They shall promptly notify the audit committee in writing of any material violation found. The audit committee shall submit the information in writing to audit committee .
- IV. When the Corporation's audit personnel performs audit at the subsidiary following the annual audit plans, the personnel shall also examine the implementation of the subsidiary's Procedures for Loaning of Fund to Others. If any deficiency is found, continual follow-ups shall be made and compiled into a follow-up report submitted to the General Manager

Article 10 Information Disclosure after Public Offering

- I. The Corporation shall announce and report the previous month's loan balance of itself and its subsidiaries by the 10th day of each month to M.O.P.S.

- II. Where the Corporation's loan balance of funds reach one of the following levels, the Corporation shall announce and report such event to the M.O.P.S. within two days commencing immediately from the date of occurrence:
1. The aggregate loan balance to others by the Corporation and its subsidiaries reaches 20 percent or more of the public company's net worth as stated in its latest financial statement
 2. The loan balance by the Corporation and its subsidiaries to a single enterprise reaches 10 percent or more of the Corporation's net worth as stated in its latest financial statement.
 3. The amount of new loans of funds by the Corporation or its subsidiaries reaches NTD 10 million or more, and reaches 2 percent or more of the public company's net worth as stated in its latest financial statement.
 4. "Date of occurrence" in these Regulations means the date of contract signing, date of payment, dates of the resolutions of the Board of Directors, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier.
- III. The Corporation shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 3 of the preceding paragraph. The ratio of a subsidiary's balance of loan to the net value is calculated based on the ratio of subsidiary's balance of loan to the net value of the Corporation.
- IV. The Corporation shall evaluate the status of its loans of funds and reserve sufficient allowance for bad debts, and shall adequately disclose relevant information in its financial reports and provide certified public accountants with relevant information for implementation of necessary auditing procedures.

Article 11 Penal Provision

When any manager and personnel of the Corporation violate these Procedures, the penalty shall be handled in accordance with the rules of the Regulations of the Corporation's Human Resources Management and seriousness of the cases. If the borrower is liable for the loss, the handling personnel shall conduct claim procedures through adequate legal actions.

Article 12 Implementation and Amendment

These Procedures shall be agreed by the audit committee and, after passage by the Board of Directors, submit for approval by the shareholders' meeting. Where any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the dissenting opinions to audit committee and, after passage by the Board of Directors, and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

In addition, where the Corporation has established the position of independent director, when these procedures are submitted for discussion by the Board of Directors under the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinion; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

【Appendix 5】Effects on Operation Performance, Earnings per Share and Shareholders’ Return on Equity by the Issuance of Bonus Shares: Not applicable as the publication of the Corporation’s 2021 financial forecast is not required.

【Appendix 6】Shareholding by Directors

**Otsuka Information Technology Corp.
Shareholding by Directors and Supervisors**

- I. The Corporation’s paid-in capital is NTD 170,970,000 in 17,097,000 issued shares.
 The minimum required combined shareholding of all directors by law (percentage) 12%
 The minimum required combined shareholding of all directors by law (shares) 2,051,640 shares
- II. Shares held by all directors and supervisors as stated on the shareholders list as of the book closure date are as follows:

Book Closure Date: 2021.4.23

Role	Name	Shares held on Book Closure Date	
		Shares	Ratio
Chairman	Otsuka Corporation Representative: Hironobu Tsurumi	6,465,900	37.82%
Director	Otsuka Corporation Representative: Yasuhiro Wakamatsu	6,465,900	37.82%
Director	GUO, Yi Long	20,000	0.12%
Director	HSU, Hui Ru	116,000	0.68%
Director	Tamehiro Akio	610,050	3.57%
Director	LIU, Cheng Ho	—	—
Director	HUANG, Hsiang Min	—	—
Independent Director	CHEN, Yen Hsun (Note)	—	—
Independent Director	YEN, Jun De	—	—
Independent Director	LIN, Hui Fen	—	—
Total		7,211,950	42.18%

Note: Independent Director Chen Yen Hsun resigned on December 31, 2020.

- III. The company has established an audit committee, so the rule that the number of shares held by the supervisor shall not be less than a certain ratio does not apply.