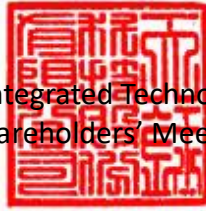


Fitipower Integrated Technology Inc.
2024 Annual Shareholders' Meeting Minutes



Time and Date: 9:00 a.m., May 31 (Fri.), 2024

Place: No. 2, Zhanye 1st Rd., East Dist., Hsinchu Science Park Hsinchu City
(The Allied Association Room 203)

Type of meeting: Physical Meeting

Attendants: Total shares represented by shareholders presented in person or by proxy 78,203,331 shares, accounting for 64.59% of the company's total outstanding shares of 121,064,603 shares (excluding 189,850 shares with no voting rights as provided by Article 179 of the Company Law)

Directors present: Chairman Lin, Yung-Chieh, Director Chiu, Shu-Hui, Independent Director Chen, Bi-Feng(Convener of the Audit Committee), Independent Director Liu, Xue-Yu. Four members of the Board of Directors are present, which is over half of the six seats on the board.

Present: KPMG CPA Lee, Fang-Yi

Chairman: Lin, Yung-Chieh



Recorder : Kuo, Ren-Fan



I. Call the Meeting to Order : (Omitted)

II. Chairperson Remarks : (Omitted)

III. Company Reports

1. 2023 Business Reports. (Attachment 1)
2. 2023 Report on the Distribution of Employees' Compensation and Board of Directors' Remuneration.

Explanation:

- 1) The distribution has been executed according to Article 27 of the Articles of Incorporation.
- 2) The earnings of the Company in 2023 is NT\$2,708,287,664 in total (a.k.a. the profit before tax and deduction of the compensation for employees and board directors). The planned compensation of employees to be distributed shall be NT\$136,131,622, with the compensation of board directors not distributed.
3. Audit Committee's Review Report on the 2023 Financial Statements. (Attachment 2)

IV. Ratification Items

1. Proposed by the Board

Adoption of the 2023 Business Report and Financial Statements.

Explanation:

- 1) The company's annual business report and the financial statements of 2023 are finished and have been checked and finalized by the accountants Hsiao, Pei-Ju and Lee, Fang-Yi of KPMG Taiwan. The business report and financial statements have been approved by the board of directors and is recorded with the audit report by the audit committee.
- 2) The 2023 Business Report and the above-mentioned Financial Statements are attached. (Attachment 1 and 3)

Resolution:

RESOLVED, that the above proposal was hereby approved as proposed, shares present at the time of voting: 74,712,496; voting results is as follows:

Voting Results	The total represented share present (Including electronic votes)
Votes in favor	71,860,264 Votes % of the total represented share present 96.18 %
Votes against	195,579 Votes
Invalid Votes	0 Votes
Votes abstained / Not Voted	2,656,653 Votes

2. Proposed by the Board

Adoption of 2023 Earnings Distribution Plan.

Explanation:

- 1) The company's earning distribution of 2023 has been approved by the board of directors and has been submitted to the audit committee for a review report on record.
- 2) The net profit after tax for 2023 of the company is NT\$2,150,213,087. It is proposed to allocate NT\$215,021,309 as legal reserves and NT\$1,781,691 as special reserves. After adding the unallocated profit at the beginning of the period, which is NT\$4,180,138,925, the distributable earning is NT\$6,117,112,394.
- 3) The distributable earning mentioned above is proposed to be distributed as cash dividends to shareholders, totaling NT\$1,288,127,376 (NT\$10.64 per share). The distribution of these dividends to shareholders will be prioritized from the profit of 2023.
- 4) The cash dividend distribution will be calculated to the nearest dollar, with amounts less than one dollar rounded down. The total amount of fractional shares less than one dollar will be transferred to the Employee Welfare Committee. After the approval of the general shareholders' meeting, the chairman will be authorized to set the ex-dividend date and handle related operations.
- 5) If there are any changes to the company's share capital affecting the number of shares in circulation and causing changes in the dividend distribution rate that require adjustments, the chairman is authorized to handle it at the general shareholders' meeting.
- 6) Please see the table of Distribution of 2023 Earnings on Attachment 4.

Resolution:

RESOLVED, that the above proposal was hereby approved as proposed, shares present at the time of voting: 74,712,496; voting results is as follows:

Voting Results	The total represented share present (Including electronic votes)
Votes in favor	72,190,147 Votes % of the total represented share present 96.62 %
Votes against	175,599 Votes
Invalid Votes	0 Votes
Votes abstained / Not Voted	2,346,750 Votes

V. Discussion Items

1. Proposed by the Board

Amendment to the “Articles of Incorporation” for discussion.

Explanation:

- 1) In order to address the operational requirements of the Company, amendments to certain clauses of the Company's Articles of Incorporation are proposed. A comparison table detailing the amended Articles of Incorporation is attached as Attachment 5.
- 2) This proposal has been approved by the Board and is submitted to the shareholders meeting for discussion.

Resolution:

RESOLVED, that the above proposal was hereby approved as proposed, shares present at the time of voting: 74,712,496; voting results is as follows:

Voting Results	The total represented share present (Including electronic votes)
Votes in favor	57,976,262 Votes % of the total represented share present 77.59 %
Votes against	14,388,066 Votes
Invalid Votes	0 Votes
Votes abstained / Not Voted	2,348,168 Votes

2. Proposed by the Board

The Company Plans to Conduct a Private Placement of Common Shares through a Cash Increase and Requests for review and approval.

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 st	5,000 thousand shares	Strategic Alliance Development or Funding Future Strategic Development Needs	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 nd	5,000 thousand shares		
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. This is documented in Attachment 6. 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).
- 6) This proposal has been approved by the board of directors and is legally submitted for discussion at the shareholders' meeting.

Description of the proceedings (additional clarification):

Chairman: Please have the emcee provide a supplementary explanation regarding the response to the letter dated April 24th, 2024 (Document No. 1130001373), from the Securities and Futures Investors Protection Center.

Emcee: According to the letter dated April 24th, 2024 (Document No. 1130001373), from the Securities and Futures Investors Protection Center, the second matters are stated as follows:

The company's board of directors' resolution dated April 18th, 2024, 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.

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 st	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 nd	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.			

According to Article 43-6 of the Securities and Exchange Act and the "Directions for Public Companies Conducting Private Placements of Securities", the matters that should be explained have been explained in the meeting notice and meeting agenda for the annual shareholders meeting.

Resolution:

RESOLVED, that the above proposal was hereby approved as proposed, shares present at the time of voting: 74,712,496; voting results is as follows:

Voting Results	The total represented share present (Including electronic votes)
Votes in favor	60,138,539 Votes % of the total represented share present 80.49 %
Votes against	12,200,219 Votes
Invalid Votes	0 Votes
Votes abstained / Not Voted	2,373,738 Votes

VI. Election Item

1. Proposed by the Board

The Proposal of Re-election of Directors is Submitted for approval.

Explanation:

- 1) The term of the 8th board of directors of the Company expires on May 17, 2024, with the outgoing directors stepping down upon the inauguration of the new directors.
- 2) It is proposed at this year's (2024) general shareholders' meeting to elect 7 directors, including 5 independent directors. The directors and independent directors elected at this shareholders' meeting will serve from May 31, 2024,

to May 30, 2027 (or until the 2027 shareholders' meeting for re-election).

- 3) The election of independent directors will follow a nomination system. For the list of director and independent director candidate and related information, please refer to Attachment 7.

Result:

Election Results: Based on the voting results of all shareholders present, the chairman announced that the following personnel are elected as the 9th Board of Directors:

Title	Name	Votes received
Director	Lin, Yung-Chieh	75,249,149
Director	Chiu, Shu-Hui	68,630,726
Independent Director	Chen, Bi-Feng	67,132,787
Independent Director	Liu, Xue-Yu	66,302,521
Independent Director	Chin, Lan-Fang	66,294,862
Independent Director	Wang, Tien-Hao	65,100,984
Independent Director	Chen, Chuan-Nan	64,720,167

VII. Other Motions

1. Proposed by the Board

Propose the Lifting of Non-competition Restrictions for Newly Elected Directors for approval.

Explanation:

- 1) Pursuant to Article 209 of the Company Act, a director who performs acts for himself/herself or for another person that fall within the scope of business of the Company shall explain the material content of his/her acts to the shareholders' meeting and obtain their approval.
- 2) The newly elected directors (including independent directors) elected by the shareholders' meeting, hold positions in companies with the same or similar scope of business as the Company and participate in important business decisions for business purposes, and are subject to the prohibition of competition under Article 209 of the Company Act, please refer to pp. [43-44], Attachment8 of this Handbook for additional information on releasing the Prohibition on Directors from Participation in Competitive Business.
- 3) This proposal has been approved by the Board and is submitted to the shareholders meeting for discussion.

Description of the proceedings (additional clarification):

Chairman: Please have the emcee provide a supplementary explanation regarding the response to the letter dated April 24th, 2024 (Document No. 1130001373), from the Securities and Futures Investors Protection Center.

Emcee: According to the letter dated April 24th, 2024 (Document No.

1130001373), from the Securities and Futures Investors Protection Center, the third matters are stated as follows:

Article 19 of the company's articles specifies a nomination system for director elections, as mandated by regulations, which is stated in the notice of convocation and the agenda booklet. It outlines the main details, including directors (including independent directors) concurrently holding any other corporate positions, and the relevant information is detailed in Attachment 8 of meeting agenda, indicating no conflict of interest with the company for such positions, for the shareholders' understanding.

Resolution:

RESOLVED, that the above proposal be and hereby was approved as proposed, shares present at the time of voting: 74,712,496; voting results is as follows:

Voting Results	The total represented share present (Including electronic votes)
Votes in favor	68,466,647 Votes % of the total represented share present 91.64 %
Votes against	105,229 Votes
Invalid Votes	0 Votes
Votes abstained / Not Voted	6,140,620 Votes

VIII. Extemporary Motions : None.

IX. Adjournment : 9:39 a.m.

(The minutes of this shareholders' meeting shall state only the main subject of the meeting and the outcome of the motion; the content of the meeting and the shareholders' speech shall be still subject to the audio and video record of the meeting)

No questions raised by the present shareholders.

Attachment 1

2023 Business Reports



In 2023, the global semiconductor industry experienced rapid changes in market demand, with inventory destocking, rush orders, and a slowdown in demand occurring concurrently. As the pandemic gradually eased in the latter half of the previous year, the semiconductor industry also accelerated inventory destocking. However, the world still faced significant economic, humanitarian, and geopolitical challenges, including conflicts in Ukraine and Gaza, and tensions in the South China Sea. Continuous geopolitical disturbances and trade restrictions severely disrupted the global supply chain, reducing globalization progress and diminishing free trade, which added to the overall economic uncertainty. Fortunately, long-term trends in industries related to AI and High-Performance Computing (HPC) have kept the fundamental trajectory of structural growth in semiconductor demand strong.

The Company was well-prepared and firmly grasped the situation of the supply chain, continuously launching new products across various product lines and expanding its diversified product layout. However, the end-market demand for consumer products such as laptops, tablets, televisions, and smartphones remained sluggish, with clients adopting panel reduction production or inventory adjustment strategies in response. Product prices fell due to uncertain demand and intensified competition, impacting the Company's annual revenue, gross margin, and net profit negatively compared to the previous year, albeit the overall operational performance remained the third highest in history.

Facing the turbulence brought about by global geopolitical tensions, we cooperated actively with all our clients, reinforcing technology reinvestment and product line expansion, continuously obtaining appropriate returns in our field, and persistently investing in R&D to aid our clients' rapid growth. The Company's R&D expenses continued to be maintained at NT\$2.245 billion in 2023, keeping at a historically high level compared to the previous year. Although the industry is still in an adjustment phase, through early investment in technology research and development, the Company is poised to enter another higher growth phase. We will continue to invest in seizing the upcoming opportunities.

Financial Performance:

In 2023, the annual consolidated revenue of the Company was NT\$ 16.2 billion and 86.52 million, a decrease of 17.25% compared to the previous year's NT\$ 19.6 billion and 80.42 million. The net profit after tax was NT\$ 2.3 billion and 67.19 million, with earnings per share of NT\$ 13.29, both decreasing by 27.59% and 19.4% compared to the previous year's net profit of NT\$ 3.2 billion and 69.19 million, and earnings per share of NT\$ 16.49.

In 2023, the Company's gross profit margin was 32.43%, compared to 36.31% in the previous year. The operating profit margin was 14.4%, compared to 19.65% in the previous year. The net profit margin after tax was 14.53%, down 2.08 percentage points from the previous year's 16.61%.

Technology Development:

In 2023, the Company continued to expand its R&D investment to NT\$2.245 billion, continuously accumulating research and development capabilities in various types of display screen design chips and power management chips.

In terms of display screens, in addition to providing competitive solutions for the general market, the Company also developed advanced customized products for high-end display panels for global leading brands. Additionally, this year marked technological breakthroughs and advancements, including the expansion of new integrated products for Panel Power, the introduction of innovative products for TVs with high resolution and refresh rates, low-frequency high-voltage power-saving drive ICs for laptops and monitors, and the emphasizing and completion of the product lines for industrial controls, projectors, and automotive applications.

In the area of power management chips, the Company continued to develop newer processes to complement new product research and development, enhancing the Company's technical capabilities and product competitiveness, such as mass-producing DDR5 power management ICs, and 4-phase PWM controllers for GPU Power. The Company offers power management chip solutions in consumer, industrial, communication, automotive, and IoT sectors, with these products accounting for about 15% of the total revenue this year, the largest proportion among all driver chip manufacturers.

The layout in other related semiconductor chips also gradually expanded, including mass production of TV 4K 120Hz timing control ICs and laptop eDP timing control ICs, and the extension of electronic paper IC products to color e-books and electronic price tags among other applications. Moreover, through three years of effort and deployment, sensor ICs have gradually increased in volume in smart homes. We are also actively deploying in edge computing, and as AIoT applications in various industries enter a rapid growth phase, we anticipate our products will flourish in 2024.

Whether it is various display screen chips, power management chips, or other related semiconductor solutions, we provide abundant development resources for products that meet green environmental protection and ESG-related requirements. We offer a complete and smooth platform for our customers to stimulate more innovative energy. The Company will continue to expand the breadth of its layout in logic ICs and analog ICs, providing more value to our customers.

Environment, Sustainability, and Corporate Governance:

The Company is committed to strengthening corporate governance, a principle that is also at the core of our corporate values. Only by valuing the interests of all stakeholders can we effectively implement the short, medium, and long-term goals of corporate sustainable development.

In 2023, the Company continued to promote our goals in multiple dimensions. For example, the Fitipower Environmental Foundation organized the "Fitipower AI Green Technology Sustainability Innovation Competition," where professors led students to

propose AI applications for green living using the Company's development systems. This not only aims to advance our country's students in AI research but also cultivates their innovation capabilities and awareness of sustainability. In terms of internal digital transformation, we regularly hold "Automation Competitions" to improve internal management processes and costs, thereby enhancing work efficiency and ensuring quality management.

Additionally, in terms of systems and certifications, we have enhanced our environmental management systems (ISO 14001), occupational health and safety management systems (ISO 45001), and information security management systems (ISO 27001). For the sustainable assessment of suppliers, we revised related management procedures and established Fitipower's Supplier Code of Conduct, requiring adherence by related suppliers and regularly conducting sustainability assessments as a consideration for cooperation. In the future, we will further enhance "carbon management," starting in the year 2024 by implementing the Task Force on Climate-related Financial Disclosures (TCFD) and the greenhouse gases (ISO 14064) inventory system, with data verification expected to be completed in Q1 2025. We will also conduct product carbon footprint verification (ISO 14067) for major products, aiming for net-zero carbon emissions by 2050 through a comprehensive inventory of carbon data and risk management.

We contribute to global energy conservation and environmental protection by creating highly efficient and low-energy-consuming chips. We also prioritize creating a friendly workplace that spreads goodwill throughout our organization. We firmly believe that adhering to sustainability and corporate governance principles will bring more substantial operational performance to all our shareholders.

Corporate Development:

Talent is our most important asset. As a rapidly growing professional fabless semiconductor manufacturer, we place a high value on talent cultivation and career development. In the professional field, the Company continuously addresses the concerns of our clients and partners, progressively offering more comprehensive research, development, and solutions for various applications, including edge computing, the Internet of Things (IoT), artificial intelligence (AI), automotive electronics, and e-paper. We strive to provide our clients with highly differentiated additional value and believe that new products in different application fields and technological innovations will soon become future operational growth momentum.

In 2023, the Company also received accolades for innovation, sustainable development, corporate governance, and financial performance, ranking second among Taiwan's Top 20 Female CEOs by Harvard Business Review (HBR) and third in the 7th Taiwan Mittelstand Award.

Future Outlook:

Entering 2024, the overall economic and geopolitical uncertainties persist. As semiconductors become increasingly important and ubiquitous in all aspects of our daily lives, they have become foundational technologies of the modern digital economy, and their value will continue to rise in the global supply chain.

However, US-China tensions and export controls have prompted countries to expand subsidies for semiconductor industry investments to accelerate the establishment of autonomous supply chains, with clusters undergoing rapid restructuring. In particular, the autonomous development of China's supply chain will bring low-price competition and a shortage of IC design talents. We will also make use of such challenges to balance the layout of non-Chinese markets and adhere to our core principle of technology being people-oriented, collaborating with clients and the supply chain on forward-looking product design and development to create the next wave of operational growth momentum.

Adhering to robust corporate governance principles and consistently delivering long-term profit growth to shareholders remains our unwavering commitment. We express our sincere appreciation to all shareholders for their enduring trust and support in Fitipower. Moving forward, we remain committed to advancing sustainable development within the Company, thus enhancing long-term corporate value.

Chairperson:



Manager:



Accounting Supervisor:



Attachment 2

Fitipower Integrated Technology Inc. Audit Committee's Review Report

The Board of Directors had prepared and submitted the 2023 financial statements. The audit of the financial statements was completed by KPMG Taiwan and an audit report was issued. The audit of the aforementioned statements, along with issues such as the business reports and the report of earning distribution, submitted by the Board of Directors was conducted by the audit committee, and no inconsistency was found. The audit report was issued in accordance with the Securities and Exchange Act and the Company Act.

Yours sincerely,

2024 Shareholders General Meeting of Fitipower Integrated Technology Inc.

Convener of the Audit Committee: Chen, Bi-Fong



Apr. 19, 2024

Attachment 3



安侯建業聯合會計師事務所
KPMG

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CPA's Audit Review Report

The Board of Directors
Fitipower Integrated Technology Inc.

Audit opinion

We have audited the financial statements of Fitipower Integrated Technology Inc. and its subsidiaries (Fitipower Group), which comprise the Consolidated Balance Sheet as of December 31, 2023 and December 31, 2022, the Consolidated Statements of Comprehensive Income, Consolidated Statement of Changes in Equity, and Consolidated Statement of Cash Flows from January 1 to December 31, 2023 and from January 1 to December 31, 2022, and Notes to Consolidated Financial Statements (including a summary of significant accounting policies).

In our opinion, based on the results of our audit and the audit reports prepared by other CPAs (please refer to the section of Other matters), the accompanying Consolidated Financial Statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standing Interpretations Committee (SIC) (hereinafter referred to as IFRSs) recognized and announced effectiveness by Financial Supervisory Commission (hereinafter referred to as FSC) so as to give a true and fair view of the consolidated financial position as of December 31, 2023 and 2022 and of the consolidated financial performance and consolidated cash flows of Fitipower Group from January 1 to December 31, 2023 and January 1 to December 31, 2022.

Basis of audit opinion

We were commissioned to conduct our audits on the financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of Fitipower Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the results of

our audit and the audit reports prepared by other CPAs, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The 2023 financial statements of Jadard Technology Inc. and its subsidiaries listed in the investments of Fitipower Group under the equity method were not audited by us but by other CPAs. Therefore, in the opinion expressed by us on the aforementioned consolidated financial statements, the amounts listed for such reinvestments are based on the audit reports prepared by other CPAs. As of December 31, 2023, the investment amount under the equity method accounted for 18.36% of the total consolidated assets, and the share of losses and profit of the subsidiaries recognized under the equity method from January 1 to December 31, 2023, accounted for 9.62% of the pre-tax net profit.

Fitipower Integrated Technology Inc. has prepared its 2023 and 2022 parent company only financial statements, and we have issued an unqualified opinion with an additional paragraph for these audit reports, which are on record for reference.

Key audit matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the Consolidated Financial Statements of Fitipower Group for 2023. Such matter has been considered in the process of examining the Consolidated Financial Statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

1. Inventory valuation

Please refer to Note IV(8) to the Consolidated Financial Statements for the accounting policies related to inventories; Note V to the Consolidated Financial Statements for the accounting estimates, assumptions and uncertainties related to inventory valuation; and Note VI(5) to the Consolidated Financial Statements for the disclosure of inventories.

Description of the key audit matter:

Fitipower Group's net value of inventories was measured at the lower of cost or net realizable value. Due to the rapid changes in the environment and the continuous updating of production technology, there is a risk that the original products may become obsolete or no longer meet the market demand. The demand for and prices of these products may fluctuate, and the estimation of the net realizable value of inventories depends on the subjective judgment of the management of Fitipower Group. Therefore, we consider inventory valuation as the key audit matter.

Corresponding audit procedures:

For the valuation of inventories, we observe the physical inventory at the end of the year to review the status of inventories; review the inventory aging report and analyze the turnover rate and changes in inventory aging from period to period; acquire the calculation details of its listed provision for inventory price fall and check if the details match relevant records; understand the sales prices used by management for valuation, review the post-period sales status and evaluate the net realizable value basis used by management to verify the policy of the valuation of inventory allowances.

2. Revenue recognition

Please refer to Note IV(14) to the Consolidated Financial Statements for the accounting policy of revenue recognition and Note VI(20) to the Consolidated Financial Statements for the details of sales revenue.

Description of the key audit matter:

Fitipower Group are principally engaged in the manufacture and sale of integrated circuits and the provision of research, development and design services for such products. Revenue recognition is a key indicator for investors and management to evaluate financial or business performance. Therefore, revenue recognition is also a significant concern for us in performing our audits of the Consolidated Financial Statements.

Corresponding audit procedures:

We tested the internal control over revenue recognition in the Parent Company Only Financial Statements, assessed the consistency of sales conditions with the accounting policies and verified the related sales documentation. In addition, we performed trend analysis on the top ten sales customers and revenue of each product category to assess whether there were any significant abnormalities. We also sampled sales transactions and related documents for the period before and after the end of the year to assess the correctness of revenue recognition amounts and periods.

Responsibilities of management and directors for the consolidated financial statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and IFRSs recognized and announced effectiveness by FSC, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

In preparing the Consolidated Financial Statements, management is responsible for assessing the ability of Fitipower Group to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management either intends to liquidate Fitipower Group or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Fitipower Group.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these Consolidated Financial Statements.

As part of an audit in accordance with GAAS, 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Fitipower Group.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of Fitipower Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause Fitipower Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the Consolidated Financial Statements (including the relevant notes), and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate audit evidence on the financial information of the constituent entities of the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on the Group.

We have communicated with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including significant deficiencies in internal control identified during the audit).

We have also provided the governing body with a statement that the independence-regulated personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Consolidated Financial Statements of Fitipower Group for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

KPMG

CPAs:

蕭佩如 
李杉儀 

Jin-Guan-Zheng-Sheng-Zi No.
1040003949

FSC Letter No. : Jin-Guan-Zheng-Sheng-Zi No.
1010004977

Feb. 27, 2024

Fitipower Integrated Technology Inc. and Subsidiaries

Consolidated Balance Sheet

As of December 31, 2023 and December 31, 2022

Unit: NT\$ thousands

Assets	2023.12.31		2022.12.31			Liabilities and equity	2023.12.31		2022.12.31	
	Amount	%	Amount	%			Amount	%	Amount	%
Current assets:						Current liabilities:				
1100 Cash and cash equivalents (Note VI (1))	\$ 1,933,863	8	6,758,947	27	2100	Short-term loans (Note VI (13))	\$ -	-	220,734	1
1110 Financial assets measured at FVTPL - current (Note VI (2) and XIII)	10,583,314	43	9,642,472	38	2120	Financial liabilities at fair value through profit or loss - current (Note VI (2))	-	-	1,306	-
1136 Financial assets measured at amortized cost - current (Note VI (1) and VIII)	132,710	-	200	-	2130	Contractual Liabilities – Current (Note VI (20))	32,581	-	133,496	1
1170 Net value of accounts receivable (Note VI (4))	2,296,971	9	2,569,838	10	2170	Accounts and notes payable (Note VII)	1,829,927	7	1,891,917	7
1181 Accounts receivable - related parties (Note VI (4) and VII)	-	-	89,495	-	2200	Other payables (Note VI (12))	814,704	4	959,295	4
1197 Finance lease rental payments receivable	11,177	-	12,828	-	2230	Income tax liabilities for the period	518,842	2	800,658	3
1200 Other receivables	238,587	1	72,238	-	2280	Lease liabilities - current (Note VI (14))	29,771	-	32,536	-
130X Net inventory (Note VI (5))	1,945,787	8	2,506,847	10	2399	Other current liabilities	19,880	-	25,845	-
1410 Advance payment and other current assets (Note VI (6))	165,839	1	165,506	2			<u>3,245,705</u>	<u>13</u>	<u>4,065,787</u>	<u>16</u>
	<u>17,308,248</u>	<u>70</u>	<u>21,818,371</u>	<u>87</u>		Non-current liabilities:				
Non-current assets:					2570	Deferred income tax liabilities (Note VI (16))	76,974	-	71,251	-
1517 Financial assets measured at FVTOCI - non-current (Note VI (3) and XIII)	14,330	-	-	-	2580	Lease liabilities - non-current (Note VI (14))	46,829	-	8,633	-
1536 Financial assets measured at amortized cost - non-current (Note VI (1))	5,668,370	23	-	-	2645	Deposits received	306,305	1	166,277	1
1600 Property, plant and equipment (Note VI (9))	1,028,598	4	1,054,976	4			<u>430,108</u>	<u>1</u>	<u>246,161</u>	<u>1</u>
1755 Right-of-use assets (Note VI (10))	76,512	-	40,835	-		Total liabilities	<u>3,675,813</u>	<u>14</u>	<u>4,311,948</u>	<u>17</u>
1780 Intangible assets (Note VI (11))	63,003	-	83,883	-		Equity: (Note VI(7), (8), (17) and (18))				
1840 Deferred tax assets (Note VI (16))	63,706	-	51,363	-	3110	Capital – common stock	1,212,545	5	1,865,453	7
1900 Other non-current assets (Note VI (12))	649,514	3	2,394,852	9	3200	Capital reserves	8,621,547	35	8,615,095	34
194D Long-term finance lease rental payments receivable	-	-	11,177	-		Retained earnings :				
	<u>7,564,033</u>	<u>30</u>	<u>3,637,086</u>	<u>13</u>	3310	Legal reserve	1,160,976	5	853,945	3
					3320	Special reserve	28,704	-	43,782	-
					3350	Unappropriated retained earnings	6,330,352	25	6,054,591	24
							<u>7,520,032</u>	<u>30</u>	<u>6,952,318</u>	<u>27</u>
					3400	Other equity	(26,923)	-	(28,704)	-
					3500	Treasury stock	(8,158)	-	(9,449)	-
						Total equity attributable to owners of parent	17,319,043	70	17,394,713	68
					36XX	Non-controlling interest	3,877,425	16	3,748,796	15
Total assets	<u>\$ 24,872,281</u>	<u>100</u>	<u>25,455,457</u>	<u>100</u>		Total equity	<u>21,196,468</u>	<u>86</u>	<u>21,143,509</u>	<u>83</u>
						Total liabilities and equity	<u>\$ 24,872,281</u>	<u>100</u>	<u>25,455,457</u>	<u>100</u>

Chairperson: Lin, Yung-Chieh



(Please refer to the accompanying notes to the consolidated financial statements)

Manager: Chiu, Shu-Hui



Accounting manager: Chen, Po-Chang



Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Comprehensive Income
As of December 31, 2023 and December 31, 2022

		Unit: NT\$ thousands			
		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note VI (20) and VII)	\$ 16,286,520	100	19,680,425	100
5000	Operating cost (Note VI (5), (12), VII and XII)	<u>11,004,044</u>	68	<u>12,535,400</u>	64
5900	Gross profit	<u>5,282,476</u>	32	<u>7,145,025</u>	36
	Operating expense: (Note VI (4) (12) (14) (15) (18) (21), VII and XII)				
6100	Promotion expense	353,227	2	409,600	2
6200	Administration expense	338,250	2	430,723	2
6300	R&D expense	2,245,262	14	2,442,571	12
6450	Expected credit loss	<u>(308)</u>	-	<u>(6,689)</u>	-
		<u>2,936,431</u>	18	<u>3,276,205</u>	16
6900	Net operating profit	<u>2,346,045</u>	14	<u>3,868,820</u>	20
	Non-operating revenue/expense: (Note VI (11) (14) and (22))				
7100	Interest income	222,468	1	84,410	-
7010	Other income	106,299	1	31,430	-
7020	Other gains and losses	129,508	1	(4,924)	-
7050	Financial costs	<u>(2,559)</u>	-	<u>(23,329)</u>	-
		<u>455,716</u>	3	<u>87,587</u>	-
7900	Net profit before tax	2,801,761	17	3,956,407	20
7950	Less: Income tax expense (Note VI (16))	<u>434,562</u>	2	<u>687,222</u>	3
8000	Net profit for the period	<u>2,367,199</u>	15	<u>3,269,185</u>	17
8300	Other comprehensive income: (Note VI (16) and (17))				
8310	Items which were not reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(7,932)	-	-	-
8349	Less: Income tax related to the items which were not reclassified	-	-	-	-
	Total of items which were not reclassified to profit or loss	<u>(7,932)</u>	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	(149,258)	(1)	167,796	1
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>2,471</u>	-	<u>3,864</u>	-
	Total components of other comprehensive income that will be reclassified to profit or loss	<u>(151,729)</u>	(1)	<u>163,932</u>	1
	Other comprehensive income for the period	<u>(159,661)</u>	(1)	<u>163,932</u>	1
8500	Total other comprehensive income for the period	<u>\$ 2,207,538</u>	14	<u>\$ 3,433,117</u>	18
	Net profit for the period attributable to:				
8610	Owners of parent	\$ 2,150,213	13	3,070,306	16
8620	Non-controlling interest	<u>216,986</u>	2	<u>198,879</u>	1
		<u>\$ 2,367,199</u>	15	<u>\$ 3,269,185</u>	17
	Total comprehensive income attributable to:				
8710	Owners of parent	\$ 2,151,994	13	3,085,384	16
8720	Non-controlling interest	<u>55,544</u>	1	<u>347,733</u>	2
		<u>\$ 2,207,538</u>	14	<u>\$ 3,433,117</u>	18
	Earnings per share (Unit: NT\$1) (Note VI (19))				
9750	Basic earnings per share	<u>\$ 13.29</u>		<u>16.49</u>	
9850	Diluted earnings per share	<u>\$ 13.23</u>		<u>16.31</u>	

(Please refer to the accompanying notes to the consolidated financial statements)

Chairperson: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting manager: Chen, Po-Chang

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Changes in Equity
As of December 31, 2023 and December 31, 2022

Unit: NT\$ thousands

	Equity attributed to the owners of the parent company						Other equity items		Total liabilities attributable to the owners of the parent company	Non-controlling equity	Total equity	
	Retained earnings					Exchange difference arising from translation of foreign operation financial statements	Unrealized gains (losses) from financial assets measured at FVTOCI	Total				Treasury stock
	Share capital for common stock	Capital reserve	Legal reserve	Special reserve	Undistributed retained earnings							
Balance, January 1, 2022	\$ 1,865,453	6,986,364	268,720	13,192	6,765,097	(43,782)	-	(43,782)	(9,449)	15,845,595	1,538,920	17,384,515
Net profit for the period	-	-	-	-	3,070,306	-	-	-	-	3,070,306	198,879	3,269,185
Other comprehensive income for the period	-	-	-	-	-	15,078	-	15,078	-	15,078	148,854	163,932
Total other comprehensive income for the period	-	-	-	-	3,070,306	15,078	-	15,078	-	3,085,384	347,733	3,433,117
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	585,225	-	(585,225)	-	-	-	-	-	-	-
Special reserve appropriated	-	-	-	30,590	(30,590)	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(3,164,997)	-	-	-	-	(3,164,997)	-	(3,164,997)
Change in ownership of subsidiaries	-	1,628,731	-	-	-	-	-	-	-	1,628,731	(1,636,704)	(7,973)
Capital increase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	3,498,847	3,498,847
Balance, Dec. 31, 2022	1,865,453	8,615,095	853,945	43,782	6,054,591	(28,704)	-	(28,704)	(9,449)	17,394,713	3,748,796	21,143,509
Net profit for the period	-	-	-	-	2,150,213	-	-	-	-	2,150,213	216,986	2,367,199
Other comprehensive income for the period	-	-	-	-	-	9,713	(7,932)	1,781	-	1,781	(161,442)	(159,661)
Total other comprehensive income for the period	-	-	-	-	2,150,213	9,713	(7,932)	1,781	-	2,151,994	55,544	2,207,538
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	307,031	-	(307,031)	-	-	-	-	-	-	-
Reversal on special reserve	-	-	-	(15,078)	15,078	-	-	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(1,582,499)	-	-	-	-	(1,582,499)	-	(1,582,499)
Cash capital decrease	(652,908)	-	-	-	-	-	-	-	1,291	(651,617)	-	(651,617)
Change in ownership of subsidiaries	-	4,479	-	-	-	-	-	-	-	4,479	(4,479)	-
Compensation cost of share-based payment transactions	-	1,973	-	-	-	-	-	-	-	1,973	-	1,973
Capital increase of non-controlling interest	-	-	-	-	-	-	-	-	-	-	77,564	77,564
Balance, Dec. 31, 2023	\$ 1,212,545	8,621,547	1,160,976	28,704	6,330,352	(18,991)	(7,932)	(26,923)	(8,158)	17,319,043	3,877,425	21,196,468

(Please refer to the accompanying notes to the consolidated financial statements)

Chairperson: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting manager: Chen, Po-Chang

Fitipower Integrated Technology Inc. and Subsidiaries
Consolidated Statement of Cash Flows
As of December 31, 2023 and December 31, 2022



	Unit: NT\$ thousands	
	2023	2022
Cash flows from (used in) operating activities:		
Net profit before tax	\$ 2,801,761	3,956,407
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	429,321	331,080
Amortization expense	105,955	60,965
Expected credit gain on reversal	(308)	(6,689)
Net profit and loss from financial assets and liabilities at FVTPL	(120,806)	93,071
Interest expense	2,259	23,329
Interest income	(222,468)	(84,410)
Compensation expense for share-based payment	43,167	15,930
Loss on the disposal of property, plant and equipment	250	813
Inventory valuation and disposal loss	94,281	266,234
Other operating costs	-	96,857
Impairment loss of non-financial assets	15,527	183,365
Total income tax expense	347,178	980,545
Changes in operating assets and liabilities:		
Decrease in finance lease rental payments receivable	12,828	12,220
Decrease in accounts receivable	362,670	2,359,683
Decrease in other receivables	18,246	49,544
Decrease in inventory	466,779	565,308
Decrease (increase) in advance payments and other current assets	(333)	383,341
Decrease in accounts payable	(69,983)	(1,538,776)
Decrease in other payable	(140,692)	(182,637)
Decrease (increase) in contract liabilities	(100,915)	49,042
Decrease (increase) in other current liabilities	(18,747)	1,210
Total of net changes in assets/liabilities related to operating activities	529,853	1,698,935
Cash inflow generated from operations	3,678,792	6,635,887
Interest received	39,702	85,017
Interest paid	(3,222)	(22,561)
Income taxes paid	(702,881)	(1,061,572)
Net cash inflow from operating activities	3,012,391	5,636,771
Cash flow from investing activities :		
Acquisition of financial assets measured at FVTOCI	(22,262)	-
Acquisition of financial assets measured at FVTPL	(10,885,154)	(17,578,602)
Disposal of financial assets measured at FVTPL	10,063,812	12,732,371
Increase (decrease) in financial assets measured at amortized cost	(5,800,880)	560,000
Acquisition of property, plant and equipment	(378,788)	(668,459)
Price for the disposal of property, plant and equipment	1,118	-
Acquisition of intangible assets	(86,704)	(80,031)
Increase (decrease) in refundable deposits	1,731,231	(703,249)
Increase in other non-current assets	(16,351)	(73,217)
Net cash outflow in investing activities	(5,393,978)	(5,811,187)
Cash flow from financing activities:		
Decrease in short-term loans	(220,734)	(557,074)
Increase (decrease) in deposits received	143,922	(5,708)
Repayment of lease principal	(47,317)	(49,502)
Issuance of cash dividends	(1,582,499)	(3,164,997)
Cash capital increase	(651,617)	-
Changes in non-controlling interests	77,564	3,498,847
Net cash outflow from financing activities	(2,280,681)	(278,434)
Effects of changes in foreign exchange rates on cash and cash equivalents	(162,816)	169,592
Decrease in cash and cash equivalents	(4,825,084)	(283,258)
Opening balance of cash and cash equivalents	6,758,947	7,042,205
Closing balance of cash and cash equivalents	\$ 1,933,863	6,758,947

(Please refer to the accompanying notes to the consolidated financial statements)

Chairperson: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting manager: Chen, Po-Chang



安侯建業聯合會計師事務所
KPMG

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CPA's Audit Review Report

The Board of Directors
Fitipower Integrated Technology Inc.

Audit opinion

We have audited the financial statements of Fitipower Integrated Technology Inc., which comprise the Balance Sheet as of December 31, 2023 and December 31, 2022, the Statements of Comprehensive Income, Statement of Changes in Equity, and Statement of Cash Flows from January 1 to December 31, 2023 and from January 1 to December 31, 2022, and Notes to Parent Company Only Financial Statements (including a summary of significant accounting policies).

In our opinion, based on the results of our audit and the audit reports prepared by other CPAs (please refer to the section of Other matters), the accompanying Parent Company Only Financial Statements are properly drawn up in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers so as to give a true and fair view of the financial position as of December 31, 2023 and 2022 and of the financial performance and cash flows of Fitipower Integrated Technology Inc. from January 1 to December 31, 2023 and January 1 to December 31, 2022.

Basis of audit opinion

We were commissioned to conduct our audit on the financial statements in accordance with Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Generally Accepted Auditing Standards. Our responsibilities under those standards are further described in the 'Accountant's responsibilities for the audit of the financial statements' section of our report. We are independent of Fitipower Integrated Technology Inc. in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on the results of our audit and the audit reports prepared by other CPAs, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The 2023 financial statements of Jadard Technology Inc. and its subsidiaries listed in the investments of Fitipower Group under the equity method were not audited by us but by other CPAs. Therefore, in the opinion expressed by us on the aforementioned consolidated financial statements, the amounts listed for such reinvestments are based on the audit reports prepared by other CPAs. As of December 31, 2023, the investment amount under the equity method accounted for 23.13% of the total consolidated assets, and the share of losses and profit of the subsidiaries recognized under the equity

method from January 1 to December 31, 2023, accounted for 10.48% of the pre-tax net profit.

Key audit matter

The key audit matter is which that, in our professional judgment, is most significant to our review of the Parent Company Only Financial Statements of Fitipower Integrated Technology Inc. for 2023. Such matter has been considered in the process of examining the Parent Company Only Financial Statements taken as a whole and forming an opinion thereon, and we do not express an opinion on the matter individually.

1. Inventory valuation

Please refer to Note IV(7) to the Parent Company Only Financial Statements for the accounting policies related to inventories; Note V to the Parent Company Only Financial Statements for the accounting estimates, assumptions and uncertainties related to inventory valuation; and Note VI(5) to the Parent Company Only Financial Statements for the disclosure of inventories.

Description of the key audit matter:

Fitipower Integrated Technology Inc.'s net value of inventories was measured at the lower of cost or net realizable value. Due to the rapid changes in the environment and the continuous updating of production technology, there is a risk that the original products may become obsolete or no longer meet the market demand. The demand for and prices of these products may fluctuate, and the estimation of the net realizable value of inventories depends on the subjective judgment of the management of Fitipower Group. Therefore, we consider inventory valuation as the key audit matter.

Corresponding audit procedures:

For the valuation of inventories, we observe the physical inventory at the end of the year to review the status of inventories; review the inventory aging report and analyze the turnover rate and changes in inventory aging from period to period; acquire the calculation details of its listed provision for inventory price fall and check if the details match relevant records; understand the sales prices used by management for valuation, review the post-period sales status and evaluate the net realizable value basis used by management to verify the policies of the valuation of inventory allowances.

2. Revenue recognition

Please refer to Note IV(14) to the Parent Company Only Financial Statements for the accounting policy of revenue recognition and Note VI(18) to the Parent Company Only Financial Statements for the details of sales revenue.

Description of the key audit matter:

Fitipower Integrated Technology Inc. is principally engaged in the manufacture and sale of integrated circuits and the provision of research, development and design services for such products. Revenue recognition is a key indicator for investors and management to evaluate financial or business performance. Therefore, revenue recognition is also a significant concern for us in performing our audits of the Parent Company Only Financial Statements.

Corresponding audit procedures:

We tested the internal control over revenue recognition in the Parent Company Only Financial Statements, assessed the consistency of sales conditions with the accounting policies and verified the related sales documentation. In addition, we performed trend analysis on the top ten sales customers and revenue of each product category to assess whether there were any significant abnormalities. We also sampled sales transactions and related documents for the period before and after the end of the year to assess the correctness of revenue recognition amounts and

periods.

Responsibilities of management and directors for the parent company only financial statements

Management is responsible for the preparation of Parent Company Only Financial Statements that give a true and fair view in accordance with the Regulations Governing the Preparation of Financial Statements by Securities Issuers, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorized use or disposition.

In preparing the Parent Company Only Financial Statements, management is responsible for assessing the ability of Fitipower Integrated Technology Inc. to continue as a going concern, the related disclosures, and the basis of accounting for going concern, unless management either intends to liquidate Fitipower Integrated Technology Inc. or to cease operations, or has no realistic alternative, but to do so.

The responsibilities of the governing body (including the audit committee) include overseeing the financial reporting process of Fitipower Integrated Technology Inc.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with GAAS 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 in the basis of these Parent Company Only Financial Statements.

As part of an audit in accordance with GAAS, 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 audit opinions. Because fraud may be related to conspiracy, forgery, deliberate omission, false statement or breach of internal control, the risk of a material misstatement caused by fraud which is not identified is higher than the risk of a material misstatement caused by any error.
2. Obtain an understanding of internal controls 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 internal control effectiveness of Fitipower Integrated Technology Inc.
3. Assess the appropriateness of management's use of accounting policies and the reasonability of the accounting estimate and relevant disclosure.
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 ability of Fitipower Integrated Technology Inc. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditors' report. However, future events or conditions may cause Fitipower Integrated Technology Inc. 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 relevant notes), and whether the Parent Company Only Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. We have obtained sufficient and appropriate audit evidence on the financial information of the investees using the equity method to express an opinion on the Parent Company Only Financial Statements. We are responsible for the guidance, supervision and execution of the audit and for forming an audit opinion on Fitipower Integrated Technology Inc.

We have communicated with the governing body regarding, among other matters, the planned scope and timing of the audit and significant audit findings (including significant deficiencies in internal control identified during the audit).

We have also provided the governing body with a statement that the independence-regulated

personnel of the firm to which we are affiliated have complied with the Code of Ethics for Professional Accountants with respect to independence and communicate with the governing body about all relationships and other matters (including related protective measures) that may be considered to affect the accountant's independence.

We have determined the key audit matter for the audit of the Parent Company Only Financial Statements of Fitipower Integrated Technology Inc. for the year ended December 31, 2023 from the communications we have had with the governing body. We identified such matter in our auditor's report, except for those matters that are not permitted by law to be disclosed publicly or, in the rarest of circumstances, we decided not to communicate those matters in our auditor's report because we reasonably could expect the negative effect of such communication to outweigh the public interest.

KPMG

CPAs:

蕭佩如 
李莉儀 

FSC Letter No. Jin-Guan-Zheng-Sheng-Zi No.
1040003949

Jin-Guan-Zheng-Sheng-Zi No.
1010004977

February 27, 2024

Fitipower Integrated Technology Inc.
Parent Company Only Balance Sheet
From January 1 to December 31, 2023 and 2022



Unit: NT\$ thousands

Assets		2023.12.31		2022.12.31				2023.12.31		2022.12.31	
		Amount	%	Amount	%			Amount	%	Amount	%
Current assets:											
1100	Cash and cash equivalents (Note VI(1))	\$ 312,496	2	463,764	2	2120					
1110	Financial assets measured at FVTPL - current (Note VI(2) and XIII)	10,077,096	51	9,141,040	44	2130					
1170	Net accounts receivable (Note VI(4))	2,017,647	10	2,404,895	12	2170					
1181	Accounts receivable - related parties (Note VI(4) and VII)	-	-	89,495	-	2200					
1197	Finance lease rental payments receivable	11,177	-	12,828	-	2230					
1200	Other receivables (Note VII)	28,595	-	44,296	-	2280					
130X	Net inventory (Note VI(5))	997,387	5	1,870,467	10	2300					
1410	Advance payment and other current assets (Note VI(6))	11,883	-	16,306	-						
		<u>13,456,281</u>	<u>68</u>	<u>14,043,091</u>	<u>68</u>						
Non-current assets:											
1517	Financial assets measured at FVTOCI - non-current (Note VI(3) and XIII)	14,330	-	-	-	2570					
1550	Investment accounted for using the equity method (Note VI(7) and XIII)	5,104,571	26	4,888,392	24	2580					
1600	Property, plant and equipment (Note VI(8))	558,152	3	556,554	3	2630					
1755	Right-of-use assets (Note VI(9))	51,722	-	28,095	-	2645					
1780	Intangible assets (Note VI(10))	42,380	-	49,062	-	3110					
1840	Deferred tax assets (Note VI(14))	37,276	-	29,571	-	3200					
1900	Other non-current assets (Note VI(11))	475,413	3	1,010,529	5	3310					
194D	Long-term finance lease rental payments receivable	-	-	11,177	-	3320					
		<u>6,283,844</u>	<u>32</u>	<u>6,573,380</u>	<u>32</u>	3351					
Total assets		\$ 19,740,125	100	20,616,471	100						
Liabilities and equity											
Current liabilities:											
	Financial liabilities designated at fair value through profit or loss - current (Note VI(2))	\$ -	-	1,306	-						
	Contract liabilities – current (Note VI(18))	8,125	-	91,852	-						
	Accounts and notes payable (Note VII)	1,086,347	6	1,432,968	7						
	Other payables (Note VI(11))	642,673	3	770,175	4						
	Income tax liabilities for the period	518,731	3	790,210	4						
	Lease liabilities - current (Note VI(12))	21,870	-	21,589	-						
	Other current liabilities	13,625	-	19,139	-						
		<u>2,291,371</u>	<u>12</u>	<u>3,127,239</u>	<u>15</u>						
Non-current liabilities:											
	Deferred income tax liabilities (Note VI(14))	73,686	-	71,251	-						
	Lease liabilities - non-current (Note VI(12))	30,270	-	6,865	-						
	Deferred revenue	12,705	-	15,635	-						
	Deposits received	13,050	-	768	-						
		<u>129,711</u>	<u>-</u>	<u>94,519</u>	<u>-</u>						
		<u>2,421,082</u>	<u>12</u>	<u>3,221,758</u>	<u>15</u>						
Total liabilities		2,421,082	12	3,221,758	15						
Equity: (Note VI(15) and (16))											
	Capital - common stock	1,212,545	6	1,865,453	9						
	Capital reserves	8,621,547	44	8,615,095	43						
	Retained earnings:										
	Legal reserve	1,160,976	6	853,945	4						
	Special reserve	28,704	-	43,782	-						
	Unappropriated retained earnings	6,330,352	32	6,054,591	29						
		<u>7,520,032</u>	<u>38</u>	<u>6,952,318</u>	<u>33</u>						
	Other equity	(26,923)	-	(28,704)	-						
	Treasury stock	(8,158)	-	(9,449)	-						
		<u>17,319,043</u>	<u>88</u>	<u>17,394,713</u>	<u>85</u>						
Total equity		17,319,043	88	17,394,713	85						
Total liabilities and equity		\$ 19,740,125	100	20,616,471	100						

Chairperson: Lin, Yung-Chieh



(Please refer to the accompanying notes to the parent company only financial statements)

Manager: Chiu, Shu-Hui



Accounting manager: Chen, Po-Chang



Fitipower Integrated Technology Inc.
Parent Company Only Statement of Comprehensive Income
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousands

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note VI (18) and VII)	\$ 10,976,678	100	14,405,751	100
5000	Operating cost (Note VI (5) (11), VII and XII)	6,737,952	61	8,658,528	60
5900	Gross profit	4,238,726	39	5,747,223	40
	Operating expense: (Note VI (10) (11) (12) (13) (16) (19), VII and XII)				
6100	Promotion expense	243,974	2	267,291	2
6200	Administration expense	242,898	2	272,726	2
6300	R&D expense	1,554,771	14	1,669,243	12
		2,041,643	18	2,209,260	16
6900	Net operating profit	2,197,083	21	3,537,963	24
	Non-operating revenue/expense (Note VI (7) (10) (12) and (20)):				
7100	Interest income	5,539	-	12,086	-
7010	Other income	23,126	-	10,376	-
7020	Other gains and losses	136,958	1	(27,027)	-
7050	Financial costs	(122)	-	(12,145)	-
7070	Share of the profit and losses of subsidiaries accounted for using the equity method	209,572	2	230,620	2
		375,073	3	213,910	2
7900	Net profit before tax	2,572,156	24	3,751,873	26
7950	Less: Income tax expense (Note VI (14))	421,943	4	681,567	5
8000	Net profit for the period	2,150,213	20	3,070,306	21
8300	Other comprehensive income: (Note VI (14) (15))				
8310	Items which were not reclassified to profit or loss				
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	(7,932)	-	-	-
8349	Less: Income tax related to the items which were not reclassified	-	-	-	-
	Total of items which were not reclassified to profit or loss	(7,932)	-	-	-
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	12,184	-	18,942	-
8399	Less: Income tax related to components of other comprehensive income that will be reclassified to profit or loss	2,471	-	3,864	-
	Total components of other comprehensive income that will be reclassified to profit or loss	9,713	-	15,078	-
	Other comprehensive income for the period	1,781	-	15,078	-
8500	Total other comprehensive income for the period	\$ 2,151,994	20	3,085,384	21
	Earnings per share (Unit: NT\$1) (Note VI (17))				
9750	Basic earnings per share	\$ 13.29		16.49	
9850	Diluted earnings per share	\$ 13.23		16.31	

(Please refer to the accompanying notes to the parent company only financial statements)

Chairperson: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting manager: Chen, Po-Chang

Fitipower Integrated Technology Inc.
Statement of Changes in Equity
From January 1 to December 31, 2023 and 2022

Unit: NT\$ thousands

	Retained earnings				Other equity items			Total	Treasury stock	Total equity
	Share capital for common stock	Capital reserves	Legal reserve	Special reserve	Undistributed retained earnings	Exchange difference arising from translation of foreign operation financial statements	Unrealized gains (losses) from financial assets measured at FVTOCI)			
Balance, January 1, 2022	\$ 1,865,453	6,986,364	268,720	13,192	6,765,097	(43,782)	-	(43,782)	(9,449)	15,845,595
Net profit for the period	-	-	-	-	3,070,306	-	-	-	-	3,070,306
Other comprehensive income for the period	-	-	-	-	-	15,078	-	15,078	-	15,078
Total other comprehensive income for the period	-	-	-	-	3,070,306	15,078	-	15,078	-	3,085,384
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	585,225	-	(585,225)	-	-	-	-	-
Special reserve appropriated	-	-	-	30,590	(30,590)	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(3,164,997)	-	-	-	-	(3,164,997)
Change in ownership of subsidiaries	-	1,628,731	-	-	-	-	-	-	-	1,628,731
Balance, December 31, 2022	1,865,453	8,615,095	853,945	43,782	6,054,591	(28,704)	-	(28,704)	(9,449)	17,394,713
Net profit for the period	-	-	-	-	2,150,213	-	-	-	-	2,150,213
Other comprehensive income for the period	-	-	-	-	-	9,713	(7,932)	1,781	-	1,781
Total other comprehensive income for the period	-	-	-	-	2,150,213	9,713	(7,932)	1,781	-	2,151,994
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	307,031	-	(307,031)	-	-	-	-	-
Reversal on special reserve	-	-	-	(15,078)	15,078	-	-	-	-	-
Cash dividends of common stock	-	-	-	-	(1,582,499)	-	-	-	-	(1,582,499)
Cash capital decrease	(652,908)	-	-	-	-	-	-	-	1,291	(651,617)
Change in ownership of subsidiaries	-	4,479	-	-	-	-	-	-	-	4,479
Compensation cost of share-based payment transactions	-	1,973	-	-	-	-	-	-	-	1,973
Balance, December 31, 2023	\$ 1,212,545	8,621,547	1,160,976	28,704	6,330,352	(18,991)	(7,932)	(26,923)	(8,158)	17,319,043

(Please refer to the accompanying notes to the parent company only financial statements)

Chairperson: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting manager: Chen, Po-Chang

Fitipower Integrated Technology Inc.
Parent Company Only Statement of Cash Flows
From January 1 to December 31, 2023 and 2022

	Unit: NT\$ thousands	
	2023	2022
Cash flows from operating activities:		
Net profit before tax	\$ 2,572,156	3,751,873
Adjustments:		
Income and Expenses		
Depreciation expense	228,098	176,032
Amortization expense	80,719	36,312
Net loss (gain) on financial assets or liabilities at FVTPL	(114,520)	94,503
Interest expense	122	12,145
Interest income	(5,539)	(12,086)
Compensation cost of share-based payment transactions	1,973	-
Share of the profit of subsidiaries accounted for using the equity method	(209,572)	(230,620)
Loss on inventory price drop and obsolescence	68,158	184,177
Other operating expenses	-	96,857
Impairment loss on non-financial assets	8,544	183,365
Realized gain from the sale of goods	(2,930)	(2,930)
Total income and expenses	<u>55,053</u>	<u>537,755</u>
Changes in assets/liabilities related to operating activities:		
Decrease in finance lease rental payments receivable	12,828	12,220
Decrease in accounts receivable and accounts receivable from related parties	476,743	2,254,675
Decrease in other receivables	15,735	52,012
Decrease in inventory	804,922	582,364
Decrease in advance payments and current assets	4,423	246,659
Increase in other non-current assets	(51,752)	(31,274)
Increase (decrease) in contract liabilities	(83,727)	84,039
Decrease in accounts payable	(346,621)	(1,572,923)
Decrease in other payables	(125,454)	(71,218)
Increase (decrease) in other current liabilities	(5,514)	440
Total of net changes in assets/liabilities related to operating activities	<u>701,583</u>	<u>1,556,994</u>
Cash inflow from operating activities	3,328,792	5,846,622
Interest received	5,505	12,745
Interest paid	(1,085)	(11,377)
Income tax paid	(701,163)	(989,932)
Net cash inflow from operating activities	<u>2,632,049</u>	<u>4,858,058</u>
Cash flow from investing activities:		
Acquisition of financial assets measured at FVTOCI	(22,262)	-
Decrease in financial assets measured at amortized cost	-	550,000
Acquisition of financial assets measured at FVTPL	(10,564,785)	(17,078,603)
Disposal of financial assets measured at FVTPL	9,741,943	12,732,372
Acquisition of investment accounted for using the equity method	-	(615,000)
Acquisition of property, plant and equipment	(195,820)	(387,869)
Decrease in refundable deposits	586,695	135,127
Acquisition of intangible assets	(74,037)	(73,180)
Dividends received	1,685	-
Net cash outflow in investing activities	<u>(526,581)</u>	<u>(4,737,153)</u>
Cash flow in financing activities:		
Decrease in short-term loans	-	(777,808)
Increase (decrease) in deposits received	12,282	(109,952)
Repayment of lease principal	(34,902)	(33,533)
Issuance of cash dividends	(1,582,499)	(3,164,997)
Cash capital decrease	(651,617)	-
Net cash outflow from financing activities	<u>(2,256,736)</u>	<u>(4,086,290)</u>
Decrease in current cash and cash equivalents	(151,268)	(3,965,385)
Beginning balance of cash and cash equivalents	463,764	4,429,149
Ending balance of cash and cash equivalents	<u>\$ 312,496</u>	<u>463,764</u>

(Please refer to the accompanying notes to the parent company only financial statements)

Chairperson: Lin, Yung-Chieh

Manager: Chiu, Shu-Hui

Accounting manager: Chen, Po-Chang

Attachment 4

Fitipower Integrated Technology Inc. 2023 Earnings Distribution Plan



Unit: NT\$

Item	Amount
2023 Net income after tax	2,150,213,087
Less: Provision for legal reserve (10%)	(215,021,309)
Add: Reversal of special reserve	1,781,691
Distributable earnings for 2023	1,936,973,469
Add: Undistributed earnings from previous years	4,180,138,925
Distributable earnings as of the end of 2023	6,117,112,394
Distribution items	
Dividends to shareholders - cash (NT\$10.64 per share)(Note)	(1,288,127,376)
Undistributed earnings at the end of the period	4,828,985,018

Note: The number of issued and outstanding shares of 121,064,603 as of April 18, 2024 is used as the basis for this calculation.

Chairperson:



Manager:



Accounting Supervisor:



Attachment 5

Fitipower Integrated Technology Inc. Comparison Table of Articles of Incorporation

Art. No.	After	Before	Description
Article 28	<p>If there is any net profit after tax for the current period, the Company shall first make up the accumulated deficit and set aside 10% of the legal reserve in accordance with the law; except when the accumulated legal reserve has reached the total paid-in capital of the Company. The Company may next set aside or reverse the special reserve in accordance with the law or the regulations prescribed by the competent authority. The board of directors shall prepare a proposal for the distribution of the remaining earnings, together with the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.</p> <p><u>The Company authorizes the board of directors to distribute in cash the dividends and bonuses, legal reserve, and capital reserve, in whole or in part. Such decision shall be adopted by a majority of the directors at a board meeting attended by a majority of the directors and reported to the shareholders' meeting.</u></p> <p>The Company's dividend policy is to <u>distribute dividends no less than 50% of the annual increment in distributable earnings</u>, including cash dividends of no less than 10% of total dividends, in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, and in consideration of the interests of shareholders.</p>	<p>If there is any net profit after tax for the current period, the Company shall first make up the accumulated deficit and set aside 10% of the legal reserve in accordance with the law; except when the accumulated legal reserve has reached the total paid-in capital of the Company. The Company may next set aside or reverse the special reserve in accordance with the law or the regulations prescribed by the competent authority. The board of directors shall prepare a proposal for the distribution of the remaining earnings, together with the undistributed earnings at the beginning of the period, and submit it to the shareholders' meeting for resolution on the distribution of dividends to shareholders.</p> <p>The Company's dividend policy is to <u>distribute no less than 20% of distributable earnings to shareholders each year</u>, including cash dividends of no less than 10% of total dividends, in accordance with the Company's current and future development plans, taking into account the investment environment, capital requirements and domestic and international competition, and in consideration of the interests of shareholders.</p>	Amended in accordance with the operational needs of the Company.
Article 30	<p>These Articles of Incorporation were established on June 22, 1995. 【1st Amendment to the 24th Amendment】 The 25th amendment was made on June 22, 2022. <u>The 26th amendment was made on May 31, 2024.</u></p>	<p>These Articles of Incorporation were established on June 22, 1995. 【1st Amendment to the 24th Amendment】 The 25th amendment was made on June 22, 2022.</p>	Add amendment date.

Attachment 6

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

Item	2021	2022	2023
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
Total assets	24,292,542	25,455,457	24,872,281
Current liabilities	6,704,717	4,065,787	3,245,705
Non-current liabilities	203,310	246,161	430,108

Item	2021	2022	2023
Total liabilities	6,908,027	4,311,948	3,675,813
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
Total shareholders' equity	17,384,515	21,143,509	21,196,468

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.)

Attachment 7

Fitipower Integrated Technology Inc.

List of Director and Independent Director Candidate

Position	Name	Sex	Education	Experience	Current Position	Number of Shares Held (Unit: Shares)
Director	Lin, Yung-Chieh	M	University of California, Santa Barbara (UCSB) - Ph.D. in Electrical Engineering	ALi Corporation - Engineer Hon Hai Precision Industry Co., Ltd. - Manager	Fitipower Integrated Technology Inc. Chairman and Chief Executive Officer Fitipower Integrated Technology Inc., Director of ESG Committee Puyu Investment Co. Chairman	521,415
Director	Chiu, Shu-Hui	F	National Chiao Tung University - Graduate Institute of Electronics	HUALON MICROELECTRONICS CORP. Elan Microelectronics Corp. Director	Fitipower Integrated Technology Inc. Director and General Manager Fitipower Integrated Technology Inc., Deputy Chairman of the Council for Sustainable Development	730,742
Independent Director	Chen, Bi-Feng	F	Royal Roads University, British Columbia, Canada - Master's degree	Integrated Silicon Solution (Taiwan), Inc. - Cost Accounting Supervisor RiTdisplay Corporation - Accounting Supervisor STARTEK ENGINEERING INC. - Financial Supervisor ART ANALOG, INC. - Financial Supervisor	Fitipower Integrated Technology Inc. Independent Director Fitipower Integrated Technology Inc., member of Audit Committee Fitipower Integrated Technology Inc., Member of Remuneration Committee Fitipower Integrated Technology Inc., member of ESG Committee	0
Reason for continuing the nomination of an Independent Director for three consecutive terms: Considering Ms. BI-FENG CHEN's extensive experience in finance and accounting, which significantly benefits the company, her expertise and professional advice continue to contribute effectively to her duties as an Independent Director and in providing oversight to the board.						
Independent Director	Liu, Xue-Yu	M	Fu Jen Catholic University - Department of Electronic Engineering	HP Inc. - Chief Engineer and Business Manager Nan Ya Plastics Corporation - Automation Engineer WK Venture Capital Co. - Deputy General Manager	Fitipower Integrated Technology Inc. Independent Director Fitipower Integrated Technology Inc., member of Audit Committee Fitipower Integrated Technology Inc., Member of Remuneration Committee Fitipower Integrated Technology Inc., member of ESG Committee N.T.U. Innovation Incubation Center GM Bouda Co. Representative of corporate directors Portal International IPRs Service Co., Ltd. Representative of corporate directors ELTA Technology Co., Ltd. Director WIESON TECHNOLOGIES CO., LTD. Independent	0

Position	Name	Sex	Education	Experience	Current Position	Number of Shares Held (Unit: Shares)
					Director UDE Corp. Independent Director	
Reason for continuing the nomination of an Independent Director for three consecutive terms: NA						
Independent Director	Chin, Lan-Fang	F	University of New Hampshire Master of Law-LLM	Dentons Taiwan - Senior Partner Attorney Continental Engineering Corporation - Legal Affairs Deputy Manager Carrefour Taiwan - Head of Legal Affairs SemiLEDs Optoelectronics Co., Ltd. - Head of Legal Affairs Quanta Display Inc. - Deputy Director of Legal Affairs Acer Group - Legal Manager Qingyang Law Firm - Attorney	Fitipower Integrated Technology Inc. Independent Director Fitipower Integrated Technology Inc., member of Audit Committee Fitipower Integrated Technology Inc., member of ESG Committee FIH Mobile Limited General Counsel	0
Reason for continuing the nomination of an Independent Director for three consecutive terms: NA						
Independent Director	Wang, Tien-Hao	M	National Tsing Hua University - Bachelor's degree in Electrical Engineering University of Southern California - Master's degree in Electrical Engineering	WK Venture Capital Co. - Deputy Manager, Deputy General Manager First International Computer - Assistant to the General Manager GUANG PENG TECHNOLOGY CO., LTD. - Deputy General Manager LITE-ON Technology - Director Technology Associates Corporation - Manager, Senior Manager	WK Innovation Director, Partner, Senior Vice President FOXFORTUNE TECHNOLOGY III VENTURES LIMITED Chairman FOXFORTUNE TECHNOLOGY II VENTURES LIMITED Chairman Hung Kao Venture Capital Limited Chairman Hung Chi Venture Capital Limited Chairman TAITIEN Electronics Co., LTD Director FETek Technology Corp. Director General Life Biotechnology Co., Ltd. Representative of corporate directors FOSITEK CORP. Independent Director JET Optoelectronics Co., Ltd. Independent Director Corex Materials Supervisor	0
Reason for continuing the nomination of an Independent Director for three consecutive terms: NA						
Independent Director	Chen, Chuan-Nan	M	National Taiwan University - Bachelor's degree in Electrical Engineering Stanford University, USA - Master's degree in Electrical Engineering	GLOBAL UNICHIP CORP. - General Manager, USA Techwell - Operations Manager Goyatek Technology Inc. - General Manager, USA TSMC - Manager Texas Instruments - Senior ASIC Engineer	Rivos Inc. General Manager, Taiwan	0
Reason for continuing the nomination of an Independent Director for three consecutive terms: NA						

Attachment 8

Fitipower Integrated Technology Inc. Details of the Lifting of Non-competition Restrictions for Directors

Position (Note)	Name of Director Candidate Authorized to Engage in Competitive Activities	Period Authorized for Engaging in Competitive Activities	Competitive Business Activities Permitted		Main business activities of other companies where concurrently held positions
			Company Name	Position	
Independent Director	Liu, Xue-Yu	During the Tenure as Director of the Company	N.T.U. Innovation Incubation Center	General Manager	Consulting Services Industry
			Portal Co.	Representative of corporate directors	Electronic Components Industry
			Portal International IPRs Service Co., Ltd.	Representative of corporate directors	Consulting Services Industry
			ELTA Technology Co., Ltd.	Director	Digital Cloud Industry
			WIESON TECHNOLOGIES CO., LTD.	Independent Director	Electronic Components Industry
			UDE Corp.	Independent Director	Electronic Components Industry
Independent Director	Chin, Lan-Fang	During the Tenure as Director of the Company	FIH Mobile Limited	General Counsel	Electronic Components Industry
Independent Director	Wang, Tien-Hao	During the Tenure as Director of the Company	WK Innovation	Director, Senior Vice President	Consulting Services Industry
			FOXFORTUNE TECHNOLOGY III VENTURES LIMITED	Chairman	General Investment Industry
			FOXFORTUNE TECHNOLOGY II VENTURES LIMITED	Chairman	General Investment Industry
			Hung Kao Venture Capital Limited	Chairman	General Investment Industry
			Hung Chi Venture Capital Limited	Chairman	General Investment Industry

Position (Note)	Name of Director Candidate Authorized to Engage in Competitive Activities	Period Authorized for Engaging in Competitive Activities	Competitive Business Activities Permitted		Main business activities of other companies where concurrently held positions
			Company Name	Position	
			TAITIEN Electronics Co., LTD	Director	Electronic Components Industry
			General Life Biotechnology Co., Ltd.	Representative of corporate directors	Biotechnology and Medical Industry
			FOSITEK CORP.	Independent Director	Electronic Components Industry
			JET Optoelectronics Co., Ltd.	Independent Director	Electronic Components Industry
			FETek Technology Corp.	Director	Electronic Components Industry
Independent Director	Chen, Chuan-Nan	During the Tenure as Director of the Company	Rivos Inc.	General Manager, Taiwan	Electronic Components Industry

Note: Note: Candidates for directors (including independent directors) for this year's (May 31, 2024) general shareholders' meeting of the Company.