

Otsuka Information Technology Corp.

2020 Annual Shareholders' Meeting

Meeting Agenda

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

June 22nd, 2020

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Otsuka Information Technology Corp.

2020 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.

2020 Annual Shareholders' Meeting Agenda

Time: June 22 (MON) of 2020 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) 2019 Business Report
- (II) 2019 Supervisors' Audit Report
- (III) 2019 Employee Bonus Stock and Directors and Supervisors' Bonus Stock Allocation Plans
- (IV) 2019 Report of Retained Earnings Allocation through Cash Dividend.

IV. Matters for Ratification:

- (I) 2019 Business Report and Consolidated Financial Statements
- (II) 2019 Earning Distribution Table

V. Matters for Discussion:

- (I) Amendment of the Corporation's Article of Incorporation
- (II) Amendment of the Corporation's Rules and Procedures of the Shareholders' Meeting
- (III) Amendment of the Corporation's Procedures for Election of Directors and Supervisors
- (IV) Amendment of the Corporation's Procedures for Endorsements / Guarantees
- (V) Amendment of the Corporation's Procedures for Loaning of Funds to Others
- (VI) Amendment of the Corporation's Procedures for Acquisition or Disposal of Assets

VI. Matters for Election:

- (I) Election of additional Directors.

VII. Other Matters:

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

VIII. Extempore Motion:

IX. Adjournment

Report Items:

Proposal 1: 2019 Business Report. For your review.

Explanation: 2019 Business Report, attached in the Meeting Agenda pages 8~12,【Attachment 1】.

Proposal 2: 2019 Supervisors' Audit Report. For your review.

Explanation: 2019 Supervisors' Audit Report, attached in the Meeting Agenda page 13, 【Attachment 2】 .

Proposal 3: 2019 Employee Remuneration and Directors and Supervisors' Remuneration Allocation Plans. For your review.

Explanation: I. In accordance with Article 26 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 2019 will be NTD 9,412,225, distributed in form of cash. The total amount of distributable for directors and supervisors is NTD 2,823,667.

Proposal 4: 2019 Report of Retained Earnings Allocation through Cash Dividend. For your review.

Explanation: I. In accordance with Article 26 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 94,033,500 through cash dividend, with NTD 5.5 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: 2019 business report and financial statement. For your adoption. (Proposed by the board)

Explanation: I. The Corporation's 2019 separate financial statement and consolidated financial statement are audited by independent certified public accountants Ms. Wu, Mei Ping and Mr. Chuang, Chun Wei of KPMG, with unqualified opinion audit report offered. The aforementioned financial statements along with the business report shall be resolved by the Corporation's Board of Directors and submitted to the supervisors for audit.

II. 2019 business report, attached in the Meeting Agenda pages 8~12, 【Attachment 1】 KPMG audit report and financial statement, attached in the Meeting Agenda pages 14~29, 【Attachment 3】 .

III. For your adoption.

Resolution:

Proposal 2: 2019 Earning Distribution Table, for your adoption. (Proposed by the Board)

Explanation: I. The Corporation's appropriation of the 2019 earnings is resolved by the Corporation's Board. Earnings Distribution Table, attached in the Meeting Agenda, page 30, 【Attachment 4】 .

II. For your adoption.

Resolution:

Matters for Discussion:

Proposal 1: Amendment of the Corporation's "Articles of Incorporation". For your discussion (Proposed by the Board)

Explanation: I. The Corporation's Articles of Incorporation are amended in accordance with the Corporation's establishment of its audit committee.

II. The comparison table for the amendments of the "Articles of Incorporation" are attached in the Meeting Agenda pages 31, 【Attachment 5】 .

III. For your voting.

Resolution:

Proposal 2: Amendment of the Corporation's "Rules and Procedures of the Shareholders' Meeting". For your discussion (Proposed by the Board)

Explanation: I. It is proposed that partial amendments be made to the articles in the Corporation's Rules and Procedures of the Shareholders' Meeting following the Corporation's establishment of its audit committee, per Public

Announcement No. Securities-GTSM-Supervision-10900500261 by TPEx and accordance with the Corporation's actual business operations.

II. The comparison table for the "Rules and Procedures of the Shareholders' Meeting" are attached in the Meeting Agenda, page 35, 【Attachment 6】.

III. For your voting.

Resolution:

Proposal 3: Amendment of the Corporation's "Procedures for Election of Directors and Supervisors". For your discussion (Proposed by the Board)

Explanation: I. It is proposed that name change from "Procedures for Election of Directors and Supervisors" to "Procedures for Election of Directors" be made following the Corporation's establishment of its audit committee, with partial articles amended.

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 36, 【Attachment 7】.

III. For your voting.

Resolution:

Proposal 4: Amendment of the Corporation's "Procedures for Endorsements / Guarantees" For your discussion (Proposed by the Board)

Explanation: I. It is proposed that partial amendments be made to the articles in the Corporation's Procedures for Endorsements / Guarantees following the Corporation's establishment of its audit committee with a view to meet the requirements in business operations.

II. The comparison table for the "Procedures for Endorsements / Guarantees" are attached in the Meeting Agenda, page 37, 【Attachment 8】.

III. For your voting.

Resolution:

Proposal 5: 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 in the Corporation's Procedures for Loaning of Funds to Others following the Corporation's establishment of its audit committee with a view to meet the requirements in business operations.

- II. The comparison table for the “Procedures for Loaning of Funds to Others” are attached in the Meeting Agenda, page 38, 【Attachment 9】 .
- II. For your voting.

Resolution:

Proposal 6: Amendment of the Corporation’s “Procedures for the Acquisition or Disposal of Assets”. For your discussion (Proposed by the Board)

- Explanation: I. It is proposed that partial amendments be made to the articles in the Corporation’s Procedures for the Acquisition or Disposal of Assets following the Corporation’s establishment of its audit committee with a view to meet the requirements in business operations.
- II. The comparison table for the “Procedures for the Acquisition and Disposal of Assets” are attached in the Meeting Agenda, page 39, 【Attachment 10】 .
- III. For your voting.

Resolution:

Matters for Election:

Proposal 1: Election of additional directors. For your election (Proposed by the Board)

- Explanation: I. Following the Corporation’s intention to establish its own audit committee as a replacement for supervisors, the supervisors have submitted their letter of registration on March 3, 2020 and such resignation will effect on June 22, 2020.
- II. The Corporation intends to elect 3 additional directors who will take office immediately after being elected at the shareholders’ meeting, with the term from June 22, 2020 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 16th of March 2020. The list of candidates is attached in the Meeting Agenda, page 40, 【Attachment 11】 .
- IV. This election is held pursuant to the Corporation’s “Measures for Directors and Supervisors Elections”, attached in the Meeting Agenda, pages 53~54, 【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 new 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 new 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 41, **【Attachment 12】**.

IV. For your voting.

Resolution:

Extempore Motions:

Adjournment

【Attachment 1】 2019 Business Report

I. 2019 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, developed agency service for new products, and cultivated each product line, with the Corporation's enhanced organizational performance, strengthened technical service for enhancement of added values, and extra efforts on expansion of dealership. As a result, the operating revenue in 2019 and profits are much better compared to 2018.

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 2019 operating revenue is NTD 1,205,375,000, which increased by 281,707,000, 30.5% from last year; operating margin is NTD 438,090,000, which increased by 118,491,000, 37.07% from last year, and net profit is NTD 143,002,000, which increased by 68,757,000, 92.61% from last year.

Otsuka Consolidated Financial Statement

Unit: NTD thousands

Year	2018		2019		Gain/Loss	
	Amount	%	Amount	%	Amount	%
Operating Revenue	923,668	100.00	1,205,375	100.00%	281,707	30.50%
Gross Profit	319,599	34.60	438,090	36.34%	118,491	37.07%
Operating Expenses	228,468	24.73	263,912	21.89%	35,444	15.51%
Operating Income	91,131	9.87	174,178	14.45%	83,047	91.13%
Income before Tax	93,085	10.08	176,815	14.67%	83,730	89.95%
Net Income	74,245	8.04	143,002	11.86%	68,757	92.61%

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

Financial Receipts and Expenditure (Structure) and Profitability Analysis					
Item			2018	2019	Difference
Financial Structure	Debt to Assets Ratio		24.06	28.08	4.02
	Long-term Funds to Fixed Assets Ratio		2,542.78	2,263.10	80.32
Debt Paying Ability	Current Ratio		388.97	361.53	(27.44)
	Quick Ratio		360.40	319.28	(41.12)
Profitability	Return on Assets (%)		10.64	17.07	6.43
	Shareholders' Return on Equity (%)		13.38	23.05	9.67
	Profit before Tax to Capital Stock (%)	Operating Profit	53.30	101.88	48.58
		Net Profit Before Tax	54.45	103.42	48.97
	Net Profit Ratio (%)		8.04	11.86	3.82
	Earnings per Share(NTD)		4.34	8.37	4.03

(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	2017	2018	2019
R&D Expense(A)	5,679	7,023	6,232
Net Operating Revenue(B)	676,317	923,668	1,205,375
(A)/(B)	0.84%	0.76%	0.52%

Besides cooperation on certain large projects, and adding new features as expected by our clients and substantial enhancements on 3D design effects to multiple clients, the Corporation's R&D department is, in 2019, dedicated to internal system integration with a view to facilitate overall business management effectiveness.

II. 2019 Business Plan Abstract:

(I) Guideline for management

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

The corporation is entering its 24th 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. 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 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. After acquisition of platinum dealership in 2016, through marketing and promotion in recent years, the product has obtained its stable market foundation. 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. To raise profits without deviating from the Corporation's long-term development goal, we continue to provide domestic clients CAD software integration with diverse application, information security protection, and introduction of product lifecycle management consultation, 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 introduced online signing and approval system in 2018, integrating CRM and ERP for optimized sales and procurement process. This year, we will take it to the next step by building a portal combining client consultation service dispatch, case closure, client needs data analysis and business home page with the vision of assisting supervisors of business development departments, technical departments and responsibility centers to obtain access to clients' case status, service progress, and sales performance, making management information process smoother and furthermore raise client service quality and precision.

(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 2020 is expected.

(III) Important selling and promotion strategies

1. Fortify business management process efficiency, actively strengthen organization effectiveness, core technology and internal resources management, complement sales management, and facilitate cross-strait technical cooperation and service network effectiveness.
2. Whereas many renowned manufacturers domestically and overseas aim to raise profitability, shorten timeline for product launch and enhance product quality, plus, a manufacturing model consisting of more varieties with less volume 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. In addition, our business department continues to gain an in-depth understanding on the needs of existing 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.
3. Innovation is the motility to an enterprise's development. As VR/MR(Mixed Reality), internet and 3D sensing elements are surging in production, and 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, navigation devices and video game consoles. 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 Inventor, Moldflow and PTC Creo to strengthen the utility of original products.

(2) App Store internet platform as provided by the original supplier Autodesk allows developers to publish add-on executions for the use by global Autodesk users. Otsuka will publish part of the developed tool application through trial via internet and paid subscription in H1 2020 with a view to gain market feedbacks preliminarily before conducting subsequent planning.

(3) Otsuka has accumulated relevant technical resources for CAD. Besides sales of software, technical service will be the significant development orientation in the future, hence, in addition to strengthening the value services performed on the customer end, our R&D department will develop relevant applications and provide users with technical support and services.

(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 global market's rapid changes and short manufacturing cycle 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 2020

will contain a trimmed growth rate due to the impacts by the pandemic. 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 2020 is impacted by COVID-19. According to the latest prediction as announced by Chung-Hua Institution Economic Research in April 2020, the domestic economy growth rate is 1.03%. 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 develop new product markets and provide dedicated services for satisfying needs of existing clients through internal data process integration.

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 significant growth in the Corporation's profit in 2019. 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 2018 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】 Supervisor's Review Report

Otsuka Information Technology Corp. Supervisor's Review Report

Approved

The Board of Directors hereby submits tabulations of the Corporation's 2019 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. Chuang, Chun Wei of KPMG. All tabulations have been reviewed by the supervisor 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 2020 Annual Shareholders' Meeting

Tamehiro Akio

Supervisors: HUANG, Hsiang Min

LIU, Cheng Ho

March 18th, 2020

【Attachment 3】 Audit Report of Independent Accountants and 2019 Consolidated Financial Statements

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, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 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 Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. 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(e) "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(d) "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 31% of the consolidated assets as of December 31, 2019. 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, 2019 and 2018, 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 supervisors) 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 Chun-Wei Chuang.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2020

Notes to Readers

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

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

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
OTSUKA INFORMATION TECHNOLOGY CORP. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018			
		Amount	%	Amount	%	Amount	%
Assets							
Current assets:							
1100	Cash and cash equivalents (note 6(a))	\$	409,516	44	365,339	48	14
1137	Financial assets at amortized cost – current (note 6(b))		10,000	1	-	-	5
1170	Notes and accounts receivable, net (notes 6(d), (n) and 7)		281,280	31	283,225	37	4
1200	Other receivables (note 6(c))		-	-	5,041	1	-
1300	Inventories (note 6(e))		89,850	10	49,367	6	-
1410	Prepaid expense and other current assets		2,888	-	2,435	-	1
			793,534	86	705,407	92	24
Non-current assets:							
1535	Financial assets at amortized cost – non-current (note 6(b))		20,000	2	10,000	2	-
1600	Property, plant and equipment (note 6(f))		25,216	3	22,791	3	-
1755	Right-of-use assets (note 6(g))		42,641	5	-	-	-
1990	Other non-current assets (notes 6(a), (d), (j), (k), (n) and 8)		38,261	4	24,952	3	-
			126,118	14	57,743	8	24
Equity attributable to owners of parent:							
	Ordinary shares (note 6(i))		3100				22
	Capital surplus (note 6(i))		3200				9
	Legal reserve (note 6(i))		3310				10
	Special reserve (note 6(i))		3320				1
	Unappropriated retained earnings (note 6(i))		3350				35
	Other equity interest		3400				(1)
Total equity attributable to owners of parent:							(1)
	Non-controlling interests		36XX				76
							-
Total equity							76
Total liabilities and equity							100
		\$	919,652	100	763,150	100	100

(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, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(n) and 7)	\$ 1,205,375	100	923,668	100
5000	Operating costs (note 6(e))	767,285	64	604,069	65
	Gross profit	438,090	36	319,599	35
	Operating expenses: (notes 6(d), (h), (i), (j), (o) and 12)				
6100	Selling expenses	215,193	18	185,977	20
6200	Administrative expenses	40,710	3	35,028	4
6300	Research and development expenses	6,232	1	7,023	1
6450	Expected credit loss	1,777	-	440	-
	Total operating expenses	263,912	22	228,468	25
	Net operating income	174,178	14	91,131	10
	Non-operating income and expenses:				
7100	Interest income	1,805	1	1,751	-
7020	Other gains and losses (notes 6 (c) and (p))	1,637	-	203	-
7510	Interest expense (note 6(h))	(805)	-	-	-
	Total non-operating income and expenses	2,637	1	1,954	-
	Profit before tax	176,815	15	93,085	10
7950	Less: Income tax expenses (note 6(k))	33,813	3	18,840	2
	Profit	143,002	12	74,245	8
8300	Other comprehensive income:				
8310	Items that will not be reclassified to profit or loss				
8311	Remeasurement of defined benefit plans (note 6(j))	(7,525)	(1)	(867)	-
8349	Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
		(7,525)	(1)	(867)	-
8360	Items that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign operation' s financial statements	(4,711)	-	(2,930)	-
8399	Income tax related to items that will be reclassified to profit or loss (note 6(k))	943	-	799	-
		(3,768)	-	(2,131)	-
8300	Other comprehensive income	(11,293)	(1)	(2,998)	-
8500	Total comprehensive income	\$ 131,709	11	71,247	8
	Profit attributable to:				
8610	Owners of parent	\$ 143,126	12	74,245	8
8620	Non-controlling interest	(124)	-	-	-
		\$ 143,002	12	74,245	8
	Comprehensive income attributable to:				
8710	Owners of parent	\$ 131,833	11	71,247	8
8720	Non-controlling interest	(124)	-	-	-
		\$ 131,709	11	71,247	8
	Earnings per share (NT dollars) (note 6(m))				
	Basic earnings per share	\$ 8.37		4.34	
	Diluted earnings per share	\$ 8.31		4.31	

(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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent										Non-controlling interests	Total equity
	Share capital			Retained earnings		Other equity						
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unappropriated translation of foreign financial statements	Total equity attributable to parent					
Balance at January 1, 2018	\$ 170,970	68,813	70,470	3,813	221,126	(5,031)	530,161	-	530,161			
Profit	-	-	-	-	74,245	-	74,245	-	74,245			
Other comprehensive income	-	-	-	-	(867)	(2,131)	(2,998)	-	(2,998)			
Comprehensive income	-	-	-	-	73,378	(2,131)	71,247	-	71,247			
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	2,575	-	(2,575)	-	-	-	-			
Special reserve	-	-	-	1,218	(1,218)	-	-	-	-			
Cash dividends of ordinary share	-	-	-	-	(21,884)	-	(21,884)	-	(21,884)			
Balance at December 31, 2018	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			

(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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from (used in) operating activities:		
Profit before tax	\$ 176,815	93,085
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	19,665	5,983
Losses (gains) on inventory valuation and obsolete inventories	5,495	(1,928)
Expected credit loss	1,777	440
Interest income	(1,805)	(1,751)
Losses on disposal of financial assets at fair value through profit or loss	-	649
Interest expense	805	-
Loss on disposal of property, plan and equipment	9	20
Total adjustments to reconcile profit	25,946	3,413
Changes in operating assets and liabilities:		
Notes and accounts receivable	1,960	(100,826)
Other receivable	343	(343)
Inventories	(45,431)	22,895
Prepaid expenses and other current assets	(207)	1,949
Notes and accounts payable	(9,388)	53,065
Salaries payable	7,251	12,690
Accrued expenses and other payables	8,565	4,848
Other current liabilities	902	1,464
Others	(1,616)	(1,551)
Total adjustments	(11,675)	(2,396)
Cash inflow generated from operations	165,140	90,689
Interest received	1,559	1,743
Interest paid	(805)	-
Income taxes paid	(14,798)	(7,329)
Net cash flows from operating activities	151,096	85,103
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(20,000)	-
Acquisition of financial assets at fair value through profit or loss	-	(15,000)
Proceeds from disposal of financial assets at fair value through profit or loss	4,698	9,653
Acquisition of property, plant and equipment	(5,752)	(5,290)
Proceeds from disposal of property, plant and equipment	28	2
Acquisition of right-of-use assets	(437)	-
Acquisition of unamortized expense	(11,732)	(4,239)
Decrease (increase) in other non-current assets	(6,839)	450
Net cash flows used in investing activities	(40,034)	(14,424)
Cash flows from (used in) financing activities:		
Payment of lease liabilities	(11,847)	-
Cash dividends	(51,291)	(21,884)
Change in non-controlling interests	1,500	-
Net cash flows used in financing activities	(61,638)	(21,884)
Effect of exchange rate changes on cash and cash equivalents	(5,247)	(3,221)
Net increase in cash and cash equivalents	44,177	45,574
Cash and cash equivalents at beginning of year	365,339	319,765
Cash and cash equivalents at end of year	\$ 409,516	365,339

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, 2019 and 2018, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, and its parent company only financial performance and its parent company only cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 for 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(e) "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(d) "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 28% of the assets as of December 31, 2019. 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 supervisors) 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 Chun-Wei Chuang.

KPMG

Taipei, Taiwan (Republic of China)
March 16, 2020

Notes to Readers

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

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Assets					
Current assets:					
1100	Cash and cash equivalents (note 6(a))	\$ 298,646	34	267,989	36
11137	Financial assets at amortized cost – current (note 6(b))	10,000	1	-	-
11170	Notes and accounts receivable, net (notes 6(d) and (o))	250,311	28	249,707	33
1200	Other receivables (note 6(c))	-	-	5,041	1
1300	Inventories (note 6(e))	84,257	9	44,933	6
1410	Prepaid expense and other current assets	1,521	-	1,995	-
		644,735	72	569,665	76
Non-current assets:					
1535	Financial assets at amortized cost – non-current (note 6(b))	20,000	2	10,000	1
1550	Investments accounted for using equity method, net (note 6(f))	146,147	16	128,147	17
1600	Property, plant and equipment (note 6(g))	22,914	3	22,231	3
1755	Right-of-use assets (note 6(h))	33,745	4	-	-
1900	Other non-current assets (notes 6(a), (d), (k), (l) and 8)	22,653	3	19,258	3
		245,459	28	179,636	24
Total assets		\$ 890,194	100	749,301	100
		December 31, 2019		December 31, 2018	
		Amount	%	Amount	%
Liabilities and Equity					
Current liabilities:					
	Accounts payable	82,738	9	96,891	13
	Salaries payable	47,029	5	40,041	5
	Accrued expenses and other payables	50,707	6	26,566	4
	Current lease liabilities (note 6(i))	10,277	1	-	-
	Other current liabilities	5,286	1	4,006	1
		196,037	22	167,504	23
Non-Current liabilities:					
	Deferred tax liabilities (note 6(l))	4,651	-	2,273	-
	Non-current lease liabilities (note 6(i))	24,002	3	-	-
	Net defined benefit liability (note 6(k))	5,438	1	-	-
		34,091	4	2,273	-
	Total liabilities	230,128	26	169,777	23
	Ordinary shares (note 6(m))	170,970	19	170,970	23
	Capital surplus (note 6(m))	68,813	8	68,813	9
	Legal reserve (note 6(m))	80,470	9	73,045	9
	Special reserve (note 6(m))	7,162	1	5,031	1
	Unappropriated retained earnings (note 6(m))	343,581	38	268,827	36
	Other equity interest	(10,930)	(1)	(7,162)	(1)
	Total equity	660,066	74	579,524	77
	Total liabilities and equity	\$ 890,194	100	749,301	100

(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, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (note 6(o))	\$ 1,091,288	100	824,099	100
5000	Operating costs (notes 6(e) and 7)	682,795	63	532,751	65
	Gross profit	408,493	37	291,348	35
	Operating expenses: (notes 6(d), (i), (j), (k), (p), 7 and 12)				
6100	Selling expenses	198,360	18	169,277	20
6200	Administrative expenses	36,190	3	30,547	4
6300	Research and development expenses	6,231	1	7,023	1
6450	Expected credit loss	1,815	-	422	-
	Total operating expenses	242,596	22	207,269	25
	Net operating income	165,897	15	84,079	10
	Non-operating income and expenses:				
7100	Interest income	1,573	-	1,360	-
7020	Other gains and losses (notes 6 (c) and (q))	73	-	(304)	-
7070	Share of profit of subsidiaries accounted for using equity method	9,211	1	7,507	1
7510	Interest expense (note 6(i))	(745)	-	-	-
	Total non-operating income and expenses	10,112	1	8,563	1
	Profit before tax	176,009	16	92,642	11
7950	Less: Income tax expenses (note 6(l))	32,883	3	18,397	2
	Profit	143,126	13	74,245	9
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))	(7,525)	(1)	(867)	-
8349	Income tax related to items that will not be reclassified to profit or loss	-	-	-	-
		(7,525)	(1)	(867)	-
8360	Items that may be reclassified to profit or loss				
8361	Exchange differences on translation of foreign operations' s financial statements	(4,711)	-	(2,930)	-
8399	Income tax related to items that may be reclassified to profit or loss (note 6(l))	943	-	799	-
		(3,768)	-	(2,131)	-
8300	Other comprehensive income	(11,293)	(1)	(2,998)	-
8500	Total comprehensive income	\$ 131,833	12	71,247	9
	Earnings per share (NT dollars) (note 6(n))				
	Basic earnings per share	\$ 8.37		4.34	
	Diluted earnings per share	\$ 8.31		4.31	

(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, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings			Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Total equity
Balance at January 1, 2018	\$ 170,970	68,813	70,470	3,813	221,126	(5,031)	530,161
Profit	-	-	-	-	74,245	-	74,245
Other comprehensive income	-	-	-	-	(867)	(2,131)	(2,998)
Comprehensive income	-	-	-	-	73,378	(2,131)	71,247
Appropriation and distribution of retained earnings:							
Legal reserve	-	-	2,575	-	(2,575)	-	-
Special reserve	-	-	-	1,218	(1,218)	-	-
Cash dividends of ordinary share	-	-	-	-	(21,884)	-	(21,884)
Balance at December 31, 2018	170,970	68,813	73,045	5,031	268,827	(7,162)	579,524
Profit	-	-	-	-	143,126	-	143,126
Other comprehensive income	-	-	-	-	(7,525)	(3,768)	(11,293)
Comprehensive income	-	-	-	-	135,601	(3,768)	131,833
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)
Balance at December 31, 2019	\$ 170,970	68,813	80,470	7,162	343,581	(10,930)	660,066

(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, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

	<u>2019</u>	<u>2018</u>
Cash flows from (used in) operating activities:		
Profit before tax	\$ 176,009	92,642
Adjustments:		
Adjustments to reconcile profit:		
Depreciation and amortization	16,614	5,420
Losses on inventory valuation and obsolete inventories	2,851	2,396
Expected credit loss	1,815	422
Loss on disposal of financial assets at fair value through profit or loss	-	649
Interest expense	745	-
Interest income	(1,573)	(1,360)
Share of profit of subsidiaries accounted for using equity method	(9,211)	(7,507)
Loss (gain) on disposal of property, plan and equipment	4	(1)
Total adjustments to reconcile profit	<u>11,245</u>	<u>19</u>
Changes in operating assets and liabilities:		
Notes and accounts receivable	(629)	(88,915)
Other receivable	343	(343)
Inventories	(42,175)	18,070
Prepaid expenses and other current assets	720	(85)
Accounts payable	(14,153)	47,551
Salaries payable	6,988	12,934
Accrued expenses and other payables	8,767	4,492
Other current liabilities	1,280	2,242
Others	(1,616)	(1,551)
Total adjustments	<u>(29,230)</u>	<u>(5,586)</u>
Cash inflow generated from operations	146,779	87,056
Interest received	1,327	1,352
Interest paid	(745)	-
Income taxes paid	(14,798)	(7,329)
Net cash flows from operating activities	<u>132,563</u>	<u>81,079</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at amortized cost	(20,000)	-
Acquisition of financial assets at fair value through profit or loss	-	(15,000)
Proceeds from disposal of financial assets at fair value through profit or loss	4,698	9,653
Acquisition of investments accounted for using equity method	(13,500)	-
Acquisition of property, plant and equipment	(3,809)	(5,123)
Proceeds from disposal of property, plant and equipment	28	2
Increase in other non-current assets	(8,104)	(4,353)
Net cash flows used in investing activities	<u>(40,687)</u>	<u>(14,821)</u>
Cash flows from (used in) financing activities:		
Cash dividends	(51,291)	(21,884)
Payment of lease liabilities	(9,928)	-
Net cash flows used in financing activities	<u>(61,219)</u>	<u>(21,884)</u>
Net increase in cash and cash equivalents	30,657	44,374
Cash and cash equivalents at beginning of year	267,989	223,615
Cash and cash equivalents at end of year	<u>\$ 298,646</u>	<u>267,989</u>

【Attachment 4】 Earnings Distribution Table

Otsuka Information Technology Corp. 2020 Earnings Distribution Table

Unit: NTD

Items	Amount	
	Subtotal	Total
Beginning Balance	207,979,884	
Add: Changes on Re-measurement of Defined Benefit Plans in Current Period	(7,524,847)	
Adjusted beginning balance		200,455,037
Add: 2019 Net Profit After Tax	143,125,903	
Current Distributable Earnings		343,580,940
Minus: Legal Reserve	14,312,590	
Minus: Special Reserve	3,768,512	
Distribution Item		
1.Shareholder's Dividend-Shares (NTD 0 per share)	0	
2.Shareholder's Dividend-Cash (NTD 5.5 per share)	94,033,500	
Undistributed Retained Earnings		231,466,338
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 the Article of Incorporation before and after amendment

Article	After the Revision	Before the Revision	Purpose
Chapter 4	Chapter 4 Directors and <u>Audit Committee</u>	Chapter 4 Directors and Supervisors	Paragraph adjusted in response to establishment of the Corporation's audit committee
Article 17	<p>The Corporation shall appoint 7 to 10 people with legal capacity using the cumulative voting system with voting by shareholders meeting attendees, 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.</p> <p>The Corporation's director and supervisor election adopts the candidate nomination system, and the shareholders shall elect the directors and supervisors from among the nominees.</p> <p>The aggregate shareholding by all directors and supervisors of the Corporation shall be handled following the rules of the securities competent authorities.</p> <p><u>The Corporation establishes an audit committee following Article 14-4 of the Securities and Exchange Act, whose members are responsible for exercising as supervisors pursuant to Company Act, Securities and Exchange Act and other relevant laws and regulations.</u> The audit committee shall be composed of all the independent directors, which shall not be lower than 3 people, and one of them serves as the convener. The performance of duty and relevant affairs shall be handled in accordance with relevant laws and regulations.</p>	<p>The Corporation shall appoint 7 directors and 3 supervisors using the cumulative voting system with voting by attendees of the shareholders meeting 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.</p> <p>The Corporation's director and supervisor election adopts the candidate nomination system, and the shareholders shall elect the directors and supervisors from among the nominees.</p> <p>The aggregate shareholding by all directors and supervisors of the Corporation shall be handled following the rules of the securities competent authorities.</p> <p>Where an audit committee is established following Article 14-4 of the Securities and Exchange Act may act as a replacement of supervisors. The audit committee shall be composed of all the independent directors, which shall not be lower than 3 people, and one of them serves as the convener. The performance of duty and relevant affairs shall be handled in accordance with relevant laws and regulations. The Corporation's regulations relevant to supervisors are no longer applicable from the date of establishment of audit committee.</p>	<p>1. Revised in response to establishment of the Corporation's audit committee.</p> <p>2. Duties of the audit committee are specified following relevant regulations.</p>

Article	After the Revision	Before the Revision	Purpose
Article 17-1	In the aforementioned number of directors of the Corporation, the number of independent directors shall not be less than <u>three</u> persons and shall not be less 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.	In the aforementioned number of directors of the Corporation, the number of independent directors shall not be less than two persons and shall not be less 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.	Revised in response to establishment of the Corporation's audit committee.
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.	When the number of vacancies in the board of directors of a company equals to one third of the total number of directors, or all supervisors are discharged, 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 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 is 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.	The Board of Directors is authorized to determine the amount of compensation to be given to the directors and supervisors 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 and supervisors .	Revised in response to establishment of the Corporation's audit committee.
Article 23 (Deleted)	(This Article has been deleted)	<u>Article 23</u> When a meeting of board of directors is convened, supervisors of	

Article	After the Revision	Before the Revision	Purpose
		the Corporation may attend the meeting of the board of directors.	
Article 23	Article 23	Article 24	Number of the Article adjusted.
Article 24	<p>Article 24</p> <p>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 those <u>to the audit committee</u> for review <u>under legal procedures</u> before submitting to its general shareholders' meeting for their ratification.</p> <p>(I) The annual business report; (ii) The financial statements; and (iii) The appropriation of profit and remedy in the event of loss proposal.</p>	<p>Article 25</p> <p>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 those to the supervisors for review before submitting to its general shareholders' meeting for their ratification no later than 30 days from the date of the shareholders' meeting.</p> <p>(I) The annual business report; (ii) The financial statements; and (iii) The appropriation of profit and remedy in the event of loss proposal.</p>	<p>1. Numbers of the Articles adjusted. 2. Revised in response to establishment of the Corporation's audit committee.</p>
Article 25	<p>Article 25</p> <p>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 shares or cash as resolved by the board. Qualification requirements of employees, including the employees of <u>parent or</u> subsidiaries of the holding company and its subordinate 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</p>	<p>Article 26</p> <p>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 in share of cash as resolved by the board. Qualification requirements of employees, including the employees of subsidiaries of the Corporation meeting 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 and supervisors. 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 board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation and</p>	

Article	After the Revision	Before the Revision	Purpose
	compensation to the directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.	compensation to the directors and supervisors ; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.	
Article 25-1	Article <u>25</u> -1	Article 26 -1	Numbers of the Articles adjusted.
Article 25-2	Article <u>25</u> -2	Article 26 -2	
Article 26	Article <u>26</u>	Article 27	
Article 27	Article <u>27</u>	Article 28	
Article 28	Article <u>28</u> (Paragraphs above are omitted.) 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	Article 29 (Paragraphs above are omitted.) 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	1. Number of the Article adjusted. 2. Date of effective date to these regulations added.

【Attachment 6】 Comparison Table for Rules and Procedures of the Shareholders' Meeting before and after amendment

Article	After the Revision	Before the Revision	Purpose
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.	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 or supervisors , 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.	Revised in response to establishment of the Corporation's audit committee.
Article 9	If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors, <u>and relevant proposals (including extraordinary motions and amendments to the current proposals) shall be adopted through voting by poll.</u> 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.	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.	Section concerning voting on the proposal updated with details following relevant regulations.

【Attachment 7】 Comparison Table for Regulations Governing Election for Directors before and after amendment

Article	After the Revision	Before the Revision	Purpose
	Regulations Governing Election for Directors	Regulations Governing Election for Directors and Supervisors	<ol style="list-style-type: none"> 1. The term “supervisor” used in these articles are deleted in response to the establishment of the Corporation’s audit committee. 2. Section concerning number of directors and election regulations updated with details following relevant regulations.
Article 1	Election of directors of the Corporation is handled in accordance with the provisions in these Measures	Election of directors and supervisors of the Corporation is handled in accordance with the provisions in these Measures	
Article 2	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.	The cumulative voting method shall be used for election of the directors and supervisors at the Corporation’s shareholders’ meeting. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.	
Article 3	<p>Elections of 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.</p> <p>The elections for the Corporation’s independent and non-independent directors shall also be held <u>with number of directors elected as regulated in the Corporation’s Articles of Incorporation</u>, with votes calculated separately in groups of directors and non-directors. The candidates with more votes are elected <u>separately as independent directors or non-independent directors</u>.</p> <p>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 <u>or any person in attendance but not present on site</u>.</p>	<p>Elections of both directors and supervisors 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.</p> <p>The number of directors and supervisors 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.</p> <p>A shareholder elected as director and supervisor 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.</p>	
Article 11	The Corporation shall issue notifications to the persons elected as directors after the election in the shareholders’ meeting.	The Corporation shall issue notifications to the persons elected as directors or supervisors after the election in the shareholders’ meeting.	
Article 12-1	(This Article is deleted)	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.	

【Attachment 8】 Comparison Table for the Procedures for Endorsements / Guarantees before and after amendment

Article	After the Revision	Before the Revision	Purpose
Article 6	(Preceding paragraphs are omitted) V. If...(the paragraph not required to be amended is omitted) and submit the rectification plans to <u>the audit committee for review</u> and report to the Board of Directors, and shall complete the rectification according to the timeframe set out in the plan.	(Preceding paragraphs are omitted) V. If...(the paragraph not required to be amended is omitted) and submit the rectification plans to all the supervisors , and report to the Board of Directors, and shall complete the rectification according to the timeframe set out in the plan.	Partial articles are modified, added, or deleted in response to the establishment of the Corporation's audit committee.
Article 8	Internal Control I. The Corporation's internal auditors shall audit these 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 <u>the audit committee</u> in writing of any material violation found. II. Where the Corporation makes endorsements/guarantees in accordance with the provisions, if any material violation is discovered, the handling personnel shall be penalized based on the violation.	Internal Control I. The Corporation's internal auditors shall audit these 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 all the supervisors in writing of any material violation found. II. Where the Corporation makes endorsements/guarantees in accordance with the provisions, if any material violation is discovered, the handling personnel shall be penalized based on the violation. III. Where the Corporation has set up independent directors shall, in accordance with the provisions of the preceding paragraph, notify the supervisors of the matters and shall notify the independent directors in writing.	
Article 13	This Procedures shall be <u>agreed by the audit committee and</u> , after passage by the Board of Directors, reported 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 <u>the audit committee</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. When these procedures is 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.	This Procedures shall be, after passage by the Board of Directors, submitted to all supervisors and reported 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 all supervisors and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures. When these procedures is 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.	

【Attachment 9】 Comparison Table for Procedures for Loaning of Funds to Others before and after amendment

Article	After the Revision	Before the Revision	Purpose
Article 8	<p>(The preceding paragraph is omitted)</p> <p>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 <u>the audit committee</u> in writing of any material violation found.</p> <p>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 <u>the audit committee</u>, and shall complete the rectification according to the timeframe set out in the plan.</p> <p>(The following paragraph is omitted)</p>	<p>(The preceding paragraph is omitted)</p> <p>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 all supervisors in writing of any material violation found.</p> <p>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 all supervisors, and shall complete the rectification according to the timeframe set out in the plan.</p> <p>(The following paragraph is omitted)</p>	<p>Partial articles are modified, added, or deleted in response to the establishment of the Corporation's audit committee.</p>
Article 9	<p>(The preceding paragraph is omitted)</p> <p>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 <u>the audit committee</u>.</p> <p>(The following paragraph is omitted)</p>	<p>(The preceding paragraph is omitted)</p> <p>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 all supervisors.</p> <p>(The following paragraph is omitted)</p>	
Article 12	<p>Implementation and Amendment</p> <p>These Procedures shall be agreed by <u>the audit committee</u> 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 <u>the audit committee</u> and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>(The following paragraph is omitted)</p>	<p>These Procedures shall be agreed by all supervisors 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 all supervisors and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.</p> <p>(The following paragraph is omitted)</p>	

【Attachment 10】 Comparison Table for the Procedures for Acquisition or Disposal of Assets before and after amendment

Article	After the Revision	Before the Revision	Purpose
Article 18	When the Corporation...(the paragraph not required to be amended is omitted), the Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been <u>reviewed by the audit committee and</u> approved by the board of directors: (Paragraphs in the middle omitted) The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 9, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by <u>the audit committee</u> and the board of directors need not be counted toward the transaction amount. (The following paragraph is omitted)	When the Corporation...(the paragraph not required to be amended is omitted), the Corporation may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by all supervisors : (Paragraphs in the middle omitted) The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 9, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors and recognized by the supervisors need not be counted toward the transaction amount. (The following paragraph is omitted)	1. Partial paragraphs are modified in response to the establishment of the Corporation's audit committee. 2. Duties of the audit committee are specified following relevant regulations.
Article 20	(The preceding paragraph is omitted) II. <u>Where the audit committee perform duties of supervising the business and finance of the Corporation, the committee</u> shall comply with Article 218 of the Company Act and Article 14-4, Paragraph 3 of the Securities and Exchange Act. (The following paragraph is omitted)	(The preceding paragraph is omitted) II. Supervisors shall comply with Article 218 of the Company Act and Article 14-4, Paragraph 3 of the Securities and Exchange Act. (The following paragraph is omitted)	
Article 27	Effective Date: I. After these Procedures have been approved by the Board of Directors, they shall be submitted to <u>the audit committee for review</u> and then to a shareholders' meeting for approval <u>before implementation</u> . If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to <u>the audit committee and report to the shareholders' meeting for discussion; the same applies to the amendments hereof</u> . (Paragraphs in the middle omitted) III. When the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. (The following paragraph is omitted)	Effective Date: I. After these Procedures have been approved by the Board of Directors, they shall be submitted to all supervisors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended . If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to all supervisors . (Paragraphs in the middle omitted) III. Where an audit committee has been established in accordance with the preceding paragraph, and when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution. (The following paragraph is omitted)	

【Attachment 11】 List of Directors' Candidates

Role	Shareholder No. or National ID	Name	Education Background	Experiences	Shares Held
Director	2	Tamehiro Akio	Faculty of Law, Dokkyo University, Japan	1.Chairman/General Manager of Noah International Taiwan CORP	610,050
Director	H1219xxxxx	HUANG, Hsiang Min	Master of Construction and Urban Design, Columbia University	1. Executive General Manager & Supervisor, Fortune Construction Group 2. Chairman & General Manager, Fortune Development Co., Ltd. 3. Representative of Supervisors of Excelsior Biopharma Inc.)	0
Director	B1204xxxxx	LIU, Cheng Ho	Bachelor of Computer Science, Tamkang University	1.Director & Vice General Manager, Koei Tecmo Taiwan Co., Ltd.	0

**【Attachment 12】 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	Tamehiro Akio	1.Chairman/General Manager of Noah International Taiwan CORP
	HUANG, Hsiang Min	1. Executive General Manager & Supervisor, Fortune Construction Group 2. Chairman & General Manager, Fortune Development Co., Ltd. 3. Representative of Supervisors of Excelsior Biopharma Inc.)
	LIU, Cheng Ho	1.Director & Vice General Manager, Koei Tecmo Taiwan Co., Ltd.

【Appendix 1】 Articles of Incorporation (Before Amendment)

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 Supervisors

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 and supervisor election adopts the candidate nomination system, and the shareholders shall elect the directors and supervisors from among the nominees.

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

Where an audit committee established following Article 14-4 of the Securities and Exchange Act. The audit committee shall be composed of all the independent directors, which shall not be lower than 3 people, and one of them serves as the convener. The performance of duty and relevant affairs shall be handled in accordance with relevant laws and regulations. The Corporation's regulations relevant to supervisors are no longer applicable from the date of establishment of audit committee.

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, or all supervisors are discharged, 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 and supervisors 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 and

supervisors.

Article 23: When a meeting of board of directors is convened, supervisors of the Corporation may attend the meeting of the board of directors.

Chapter 5 Manager

Article 24: 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 25: 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 26: 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 and supervisors. 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 supervisors; 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 26-1: 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 26-2: 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 27: Organization regulations and operational rules of the Corporation shall be set otherwise by the Board.

Article 28: Any unspecified matters in this Articles of Incorporation shall be dealt in accordance with the Company Act and relevant regulations.

Article 29: 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.

Otsuka Information Technology Corp.

Chairman: Hironobu Tsurumi

【Appendix 2】 Rules and Procedures of Shareholders' Meeting (Before Amendment)

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 or supervisors, 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 and Supervisors (Before Amendment)

Otsuka Information Technology Corp. Procedures for Election of Directors and Supervisors

- Article1 Election of directors and supervisors 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 and supervisors at the Corporation's shareholders' meeting. Each share will have voting rights in number equal to the directors or supervisors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article3 Elections of both directors and supervisors 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 and supervisors 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 and supervisor 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 or supervisor shall become invalid

Article11 The Corporation shall issue notifications to the persons elected as directors or supervisors 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 Endorsements / Guarantees (Before Amendment)

Otsuka Information Technology Corp. Procedures for Endorsement/Guarantee

- Article 1 The Corporation's affairs related to endorsement/guarantee are conducted in accordance with the provisions in these Procedures.
- Article 2 The term "endorsements/guarantees" as used in these Procedures refers to the following:
- I. Financing endorsements/guarantees, including:
 - (I) Bill discount financing.
 - (II) Endorsement or guarantee made to meet the financing needs of another company.
 - (III) Issuance of a separate negotiable instrument to a non-financial enterprise as security to meet the financing needs of the company itself.
 - II. Customs duty endorsement/guarantee, meaning an endorsement or guarantee for the Corporation itself or another company with respect to customs duty matters.
 - III. Other endorsements/guarantees, meaning endorsements or guarantees beyond the scope of the above two subparagraphs.
 - IV. Any creation by the Corporation of a pledge or mortgage on its chattel or real property as security for the loans of another company shall also comply with these Regulations.
- Article 3 Counterparty for Endorsement/Guarantee
- Where the Corporation fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, the Corporation may make endorsements/guarantees only for the following companies:
- I. A company with which it does business.
 - II. A company in which the public company directly and indirectly holds more than 50 percent of the voting shares.
 - III. A company that directly and indirectly holds more than 50 percent of the voting shares in the public company.
- Companies in which the Corporation holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other, and the amount of endorsements/guarantees may not exceed 10% of the net worth of the public company, provided that this restriction shall not apply to endorsements/guarantees made between companies in which the public company holds, directly or indirectly, 100% of the voting shares.
- Where the Corporation fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders

for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, or where companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other, such endorsements/guarantees may be made free of the restriction of the preceding two paragraphs.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Corporation or through a company in which the Corporation holds 100% of the voting shares.

Article 4 Credit for Endorsement/Guarantee

- I. The total amount of endorsement/guarantee to others by the Corporation and its subsidiaries as a whole shall not exceed 40 percent of the current net value, and the limit of an endorsement/guarantee made to a single business, except a subsidiary which the Corporation holds more than 90 percent of its shares may make an endorsement/guarantee not exceeding 20 percent of the current net value, shall not exceed 10 percent of the current net value. The net values are as stated in the latest financial statements audited and certified, or reviewed, by certified public accountants.
- II. Where an endorsement/guarantee is made due to needs arising from business dealings, the amount of endorsement/guarantee shall not exceed the amount of business dealings between both parties. The “amount of business dealings” refers to the amount of sales or purchases between both parties, whichever is higher.

Article 5 Hierarchy of Decision-Making Authority and Delegation Thereof

- I. Before making an endorsement/guarantee for others, the Corporation shall have the endorsement/guarantee submitted to and resolved upon by the Board of Directors. Where the Corporation has established the position of independent director, when it submits the Operational Procedures for Endorsements/Guarantees for discussion by the Board of Directors, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting. The Board of Directors may empower the chairman to grant an endorsement/guarantee not exceeding the limit of NTD 30 million in advance flowing the relevant provisions in these Procedures, for subsequent submission to and ratification by the Board of Directors' meeting.
Companies in which the Corporation holds, directly or indirectly, 90% or more of the voting shares may make endorsements/guarantees for each other in accordance with Article 3, paragraph 2 hereof, and the endorsements/guarantee shall be submitted to the Board of Directors for resolution before handling. However, this restriction shall not apply to endorsements/guarantees made between companies in which the Corporation holds, directly or indirectly, 100% of the voting shares.
- II. Where the Corporation needs to exceed the limits set out in these Procedures to satisfy its business requirements, and where the conditions set out in these Procedures

are complied with, it shall obtain approval from the Board of Directors and a majority of the directors shall act as joint guarantors for any loss that may be caused to the company by the excess endorsement/guarantee. It shall also amend the Operational Procedures for Endorsements/Guarantees accordingly and submit the same to the shareholders' meeting for ratification after the fact. If the shareholders' meeting does not give consent, the company shall adopt a plan to discharge the amount in excess within a given time limit.

Where the Corporation has established the position of independent director, when it makes endorsements/guarantees for others, it shall take into full consideration the opinions of each independent director; independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.

Article 6 Operation Procedures for Endorsement/Guarantee

- I. Where the Corporation makes an endorsement/guarantee to others, the endorsed/guaranteed entity shall offer an application form to the Corporation's financial department, and the financial department shall perform a credit status examination and risk assessment, with assessment records kept. The records are to be submitted to the General Manager and Chairman for approval after passage and to be reported to the Board of Directors. Collaterals shall be obtained if necessary.
- II. The financial department shall conduct credit status examination and risk assessment for the endorsed/guaranteed company, and the assessment shall specify the following matters:
 - (I) The necessity of and reasonableness of endorsements/guarantees
 - (II) Assessment of the necessity of endorsement/guarantee amount based on the endorsed/guaranteed company's financial status.
 - (III) Whether the cumulative amount of endorsement/guarantee is within the limit.
 - (IV) For endorsements/guarantees made for business dealings, an evaluation on whether the endorsement/guarantee amount and the amount of business dealings are within the limits.
 - (V) The impact on the company's business operations, financial condition, and shareholders' equity.
 - (VI) Whether collateral must be obtained and appraisal of the value thereof.
 - (VII) Endorsement/guarantee credit status examination and risk assessment records shall be attached.
 - (VIII) For circumstances in which an entity for which the Corporation makes any endorsement/guarantee is a subsidiary whose net worth is lower than half of its paid-in capital, relevant follow-up monitoring and control measures shall be expressly prescribed and submitted to the Board of Directors for report.
 - (IX) In the case of a subsidiary with shares having no par value or a par value other than NT\$10, for the paid-in capital in the calculation under subparagraph 8 of the preceding paragraph, the sum of the share capital plus paid-in capital in excess of par shall be substituted.

- III. The Corporation shall prepare a memorandum book for its endorsement/guarantee activities and record in detail the following information for the record: the entity for which the endorsement/guarantee is made, the amount, the date of passage by the Board of Directors or of authorization by the Chairman of the Board, the date the endorsement/guarantee is made, and the matters to be carefully evaluated. The relevant evaluation report shall be archived and kept by the supervisor of the financial department, and the collateral, custody slip shall be properly kept by the handling personnel not responsible for procedures for endorsement/guarantee. The reports shall be stated on the memorandum book, which is kept in safe deposit boxes after signature and approval by responsible supervisors.
- IV. The financial department shall periodically evaluate or record the contingent loss for endorsements/guarantees, whether the guarantee amount exceeds the limit set by the Corporation, whether the guaranteed entity still meets the requirements, whether there is a loss of value on collaterals and the endorsed/guaranteed entity's recent financial status/operation condition/ability to pay off debts to see if the Corporation requires records on debts and relevant loss, and submit an evaluation report related to the endorsement/guarantee. If the increase of risk has been found in the evaluation, the Corporation shall propose contingency measures and submit along with the evaluation result to the chair for approval and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures and offering of proper audit report.
- V. If, as a result of a change in circumstances, an entity for which an endorsement/guarantee is made does not meet the requirements of these Procedures, or the loan balance exceeds the limit due to the change of limit calculation basis, the Corporation shall completely cancel the endorsed/guaranteed amount or excessive portion prior to the expiration set forth in the agreement or shall adopt rectification plans to in the specific duration and submit the rectification plans to all the supervisors, and report to the Board of Directors, and shall complete the rectification according to the timeframe set out in the plan.
- VI. Where there's a loss in the Corporation's endorsement/guarantee, if the entity is liable to the loss, an evaluation of whether to claim the loss shall be filed in the evaluation report referred to in the preceding paragraph and the handling personnel shall conduct claim procedures through adequate legal actions.

Article 7 Endorsement/Guarantee Cancellation

- I. When the endorsed/guaranteed entity requests rescissions on the certificates relevant to endorsement/guarantee or credit instruments due to payoff of debts or extension of contract, the endorsed/guaranteed entity shall prepare an official letter and the original relevant endorsement/guarantee certificates to the Corporation's financial department for application seal of "cancelled" chop before returning the certificate.
- II. II. The financial department shall always keep the cancellation records of endorsement/guarantee in the endorsement/guarantee memorandum book to decrease the amount of endorsement/guarantee.

Article 8 Internal Control

- I. The Corporation's internal auditors shall audit these 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.
- II. Where the Corporation makes endorsements/guarantees in accordance with the provisions, if any material violation is discovered, the handling personnel shall be penalized based on the violation.

Article 9 Custody and Procedures of Corporate Chops

- I. The Corporation shall use the corporate chop registered with the Ministry of Economic Affairs as the dedicated chop for endorsements/guarantees. The chop shall be kept in the custody of a designated person and may be used to seal or issue negotiable instruments pursuant to “System of Corporate Chop Management” and “System of Instrument Management”, and a report to the Board of Directors for approval shall be made before dismissal or change of the designated chop custodian.
- II. When making a guarantee for a foreign company, the Corporation shall have the Guarantee Agreement signed by a person authorized by the Board of Directors.

Article 10 Procedures for Public Announcement and Filing

After the Corporation has made public issuance of the stock, besides announcing and reporting the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month, if balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:

- I. The aggregate balance of endorsements/guarantees by the Corporation and its subsidiaries reaches 50 percent or more of the public company's net worth as stated in its latest financial statement
- II. The balance of endorsements/guarantees by the Corporation and its subsidiaries for a single enterprise reaches 20 percent or more of the public company's net worth as stated in its latest financial statement.
- III. The balance of endorsements/guarantees by the Corporation and its subsidiaries for a single enterprise reaches NTD 10 million or more and the aggregate amount of all endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the public company's net worth as stated in its latest financial statement.
- IV. The amount of new endorsements/guarantees made by the Corporation or its subsidiaries reaches NTD 30 million or more, and reaches 5 percent or more of the public company's net worth as stated in its latest financial statement.

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 4 of the preceding paragraph.

The calculation on ratio of the subsidiary's endorsements/guarantees balance is based on the ratio of the subsidiary's endorsement/guarantee balance to the Corporation's net value.

“Date of occurrence” in these Procedures means the date of contract signing, date of payment, dates of the resolution of the Board of Directors, or other date that can confirm the counterparty and monetary amount of the transaction, whichever date is earlier

Article 11 Where a subsidiary of the Corporation intends to make endorsements/guarantees to others, the Corporation shall instruct it to formulate its own Operational Procedures for Loaning Funds to Others in compliance with these Procedures, and it shall comply with the Procedures when making endorsements/guarantees.

Article 12 Any unspecified matters in these Procedures shall be dealt in accordance with the Company Act and relevant regulations.

Article 13 This 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 all supervisors and for discussion by the shareholders' meeting. The same shall apply to any amendments to the Procedures.

When these procedures is 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】 Procedures for Loaning of Funds to Others (Before Amendment)

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 every supervisor.
- 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 all supervisors 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 6】 Procedures for Acquisition or Disposal of Assets (Before Amendment)

Otsuka Information Technology Corp. Procedures for Acquisition or Disposal of Assets

- Article 1 Purpose
To secure investments and implement publication of information, the Corporation's acquisition or disposal of assets shall be handled in accordance with these procedures.
- Article 2 Applicable Laws and Regulations
These Regulations are adopted in accordance with the provisions of Article 36-1 of the Securities and Exchange Act and Regulations Governing the Acquisition and Disposal of Assets by Public Companies
- Article 3 The term "assets" as used in these Procedures includes the following:
- I. Investments including stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities, etc.
 - II. Real estate (including land, houses and buildings, investment property, land user, inventory of Constructions) and equipment.
 - III. Membership.
 - IV. Intangible assets (including patent, copyright, trademark and charter right).
 - V. Claims of financial institutions (including receivables, bills purchased and discounted, loans, and overdue receivables).
 - VI. Derivatives products.
 - VII. Assets that are acquired or disposed through merger, spin-off, acquisition or share transfer.
 - VIII. Other major assets.
- Article 4 Terms used in these Procedures are defined as follows:
- I. Derivatives: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, whose value is derived from assets, interest rate, foreign exchange rate, index of prices or rates, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) contracts.
 - II. Assets acquired or disposed through mergers, demergers, acquisitions, or transfer of shares in accordance with the law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156, paragraph 8 of the Company Act.
 - III. Related party or subsidiary: As defined in the Regulations Governing the Preparation

of Financial Reports by Securities Issuers.

- IV. Professional appraiser: Refers to a real property appraiser or other person duly authorized by law to engage in the value appraisal of real property and other fixed assets.
- V. Date of occurrence: Refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of the resolutions of the board of directors, or other date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier; provided, for investment for which approval of the competent authority is required, the earlier of the above date or the date of receipt of approval by the competent authority shall apply.
- VI. Mainland China area investment: Refers to investments in the mainland China area approved by the Ministry of Economic Affairs Investment Commission or conducted in accordance with the provisions of the Regulations Governing Permission for Investment or Technical Cooperation in the Mainland Area.

Article 5 Procedures for Appraisal

- I. The acquisition or disposal of securities not traded in stock exchange markets or over-the-counter markets shall be determined using the net asset value of each share, profitability, potential market interest rate, coupon rate, credibility of the debtor and price at trade, etc.
- II. The acquisition or disposal of securities traded in stock exchange markets or over-the-counter markets shall be determined the price of equity or bond at trade.
- III. The acquisition or disposal of other assets as referred to in the preceding two subparagraphs shall be handled with either inquiry, price parity, negotiation or bidding, and shall be determined using the assessed present value, assessed value and actual transaction price of neighboring real estates as reference. Where the amount of acquisition or disposal is over the threshold of public announcement or filing, the appraisal report by professional appraisers shall be taken as reference.

Article 6 Procedures for Acquisition or Disposal of Assets

- I. For acquisition or disposal of assets, the handling department shall perform appraisals on items of reasons, subject property, transaction counterparty, price of transfer, collection and payment terms and price reference of the subject intended for acquisition or disposal, followed by decisions of authorities and execution by administrative departments. The relevant matters are handled in accordance with the Corporation's internal control system and these Procedures.
- II. The finance department of the Corporation is responsible for execution of long and short term securities investments. The execution of real property and other fixed assets are handled by the user department and authorities. Other assets which are not securities, real property and other fixed assets shall be acquired or disposed after the appraisal by the relevant executing department.
- III. Relevant operations of acquisition or disposal of assets are handled in accordance with the Corporation's internal control system. If any material violation is discovered, the handling personnel shall be penalized based on the violation.

IV. The Corporation's assets acquired through investments shall be registered in the name of the Corporation and relevant documents shall be kept in safe places including safety deposit boxes. Handling concerning purchases and sales, deposit and accounting shall be performed by different personnel.

Article 7 Delegation of Authorization

The Corporation's acquisition or disposal of assets shall be approved by the chairman, and an individual transaction whose amount is more than NTD 30 million shall be otherwise submitted to the board of directors for approval.

Article 8 Investment Amount

The Corporation may acquire real property or securities for non-business use, and the total amount of acquisition shall not exceed 30 percent of the total assets. Total amount of acquisition of securities shall not exceed 20 percent of total assets, and total amount of acquisition of individual securities shall not exceed 10 percent of the total assets.

Article 9 Standards of Public Announcement and Filing

Under any of the following circumstances, the Corporation's acquisition or disposal of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:

- I. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Corporation's total assets, or NTD 300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.
- II. Merger, demerger, acquisition, or transfer of shares.
- III. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.
- IV. Where the asset to be acquired or disposed of the equipment for business use, and furthermore the transaction counterparty is not a related party, and the transaction amount meets any of the following criteria:
 - (I) For a company whose paid-in capital is less than NTD 10 billion, the transaction amount reaches NTD 500 million or more.
 - (II) For a company whose paid-in capital is NTD 10 billion or more, the transaction amount reaches NTD 1 billion or more.
- V. Where land is acquired under an arrangement on engaging others to build on the Corporation's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the company expects to invest in the transaction reaches NTD 500 million.
- VI. Where an asset transaction other than any of those referred to in the preceding five subparagraphs, a disposal of receivables by a financial institution, or an investment in

the mainland China area reaches 20 percent or more of paid-in capital or NTD 300 million; provided, this shall not apply to the following circumstances:

(I) Trading of government bonds.

(II) Where done by professional investors—securities trading on domestic and overseas securities exchanges or OTC markets, or subscription of ordinary corporate bonds or general bank debentures without equity characteristics that are offered and issued in the domestic primary market.

(III) Trading of bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises.

The amount of transactions above shall be calculated as follows:

1. The amount of any individual transaction
2. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same transaction counterparty within the preceding year.
3. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of real property within the same development project within the preceding year. °
4. The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.

"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Procedures need not be counted toward the transaction amount.

The Corporation shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by the company and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.

When the Corporation at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety within two days counting inclusively from the date of knowing of such error or omission.

The Corporation acquiring or disposing of assets shall keep all relevant contracts, meeting minutes, log books, appraisal reports and CPA, attorney, and securities underwriter opinions at the company, where they shall be retained for 5 years except where another act provides otherwise.

Article 10 Deadline for Public Announcement and Filing

Where any of the following circumstances occurs with respect to a transaction that the Corporation has already publicly announced and reported in accordance with the preceding article, a public report of relevant information shall be made on the information reporting website designated by the FSC within 2 days counting inclusively

from the date of occurrence of the event:

- I. Change, termination, or rescission of a contract signed in regard to the original transaction.
- II. The merger, demerger, acquisition, or transfer of shares is not completed by the scheduled date set forth in the contract.
- III. Change to the originally publicly announced and reported information.

Article 11 In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the company's paid-in capital or NTD 300 million or more, the company, unless transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:

- I. Where due to special circumstances it is necessary to give a limited price, specified price, or special price as a reference basis for the transaction price, the transaction shall be submitted for approval in advance by the Board of Directors; the same procedure shall also be followed whenever there is any subsequent change to the terms and conditions of the transaction.
- II. Where the transaction amount is NTD 1 billion or more, appraisals from two or more professional appraisers shall be obtained.
- III. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (hereinafter referred to as "ARDF") and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:
 - (I) The discrepancy between the appraisal result and the transaction amount is 20 percent or more of the transaction amount.
 - (II) The discrepancy between the appraisal results of two or more professional appraisers is 10 percent or more of the transaction amount.
- IV. No more than 3 months may elapse between the date of the appraisal report issued by a professional appraiser and the contract execution date; provided, where the publicly announced current value for the same period is used and not more than 6 months have elapsed, an opinion may still be issued by the original professional appraiser.

Article 12 The Corporation's acquisition or disposal of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price,

If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NTD 300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).

Article 13 Where the Corporation acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of the paid-in capital or NTD 300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of the Statement of Auditing Standards No. 20 published by the ARDF.

Article 13-1 The calculation of the transaction amounts referred to in the preceding three articles shall be done in accordance with Article 9, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.

Article 14 Where the Corporation acquires or disposes of assets through court auction procedures, the evidentiary documentation issued by the court may be substituted for the appraisal report or CPA opinion.

Article 15 Professional appraisers and their officers, certified public accountants, attorneys, and securities underwriters that provide the Corporation with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions may not be a related party of any party to the transaction.

Article 16 When the Corporation engages in any acquisition or disposal of assets from or to a related party, in addition to ensuring that the necessary resolutions are adopted and the reasonableness of the transaction terms is appraised, if the transaction amount reaches 10 percent or more of the company's total assets, the company shall also obtain an appraisal report from a professional appraiser or a CPA's opinion in compliance with the provisions of the Articles 11 to 14 herein.

The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with Article 13-1 herein

When judging whether a transaction counterparty is a related party, in addition to legal formalities, the substance of the relationship shall also be considered.

Article 17 When the Corporation intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or

to a related party and the transaction amount reaches 20 percent or more of the paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of money market funds issued by domestic securities investment trust enterprises, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Board of Directors and recognized by the supervisors:

- I. The purpose, necessity and anticipated benefit of the acquisition or disposal of assets.
- II. The reason for choosing the related party as a transaction counterparty.
- III. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 18 and Article 19 hereof.
- IV. The date and price at which the related party originally acquired the real property, the original transaction counterparty, and that transaction counterparty's relationship to the Corporation and the related party.
- V. Monthly cash flow forecasts for the year commencing from the anticipated month of signing of the contract, and evaluation of the necessity of the transaction, and reasonableness of the funds utilization.
- VI. An appraisal report from a professional appraiser or a CPA's opinion obtained in compliance with the preceding article.
- VII. Restrictive covenants and other important stipulations associated with the transaction.

The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with Article 9, paragraph 2 herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the Board of Directors and recognized by the supervisors need not be counted toward the transaction amount.

Where the position of independent director has been created in accordance with the provisions of the Act, when a matter is submitted for discussion by the Board of Directors pursuant to paragraph 1, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the board of directors meeting.

Where an audit committee has been established in accordance with the provisions of the Act, the matters for which paragraph 1 requires recognition by the supervisors shall first be approved by more than half of all audit committee members and then submitted to the Board of Directors for a resolution, and shall be subject to mutatis mutandis application of Article 26, paragraphs 4 and 5.

Article 18 Where the Corporation acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:

- I. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the

company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.

- II. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the transaction counterparties.

Where land and structures thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.

Where the Corporation acquires real property from a related party and appraises the cost of the real property in accordance with the preceding two paragraphs, a CPA shall also be engaged to check the appraisal and render a specific opinion.

Where the Corporation acquires real property from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with Article 17, and the preceding three paragraphs do not apply:

- I. The related party acquired the real property through inheritance or as a gift.
- II. More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property to the signing date for the current transaction.
- III. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to build real property, either on the Corporation's own land or on rented land.

Article 19 Where the Corporation acquires real property from a related party and the results of appraisals conducted in accordance with the Articles 17 and 18 are uniformly lower than the transaction price, the following steps shall be taken:

- I. A special reserve shall be set aside against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares. Where the Corporation uses the equity method to account for its investment in another public company, then the special reserve called for shall be set aside pro rata in a proportion consistent with the share of the Corporation's equity stake in the other company.
- II. Supervisors shall comply with Article 218 of the Company Act.
- III. Actions taken pursuant to subparagraphs 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.

The Corporation has set aside a special reserve under the preceding paragraph and may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased at a premium, or they have been disposed of, or adequate compensation has been made, or the status quo ante has been restored, or

there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.

When the Corporation obtains real property thereof from a related party, it shall also comply with the preceding two paragraphs if there is other evidence indicating that the acquisition was not an arm's length transaction.

Article 20 The Corporation engagement in derivatives trading are pursuant to the Corporate's "Procedures for Engagement in Derivatives Trading" and shall pay attention to affairs of risk management and audit to implement internal control.

Article 21 Where the Corporation conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve the matter, a CPA, attorney, or securities underwriter shall be engaged to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other properties to shareholders, and submit it to the Board of Directors for deliberation and passage. However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by a public company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Corporation directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.

Merger, demerger, acquisition, or transfer of shares shall be prepared into a public report to shareholders detailing important contractual content and matters relevant to the merger, demerger, or acquisition prior to the shareholders meeting and include it along with the expert opinion referred to in paragraph 1 of the preceding Article when sending shareholders notification of the shareholders meeting for reference in deciding whether to approve the merger, demerger, or acquisition. Provided, where a provision of another act exempts a company from convening a shareholders meeting to approve the merger, demerger, or acquisition, this restriction shall not apply.

Where the shareholders meeting of any one of the companies participating in a merger, demerger, or acquisition fails to convene or pass a resolution due to lack of a quorum, insufficient votes, or other legal restriction, or the proposal is rejected by the shareholders meeting, the companies participating in the merger, demerger or acquisition shall immediately publicly explain the reason, the follow-up measures, and the preliminary date of the next shareholders meeting.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall prepare a full written record of the following information and retain it for 5 years for reference:

I. Basic identification data for personnel: Including the occupational titles, names, and national ID numbers (or passport numbers in the case of foreign nationals) of all persons involved in the planning or implementation of any merger, demerger, acquisition, or transfer of another company's shares prior to disclosure of the information.

II. Dates of material events: Including the signing of any letter of intent or memorandum of understanding, the hiring of a financial or legal advisor, the execution of a contract, and the convening of a Board of Directors meeting.

III. Important documents and minutes: Including merger, demerger, acquisition, and share transfer plans, any letter of intent or memorandum of understanding, material contracts, and minutes of Board of Directors meetings.

When participating in a merger, demerger, acquisition, or transfer of another company's shares, a company that is listed on an exchange or has its shares traded on an OTC market shall, within 2 days counting inclusively from the date of passage of a resolution by the Board of Directors, report (in the prescribed format and via the Internet-based information system) the information set out in subparagraphs 1 and 2 of the preceding paragraph to the FSC for recording purposes.

Where any of the companies participating in a merger, demerger, acquisition, or transfer of another company's shares is neither listed on an exchange nor has its shares traded on an OTC market, the company(s) so listed or traded shall sign an agreement with such company whereby the latter is required to abide by the provisions of the preceding paragraphs 4 and 5.

Article 22 The Corporation shall convene a Board of Directors meeting and shareholders meeting on the day of the transaction to resolve matters relevant to the merger, demerger, or acquisition, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

A company participating in a transfer of shares shall call a board of directors meeting on the day of the transaction, unless another act provides otherwise or the FSC is notified in advance of extraordinary circumstances and grants consent.

Article 23 Where the Corporation participates in a merger, demerger, acquisition, or transfer of shares may not arbitrarily alter the share exchange ratio or acquisition price, unless under the below-listed circumstances, and shall stipulate the circumstances permitting alteration in the contract for the merger, demerger, acquisition, or transfer of shares:

I. Cash capital increase, issuance of convertible corporate bonds, or the issuance of bonus shares, issuance of corporate bonds with warrants, preferred shares with warrants, stock warrants, or other equity based securities.

II. An action, such as a disposal of major assets, that affects the company's financial operations.

III. An event, such as a major disaster or major change in technology, that affects shareholder equity or share price.

IV. An adjustment where any of the companies participating in the merger, demerger, acquisition, or transfer of shares from another company, buys back treasury stock.

V. An increase or decrease in the number of entities or companies participating in the merger, demerger, acquisition, or transfer of shares.

VI. Other terms/conditions that the contract stipulates may be altered and that have been publicly disclosed.

The agreements of merger, demerger, acquisition, or transfer of shares by the

Corporation shall state relevant affairs in accordance with the rules to maintain the rights of participating companies.

Article 24 Rules of Acquisition or Disposal of Assets for Subsidiaries

- I. Acquisition or disposal of assets for subsidiaries shall be handled in accordance with the provisions as regulated by the parent company.
- II. Information required to be publicly announced and reported in accordance with the provisions of Article 9 and 10 hereof on acquisitions and disposals of assets by the Corporation's subsidiary that is not itself a public company in the Republic of China shall be reported by the parent company.
- III. The parent company's paid-in capital or total capital shall be the standard applicable to "the transaction amount reaching 20 percent of the company's paid-in capital or 10 percent of the total assets" referred to in the threshold of the subsidiary's public announcement and filing.

Article 25 Disclosed Items in the Financial Statement

Where the Corporation acquires or disposes of assets at or more than the amount required to be publicly announced and reported in accordance with Article 9 hereof and is making transactions with the de facto related party, the publicly announced contents shall be disclosed in financial statements and reported in a shareholders' meeting

Article 26 Effective Date:

- I. After these Procedures have been approved by the Board of Directors, they shall be submitted to all supervisors, and then to a shareholders' meeting for approval; the same applies when the procedures are amended. If any director expresses dissent and it is contained in the minutes or a written statement, the company shall submit the director's dissenting opinion to all supervisors.
- II. Where the position of independent director has been created in accordance with the preceding paragraph, and when the procedures for the acquisition and disposal of assets are submitted for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each independent director's opinions. If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors' meeting.
- III. Where an audit committee has been established in accordance with the preceding paragraph, and when the procedures for the acquisition and disposal of assets are adopted or amended, they shall be approved by more than half of all audit committee members and submitted to the Board of Directors for a resolution.
- IV. If approval of more than half of all audit committee members as required in the preceding paragraph is not obtained, the procedures may be implemented if approved by more than two-thirds of all directors, and the resolution of the audit committee shall be recorded in the minutes of the board of directors meeting.
- V. The terms "all audit committee members" in paragraph 3 and "all directors" in the preceding paragraph shall be counted as the actual number of persons currently holding those positions.

【Appendix 7】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 2020 financial forecast is not required.

【Appendix 8】 Shareholding by Directors and Supervisors

**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
 The minimum required combined shareholding of all supervisors by law (percentage) 1.2%
 The minimum required combined shareholding of all supervisors by law (shares) 205,164 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: 2020.4.24

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	112,000	0.66%
Independent Director	CEHN, Yen Hsun	—	—
Independent Director	YEN, Jun De	—	—
Independent Director	LIN, Hui Fen	—	—
Total		6,597,900	38.59%
Supervisor	HUANG, Hsiang Min	—	—
Supervisor	LIU, Cheng Ho	—	—
Supervisor	Tamehiro Akio	610,050	3.57%
Total		610,050	3.57%