

IntelliEPI Inc. (Cayman)

2024 Annual Shareholders Meeting Minutes (Translation)

Time : 09:00 a.m. on Tuesday, June 25, 2024

Place : Lane 193, Sec. 3, Zhongxiao E. Rd., Daan Dist., Taipei (GIS Taipei Tech Convention Center Room 304)

Total outstanding shares : 36,785,743 shares

Total shares represented by shareholders present in person or by proxy : 23,190,899 shares

Percentage of shares held by shareholders present in person or by proxy : 63.04 %

Chairman : Yung-Chung Kao

Recorder : Vicky Cheng

Director present :

Yung-Chung Kao, WH Wu, Independent director Tom Chang (Convener of the Audit Committee), Total 3 of 8 Directors present at this Shareholders meeting.

On leave director :

Kang-Lung Wang, Virginia Shu, Independent director Norman Cheng, KM Tsai and Jason Chen, Total 5 of 8 Directors.

1. The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum.
The Chairman called the meeting to order.
2. Chairman Remarks (omitted)
3. Reporting Items :

#1 : Operation Report for Fiscal Year 2023 (Proposed by the Board)

Explanations :

The Company's annual operation report for fiscal year 2023 is attached as Attachment 1.

#2 : Audit Committee audit report for Fiscal Year 2023 (Proposed by the Board)

Explanation :

Audit Report by Audit Committee for Fiscal Year 2023 is attached as Attachment 2.

#3 : Local 2nd Convertible Bond status (Proposed by the Board)

Explanations :

Bond Name	Local 2 nd Convertible Bond
Use of proceeds	Plant expansion, purchase and upgrade machines
Issue Day	2023/11/20
Par	NT\$100,000
Issue Amount	NT\$200M
Bond coupon rate	0%
Issue Period	3 years, until 2026/11/20
Conversion status	As of 2024/2/29 0 CB converted to 0 shares

4. Ratifications Items :

#1 : Operation report and financial statements for 2023 (Proposed by the Board)

Explanation :

1. The Company's Financial Statements were audited by independent auditors, Wendy Liang and Alan Chien of PriceWaterhouseCoopers.
2. 2023 Operation report is attached as Attachment 1. Financial Statements are attached as Attachment 3.
3. The Company's operation report and financial statements for 2023 are submitted to the shareholders for ratification.

Voting results : shares represented at the time of voting : 23,169,399 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	23,020,345	99.35%
Votes against	65,772	0.29%
Votes invalid	0	0.00%
Votes abstained	83,282	0.36%

RESOLVED, that Operation report and financial statements for 2023 is hereby accepted as submitted.

#2 : Profit and loss appropriation for 2023 (Proposed by the Board)

Explanation :

1. Distributable Unappropriated Retained Earnings of 2023 is negative and profit and loss appropriation table as follows :

IntelliEPI Inc. (Cayman)	
2023 Profit and loss appropriation	
	(NTD)
Net Profit Before Tax of 2023	(33,582,703)
Plus : Income Tax Benefit	41,942,587
Deduct : Noncontrolling interest in net profit	(17,918)
Net profit of 2023	8,341,966
Deduct : Legal Reserve	(834,197)
Deduct : Special reserve	(69,594,388)
Distributable Unappropriated Retained Earnings of 2023	(62,086,619)
Plus : Unappropriated Retained Earnings at the Beginning of 2023	491,804,818
Distributable Unappropriated Retained Earnings at the end of 2023	429,718,199
Distribution Items :	
Deduct : Cash Dividends	-
Unappropriated Retained Earnings at the end of 2023	429,718,199

2. The Company's profit and loss appropriation for 2023 is submitted to the shareholders for ratification.

Voting results : shares represented at the time of voting : 23,169,399 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	23,033,301	99.41%
Votes against	65,818	0.29%
Votes invalid	0	0.00%
Votes abstained	70,280	0.30%

RESOLVED, that Profit and loss appropriation for 2023 is hereby accepted as submitted.

5. Discussion Item :

#1 : Authorized Capital Amendment (Proposed by the Board)

Explanations :

1. For future fund raising needs the Company proposes to amend Authorized Capital from NT\$400,000,000 divided to 40,000,000 shares of NT\$10.00 each, into NT\$1,000,000,000 divided into 100,000,000 shares of NT\$10.00 each.
2. The authorized capital Amendment is hereby submitted to the shareholders' meeting for discussion.

Voting results : shares represented at the time of voting : 23,169,399 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	22,672,308	97.85%
Votes against	426,811	1.84%
Votes invalid	0	0.00%
Votes abstained	70,280	0.30%

RESOLVED, that Authorized Capital Amendment is hereby accepted as submitted.

#2 : Amendment on “Memorandum and Articles of Association” (Proposed by the Board)

Explanation :

1. The Company proposes to amend its Memorandum and Articles of Association in order to comply with the relevant laws and regulations and the needs of commercial practice. A copy of the proposed 8th Amended and Restated Memorandum and Articles of Association is attached hereto as attachment 4 (the "Amended M&A").
2. The board of directors have considered the amendments in the Amended M&A to be in the best interest of the Company and proposed that the Amended M&A be submitted to the shareholders for approval by way of a special resolution at the annual general meeting. Subject to approval by way of a special resolution, that the 7th Amended Memorandum and Articles of Association of the Company currently in effect be amended and restated by the deletion in their entirety and the substitution in their place of the Amended M&A.
3. Upon approval of the Amended M&A by the shareholders at the annual general meeting, the Amended M&A will be filed with the Registrar of Companies in the Cayman Islands.

Voting results : shares represented at the time of voting : 23,169,399 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	22,672,309	97.85%
Votes against	426,815	1.84%
Votes invalid	0	0.00%
Votes abstained	70,275	0.30%

RESOLVED, that Amendment on “Memorandum and Articles of Association” is hereby accepted as submitted.

6. Election Item :

Complete re-election of Board of Directors (including Independent Directors) (Proposed by the Board)

Explanations :

1. Terms of current Boards of Directors (including Independent Directors) will be expired on 2024/8/16. To comply with the Company's meeting schedule directors re-election, total 8 directors including 3 independent directors, will be held on 2024 shareholders meeting.
2. Director candidates, including independent director candidates, shall be nominated for election. Independent director candidates shall meet Taiwan regulations criteria. Candidate list please check Attachment 5.
3. The complete re-election is for 5th directors terms which from 2024/6/25 to 2027/6/24 for 3 years terms.

Voting Results:

Directors/Independent Directors	Directors Name	Votes
Directors	Yung-Chung Kao	26,459,748
Directors	Virginia Shu	23,273,159
Directors	KingMax Semiconductor Inc.	22,919,126
Directors	Wei-Hsien Wu	22,808,092
Directors	Lin-Tan Wu	22,708,219
Independent Directors	Norman K. Y. Cheng	22,375,949
Independent Directors	Tom Ta-Cheng Chang	21,873,214
Independent Directors	Kun-Ming Tsai	21,767,432

RESOLVED, that the above 8 candidates are elected as board of directors.

7. Others Item : Proposed by the Board

Release from restriction to the participation in competing industries by elected Directors

Explanation :

1. A director conducting, either for himself or on behalf of another person, activities that are within the scope of the Company's business, shall explain to the Shareholders meeting the essential contents of such activities and obtain its approval for conducting such activities.
2. Directors' non-competition activities are shown on Attachment 5 at "current position" column.

Voting results : shares represented at the time of voting : 23,169,399 shares

Votes	Voting shares	% of the total represented share present
Votes in favor	23,018,566	99.34%
Votes against	75,260	0.33%
Votes invalid	0	0.00%
Votes abstained	75,573	0.33%

RESOLVED, that Release from restriction to the participation in competing industries by elected Directors is hereby accepted as submitted.

Questions and Motions

Adjournment at 09:26AM

No Shareholder has given a speech during Shareholder meeting.

IntelliEPI Inc. (Cayman)

2023 Operation Report

The overall semiconductor market experienced a macroeconomic recession in 2023, sluggish demand of end-market sapped the compound semiconductor industry; investment decreasing on fiber-optic communication infrastructures and inventory correction of mass production customers, the 2023 sales revenue of IET went low to total NTD 662,355 thousand, a 26% year-over-year decrease compared to 2022. The substantial sales drop of InP wafers is the main reason of IET's operation downturn in 2023; the InP wafers, which mainly includes HBT, PIN, APD products, all faced great decline in 2023, the total sales revenue of InP wafers shrank over 51%, and the sales proportion changed from 54% to 35%. The total sales revenue of GaAs wafer is similar to previous year, while sales proportion was higher. Among the GaAs sector, the high-end pHEMT applied to defense demand grow noticeably. Hardware components, defense contracts and GaSb IR wafer sectors kept stable in 2023, the revenue amount changed slightly. Regarding the business operation, we finished the pre-application for CHIPS Act funding, and also issued a 3-years term of convertible bond to expand IET's manufacturing capacity. For the R&D projects, IET-developed MBE process control software is in trial, the GaN regrowth technique is collecting customer feedback, and the large-sized mHEMT wafer completed qualification. The semiconductor market is expected to recover in 2024—the surge of AI application, the evolving trend of 5.5G and 6G wire-less communication, and the development of cloud computing all bring in more and more opportunities to compound semiconductor wafers, we aim at both growth in capacity and output in 2024, also a rebound of revenue this year.

1. 2023 Operation Report

1.1 Operation Results

The consolidated total revenue of the Company in 2023 was NTD 662,355 thousand, a decrease of 26% compared with the revenue of NT\$892,533 thousand in 2022. After tax net profit was NTD 8,360 thousand, equivalent to a 1% profit margin, a decrease of NTD 149,395 thousand from 2022. Earnings per share after tax was NTD 0.23, a decrease of NTD 4.11 from the previous year's NTD 4.34.

1.2 Financial Income, Expenditures, and Profitability Analysis

Company's current assets to total assets in 2023 increase to 37% from 34% in 2022, which within stable status. The debt ratio was 15%, which changes distinctively from 6% in 2022, mainly caused by the issuance of convertible bond that led to NTD 167,559 thousand of Other Financial Liability-Current at the end of period. Capital expenditure on property, plant and equipment was NTD 158,503 thousand in 2023. Capital spending and operating expense mainly follow budget scheme.

The gross margin was 23% in 2023, much lower than the 39% in 2022. The plunge of gross margin was resulted from the fall-off of both sales revenue and output, the descending capacity utilization heightened the unit cost, the rising of depreciation and material cost also were the reasons of higher cost of goods. Expenses for marketing, G&A and R&D were NTD187,124

thousand, a slightly increase of NTD 3,260 thousand from previous year. After accounting for non-operating income and expenses of NTD 1,005 thousand and income tax of NTD 41,942 thousand, the resulted net profit after tax was NTD 8,360 thousand, compared to NTD 157,755 thousand in 2022.

1.3 Budget Execution

The company's annual budget had been approved by the board of directors, but the financial forecast has not been disclosed to the public. The overall budget was under good control.

1.4 Research and Development

In 2023, the R&D expense was NTD 45,454 thousand, slightly higher than NTD 41,813 thousand in the previous year. The main R&D focus was on long wavelength InP VCSEL wafer, gallium nitride (GaN) epitaxy and regrowth technique, and GaSb IR epi wafers for Defense application.

2. 2023 Business Plans and Strategies

2.1 Management Policy : Adhere to quality and performance management, finish the full application for CHIPS Act funding, start the expansion project of manufacturing plant, upgrade the MBE systems, develop the specific purposed MBE machine and focus on developing the following epitaxy products and international markets:

- InP : Finished the quantity and price adjustment with key customers. Will start the delivery abide by renewed contracts; continue to co-develop the high performance high-gain APD wafer, opto-communication EAM wafer and long wavelength VCSEL wafer with customers.
- GaAs : Demands of high-end pHEMT and mHEMT wafers which applied to Defense application are rising; 6" mHEMT wafer completed qualification with key customer, will track the following status.
- GaSb : Domestic and global demand of GaSb infrared epi wafers which applied to Defense application is growing, one more GaSb epitaxy machine will join manufacturing in 2024Q1, a revenue growing is expected.
- Hardware components : The purchasing orders of MBE machines in 2023 were postponed to 2024, the Company is tracking closely with buyers. PO inquiries for GaN regrowth machine are also received. IET-developed MBE process control software is in trial inside and outside the Company, Company will allocate the human resource to ensure the high qualities of hardware component and machine/software maintenance support service.
- GaN : GaN regrowth technique received positive feedbacks from customers, both PO and sales revenue are increasing, one more GaN regrowth MBE machine will be set up this year.

2.2 Expected sales volume and Base

The expected sales volume under the Company's projection is based on demand forecast

provided by customers, published industrial and market supply and demand research, and the Company's production capacity and business outlook to set the production plan.

2.3 Key Production and Marketing policies

- (1) Improve product quality.
- (2) Strengthen product research and development.
- (3) Improve production efficiency.

3. Development Strategies

- 3.1 Focus on promoting 5G and 6G related products and maintain smooth supply chain.
- 3.2 Research and develop the products for AI market opportunities.
- 3.3 Pay equal attention to mass production and advanced products.
- 3.4 Focus on products that MBE technology holds the advantages.
- 3.5 Strengthen MBE software and hardware in-house capabilities and further establish the metal fabrication process to ensure hardware materials sourcing and business.
- 3.6 Improve employee training and foster team synergy.

4. Effects from External Competition, Legal and Regulation, and Economic Environments

Looking forward to 2024, the Company will continue to improve product quality and production efficiency in dealing with competitive environment, while continuing to carry out its research and development on MBE mainstream products, accumulate research and development know-how for future applications. In terms of regulatory compliance, the Company will abide by the principle of integrity in management and cooperate with regulations and policies as well as adjusting relevant operating policy updates. ESG report will be issued to disclose more ESG information. The semiconductor industry is expected to have a booming in 2024, according to global research and market consultant companies IDC and Gartner, the Company will keep supporting our customers to develop and deliver high-valued products, and reach the target of revenue and income growth.

Chairman : Yung-Chung Kao

CEO : Yung-Chung Kao

CFO : George Wang

Audit Committee's Report

The Board of Directors has prepared the Company's 2023 Operation Report, Financial Statements and Profit and loss appropriation. The certified public accountants of PriceWaterhouseCoopers Taiwan, were retained by the Company to audit the financial statements and have issued an audit report relating to the financial statements. Operation report, financial statements and Profit and loss appropriation have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. In accordance with Article 14-4 of the ROC Securities and Exchange Act we hereby submit this report.

To
2024 annual shareholders meeting

IntelliEPI Inc. (Cayman)

Convener of Audit Committee
Tom Chang

Date : March 13, 2024



INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders of IntelliEPI Inc. (Cayman)

Opinion

We have audited the accompanying consolidated balance sheets of IntelliEPI Inc. (Cayman) and its subsidiaries (the “Group”) as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(10) for accounting policies on evaluation of inventories, Note 5 for the critical accounting estimates and assumptions in relation to evaluation of inventories and Note 6(4) for the details of loss allowance for inventories.

The Group is primarily engaged in the manufacture of compound semiconductor wafers and the manufacture and sales of epitaxy products. Due to the rapid technological innovations, intense market competition and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. The Group uses the net realizable value to make provisions for estimated loss related to inventories aged over a certain period and individually identified as obsolete. The aforementioned identification of obsolete inventories and net realizable value is subject to management's judgment. Considering that the Group's inventory and allowance for inventory valuation loss have a significant impact on the Group's consolidated financial statements, we considered the allowance for inventory valuation loss a key audit matter.

How our audit addressed the matter:

We performed the following audit procedures on the valuation of inventory:

- A. Assessed the reasonableness of accounting policies and procedures in relation to allowance for inventory valuation;
- B. Validated the appropriateness of inventory aging report used by management to ensure that the information in the inventory aging report is consistent with the corresponding accounting policies; and

- C. Obtained the net realizable value calculation report prepared by management, selected samples of inventory items and checked the supporting purchase or sales documents against the accounting records and recalculated the net realizable value to assess the adequacy of allowance for inventory valuation loss.

Existence of operating revenue

Description

Refer to Note 4(25) for accounting policies on operating revenue.

The Group's operating revenue mainly arises from manufacturing and sales of epitaxy wafers related products. The consolidated operating revenue for 2023 amounted to NTD 662,355 thousand, and is significant to the consolidated financial statements. Further, as the Group's customers are spread out across several continents, including America, Europe and Asia, the consolidated operating revenue was easily affected by the demand of terminal market. Thus, we considered the occurrence and existence of operating revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

- A. Obtained an understanding and tested the effectiveness of design and execution of internal controls over the recognition of operating revenue.
- B. Searched the public data of the new top 10 major customers and their official company websites to assess the existence of the customer.
- C. Obtained the sales details of customers, selected samples of sales transactions at random and examined corresponding documents, such as sales orders, delivery orders, invoices and other related vouchers, to confirm the existence of operating revenue transactions.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including audit committee, are responsible for overseeing the Group's financial reporting process.

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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and professional skepticism throughout the audit. We also:

- A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures

responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- C. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with



them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Two handwritten signatures are shown above a horizontal line. The signature on the left is 'Wendy Liang' and the signature on the right is 'Alan Chien'. Both signatures are written in black ink and are cursive in style.

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 13, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

INTELLIEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash	6(1)	\$ 68,471	4	\$ 116,296	6
1136	Current financial assets at amortized cost	6(2)	240,464	12	154,160	8
1170	Accounts receivable, net	6(3)	98,524	5	135,510	7
1200	Other receivables		73,834	4	1,344	-
130X	Inventories, net	6(4)	232,554	12	218,800	12
1410	Prepayments		5,898	-	7,674	1
1479	Other current assets		240	-	201	-
11XX	Total current assets		<u>719,985</u>	<u>37</u>	<u>633,985</u>	<u>34</u>
Non-current assets						
1600	Property, plant and equipment	6(5)	1,204,487	62	1,206,337	65
1755	Right-of-use assets	6(6)	3,198	-	3,966	-
1780	Intangible assets	6(7)	780	-	290	-
1840	Deferred income tax assets	6(24)	8,628	-	-	-
1900	Other non-current assets	6(8)	14,994	1	8,251	1
15XX	Total non-current assets		<u>1,232,087</u>	<u>63</u>	<u>1,218,844</u>	<u>66</u>
1XXX	Total assets		<u>\$ 1,952,072</u>	<u>100</u>	<u>\$ 1,852,829</u>	<u>100</u>

(Continued)

INTELLEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current liabilities						
2120	Current financial liabilities at fair value through profit or loss	6(9)	\$ 40,720	2	\$ -	-
2130	Current contract liabilities	6(17)	5,174	-	9,117	-
2170	Accounts payable		31,800	2	38,104	2
2200	Accrued expenses and other payables	6(11)	42,099	2	68,322	4
2230	Income tax payable		108	-	-	-
2280	Current lease liabilities		919	-	834	-
2305	Other current financial liabilities	6(10)	167,559	9	-	-
21XX	Total current liabilities		<u>288,379</u>	<u>15</u>	<u>116,377</u>	<u>6</u>
Non-current liabilities						
2570	Deferred income tax liabilities	6(24)	-	-	6,692	1
2580	Non-current lease liabilities		2,438	-	3,388	-
25XX	Total non-current liabilities		<u>2,438</u>	<u>-</u>	<u>10,080</u>	<u>1</u>
2XXX	Total liabilities		<u>290,817</u>	<u>15</u>	<u>126,457</u>	<u>7</u>
Equity attributable to owners of parent						
Share capital						
3110	Common share	6(13)	367,857	19	367,684	20
3170	Share capital awaiting retirement		-	-	(136)	-
Capital surplus						
3200	Capital surplus	6(14)	648,664	33	647,230	35
Retained earnings						
3310	Legal reserve	6(15)	122,120	6	106,341	6
3320	Special reserve		-	-	121,993	6
3350	Unappropriated retained earnings		500,147	26	459,076	25
Other equity						
3400	Other equity interest	6(16)	21,793	1	23,527	1
31XX	Equity attributable to owners of the parent		<u>1,660,581</u>	<u>85</u>	<u>1,725,715</u>	<u>93</u>
36XX	Non-controlling interest		<u>674</u>	<u>-</u>	<u>657</u>	<u>-</u>
3XXX	Total equity		<u>1,661,255</u>	<u>85</u>	<u>1,726,372</u>	<u>93</u>
Significant event after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 1,952,072</u>	<u>100</u>	<u>\$ 1,852,829</u>	<u>100</u>

The accompanying notes are an integral part of these consolidated financial statements.

INTELLIEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

Items	Notes	2023		2022	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(17)	\$ 662,355	100	\$ 892,533	100
5000 Operating costs	6(4)(17)(18)(19)	(507,808)	(77)	(542,361)	(61)
5950 Net gross profit		<u>154,547</u>	<u>23</u>	<u>350,172</u>	<u>39</u>
Operating expenses	6(18)(19)				
6100 Selling expenses		(4,215)	-	(6,120)	(1)
6200 General and administrative expenses		(132,318)	(20)	(132,995)	(15)
6300 Research and development expenses		(45,454)	(7)	(41,813)	(4)
6450 Impairment loss determined in accordance with IFRS 9	10(4)	(5,137)	(1)	(2,936)	-
6000 Total operating expenses		<u>(187,124)</u>	<u>(28)</u>	<u>(183,864)</u>	<u>(20)</u>
6900 Operating (loss) profit		<u>(32,577)</u>	<u>(5)</u>	<u>166,308</u>	<u>19</u>
Non-operating income and expenses					
7100 Interest income	6(2)(20)	7,557	1	2,925	-
7010 Other income	6(21)	114	-	38	-
7020 Other gains and losses	6(22)	(7,350)	(1)	21,963	3
7050 Finance costs	6(23)	(1,326)	-	(174)	-
7000 Total non-operating income and expenses		<u>(1,005)</u>	<u>-</u>	<u>24,752</u>	<u>3</u>
7900 (Loss) profit before income tax, net		<u>(33,582)</u>	<u>(5)</u>	<u>191,060</u>	<u>22</u>
7950 Income tax benefit (expense)	6(24)	41,942	6	(33,305)	(4)
8200 Profit for the year		<u>\$ 8,360</u>	<u>1</u>	<u>\$ 157,755</u>	<u>18</u>
Other comprehensive income, net					
Other comprehensive (loss) income that will not be reclassified to profit or loss					
8361 Cumulative translation differences of foreign operations		(\$ 10,137)	(1)	\$ 160,810	18
8500 Total comprehensive (loss) income for the year		<u>(\$ 1,777)</u>	<u>-</u>	<u>\$ 318,565</u>	<u>36</u>
Profit (loss) attributable to:					
8610 Owners of the parent		\$ 8,343	1	\$ 157,781	18
8620 Non-controlling interest		17	-	(26)	-
Total		<u>\$ 8,360</u>	<u>1</u>	<u>\$ 157,755</u>	<u>18</u>
Comprehensive (loss) income attributable to:					
8710 Owners of the parent		(\$ 1,794)	-	\$ 318,591	36
8720 Non-controlling interest		17	-	(26)	-
Total		<u>(\$ 1,777)</u>	<u>-</u>	<u>\$ 318,565</u>	<u>36</u>
Earnings per share (in dollars)					
9750 Basic earnings per share	6(25)	\$	0.23	\$	4.34
9850 Diluted earnings per share	6(25)	\$	0.23	\$	4.31

The accompanying notes are an integral part of these consolidated financial statements.

INTELLEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Equity attributable to owners of the parent										
	Capital			Retained Earnings				Total	Non-controlling interest	Total equity	
	Notes	Common share	Share capital awaiting retirement	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings				Other equity
For the year ended December 31, 2022											
Balance at January 1, 2022		\$ 365,145	\$ -	\$ 634,965	\$ 97,579	\$ 80,201	\$ 406,618	(\$ 131,894)	\$1,452,614	\$ 683	\$1,453,297
Profit for the year		-	-	-	-	-	157,781	-	157,781	(26)	157,755
Other comprehensive income for the year		-	-	-	-	-	-	160,810	160,810	-	160,810
Total comprehensive income (loss) for the year		-	-	-	-	-	157,781	160,810	318,591	(26)	318,565
Appropriations of 2021 earnings											
Special reserve		-	-	-	-	41,792	(41,792)	-	-	-	-
Legal reserve		-	-	-	8,762	-	(8,762)	-	-	-	-
Cash dividends	6(15)	-	-	-	-	-	(54,769)	-	(54,769)	-	(54,769)
Issuance of restricted stocks to employees	6(12)(14)(16)	-	-	(430)	-	-	-	9,709	9,279	-	9,279
Retirement of restricted stocks to employees	6(13)(14)	(36)	(36)	72	-	-	-	-	-	-	-
Exercise of restricted stocks to employees	6(13)(14)(16)	2,575	(100)	12,623	-	-	-	(15,098)	-	-	-
Balance at December 31, 2022		\$ 367,684	(\$ 136)	\$ 647,230	\$ 106,341	\$ 121,993	\$ 459,076	\$ 23,527	\$1,725,715	\$ 657	\$1,726,372
For the year ended December 31, 2023											
Balance at January 1, 2023		\$ 367,684	(\$ 136)	\$ 647,230	\$ 106,341	\$ 121,993	\$ 459,076	\$ 23,527	\$1,725,715	\$ 657	\$1,726,372
Profit for the year		-	-	-	-	-	8,343	-	8,343	17	8,360
Other comprehensive loss for the year		-	-	-	-	-	-	(10,137)	(10,137)	-	(10,137)
Total comprehensive income (loss) for the year		-	-	-	-	-	8,343	(10,137)	(1,794)	17	(1,777)
Appropriations of 2022 earnings											
Special reserve		-	-	-	-	(121,993)	121,993	-	-	-	-
Legal reserve		-	-	-	15,779	-	(15,779)	-	-	-	-
Cash dividends	6(15)	-	-	-	-	-	(73,486)	-	(73,486)	-	(73,486)
Issuance of restricted stocks to employees	6(12)(14)(16)	-	-	(705)	-	-	-	10,851	10,146	-	10,146
Retirement of restricted stocks to employees	6(13)	(252)	252	-	-	-	-	-	-	-	-
Exercise of restricted stocks to employees	6(13)(14)(16)	425	-	2,023	-	-	-	(2,448)	-	-	-
Repurchase of restricted stocks to employees	6(14)	-	(116)	116	-	-	-	-	-	-	-
Balance at December 31, 2023		\$ 367,857	\$ -	\$ 648,664	\$ 122,120	\$ -	\$ 500,147	\$ 21,793	\$1,660,581	\$ 674	\$1,661,255

The accompanying notes are an integral part of these consolidated financial statements.

INTELLEPI INC. (CAYMAN) AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
(Loss) profit before tax for the year		(\$ 33,582)	\$ 191,060
Adjustments			
Adjustments to reconcile (loss) profit before tax to net cash			
Depreciation	6(5)(6)(18)	117,378	97,810
Amortization	6(7)(18)	361	332
Compensation cost of share-based payment	6(12)(19)	10,146	9,279
Loss on disposal of property, plant and equipment	6(22)	-	20
Gains on disposal of investments	6(22)	-	(15,857)
Interest income	6(20)	(7,557)	(2,925)
Interest expense	6(23)	1,326	174
Expected credit loss	10(4)	5,137	2,936
Net loss on financial liabilities at fair value through profit or loss	6(22)	12,000	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		31,940	28,258
Inventories		(13,754)	(55,477)
Prepayments		(1,223)	18,589
Other receivables		(187)	(1,219)
Other current assets		(39)	97
Changes in operating liabilities			
Accounts payable		(6,304)	(12,272)
Contract liabilities		(3,943)	(540)
Accrued expenses and other payables		(25,037)	29,075
Cash inflow generated from operations		86,662	289,340
Income tax paid		(1,052)	(43,072)
Interest paid		(143)	(174)
Interest received		5,325	2,022
Net cash flows from operating activities		<u>90,792</u>	<u>248,116</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(26)	(166,432)	(196,495)
Acquisition of intangible assets	6(7)	(987)	(191)
Increase in financial assets at amortized cost		(86,305)	(154,160)
Proceeds from government grants	6(5)	-	3,136
Proceeds from disposal of property, plant and equipment		-	47
Net cash flows used in investing activities		<u>(253,724)</u>	<u>(347,663)</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Repayment of principal portion of lease liabilities		(1,059)	(884)
Issuance of convertible bonds		195,096	-
Cash dividends paid	6(15)	(73,486)	(54,769)
Net cash flows provided by (used in) financing activities		<u>120,551</u>	<u>(55,653)</u>
Effect of exchange rate changes on cash		(5,444)	17,685
Net decrease in cash		(47,825)	(137,515)
Cash at beginning of year		<u>116,296</u>	<u>253,811</u>
Cash at end of year		<u>\$ 68,471</u>	<u>\$ 116,296</u>

Attachment 4

Article	After Amendment	Before Amendment	Note
5	<p>The authorised capital of the Company is NT\$400,000,000 <u>1,000,000,000</u> divided into 40,000,000 <u>100,000,000</u> shares of NT\$10.00 each provided always that subject to the provisions of the Companies Act (As Revised) as amended and the Articles of Association, the Company shall have power to redeem or purchase any or all of such shares and to issue all or any part of its capital whether priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.</p>	<p>The authorised capital of the Company is NT\$400,000,000 divided into 40,000,000 shares of NT\$10.00 each provided always that subject to the provisions of the Companies Act (As Revised) as amended and the Articles of Association, the Company shall have power to redeem or purchase any or all of such shares and to issue all or any part of its capital whether priority or special privilege or subject to any postponement of rights or to any conditions or restrictions whatsoever and so that unless the conditions of issue shall otherwise expressly provide every issue of shares whether stated to be Ordinary, Preference or otherwise shall be subject to the powers on the part of the Company hereinbefore provided.</p>	Commercial practice
17.1	<p>At least thirty days' notice to each Member shall be given of any annual general meeting, and at least fifteen days' notice to each Member shall be given of any extraordinary general meeting. <u>The Company may, in accordance with the Statute and Applicable Public Company Rules, give the notice to any registered Member holding 1,000 or less Shares via a public announcement.</u> Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner</p>	<p>At least thirty days' notice to each Member shall be given of any annual general meeting, and at least fifteen days' notice to each Member shall be given of any extraordinary general meeting. Every notice shall be exclusive of the day on which it is given or deemed to be given and of the day for which it is given and shall specify the place, the day and the hour of the meeting and the general nature of the business and shall be given in the manner hereinafter mentioned, or be given via electronic means if agreed thereon by the Members, or be given in such other manner, if any, as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given</p>	Comply with the relevant laws and regulations

Article	After Amendment	Before Amendment	Note
	<p>hereinafter mentioned, or be given via electronic means if agreed thereon by the Members, or be given in such other manner, if any, as may be prescribed by the Company, provided that a general meeting of the Company shall, whether or not the notice specified in this regulation has been given and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed by all the Members (or their proxies) entitled to attend such general meeting.</p>	<p>and whether or not the provisions of the Articles regarding general meetings have been complied with, be deemed to have been duly convened if it is so agreed by all the Members (or their proxies) entitled to attend such general meeting.</p>	
34.1 (c)	<p>If the Company records profit in any given year, it shall, in the following order, pay taxes for the relevant financial year, offset its losses in previous years that have not been previously offset, set aside a legal capital reserve at 10% of the profit left over, until accumulated legal capital reserve has equalled the total capital of the Company, and set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge. Any profit left over may be distributed, along with accumulative profits not yet distributed, pursuant to the distribution plan proposed by the board of Directors and approved by the Members by an Ordinary Resolution (“distributable profit”), provided that for the distribution of cash dividends, the board of Directors are authorized to approve according to subparagraph (d) below. Any such distributable profit may be distributed as Dividends (including cash dividends</p>	<p>If the Company records profit in any given year, it shall, in the following order, pay taxes for the relevant financial year, offset its losses in previous years that have not been previously offset, set aside a legal capital reserve at 10% of the profit left over, until accumulated legal capital reserve has equalled the total capital of the Company, and set aside a special capital reserve, if one is required, in accordance with the Applicable Public Company Rules or as requested by the authorities in charge. Any profit left over may be distributed, along with accumulative profits not yet distributed, pursuant to the distribution plan proposed by the board of Directors and approved by the Members by an Ordinary Resolution (“distributable profit”), provided that for the distribution of cash dividends, the board of Directors are authorized to approve according to subparagraph (d) below. Any such distributable</p>	Commercial practice

Article	After Amendment	Before Amendment	Note
	<p>or stock dividends) in accordance with the Statute and the Applicable Public Company Rules and after the board of Directors taking into consideration financial, business and operational factors with the amount of Dividends distributed to Members not lower than 10% of distributable profit of the then current year, and the amount of cash dividends distributed thereupon shall not be less than 10% of the profits proposed to be distributed as Dividends of the then current year, <u>provided that the distribution shall not be declared if the earnings per Share is less than NT\$0.5.</u></p>	<p>profit may be distributed as Dividends (including cash dividends or stock dividends) in accordance with the Statute and the Applicable Public Company Rules and after the board of Directors taking into consideration financial, business and operational factors with the amount of Dividends distributed to Members not lower than 10% of distributable profit of the then current year, and the amount of cash dividends distributed thereupon shall not be less than 10% of the profits proposed to be distributed as Dividends of the then current year.</p>	

Attachment 5

Sequence	Name	Shareholding (2024/2/29)	Education	Current Position	Note	Reason for more than 3 terms of Independent Directors
1	Yung-Chung Kao	209,109	University of California	IET-Cayman Chairman 、 IET-US Chairman 、 Director of IET-Japan	Candidate of Director	-
2	Virginia J.W Shu	15,749	University of Illinois	<ul style="list-style-type: none"> • Supervisor of J-Tek • Supervisor of J-MEX • Director of NPIC Cayman • CEO of AIMCO 	Candidate of Director	-
3	Wei-Hsien Wu	945,000	Chinese Culture University	-	Candidate of Director	-
4	Lin-Tan Wu	628,000	University of Arizona	UIS (United Integrated Service)	Candidate of Director	-
5	KingMax Semiconductor Inc.	2,950,000 (as of 2023/12/31)	-	Juristic-person director of KingMax Digital Inc.	Candidate of Director	-
6	Tom Chang	-	FuDan University	CCIS Real Estate Joint Appraisers Firm	Candidate of Independent Director	Financial background and familiar with regulations
7	Norman Cheng	-	Stanford University	-	Candidate of Independent Director	-
8	Kun-Ming Tsai	-	University of Maryland	<ul style="list-style-type: none"> • Chairman of J-MEX • Chairman of AIMCO • Chairman of Perphiloi Culture Foundation 	Candidate of Independent Director	-