

Fitipower Integrated Technology Inc.
Guidelines for Financial Transactions among Related Parties

Article 1

In order to enhance the sound financial transactions between the Company and related parties and to prevent irregular transactions and improper benefits transfer in matters such as sales and purchases, acquisition and disposal of assets, endorsements and guarantees, and fund lending between related parties, this operational code is established in accordance with the provisions of Article 17 of the Corporate Governance Best Practice Principles for Listed and OTC Companies for compliance.

Article 2

Financial transactions related to the Company and related parties shall be conducted in accordance with the provisions of this operational code, except where otherwise stipulated by laws or articles of association.

Article 3

The term "related parties" as used in this code shall be determined in accordance with the Financial Reporting Standards for Securities Issuers. The term "related companies" as used in this code refers to companies that exist independently and have the following relationships as stipulated in Article 369-1 of the Company Act:

Companies with control and subsidiary relationships.

Companies with mutual investments. In determining the control and subsidiary relationships mentioned above, consideration should be given not only to their legal form but also to their substantive relationships.

Article 4

The Company should consider the overall operational activities and establish an effective internal control system for transactions with related parties (including related companies). Regular reviews should be conducted to adapt to changes in the internal and external environment of the company, ensuring the continuous effectiveness of the designed and implemented system.

For subsidiaries, the Company should urge them to establish effective

internal control systems, taking into account the government regulations and operational nature of the subsidiaries' locations. Even for related parties that are non-publicly traded companies, their impact on the Company's financial transactions should be considered, requiring them to establish effective internal control systems, financial, operational, and accounting management systems.

Article 5

In supervising the management of related companies, the Company, in addition to implementing relevant internal control systems, should also pay attention to the following:

The Company should appoint an appropriate number of directors and supervisors for related companies based on the shareholding percentage.

Directors appointed by the Company to related companies should regularly attend the board meetings of the related companies.

Management should report on the company's goals, strategies, financial status, operating results, cash flow, major contracts, etc., for monitoring the operations of the related companies. In case of abnormalities, the reasons should be investigated, documented, and reported to the Chairman or General Manager of the Company.

Supervisors appointed by the Company to related companies should oversee the execution of the related companies' business, investigate the financial and operational status, examine books and records, and audit reports. They may request reports from the related companies' board of directors or management. In case of abnormalities, the reasons should be investigated, documented, and reported to the Chairman or General Manager of the Company.

The Company should appoint qualified personnel to key positions in related companies, such as General Manager, Finance Manager, or Internal Audit Manager, to obtain responsibilities for operational management, decision-making, and supervision and evaluation. Depending on the nature of the business, scale of operations, and number of employees of each subsidiary, the Company should guide them in establishing internal audit units and setting up procedures and methods for self-inspection of internal control systems.

In addition to reviewing audit reports or self-inspection reports

submitted by each subsidiary, internal audit personnel of the Company should regularly or irregularly conduct audits at subsidiaries. The findings and recommendations in audit reports should be notified to the subsidiaries for improvement, and regular follow-up reports should be prepared to ensure that appropriate corrective measures are taken in a timely manner.

Subsidiaries should submit financial statements for the previous month (by the 15th of each month), including balance sheets, income statements, detailed expense statements, cash flow and forecast statements, accounts receivable aging analysis, overdue accounts details, inventory aging analysis, monthly reports on funds loaned to others and endorsed guarantees, etc. Any abnormalities should be accompanied by an analysis report for the Company's control. Other related companies should also provide financial statements for the previous quarter (by the 15th of each quarter) for the Company's analysis and review.

Article 6

Managers of the Company should not hold concurrent positions with managers of related companies and should not engage in or operate businesses similar to those of the Company unless resolved by the board of directors. However, if necessary, clear delineation of responsibilities and avoidance of personnel interchange should be stipulated in advance, considering the scope of work and the responsibilities and cost-sharing methods.

Article 7

The Company should establish an effective financial and business communication system with each related company and conduct periodic comprehensive risk assessments for dealings with banks, major customers, and suppliers to reduce credit risks. For related companies with financial transactions, it is essential to stay informed about their significant financial and business matters for risk management.

Article 8

The loans or endorsements and guarantees between the Company and related parties shall be prudently evaluated and comply with the "Guidelines for Handling Loans and Endorsements by Publicly Issued Companies" as well as the operating procedures for loans to others and endorsement and guarantee procedures established by the Company.

Detailed scrutiny shall be conducted on the following matters concerning loans or endorsements and guarantees between related parties, and the evaluation results shall be reported to the Board of Directors. Loans shall be processed after Board resolution, and authorization for endorsements may be granted to the Chairman within a certain limit, subject to subsequent confirmation by the latest Board meeting.

The necessity and reasonableness of loans or endorsements and guarantees. If engaged in lending or endorsing activities with related parties due to business transactions, the adequacy of the loan amount or guarantee amount in relation to the business transaction amount should be assessed. In cases where short-term funding is necessary, the reasons and circumstances for lending the funds should be enumerated.

Credit investigation and risk assessment of the parties involved in loans or endorsements and guarantees.

Impact on the company's operational risks, financial condition, and shareholder equity.

Whether collateral should be obtained and the evaluation of the collateral value.

Loans by the Company to subsidiaries where it directly or indirectly holds more than ninety percent of voting shares require approval from the Board of Directors before endorsements are made, in accordance with Article 5, Paragraph 2 of the Guidelines for Handling Loans and Endorsements by Publicly Issued Companies. However, endorsements between companies where the Company holds one hundred percent of voting shares are not subject to this limitation.

Loans between the Company and its parent or subsidiary companies, or between subsidiary companies, shall be subject to Board approval. The Chairman may be authorized by the Board to make disbursements or revolving use within a specified limit and for a period not exceeding one year for the same lending object as resolved by the Board. In loans or endorsements between the Company and related parties, the opinions of independent directors should be fully considered, and their explicit

agreement or disagreement and reasons for disagreement should be recorded in the Board minutes.

For overseas companies where the Company directly or indirectly holds one hundred percent of voting shares and engages in loans for short-term liquidity needs, the financing amount is not subject to the limit of forty percent of the borrower's net worth. For companies where the Company directly or indirectly holds more than ninety percent of voting shares, the amount of endorsements shall not exceed ten percent of the Company's net worth. However, for companies where the Company directly or indirectly holds one hundred percent of voting shares, there is no such limitation on endorsements.

Effective follow-up control measures shall be implemented for matters related to loans or guarantees, and appropriate security measures shall be taken to safeguard the company's interests in case of overdue debt or potential losses.

Article 9

For business transactions between the Company and related parties, clear pricing conditions and payment methods should be established. The purpose, price, conditions, substance and form of transactions, as well as related processing procedures, should not be significantly disproportionate or unreasonably different from transactions with non-related parties.

When purchasing finished goods, semi-finished goods, or raw materials from related parties due to business needs, the purchasing personnel should assess the reasonableness of the quoted prices from related parties based on market prices and other transaction conditions. Except for special factors or superior conditions different from general suppliers, favorable prices or payment conditions may be granted by reasonable agreement. Other prices and payment conditions should be consistent with those offered to general suppliers.

When selling finished goods, semi-finished goods, or raw materials to related parties, the quoted prices should be based on prevailing market prices. Except for long-term collaboration or other special factors

different from general customers, favorable prices or payment conditions may be granted by reasonable agreement. Other prices and payment conditions should be consistent with those offered to general customers.

For services or technical services between the Company and related parties, a contract should be signed by both parties, specifying the service content, service fees, duration, payment conditions, and after-sales services. After approval by the General Manager or Chairman, all terms of the contract should follow general business practices.

Accounting personnel of the Company and related parties should reconcile sales, purchases, and accounts receivable and payable balances with each other before the end of each month. Any differences should be understood and documented in an adjustment statement.

Article 10

When engaging in transactions involving the sale or purchase of goods, provision of services, or technical services with related parties, and the expected annual transaction amount reaches five percent of the Company's most recent consolidated total assets or the most recent year's consolidated net operating income, the following information shall be submitted to the Board of Directors for approval before the transaction can proceed:

Details of the transaction, its purpose, necessity, and expected benefits.

Reasons for selecting related parties as transaction partners.

Principles for calculating transaction prices and the maximum expected annual transaction amount.

Explanation of whether the transaction terms comply with normal commercial terms and do not harm the Company's interests and shareholder equity.

Restriction conditions and other important agreements.

Information on transactions with related parties shall be included in the shareholder meeting report at the end of the fiscal year, including:

Actual transaction amounts and terms.

Whether the transaction was conducted based on the approved transaction price calculation principles.

Whether the annual transaction amount exceeded the approved limit set by the Board of Directors. If it exceeded, the reasons, necessity, and reasonableness should be explained.

Article 11

Transactions involving assets, derivative financial instruments, corporate mergers, divisions, acquisitions, or share transfers between the Company and related parties shall be conducted in accordance with the "Guidelines for the Acquisition or Disposal of Assets by Publicly Issued Companies" and the procedures for acquiring or disposing of assets established by the Company.

When acquiring or disposing of marketable securities from or to related parties, or acquiring marketable securities with related entities as targets, the financial statements of the target company, verified or reviewed by a certified public accountant, shall be obtained as of the transaction date for evaluating the transaction price. Additionally, for transactions with amounts reaching twenty percent of the Company's paid-in capital, ten percent of total assets, or exceeding TWD 300 million, an opinion on the reasonableness of the transaction price shall be sought from the accountant before the transaction date. However, this requirement does not apply if the marketable securities have an active market quotation or are subject to other regulations stipulated by the Financial Supervisory Commission.

For transactions involving the acquisition or disposal of intangible assets or the rights to use such assets, or membership certificate transactions, with amounts reaching twenty percent of the Company's paid-in capital, ten percent of total assets, or exceeding TWD 300 million, an opinion on the reasonableness of the transaction price shall be obtained from the accountant before the transaction date.

Article 12

When acquiring or disposing of real estate or the rights to use real estate from or with related parties, or when transactions involving other assets with amounts reaching twenty percent of the Company's paid-in capital, ten percent of total assets, or exceeding TWD 300 million, excluding transactions involving bonds with buy-back or sell-back conditions, or

subscription or repurchase of money market funds issued by domestic securities investment trust enterprises, the following information shall be submitted for approval by the Audit Committee and subsequent approval by the Board of Directors before signing the transaction contract and making payments:

Appraisal reports issued by qualified professional appraisers or opinions from accountants, as required by regulations.

Purpose, necessity, and expected benefits of acquiring or disposing of assets.

Reasons for selecting related parties as transaction partners.

For real estate acquisitions from related parties, relevant information regarding the reasonableness of the predetermined transaction conditions as specified in Article 16 and 17 of the "Guidelines for the Acquisition or Disposal of Assets by Publicly Issued Companies."

Information on the original acquisition date, price, transaction partners, and their relationships with the Company and related parties.

Cash flow forecasts for each month starting from the expected contract month for the next year, and an assessment of the necessity and reasonableness of the transaction and the use of funds.

Restrictions and other important agreements related to the transaction.

An opinion from an accountant commissioned to assess whether the transaction with related parties complies with general commercial conditions and does not harm the Company and its minority shareholders' interests.

For transactions involving the acquisition or disposal of real estate, equipment, or the rights to use such assets with amounts reaching twenty percent of the Company's paid-in capital, ten percent of total assets, or exceeding TWD 300 million, a valuation report issued by professional appraisers shall be obtained. If the difference between the valuation result and the transaction amount exceeds twenty percent of the transaction amount, the accountant shall provide specific opinions on the reasons for the difference and the reasonableness of the transaction price. Approval by two-thirds or more of the attending directors is required for such transactions.

In the event of acquiring real estate or the rights to use real estate from related parties, if the actual transaction price is higher than the

evaluated transaction cost, and objective evidence and opinions from real estate appraisers and accountants cannot be provided, the Board of Directors should thoroughly assess whether it would harm the interests of the Company and shareholders. If necessary, the Board of Directors should reject the transaction, and the Audit Committee should exercise its supervisory authority and, if necessary, immediately notify the Board of Directors to cease such actions.

If the Board of Directors approves the transaction and the Audit Committee acknowledges it, the Company shall not only record the difference between the transaction price and the assessed cost in a special surplus fund but also refrain from distributing or increasing capital through stock dividends. Furthermore, details of the transaction shall be reported to the shareholders' meeting, and a comprehensive disclosure of the transaction shall be made in the annual report and public offering prospectus.

In the case of transactions meeting the criteria in the first paragraph and involving related parties, the information specified in each subparagraph of the first paragraph shall be submitted for approval by the shareholders' meeting. Shareholders with a conflict of interest are not allowed to participate in the vote.

If a transaction with related parties occurs, the actual transaction details (including the actual transaction amount, transaction conditions, and information specified in each subparagraph of the first paragraph) should be reported in the shareholders' meeting report at the end of the fiscal year.

If the Company has established an Audit Committee, approval from more than half of all members of the Audit Committee and approval by the Board of Directors are required, following the regulations in Article 6, Paragraphs 4 and 5 of the "Guidelines for the Acquisition or Disposal of Assets by Publicly Issued Companies."

Article 13

When financial transactions with related parties require Board approval, the opinions of independent directors shall be fully considered, and their

explicit agreement or disagreement and reasons for disagreement shall be recorded in the Board minutes.

Directors who have a conflict of interest with matters discussed at a meeting, involving themselves or entities they represent, which may harm the Company's interests, shall recuse themselves and shall not participate in the discussion and voting. Directors shall exercise self-discipline and not provide undue support to each other.

Directors' spouses, second-degree blood relatives, or companies with controlling-subordinate relationships with directors, when having conflicts of interest in matters discussed at a meeting, shall be deemed to have a conflict of interest similar to that of the directors themselves.

The Audit Committee shall immediately notify the Board of Directors or directors to cease actions that violate laws, regulations, or resolutions of the shareholders' meeting. If necessary, the Audit Committee shall report to relevant competent authorities or units.

Article 14

The Company shall cooperate with the legal requirements for public disclosure or reporting matters and their deadlines, and promptly arrange for its subsidiaries to provide necessary financial and business information or commission auditors to audit or review the financial reports of its subsidiaries.

The Company shall announce and report the consolidated balance sheet, consolidated income statement, and auditors' review report in accordance with the deadlines specified in legal regulations. When there are changes in its affiliated enterprises, the Company shall report the relevant information to the Taiwan Stock Exchange or the Taipei Exchange within two days of the occurrence of the change.

Significant transactions between the Company and related parties shall be fully disclosed in the annual report, financial statements, three-book report of affiliated enterprises, and public offering prospectus.

In the event of financial difficulties for related parties, the Company shall

obtain their financial statements and relevant information to assess their impact on the Company's finances, business, or operations. If necessary, appropriate measures shall be taken to secure the Company's rights as a creditor. In such cases, besides stating the impact on the Company's financial position in the annual report and public offering prospectus, the Company shall promptly publish important information on the Market Observation Post System.

Article 15

When any of the following situations occur in the Company's affiliated enterprises, the Company shall be responsible for announcing and reporting relevant information:

Subsidiaries that do not have their stock publicly traded domestically, if their acquisition or disposal of assets, endorsement and guarantees, or lending to others reaches the announcement or reporting standard.

Relevant matters concerning the bankruptcy or restructuring procedures of the parent company or subsidiary, as required by related laws.

Significant decisions made by the board of directors of an affiliated enterprise, which, when implemented, will have a significant impact on the equity or securities prices of the Company.

Subsidiaries of the Company and unlisted parent companies, when there are significant matters that should be disclosed according to the "Regulations Governing the Verification and Public Disclosure Procedures for Significant Information of Public Companies" or the "Regulations Governing the Verification and Public Disclosure Procedures for Significant Information of Over-the-Counter Companies."

Article 16

These operational guidelines shall be implemented after approval by the Board of Directors and amended accordingly.

Article 17

These regulations shall be effective from December 26, 2023, in the Republic of China (Taiwan).