

Fitipower Integrated Technology Inc.  
2024 Annual Shareholders' Meeting plans to issue common shares by  
private placement through cash capital injection.

**Explanation:**

1. In alignment with operational growth and to seek opportunities for industrial cooperation or strategic alliances aimed at expanding market presence and creating long-term shareholder value, it is proposed that the shareholders' meeting authorize the Board of Directors to judiciously select an appropriate time—without causing significant changes in management rights—to proceed with a private placement of common shares under Article 43-6 of the Securities and Exchange Act and related regulations. The number of shares issued will not exceed 10,000,000 shares and will be executed once or in stages within one year from the date of the shareholders' meeting resolution.
2. According to Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities," the following details must be specified:
  - (I) Basis and Rationality for Private Placement Pricing:
    - (1) The pricing of the privately placed common shares shall be based on at least 80% of the higher of the following two standards calculated on the pricing date:
      - A. The simple arithmetic average of the closing prices of common shares on either the 1st, 3rd, or 5th business day before the pricing date, adjusted for bonus shares as well as dividends, plus any adjustment for a reduction in capital.
      - B. The simple arithmetic average of the closing prices of common shares over the 30 business days prior to the pricing date, adjusted similarly for bonus shares and dividends.
    - (2) The actual pricing date and issuance price of the private placement shares will be determined by the Board of Directors within the limits approved by the shareholders' meeting, based on future market conditions and the selection of strategic investors.
    - (3) Apart from complying with the regulations outlined in the " Directions for Public Companies Conducting Private Placements of Securities," the rationale for setting the price of the private placement also considers the strict limitations on the transferability of the securities within three years from the date of issuance. These restrictions include limits on the timing, the parties involved, and the quantity of shares that can be transferred. Furthermore, these securities cannot be publicly offered or listed with the regulatory authorities until three years after issuance, contributing to lower liquidity. Therefore, the setting of this private placement price is considered reasonable.
  - (II) Selection and Purpose of Specific Investors, Necessity, and Anticipated Benefits:

The targets for this private placement are strategic investors who meet the qualifications specified under Article 43-6 of the Securities and Exchange Act and the directives of the Financial Supervisory Commission dated September 12, 2023

(Document No. 1120383220), and who can assist our company in enhancing technology, improving quality, reducing costs, increasing operational efficiency, and expanding market reach, and who align with our company's management philosophy. The purpose, necessity, and expected benefits of engaging with these strategic investors are to meet our company's long-term development needs through their technology, knowledge, or distribution channels, which will aid in achieving the aforementioned benefits. Matters related to the appointment of specific individuals are proposed to be fully authorized to the Board of Directors by the shareholders' meeting.

(III) Necessary Reasons for Conducting a Private Placement, Amount, Use of Funds, and Expected Benefits:

(1) Reasons for Not Using a Public Offering:

Compared to a public offering, a private placement ensures a long-term partnership with strategic investors due to the three-year restriction on free transferability of the securities. Additionally, authorizing the Board of Directors to conduct a private placement based on the actual operational needs of the company will enhance the flexibility and responsiveness of fundraising. Therefore, it is proposed to issue securities through a private placement rather than a public offering.

(2) Private Placement Amount:

It is proposed to authorize the Board of Directors to execute the private placement of up to 10,000,000 shares of common stock, either in one go or in stages, within one year from the date of the shareholders' meeting resolution. The actual amount raised will be determined by the Board of Directors based on market conditions at the time, the company's actual needs, and negotiations with specific individuals.

(3) Use of Funds and Expected Benefits:

The funds raised from this private placement of common stock will be used for future strategic development, which is expected to enhance operational performance and strengthen the company's competitiveness, thereby positively benefiting shareholder equity.

Issuance	Anticipated Issue Amount	Use of Funds	Expected Benefits
1 <sup>st</sup>	5,000 thousand shares	Strategic Alliance Development or Funding Future	The funds are expected to meet the company's operational needs and enhance the future growth potential of the business, strengthening the company's competitiveness, enhancing operational efficiency, and improving shareholder equity.
2 <sup>nd</sup>	5,000 thousand shares	Strategic Development Needs	
Regarding the first and second anticipated issuance amounts, during each actual implementation, it is possible to issue all or part of the previously unissued shares or subsequent anticipated shares, provided that the total number of shares issued does not exceed 10,000,000.			

(IV) Will there be significant changes in management rights within one year before the Board's decision to conduct a private placement or after introducing strategic investors through the private placement:

According to the regulations set out in the " Directions for Public Companies

Conducting Private Placements of Securities," if significant changes in management rights occur within one year prior to the board's decision to conduct a private placement and up to one year following the delivery of the privately placed securities, the company is required to consult a securities underwriter to provide an assessment on the necessity and reasonableness of the private placement please refer to the Attachment. Furthermore, in our company's selection of suitable applicants for the private placement, we maintain the principle that there should be no significant changes in management rights.

- (V) The rights and obligations of the privately placed common shares are identical to those of the common shares already issued by the company. Under Article 43-8 of the Securities and Exchange Act, the privately placed securities cannot be freely transferred within three years after delivery, except under specific conditions permitted by law. After three years from the delivery of these privately placed securities, the company plans to obtain a letter of consent that meets the listing standards of the Taiwan Stock Exchange and, following the completion of the public offering review process with the competent authority, will then apply for stock exchange listing.
3. The primary contents of this private placement plan, in addition to the private placement pricing, include but are not limited to the actual number of shares issued, the issue price, terms of the issue, amount raised, planned projects, expected timeline for the use of funds, expected benefits, and other relevant matters. Should there be a need to change or amend these due to legal modifications, regulations from the competent authorities, operational assessments, or impacts from the external environment, it is proposed that the shareholders' meeting authorize the board of directors to handle these matters based on the current market conditions.
  4. It is proposed to request the shareholders' meeting to authorize the chairman or his designated representative to sign, negotiate, and amend all contracts and documents related to the private placement of common shares, and to handle all matters necessary for the issuance of the privately placed common shares.
  5. The private placement securities proposal, in accordance with Article 43-6 of the Securities and Exchange Act, can be detailed at the Market Observation Post System (website: <https://mops.twse.com.tw>), by selecting (Investment Zone/Private Placement Area) and at our company's website (URL: <https://www.fitipower.com>), under (Investors/Shareholder Services/Shareholders' Meeting).

## **Attachment**

Fitipower Integrated Technology Inc.

# **Necessity and Reasonableness Assessment Opinion for Private Placement**

Opinion Issuer: Fitipower Integrated Technology Inc.

Recipient of Opinion: Fitipower Integrated Technology Inc.

Designated Purpose: Solely for the use by Fitipower Integrated Technology Inc. for  
the private placement of common stock for cash capital increase  
in the year 2024

Type of Report: Necessity and Reasonableness Assessment Opinion for Private  
Placement

Assessing Institution: Grand Fortune Securities Co.,Ltd,

Apr. 17, 2024

Fitipower Integrated Technology Inc.  
**2024 Private Placement of Ordinary Shares for Cash Capital Increase  
Necessity and Reasonableness Assessment**

I. Introduction

Fitipower Integrated Technology Inc. (hereinafter referred to as "Fitipower" or "the Company") seeks industrial cooperation or strategic alliance opportunities to expand its market presence and create long-term shareholder value. It plans to conduct a private placement of ordinary shares for cash capital increase in 2024, according to Article 43-6 of the Securities Exchange Act and related regulations. The company intends to convene a board meeting on April 18, 2024, to pass a resolution to carry out the private placement of ordinary shares. According to the proposal information for that board meeting, the private placement limit will be set at no more than 10,000,000 shares, with the private placement price based on at least 80% of the reference price, to be executed once or in stages within one year from the date of the 2024 shareholders' meeting resolution.

According to Article 4 of the "Directions for Public Companies Conducting Private Placements of Securities," if significant changes in management rights occur within one year before the board's resolution to conduct a private placement and up to one year after the delivery date of the privately placed securities, the company must consult a securities underwriter to provide an assessment on the necessity and reasonableness of conducting the private placement. This assessment should be included in the notification of the shareholders' meeting as a reference for shareholder approval. Considering the public information monitoring system, the company added an independent director, Ms. Jin Lan-Fang, at the annual shareholders' meeting on May 31, 2023, increasing the board from seven to eight members. Additionally, on June 15, 2023, two corporate directors from Hongyang Venture Capital Co., Ltd. resigned, resulting in a total board change of three out of eight seats, which meets the criterion of a change involving more than one-third of the directors. Therefore, we have commissioned this underwriter to issue an assessment on the necessity and reasonableness of the company's private placement, as detailed below.

II. Company Profile

The Company was established on July 4, 1995, and was listed for trading on October 17, 2018. The main business activity is integrated circuit design. As of December 31, 2023, the paid-in capital was NT\$1,212,545,000. The company's financial highlights for the past three years are as follows:

**【Concise Balance Sheet】**

Unit: NT\$1,000

<b>Item</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Current assets	21,522,649	21,818,371	17,308,248
Property, plant and equipment	664,800	1,054,976	1,028,598
Other non-current assets	2,105,093	2,582,110	6,535,435
<b>Total assets</b>	<b>24,292,542</b>	<b>25,455,457</b>	<b>24,872,281</b>
Current liabilities	6,704,717	4,065,787	3,245,705
Non-current liabilities	203,310	246,161	430,108
<b>Total liabilities</b>	<b>6,908,027</b>	<b>4,311,948</b>	<b>3,675,813</b>

Item	2021	2022	2023
Share Capital	1,865,453	1,865,453	1,212,545
Capital surplus	6,986,364	8,615,095	8,621,547
Legal reserve	268,720	853,945	1,160,976
Special reserve	13,192	43,782	28,704
Unappropriated earnings	6,765,097	6,054,591	6,330,352
Other equity	(43,782)	(28,704)	(26,923)
Treasury stock	(9,449)	(9,449)	(8,158)
Non-controlling interests	1,538,920	3,748,796	3,877,425
<b>Total shareholders' equity</b>	<b>17,384,515</b>	<b>21,143,509</b>	<b>21,196,468</b>

Source: Financial Statements audited and certified by CPA for the years 2021 to 2023.

### 【 Consolidated Statement of Comprehensive Income 】

Unit: NT\$1,000

Item	2021	2022	2023
Operating Revenue	22,868,238	19,680,425	16,286,520
Operating Costs	12,204,261	12,535,400	11,004,044
Gross Profit	10,663,977	7,145,025	5,282,476
Operating Expenses	2,946,860	3,276,205	2,936,431
Operating Profit	7,717,117	3,868,820	2,346,045
Non-operating Income and Expenses	69,433	87,587	455,716
Income before tax	7,786,550	3,956,407	2,801,761
Income tax benefit (expense)	1,396,915	687,222	434,562
Net Income (Loss) for the Period	6,389,635	3,269,185	2,367,199
Net Income Attributable to Owners of the Parent Company	5,852,244	3,070,306	2,150,213
Earnings per share (NT\$)	33.83	16.49	13.29

Source: Financial Statements audited and certified by CPA for the years 2021 to 2023.

### III. Underwriter's Assessment

#### (1) Legality Assessment

Upon review of the Company's 2023 audited financial statements, the net profit after tax was NT\$2,367,199,000, and there were no accumulated losses at year-end. Therefore, the selection of applicants for this private placement must adhere to the provisions specified in Article 3, Paragraph 1, Item 2 of the "Regulations on Private Placements of Securities by Public Companies," which require that private placement funds be used entirely for introducing strategic investors. Upon examination of the company's proposed data for the April 18, 2024 board meeting, the applicants for this private placement will be limited to strategic investors, and related matters will be listed in the agenda of the shareholders' meeting, in compliance with the "Directions for Public Companies Conducting Private Placements of Securities."

#### (2) Necessity and Reasonableness Assessment of the Private Placement

##### 1. Assessment of Necessity

The Company, a designer of LCD driver ICs and power management ICs, has recently been focusing on developing products for applications beyond TVs and notebooks, from ESL (Electronic Shelf Label) driver ICs to TDDI (Touch and Display Driver Integration chips) and DDR5 PMICs (Power Management ICs), and has recently entered the AI market, targeting customized chip solutions for edge applications. With the continuous expansion of its product line and the expected increase in demand for large TVs driven by major events like the Olympics and the European Cup in 2024, there is growth momentum for panel driver ICs. Given the broad application range for driver ICs and the accelerated industry-wide efforts by peers in the IC design industry to expand into various applications, including automotive, IT, mobile phones, and TVs, it is necessary for the company to introduce strategic investors and their capital to expand market reach and enhance future competitiveness through industry cooperation with these investors. Moreover, compared to public offerings, private placements are more advantageous in terms of the timeliness, convenience, and cost of raising funds. Opting for a private placement ensures that the entire amount raised is subscribed by strategic investors, with high timeliness and a restriction that investors cannot freely transfer their shares within three years, securing a long-term partnership. Thus, conducting fundraising through a private placement is deemed necessary for the company.

## 2. Assessment of Reasonableness

The underwriter has assessed the reasonableness of this private placement in the following three aspects:

### (1) Reasonableness of the Private Placement Procedure

Upon review of the proposal information for the board meeting scheduled on April 18, 2024, including the discussion content, issuance procedures, pricing of the private placement, and the selection method of specific investors, it is found to be in compliance with the Securities Exchange Act and related regulations. The private placement is set to be resolved at the annual shareholders' meeting on May 31, 2024, and the issuance procedure is deemed reasonable.

### (2) Reasonableness of the Type of Securities Issued in the Private Placement

The company is issuing common stock in this private placement, a type of security commonly issued in the market and highly accepted by investors. Using equity as a fundraising tool is suitable compared to debt, as it does not incur interest expenses and reduces financial risk, while increasing financial flexibility. Furthermore, the private placement's upper limit is set at 10,000,000 shares, resulting in a dilution of only 7.62% of the company's total shares  $[(10,000,000 \text{ shares} / (10,000,000 \text{ shares} + 121,254,453 \text{ registered shares}))]$ , which minimally impacts earnings per share. Therefore, issuing common stock in this private placement is considered reasonable.

### (3) Reasonableness of the Anticipated Benefits of the Private Placement

The company aims to respond to long-term operational plans and future diverse business developments by introducing strategic investors and their capital. This cooperation is expected to expand market reach and enhance overall competitiveness, thereby improving operational performance. Thus, the anticipated benefits of this private placement are considered reasonable.

## 3. Assessment of the Selection Method of Applicants and Its Feasibility and Necessity

### (1) Selection Method of Applicants

According to the proposal data for the board meeting scheduled on April 18, 2024, the applicants for this private placement will be limited to those who meet the qualifications under Article 43-6 of the Securities Exchange Act and the Financial Supervisory Commission's regulation from September 12, 2023 (No. 1120383220), and who qualify as strategic investors as defined in the "Directions for Public Companies Conducting Private Placements of Securities." Currently, no specific applicants have been finalized, but the selection method prioritizes strategic investors who can benefit the company's future operations. By introducing strategic investors, the company aims to strengthen its technology, product portfolio, customer structure, and market share, making the selection method reasonable.

(2) Feasibility and Necessity

Considering the evolving market demands for products, the company plans to introduce strategic investors who can contribute positively to the future product and market development. The participation of these investors can accelerate opportunities in product and market development through industry integration or joint R&D, thereby enhancing technology, improving efficiency, and expanding market size. This support is likely to contribute to the company's stable growth and positively impact shareholder equity. Moreover, compared to public offerings, private placements offer advantages in terms of the timeliness, convenience, and cost of raising capital. The private placement ensures that all funds raised are subscribed by strategic investors with a high immediacy and a three-year restriction on free transferability, securing a long-term cooperation with the investors and benefiting the stability of management rights and future operations. Therefore, conducting fundraising through a private placement is both feasible and necessary.

4. Impact of Significant Changes in Management Rights on the Company's Business, Finances, and Shareholder Equity

Based on information gathered through interviews with the company's management, financial reports, and announcements from the Public Information Observation Station, it was assessed that within the year before the board resolution on April 18, 2024, to proceed with the private placement, there were changes in directorship exceeding one-third. To align with the Financial Supervisory Commission's promotion of "Corporate Governance 3.0 - Sustainability Development Blueprint" and the practical needs of company operations, an independent director, Ms. Jin Lan-fang, was elected at the annual shareholders' meeting on May 31, 2023, increasing the board from seven to eight seats. Additionally, on June 15, 2023, two corporate directors from Hongyang Venture Capital Co., Ltd. resigned, resulting in a total change of three out of eight board seats.

5. Current directors of the company do not control more than half of the board seats, and there are no significant changes in the company's main business. There are no new businesses that account for more than 50% of revenue, and there have been no major adjustments to the management team. Despite changes in directorship due to the appointment of an independent director and the resignation of corporate directors, there has been no transfer of control or loss of control by the original management.



Therefore, these changes have not significantly adversely affected the company's business, finances, or shareholder equity.

#### 6. Impact of the Private Placement on the Company's Business, Finances, and Shareholder Equity

The effects of conducting this private placement on the company's business, finances, and shareholder equity are as follows:

##### (1) Impact on the Company's Business

For the year 2023, the company's revenue from products included display driver ICs at 48%, power management ICs at 15%, Mobile ICs at 25%, and other semiconductor ICs at 12%. The company has diversified its product line, with non-driver IC chip performance gradually maturing over the years. Considering the company's pursuit of stable growth in its core business and the expectation for continuous expansion and broadening of its business footprint, introducing strategic investors and their capital to enhance future competitiveness will support long-term operational development and should positively impact business growth.

##### (2) Impact on Company Finances

The company plans to issue common stock through a private placement, with a cap of 10,000,000 shares, based on a price not less than 80% of the reference price. If fully issued, the funds raised from this private placement will be used to meet future strategic development needs, effectively strengthening the company's financial structure and enhancing operational efficiency. Therefore, this private placement is expected to have a positive impact on the company's finances.

##### (3) Impact on Shareholder Equity

By introducing strategic investors through this private placement to meet the capital requirements for future long-term strategic development, and leveraging the experience and development of these investors to enhance competitiveness and technological capabilities, the company expects to strengthen its competitive position and improve operational performance, thereby enhancing shareholder equity. Additionally, the private placement securities are subject to a three-year non-transferability restriction, ensuring a long-term cooperation with the applicants, thus positively affecting shareholder equity.

#### 7. Summary of Assessment Opinion

In summary, considering the company's future strategic development, this private placement by introducing strategic investors and their capital is deemed necessary and reasonable to improve the company's financial structure and fund future strategic developments, aiding long-term operational growth. This collaboration with strategic investors will expand market reach and enhance operational performance and overall shareholder equity, making the private placement necessary and reasonable for the company's long-term development. Upon review of the proposal data for the board meeting scheduled on April 18, 2024, and considering the anticipated benefits of the private placement, the selection of applicants, and the impact of significant changes in management rights on the company's business, finances, and shareholder equity, the private placement is considered necessary and reasonable.

#### IV. Additional Declarations

- (1) The content of this opinion is intended solely as a reference for the Company's board resolution on April 18, 2024, and the shareholders' meeting resolution on May 31, 2024, for the private placement of ordinary shares and should not be used for other purposes.
- (2) This opinion is based on the proposal data for the board meeting scheduled on April 18, 2024, and the company's financial data, assessed through the Public Information Observation Station's announcements. This opinion does not bear any legal responsibility for any changes in the company's future due to the private placement plan or other circumstances.
- (3) The underwriter is not a related party to Fitipower Integrated Technology Inc., and this declaration is made explicitly.

評估人：

福邦證券股份有限公司

代表人：黃炳鈞



Apr. 17, 2024

(This seal is limited to use only for the Necessity and Reasonableness Opinion Document regarding the 2024 private placement of common shares by Fitipower Integrated Technology Inc.)