

Holtek Semiconductor Inc.

2022 Annual Shareholders' Meeting

Meeting Handbook (Translation)

Meeting Date: May 24, 2022

Edison, HSP link

No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)

-----Disclaimer-----

THIS IS A TRANSLATION OF THE HANDBOOK FOR THE 2022 ANNUAL SHAREHOLDERS' MEETING ("THE AGENDA") OF HOLTEK SEMICONDUCTOR INC. ("THE COMPANY"). THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NO OTHER PURPOSE. THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION.

THE CHINESE TEXT OF THE HANDBOOK SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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Holtek Semiconductor Inc.

2022 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., May 24, 2022 (Tuesday)

Location: Edison, HSP link

No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.)
(Physical Shareholders Meeting)

1. Call the Meeting to Order
2. Chairman's Address
3. Reporting Items
 - (1) 2021 Business Report
 - (2) Audit Committee's Review Report
 - (3) Report on 2021 Employees' and Directors' Remuneration
4. Proposal Items
 - (1) Adoption of the 2021 Business Report and Financial Statements
 - (2) Adoption of the 2021 Earnings Distribution
5. Discussion items and election of directors
 - (1) Amendment to the "Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions"
 - (2) Election of the 9th term directors (including independent directors)
 - (3) Permit of directors' engagement in competitive conduct
6. Extemporaneous Motions
7. Adjournment

Reporting Items

(1) 2021 Business Report

Please refer to the 2021 Business Report on Page 6~8 (Attachment 1).

(2) Audit Committee's Review Report

Please refer to the Audit Committee's Review Report on Page 9 (Attachment 2).

(3) Report on 2021 Employees' and Directors' Remuneration

In accordance with the Company's "Articles of Incorporation", 2021 employees' and directors' remuneration are NT\$ 299,874,570 and NT\$ 35,499,354, respectively; both be distributed in cash.

Proposal Items

(1) Adoption of the 2021 Business Report and Financial Statements

1) 2021 financial statements were audited by independent auditors, Lu, Chien-Hui and Yu, Wan-Yuan, of KPMG. Also 2021 Business Report and Financial Statements have been approved by the Board of Directors and reviewed by the Audit Committee. The Audit Committee's Review Report was issued accordingly.

2) Please refer to the 2021 Business Report, Independent Auditors' Report and Financial Statements on Page 6~8 (Attachment 1) and Page 10~25 (Attachment 3).

Resolution:

(2) Adoption of the 2021 Earnings Distribution

1) The proposal for distribution of 2021 profits has been approved by the Board of Directors and reviewed by the Audit Committee. The Audit Committee's Review Report was issued accordingly.

2) Please refer to the 2021 Earnings Distribution Chart on Page 26 (Attachment 4).

Resolution:

Discussion items and election of directors

(1) Amendment to the “Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions”

1) In order to conform to the amendments of relevant laws and regulations, the Company plans to amend the Company’s “Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions”.

2) Comparison Table for the original and amended articles of the “Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions” is available on Page 27~29 (Attachment 5).

Resolution:

(2) Election of the 9th term directors (including independent directors)

1) The tenure of directors of the 8th term will be due on May 28, 2022. In accordance with the Company Act and the Company’s “Articles of Incorporation”, the Company plans to elect the directors of the 9th term for 9 seats (including 3 seats of independent directors) at the 2022 annual shareholders’ meeting.

2) Current directors resign after the election of the 9th term Directors (including independent directors). The tenure of directors of the 9th term will start at the end of the annual shareholders’ meeting from May 24, 2022 to May 23, 2025, for a period of three years.

3) The list of director and independent director candidates is available on Page 30~32 (Attachment 6).

Resolution:

(3) Permit of directors' engagement in competitive conduct

1) Pursuant to Article 209 of the Company Act, "a director who engages in any behavior for himself/herself or on behalf of another person that is within the scope of the company's business shall explain the essential contents of such an act to the shareholders' meeting and obtain its approval."

2) The 9th term directors are submitted to the 2022 annual shareholders' meeting for resolution to remove the non-competition restrictions in accordance with the aforementioned Article 209 of the Company Act. For details please refer to Page 33 (Attachment 7).

Resolution:

Extemporary Motions

Adjournment

Holtek Semiconductor Inc.
2021 Business Report

Once again 2021 was a year like no other with the world still facing the difficulties created by the COVID-19 epidemic. However, a new dawn began to shine with us witnessing increased vaccination rates in major countries and with borders gradually opening once more, allowing us to see an improvement in global economic activity during 2021. The trade and technology friction between the US and China continues, however despite this the semiconductor chip market has created unprecedented prosperity, with the strong demand in various application fields creating chip shortages. All relevant upstream and downstream companies in the semiconductor industry achieved outstanding operating performance during 2021, exceeding expectations. Holtek's 2021 revenue and profit continued on its trajectory to new highs, much supported by rising demand for products in various application fields.

Holtek Semiconductor's main product focus remains in the development and sales of microcontroller products (MCUs) and peripheral ICs. To complement this, and very importantly for Holtek, the company has established a sales and technical service network that differs from its competitors in that it places customer needs at the centre of its operations. This has enabled Holtek to obtain customer recognition and affirmation in what is a globally competitive environment. In 2021, the company's annual revenue was NT\$ 7.128 billion, which represents an impressive increase of 27% when compared with NT\$ 5.615 billion during 2020. The company's gross profit margin increased to 51.1%, and the after-tax net profit attributable to the parent company reached NT\$ 2.044 billion. When compared to the previous year's profit of NT\$ 1.031 billion, this demonstrated an annual increase of 98%, and provided an after-tax profit per share of NT\$ 9.04.

In 2021, the company's revenue from its MCUs reached a total of NT\$ 5.637 billion. Some of the key products in this area were its touch key application MCUs, 32-bit MCUs, security smoke gas detector MCUs, BLDC motor MCUs, RF wireless communication MCUs, power management ICs and other products, all of which have performed very well. However, the revenue from health measurement MCUs decreased slightly due to the improved epidemic situation. Overall, the company's performance in 2021 was highly commendable.

The following gives an overview of the company's overall operations during 2021 and includes a summary of product developments, business operations and production information etc.

With regard to new product development, new product releases in 2021 included 32-bit MCUs, high-functionality and low-pin 8-bit MCUs, health measurement devices, RF wireless communication devices and BLDC motor control devices. In the area of safety protection, Holtek released smoke sensors, smoke sensor drivers, smoke sensor network products as well as a range of other MCUs. There were a total of 66 various types of MCUs which included devices for power tool chargers, smart devices, water level sensing, PIR infrared sensing modules, etc. Additionally there were four new development platforms which provided customers with tools to assist them in their product development for various application areas, to help with their product differentiation and volume production efficiency

In terms of business promotion, Holtek continued to face difficulties brought about by global anti-epidemic policies. In addition to promotion and service activities operating through its worldwide global sales networks, the company also made extensive use of video and online platforms to provide remote services. In mainland China, the company provided customer services operating out of local bases. Unfortunately Holtek's original plan to develop new markets and new customers in India and emerging developing countries failed to achieve the company's desired goals

and plans. The sales of MCUs and modules on our e-commerce websites are presently continuing to progress as planned and here the number of product items and customer sources continues to increase.

As for production, in addition to the 2021 limited wafer production capacity, device packaging and testing capacity also remained a major bottleneck. Production facilities need to closely cooperate with both upstream and downstream manufacturers to obtain both upstream and downstream support to successfully achieve customer needs and annual shipment targets.

An overview of 2022 Holtek's overall business is provided below:

Looking forward to 2022, we can infer from present relevant information that the Covid-19 situation will not be completely eradicated. After the epidemic period has been entered, it is expected that economic activities will still suffer from limitations everywhere resulting in uncertain impacts on the overall global economy. At the same time, wafer production capacity will still remain limited during 2022. However, in planning forward, Holtek has already placed a certain amount of orders based on production capacity. In the future, Holtek will focus on serving important customers and important product application fields.

Product development:

The company has actively developed and established highly functionally integrated and ultra-low power consumption related product technologies. It has invested heavily in process technology improvements and has introduced various types of sensing product technologies. In the next few years, Holtek will continue to focus its efforts on power supply devices, music/voice related devices including music/voice playback/voice recognition, standard and ASSP MCUs as well as OTP and Flash MCUs, security and environmental devices, BLDC motor control devices, lithium battery charging, health measurement, RF, Arduino, sensor modules and RF modules, 32-bit standard MCUs, low power consumption MCUs as well as other related products developments.

Sales & Marketing:

In 2022, taking into account the limited foundry, packaging and testing resources, the internal management mechanisms will continue to be used to optimise production and delivery, with priority provided to meeting the needs of key products and important customer orders. At the same time, Holtek will continue to seek to expand its sales bases in Korea, Southeast Asia, India, Central and South America and other countries or regions to provide timely and localised product technical services

In addition to focusing on the development and sales of MCUs and related peripheral ICs, Holtek also actively invests in corporate sustainability. Starting from its ESG Sustainability Development Committee, the company has set up various working groups to focus on environmental sustainability, corporate governance, employee care, R&D innovation, product responsibility and social integration. In examining IC design and development, Holtek's MCUs are continually moving in the direction of lower power consumption and devices with ultra-low power consumption, and even having self-powered devices as a development objective. All of this is aimed at developing energy-saving and environmental sensing devices and modules. This will provide customers with high quality and reliable products. The Holtek offices have all fully converted their traditional office lighting into energy-saving LED light sources, a measure which has saved 91,274 kWh of electricity every year.

In cooperation with a number of Science and Technology Universities, the company has also for 16 consecutive years, established its "Holtek Innovation Competition" both in Taiwan and China. Through this academic-industrial framework and in addition to the innovation competition, Holtek aims to cultivate technology talent excellence. Holtek is also committed to improving the company's

work environment to provide a safer and motivating workplace environment for all. The company's implementation of sustainable corporate governance has enabled it to obtain a position within the top 20% of governance evaluation performance. On the 16th June 2021, Holtek continued to be included in the "Taiwan High Salary 100 Index" and on the 16th July 2021 Holtek was included in the "Corporate Governance 100 Index" for the first time. Holtek is also delighted to be shortlisted for the "2021 GSA Global Semiconductor Industry Association Best Financial Management Award". Holtek's business teams are dedicated to the company's sustainable development as well as the important issue of environmental protection. The company will continue to create stable revenue and profits, which will be shared with all of its employees and shareholders. Finally and most importantly as we come to end of this report, Holtek wishes to offer its sincere gratitude to all of its shareholders for their support and encouragement over the years and looks forward to many future years together.

Chairman: Wu, Chi-Yung General Manager: Gau, Kuo-Tung Accounting Manager: Liao, Ming-Tung

Holtek Semiconductor Inc.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2021 Business Report, Financial Statements and proposal for distribution of profits. The 2021 Financial Statements were audited by independent auditors, Lu, Chien-Hui and Yu, Wan-Yuan, of KPMG and issued an Independent Audit Report. The 2021 Business Report, Financial Statements and proposal for distribution of profits have been checked by the Audit Committee and no irregularities were found. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

To Holtek Semiconductor Inc. 2022 Annual Shareholders' Meeting

Holtek Semiconductor Inc.

Chairman of the Audit Committee: Lu, Cheng-Yueh

March 03, 2022

Independent Auditors' Report

To the Board of Directors of Holtek Semiconductor Inc.:

Opinion

We have audited the consolidated financial statements of Holtek Semiconductor Inc. and its subsidiaries (collectively as "the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the years ended December 31, 2020 and 2019, and notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for each of the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

1. Revenue recognition — related-party and unrealized gross profits on sales to associates

Refer to Note 4(14) "Revenue recognition", and Note 7(2) "Significant related-party transactions" to the consolidated financial statements.

Description of key audit matter:

The revenue is the basic operational activity of the Group's sustainable operation, which is related to the operational performance of the enterprise, and because the main transaction is the relationship person, it has a high risk of high fraud. Therefore, the valuation of receivables is one of the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Group's controls surrounding revenue recognition, Collection operation cycle and Evaluating the reasonableness of commercial transactions; Evaluating revenue trend analysis; understanding the transactions of related parties and execution of the accounts; Executing the related party's letter of confirmation; Assessing the correctness and reasonableness of the gross profit margin of sales and the unrealized gross profit on sales to associates; and assessing whether the Group has properly disclosed relevant information about the sales of the related parties and unrealized gross profit on sales to associates.

2. Valuation of Inventories

Refer to Note 4(8) "Summary of Significant Accounting Policies – Inventories", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(5) "Description of Significant Accounts – Inventories, net" to the consolidated financial statements.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value, and the Group uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Therefore, the allowance to reduce inventory to market is one of the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory age reports to analyze the changes in the inventory levels; performing computer audit procedures in order to check the correctness of age of inventory report; reviewing production and marketing meetings to assess inventory destocking; evaluating the inventory in accordance with the group's established accounting policies; performing inventory traceability tests; and verifying the reasonableness of the sluggish loss.

Other Matters

Holtek Semiconductor Inc. has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with emphasis-of-matter paragraph.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (inclusive of the Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements.
- We are responsible for the direction, supervision and performance of the group audit.

We 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 identified during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicated 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 determined 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Lu, Chien-Hui and Yu, Wan Yuan .

KPMG

Hsinchu, Taiwan (Republic of China)

January 26, 2022

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance, and cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc. and Subsidiaries

Consolidated Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 1,199,759	14	1,198,593	19	2150	Notes payable	\$ 235,294	3	197,802	3
1110	Financial assets measured at fair value through profit or loss-current (note 6(2))	970,068	11	781,100	13	2170	Accounts payable	661,967	8	477,721	8
1170	Notes and accounts receivable, net (note 6(4))	114,000	1	107,752	2	2181	Accounts payable from related parties (note 6(7))	56	-	-	-
1180	Accounts receivable from related parties (notes 6(4) and 7)	780,971	9	940,516	15	2201	Salary and bonus payable	616,740	7	334,185	6
130X	Inventories (note 6(5))	858,202	10	578,942	9	2230	Current income tax liabilities	439,049	5	77,812	1
1476	Other financial assets — current (notes 6(6) 、7 and 8)	2,399,794	28	828,094	13	2280	lease liabilities — current (note 6(11))	24,048	-	16,637	-
1479	Other current assets	115,485	2	43,924	1	2310	Advance receipts	111,860	1	10,098	-
		<u>6,438,279</u>	<u>75</u>	<u>4,478,921</u>	<u>72</u>	2399	Other current liabilities	<u>150,018</u>	<u>2</u>	<u>134,665</u>	<u>2</u>
								<u>2,239,032</u>	<u>26</u>	<u>1,248,920</u>	<u>20</u>
Non-current assets:						Non-current liabilities:					
1518	Equity instruments measured at fair value through other comprehensive income — non-current (note 6(3))	773,946	9	577,345	9	2570	Deferred tax liabilities (note 6 (13))	400,251	5	269,272	4
1550	Investments accounted for using equity method (notes 6(7) and 7)	615,409	7	521,852	8	2580	lease liabilities — non-current (note 6(11))	86,719	1	84,256	2
1600	Property, plant and equipment (note 6(8))	343,793	4	343,343	6	2640	Net defined benefit liabilities (note 6 (12))	81,503	1	90,488	2
1755	Right-of-use assets (note 6(9))	108,902	1	100,047	2	2645	Guarantee deposit received	<u>26,080</u>	<u>-</u>	<u>11,985</u>	<u>-</u>
1780	Intangible assets (note 6 (10))	39,211	1	62,501	1			<u>594,553</u>	<u>7</u>	<u>456,001</u>	<u>8</u>
1840	Deferred tax assets (note 6 (13))	201,838	3	93,677	2		Total liabilities	<u>2,833,585</u>	<u>33</u>	<u>1,704,921</u>	<u>28</u>
1900	Other non-current assets	<u>22,455</u>	<u>-</u>	<u>9,638</u>	<u>-</u>		Equity (note 6(14)) :				
		<u>2,105,554</u>	<u>25</u>	<u>1,708,403</u>	<u>28</u>		Equity attributable to shareholders of the parent				
						3110	Ordinary share capital	2,261,682	26	2,261,682	37
						3200	Capital surplus	142,309	2	142,309	2
						3300	Retained earnings	2,794,950	33	1,785,003	29
						3400	Other equity	<u>457,911</u>	<u>5</u>	<u>252,802</u>	<u>4</u>
							Total equity attributable to shareholders of the parent	<u>5,656,852</u>	<u>66</u>	<u>4,441,796</u>	<u>72</u>
						36XX	Non-controlling interests	<u>53,396</u>	<u>1</u>	<u>40,607</u>	<u>-</u>
							Total equity	<u>5,710,248</u>	<u>67</u>	<u>4,482,403</u>	<u>72</u>
Total assets		<u>\$ 8,543,833</u>	<u>100</u>	<u>6,187,324</u>	<u>100</u>		Total liabilities and equity	<u>\$ 8,543,833</u>	<u>100</u>	<u>6,187,324</u>	<u>100</u>

(See accompanying notes to consolidated financial statements.)

Chairman : Wu, Chi Yung

General Manager : Gau, Kuo Tung

Accounting Manager : Liao, Ming Tung

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars, except for Earnings per Share)

		2021		2020	
		Amount	%	Amount	%
4000	Revenues (notes 6(17) 、7)	\$ 7,127,750	100	5,614,539	100
5000	Cost of Goods Sold (notes 6(5) 、(10) 、(12) 、(16) 、7 and 12)	<u>3,311,904</u>	<u>46</u>	<u>2,987,604</u>	<u>53</u>
	Gross profits	3,815,846	54	2,626,935	47
5910	Unrealized gross profits on sales to associates	<u>174,147</u>	<u>3</u>	<u>32,531</u>	<u>1</u>
	Realized gross profits	<u>3,641,699</u>	<u>51</u>	<u>2,594,404</u>	<u>46</u>
	Operating expenses (notes 6(10) 、(12) 、(16) and 12) :				
6100	Selling	186,391	3	149,209	3
6200	General and administrative	473,216	6	392,158	7
6300	Research and development	<u>1,207,751</u>	<u>17</u>	<u>928,905</u>	<u>16</u>
		<u>1,867,358</u>	<u>26</u>	<u>1,470,272</u>	<u>26</u>
	Operating income	<u>1,774,341</u>	<u>25</u>	<u>1,124,132</u>	<u>20</u>
	Non-operating income and expenses:				
7020	Other gains and losses (notes 6(18) and 7)	434,923	6	14,245	-
7070	Investment income accounted for using equity method (note 6(7))	342,454	5	112,726	2
7100	Interest income	12,807	-	11,651	-
7130	Dividends income	28,092	-	-	-
7510	Interest expense (note 6(11))	<u>(1,468)</u>	<u>-</u>	<u>(1,346)</u>	<u>-</u>
		<u>816,808</u>	<u>11</u>	<u>137,276</u>	<u>2</u>
	Income before income tax	2,591,149	36	1,261,408	22
7950	Income tax (note 6 (13))	<u>522,147</u>	<u>7</u>	<u>213,291</u>	<u>3</u>
	Net income	<u>2,069,002</u>	<u>29</u>	<u>1,048,117</u>	<u>19</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of the defined benefit plans(note 6(12))	(3,487)	-	(13,018)	-
8316	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	196,601	3	275,040	5
8349	Income tax relating to items that will be not reclassified subsequently (note 6(13))	<u>(697)</u>	<u>-</u>	<u>(2,603)</u>	<u>-</u>
	Total items that will not be reclassified subsequently to profit or loss	<u>193,811</u>	<u>3</u>	<u>264,625</u>	<u>5</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of financial statements of foreign affiliates	6,494	-	5,990	-
8381	Exchange differences on translation of financial statements of invested associates accounted for using equity method (note 6(7))	4,262	-	6,119	-
8399	Income tax relating to items that may be reclassified subsequently (note 6(13))	<u>2,127</u>	<u>-</u>	<u>2,356</u>	<u>-</u>
	Total items that may be reclassified subsequently to profit or loss	<u>8,629</u>	<u>-</u>	<u>9,753</u>	<u>-</u>
8300	Other comprehensive income	<u>202,440</u>	<u>3</u>	<u>274,378</u>	<u>5</u>
	Total comprehensive income	<u>\$ 2,271,442</u>	<u>32</u>	<u>1,322,495</u>	<u>24</u>
	Net income attributable to:				
8610	Shareholders of the parent	\$ 2,044,064	29	1,031,063	18
8620	Non-controlling interests	<u>24,938</u>	<u>-</u>	<u>17,054</u>	<u>1</u>
		<u>\$ 2,069,002</u>	<u>29</u>	<u>1,048,117</u>	<u>19</u>
	Total comprehensive income (loss) attributable to:				
8710	Shareholders of the parent	\$ 2,246,383	32	1,305,112	23
8720	Non-controlling interests	<u>25,059</u>	<u>-</u>	<u>17,383</u>	<u>1</u>
		<u>\$ 2,271,442</u>	<u>32</u>	<u>1,322,495</u>	<u>24</u>
	Earnings per share (New Taiwan Dollars) (note 6(15))				
9750	Basic earnings per share	<u>\$ 9.04</u>		<u>4.56</u>	
9850	Diluted earnings per share	<u>\$ 8.93</u>		<u>4.52</u>	

(See accompanying notes to consolidated financial statements.)

Chairman : Wu, Chi Yung General Manager : Gau, Kuo Tung Accounting Manager : Liao, Ming Tung

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc. and Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

	Equity attributed to shareholders of the parent						Total other equity interest					
	Retained earnings					Total retained earnings	Unrealized gains (losses) from investments measured at fair value through other comprehensive income			Total equity attributed to shareholders of the parent	Non-controlling interests	Total equity
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings		Exchange differences on translation of foreign financial statements		Total other equity interest			
Balance as of January 1, 2020	<u>\$ 2,261,682</u>	<u>142,309</u>	<u>732,102</u>	<u>37,386</u>	<u>910,848</u>	<u>1,680,336</u>	<u>(76,138)</u>	<u>44,476</u>	<u>(31,662)</u>	<u>4,052,665</u>	<u>26,758</u>	<u>4,079,423</u>
Net income for the period	-	-	-	-	1,031,063	1,031,063	-	-	-	1,031,063	17,054	1,048,117
Other comprehensive income for the period	-	-	-	-	(10,415)	(10,415)	9,424	275,040	284,464	274,049	329	274,378
Total comprehensive income for the period	-	-	-	-	1,020,648	1,020,648	9,424	275,040	284,464	1,305,112	17,383	1,322,495
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	91,490	-	(91,490)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(5,724)	5,724	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	(90,920)	-	(825,061)	(915,981)	-	-	-	(915,981)	-	(915,981)
Increase(decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	1,688	1,688
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(5,222)	(5,222)
Balance as of December 31, 2020	<u>2,261,682</u>	<u>142,309</u>	<u>732,672</u>	<u>31,662</u>	<u>1,020,669</u>	<u>1,785,003</u>	<u>(66,714)</u>	<u>319,516</u>	<u>252,802</u>	<u>4,441,796</u>	<u>40,607</u>	<u>4,482,403</u>
Net income for the period	-	-	-	-	2,044,064	2,044,064	-	-	-	2,044,064	24,938	2,069,002
Other comprehensive income for the period	-	-	-	-	(2,790)	(2,790)	8,508	196,601	205,109	202,319	121	202,440
Total comprehensive income for the period	-	-	-	-	2,041,274	2,041,274	8,508	196,601	205,109	2,246,383	25,059	2,271,442
Appropriation and distribution of retained earnings:												
Appropriation for legal reserve	-	-	102,065	-	(102,065)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(29,020)	29,020	-	-	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	(83,705)	-	(947,622)	(1,031,327)	-	-	-	(1,031,327)	-	(1,031,327)
Cash dividends from subsidiaries	-	-	-	-	-	-	-	-	-	-	(12,270)	(12,270)
Balance as of December 31, 2021	<u>\$ 2,261,682</u>	<u>142,309</u>	<u>751,032</u>	<u>2,642</u>	<u>2,041,276</u>	<u>2,794,950</u>	<u>(58,206)</u>	<u>516,117</u>	<u>457,911</u>	<u>5,656,852</u>	<u>53,396</u>	<u>5,710,248</u>

(See accompanying notes to consolidated financial statements.)

Chairman : Wu, Chi Yung

General Manager : Gau, Kuo Tung

Accounting Manager : Liao, Ming Tung

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2021 and 2020
(Expressed in thousands of New Taiwan Dollars)

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 2,591,149	1,261,408
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	79,305	87,335
Amortization	68,530	75,406
Interest expense	1,468	1,346
Interest income	(12,807)	(11,651)
Dividends income	(28,092)	-
Investment income accounted for using equity method	(342,454)	(112,726)
Unrealized gross profit on sales to associates	174,147	32,531
Other items not affecting cash flows, net	5,517	4,986
Changes in operating assets and liabilities:		
Financial assets measured at fair value through profit or loss	(187,460)	(290,233)
Notes and accounts receivable (including related parties)	159,037	(256,277)
Inventories	(282,040)	99,337
Other operating assets	(50,036)	6,866
Notes and accounts payable	258,633	185,275
Advance receipts	106,779	2,227
Net defined benefit liabilities	(12,735)	(2,808)
Other operating liabilities	242,457	140,162
Cash flows from operations	2,771,398	1,223,184
Interest received	11,727	11,927
Dividends received	78,525	35,439
Interest paid	(1,468)	(1,346)
Income tax paid	(155,122)	(149,355)
Net cash flows from operating activities	2,705,060	1,119,849
Cash flows from investing activities:		
Acquisitions of investments accounted for using equity method	(15,603)	(7,085)
Proceeds from capital reduction of investments accounted for using equity method	22,387	-
Acquisitions of property, plant and equipment	(55,047)	(46,435)
Proceeds from disposal of property and equipment	-	551
Increase in Guarantee deposit paid	(9,821)	(732)
Acquisition of intangible assets	(45,236)	(81,379)
Decrease (Increase) in other financial assets	(1,558,173)	143,586
Increase in other non-current assets	(2,953)	-
Dividends received	28,092	-
Net cash flows from (used in) investing activities	(1,636,354)	8,506
Cash flows from financing activities:		
Increase in Guarantee deposit received	14,095	3,443
Payments of lease liabilities	(22,612)	(20,986)
Cash dividends paid	(1,031,327)	(915,981)
Decrease in non-controlling interests	(12,270)	(3,534)
Net cash flows used in financing activities	(1,052,114)	(937,058)
Effect of foreign exchange changes	(15,426)	1,300
Net increase in cash and cash equivalents	1,166	192,597
Cash and cash equivalents at beginning of period	1,198,593	1,005,996
Cash and cash equivalents at end of period	\$ 1,199,759	1,198,593

(See accompanying notes to consolidated financial statements.)

Chairman : Wu, Chi Yung General Manager : Gau, Kuo Tung Accounting Manager : Liao, Ming Tung

Independent Auditors' Report

To the Board of Directors of Holtek Semiconductor Inc.:

Opinion

We have audited the financial statements of Holtek Semiconductor Inc. ("the Company"), which comprise the balance sheets as of December 31, 2021 and 2020, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years ended December 31, 2021 and 2020, and notes to the parent company only financial statements including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition — related-party and unrealized gross profits on sales to associates

Refer to Note 4(14) "Revenue recognition", and Note 7(2) "Significant related-party transactions" to the parent company only financial statements.

Description of key audit matter:

The revenue is the basic operational activity of the Company's sustainable operation, which is related to the operational performance of the enterprise, and because the main transaction is the relationship person, it has a high risk of high fraud. Therefore, the valuation of receivables is one of the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included testing the Company's controls surrounding revenue recognition, Collection operation cycle and Evaluating the reasonableness of commercial transactions; Evaluating revenue trend analysis; understanding the transactions of related parties and execution of the accounts; Executing the related party's letter of confirmation; Assessing the correctness and reasonableness of the gross profit margin of sales and the unrealized gross profit on sales to associates; and assessing whether the Company has properly disclosed relevant information about the sales of the related parties and unrealized gross profit on sales to associates.

2. Valuation of Inventories

Refer to Note 4(7) "Summary of Significant Accounting Policies—Inventories", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(4) "Description of Significant Accounts—Inventories, net" to the parent company only financial statements.

Description of key audit matter:

Inventories are stated at the lower of cost or net realizable value, and the Company uses judgments and estimates to determine the net realizable value of inventory for obsolescence and unmarketable items at the reporting period. It also writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on the assumptions of the estimated selling price of the products within a specific time horizon. However, due to the rapid industrial transformation, the above estimation may have a significant change. Therefore, the allowance to reduce inventory to market is one of the key audit matters for our audit.

How the matter was addressed in our audit:

In relation to the key audit matter above, our principal audit procedures included reviewing the inventory age reports to analyze the changes in the inventory levels; performing computer audit procedures in order to check the correctness of age of inventory report; reviewing production and marketing meetings to assess inventory destocking; evaluating the inventory in accordance with the Company's established accounting policies; performing inventory traceability tests; and verifying the reasonableness of the sluggish loss.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these parent company only financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercised professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using equity method to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

The engagement partners on the audit resulting in this independent auditors' report are Lu, Chien-Hui and Yu, Wan Yuan.

KPMG

Hsinchu, Taiwan (Republic of China)

January 26, 2022

Notices to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance, and its cash flows in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards, International Accounting Standards, interpretations as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

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

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc.

Balance Sheets

December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

		December 31, 2021		December 31, 2020				December 31, 2021		December 31, 2020	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 258,575	3	488,052	8	2150	Notes payable	\$ 235,294	3	197,802	3
1110	Financial assets measured at fair value through profit or loss — current (note 6(2))	970,068	12	781,100	13	2170	Accounts payable	578,795	7	439,414	8
1170	Notes and accounts receivable, net (note 6(3))	89,525	1	77,313	1	2180	Accounts payable to related parties (note 7)	8,092	-	9,723	-
1180	Accounts receivable from related parties (notes 6(3) and 7)	956,945	12	880,403	15	2201	Salary and bonus payable	567,312	7	295,539	5
130X	Inventories (note 6(4))	473,526	6	390,552	7	2230	Current income tax liabilities	423,029	5	62,962	1
1476	Other financial assets — current (notes 6(5)、7 and 8)	2,054,567	25	638,555	11	2280	Lease liabilities-current(note 6(10))	14,880	-	8,675	-
1479	Other current assets	34,164	-	23,497	-	2310	Advance receipts	47,017	-	3,856	-
		<u>4,837,370</u>	<u>59</u>	<u>3,279,472</u>	<u>55</u>	2399	Other current liabilities	<u>141,565</u>	<u>2</u>	<u>115,097</u>	<u>2</u>
								<u>2,015,984</u>	<u>24</u>	<u>1,133,068</u>	<u>19</u>
Non-current assets:						Non-current liabilities:					
1550	Investments accounted for using equity method (notes 6(6) and 7)	2,939,919	36	2,365,453	39	2570	Deferred tax liabilities (note 6 (12))	393,448	5	262,288	4
1600	Property, plant and equipment (note 6(7))	136,830	2	126,132	2	2580	Lease liabilities-non-current(note 6(10))	80,988	1	76,715	1
1755	Right-of-use assets (note 6 (8))	94,399	1	84,442	1	2640	Net defined benefit liabilities-non-current (note 6 (11))	81,503	1	90,488	2
1780	Intangible assets (notes 6 (9) and 12)	38,630	-	61,701	1	2645	Guarantee deposit received	26,080	-	11,985	-
1840	Deferred tax assets (note 6 (12))	201,647	2	93,579	2			<u>582,019</u>	<u>7</u>	<u>441,476</u>	<u>7</u>
1900	Other non-current assets	6,060	-	5,561	-	Total liabilities		<u>2,598,003</u>	<u>31</u>	<u>1,574,544</u>	<u>26</u>
		<u>3,417,485</u>	<u>41</u>	<u>2,736,868</u>	<u>45</u>	Equity (notes 6(13)) :					
						3110	Ordinary share capital	2,261,682	27	2,261,682	38
						3200	Capital surplus	142,309	2	142,309	2
						3300	Retained earnings	2,794,950	34	1,785,003	30
						3400	Other equity	457,911	6	252,802	4
						Total equity		<u>5,656,852</u>	<u>69</u>	<u>4,441,796</u>	<u>74</u>
Total assets		<u>\$ 8,254,855</u>	<u>100</u>	<u>6,016,340</u>	<u>100</u>	Total liabilities and equity		<u>\$ 8,254,855</u>	<u>100</u>	<u>6,016,340</u>	<u>100</u>

(See accompanying notes to parent company only financial statements.)

Chairman : Wu, Chi Yung

General Manager : Gau, Kuo Tung

Accounting Manager : Liao, Ming Tung

Holtek Semiconductor Inc.**Statements of Comprehensive Income****For the years ended December 31, 2021 and 2020****(Expressed in thousands of New Taiwan Dollars, except for Earnings per Share)**

		2021		2020	
		Amount	%	Amount	%
4000	Revenue (notes 6(16) and 7)	\$ 6,631,977	100	4,606,133	100
5000	Cost of Goods Sold (notes 6(4)、(9)、(11)、(15)、7 and 12)	<u>3,174,352</u>	<u>48</u>	<u>2,622,435</u>	<u>57</u>
	Gross profits	3,457,625	52	1,983,698	43
5910	Unrealized gross profit on sales to associates	<u>564,276</u>	<u>8</u>	<u>27,770</u>	<u>1</u>
	Realized gross profits	<u>2,893,349</u>	<u>44</u>	<u>1,955,928</u>	<u>42</u>
	Operating expenses (notes 6(9)、(11)、(15) and 12) :				
6100	Selling	154,728	3	129,230	3
6200	General and administrative	311,378	5	246,570	5
6300	Research and development	<u>1,013,841</u>	<u>15</u>	<u>770,243</u>	<u>16</u>
		<u>1,479,947</u>	<u>23</u>	<u>1,146,043</u>	<u>24</u>
	Operating income	<u>1,413,402</u>	<u>21</u>	<u>809,885</u>	<u>18</u>
	Non-operating income and expenses:				
7020	Other gains and losses (notes 6(17) and 7)	348,186	5	29,148	1
7070	Investment income accounted for using equity method (note 6(6))	757,278	12	350,385	7
7100	Interest income	5,513	-	5,941	-
7510	Interest expense (note 6(10))	<u>(1,216)</u>	<u>-</u>	<u>(1,124)</u>	<u>-</u>
		<u>1,109,761</u>	<u>17</u>	<u>384,350</u>	<u>8</u>
	Income before income tax	2,523,163	38	1,194,235	26
7950	Income tax (note 6 (12))	<u>479,099</u>	<u>7</u>	<u>163,172</u>	<u>4</u>
	Net income	<u>2,044,064</u>	<u>31</u>	<u>1,031,063</u>	<u>22</u>
8300	Other comprehensive income:				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of the defined benefit plans (note 6(11))	(3,487)	-	(13,018)	-
8330	Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income	196,601	3	275,040	6
8349	Income tax relating to items that will be not reclassified subsequently (note 6(12))	<u>(697)</u>	<u>-</u>	<u>(2,603)</u>	<u>-</u>
		<u>193,811</u>	<u>6</u>	<u>264,625</u>	<u>6</u>
8360	Items that may be reclassified subsequently to profit or loss				
8381	Exchange differences on translation of subsidiaries and associates for using equity method	10,635	-	11,780	-
8399	Income tax relating to items that may be reclassified subsequently (note 6(12))	<u>2,127</u>	<u>-</u>	<u>2,356</u>	<u>-</u>
		<u>8,508</u>	<u>-</u>	<u>9,424</u>	<u>-</u>
8300	Other comprehensive income	<u>202,319</u>	<u>6</u>	<u>274,049</u>	<u>6</u>
	Total comprehensive income	<u>\$ 2,246,383</u>	<u>28</u>	<u>1,305,112</u>	<u>28</u>
	Earnings per share (New Taiwan Dollars) (note 6(14))				
9750	Basic earnings per share	<u>\$ 9.04</u>		<u>4.56</u>	
9850	Diluted earnings per share	<u>\$ 8.93</u>		<u>4.52</u>	

(See accompanying notes to parent company only financial statements.)

Chairman : Wu, Chi Yung General Manager : Gau, Kuo Tung Accounting Manager : Liao, Ming Tung

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

Holtek Semiconductor Inc.

Statements of Changes in Equity

For the years ended December 31, 2021 and 2020

(Expressed in thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest			
	Ordinary share capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) from investments measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance as of January 1, 2020	\$ 2,261,682	142,309	732,102	37,386	910,848	1,680,336	(76,138)	44,476	(31,662)	4,052,665
Net income for the period	-	-	-	-	1,031,063	1,031,063	-	-	-	1,031,063
Other comprehensive income for the period	-	-	-	-	(10,415)	(10,415)	9,424	275,040	284,464	274,049
Total comprehensive income for the period	-	-	-	-	1,020,648	1,020,648	9,424	275,040	284,464	1,305,112
Appropriation and distribution of retained earnings										
Appropriation for legal reserve	-	-	91,490	-	(91,490)	-	-	-	-	-
Appropriation for special reserve	-	-	-	(5,724)	(5,724)	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	(90,920)	-	(825,061)	(915,981)	-	-	-	(915,981)
Balance as of December 31, 2020	2,261,682	142,309	732,672	31,662	1,020,669	1,785,003	(66,714)	319,516	252,802	4,441,796
Net income for the period	-	-	-	-	2,044,064	2,044,064	-	-	-	2,044,064
Other comprehensive income for the period	-	-	-	-	(2,790)	(2,790)	8,508	196,601	205,109	202,319
Total comprehensive income for the period	-	-	-	-	2,041,274	2,041,274	8,508	196,601	205,109	2,246,383
Appropriation and distribution of retained earnings:										
Appropriation for legal reserve	-	-	102,065	-	(102,065)	-	-	-	-	-
Reversal of special reserve	-	-	-	(29,020)	29,020	-	-	-	-	-
Cash dividends distributed to shareholders	-	-	(83,705)	-	(947,622)	(1,031,327)	-	-	-	(1,031,327)
Balance as of December 31, 2021	\$ 2,261,682	142,309	751,032	2,642	2,041,276	2,794,950	(58,206)	516,117	457,911	5,656,852

(See accompanying notes to parent company only financial statements.)

Chairman : Wu, Chi Yung

General Manager : Gau, Kuo Tung

Accounting Manager : Liao, Ming Tung

Holtek Semiconductor Inc.**Statements of Cash Flows****For the years ended December 31, 2021 and 2020****(Expressed in thousands of New Taiwan Dollars)**

	2021	2020
Cash flows from operating activities:		
Income before income tax	\$ 2,523,163	1,194,235
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation	44,432	55,183
Amortization	68,045	75,161
Interest expense	1,216	1,124
Interest income	(5,513)	(5,941)
Investments income accounted for using equity method	(757,278)	(350,385)
Gain on disposal of property, plan and equipment	-	(1,113)
Unrealized gross profit on sales to associates	564,276	27,770
Other items not affecting cash flows, net	5,310	6,015
Changes in operating assets and liabilities:		
Financial assets measured at fair value through profit or loss	(187,460)	(290,233)
Accounts receivable (including related parties)	(88,754)	(119,465)
Inventories	(89,529)	67,809
Other operating assets	(11,128)	9,449
Accounts payable	175,242	230,061
Advance receipts	43,161	4,161
Net defined benefit liability	(12,735)	(2,808)
Other operating liabilities	298,241	91,319
Cash flows from operations	2,570,689	992,342
Interest received	4,876	5,898
Dividend received	15,390	6,862
Interest paid	(1,216)	(1,124)
Income tax paid	(97,995)	(92,433)
Net cash flows from operating activities	2,491,744	911,545
Cash flows from investing activities:		
Acquisitions of investments accounted for using equity method	(189,618)	-
Acquisitions of property, plant and equipment	(42,338)	(33,433)
Proceeds from disposals of property, plant and equipment	-	1,113
Decrease (increase) in Guarantee deposits paid	(45)	181
Acquisition of intangible assets	(44,974)	(80,365)
Decrease (increase) in other financial assets	(1,414,289)	23,894
Increase in other non-current assets	(454)	-
Net cash flows used in investing activities	(1,691,718)	(88,610)
Cash flows from financing activities:		
Increase in Guarantee deposits received	14,095	3,443
Payments of lease liabilities	(12,271)	(11,703)
Cash dividends paid	(1,031,327)	(915,981)
Net cash flows used in financing activities	(1,029,503)	(924,241)
Net decrease in cash and cash equivalents	(229,477)	(101,306)
Cash and cash equivalents at beginning of period	488,052	589,358
Cash and cash equivalents at end of period	\$ 258,575	488,052

(See accompanying notes to parent company only financial statements.)

Chairman: Wu, Chi-Yung

General Manager: Gau, Kuo-Tung

Accounting Manager: Liao, Ming-Tung

Attachment 4

Holtek Semiconductor Inc.
2021 Earnings Distribution Chart

Unit: NT\$

Opening Balance of Unappropriated Retained Earnings	1,548
Minus: Remeasurements of the defined benefit plans	(2,789,689)
Plus: Net Income of 2021	2,044,063,953
Retained Earnings Available for Distribution	<hr/> 2,041,275,812
Minus: Legal Reserve	(204,127,426)
Distribution Items: Cash Dividends to Shareholders (Note 1)	(1,837,141,672)
Ending Balance of Unappropriated Retained Earnings	<hr/> \$ 6,714 =====

Note 1: The portion of unappropriated retained earnings was proposed to distribute cash of NT\$1,837,141,672 to shareholders. According to the holding ratios recorded in the shareholders' list on the dividend record date, the cash distribution will be entitled to a cash dividend of NT\$8.1229 per share. Cash payment shall be rounded to one NTD. If the payout ratio is impacted to change due to the law amendments, amended regulations approved by the competent authority, the transfer of treasury stocks, the conversion of shares from domestic convertible bonds, the exercise of employee stock options or other causes, it is proposed to fully authorize the Board of Directors to proceed on the relevant matters.

Chairman: Wu, Chi-Yung General Manager: Gau, Kuo-Tung Accounting Manager: Liao, Ming-Tung

Holtek Semiconductor Inc.

Comparison Table for the original and amended articles of the “Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions”

Amended Article	Original Article	Explanation
<p>Article 3 Procedures for acquisitions or disposal of assets shall be: (.....) 2. The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). (.....)</p>	<p>Article 3 Procedures for acquisitions or disposal of assets shall be: (.....) 2. The company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price, and if the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF).</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC). (.....)</p>	<p>Amendments are made to comply with relevant laws and regulations.</p>
<p>Article 4 Operating procedures for acquisitions or disposal of assets shall be: 1. Authorized amount and authorizing level (1) Negotiable securities: Authorize the general manager to conduct transactions within the quota specified in Article 7 of these procedures. If the transaction amount meets the standards of reporting and reporting in Article 5,</p>	<p>Article 4 Operating procedures for acquisitions or disposal of assets shall be: 1. Authorized amount and authorizing level (1) Negotiable securities: Authorize the general manager to conduct transactions within the quota specified in Article 7 of these procedures. If the transaction amount meets the standards of reporting and reporting in Article 5,</p>	<p>Amendments are made to comply with relevant laws and regulations.</p>

Amended Article	Original Article	Explanation
<p>it shall be submitted to the latest <u>audit committee</u> and board of directors for ratification.</p> <p>However, if the acquisition or disposal of stocks, corporate bonds, and privately-held securities that are not traded on the centralized exchange market or OTC center, and the transaction amount meets the declared reporting standards, it should be approved by the <u>Audit Committee</u> and the Board of Directors.</p> <p>(.....)</p>	<p>it shall be submitted to the latest <u>audit committee</u> and board of directors for ratification.</p> <p>However, if the acquisition or disposal of stocks, corporate bonds, and privately-held securities that are not traded on the centralized exchange market or OTC center, and the transaction amount meets the declared reporting standards, it should be approved by the <u>Audit Committee</u> and the Board of Directors.</p> <p><u>On the other hand, mainland investment should be approved by the shareholders' meeting or authorized by the board of directors to implement, and can only be carried out after applying to the Investment Review Committee of the Ministry of Economic Affairs for approval.</u></p> <p>(.....)</p>	
<p>Article 5</p> <p>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>(.....)</p> <p>(6) Other asset transactions other than those referred to in the preceding five subsections, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds <u>or the foreign government bonds with a credit rating not lower than our country's sovereign rating.</u></p> <p>(.....)</p>	<p>Article 5</p> <p>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>(.....)</p> <p>(6) Other asset transactions other than those referred to in the preceding five subsections, disposal of receivables by a financial institution, or investment in the Mainland China area, and the transaction amount of which reaches 20% of the Company's paid-in capital or NT\$300 million or more; provided that the public reporting requirement shall not apply to the following circumstances:</p> <p>A. Trading of domestic government bonds</p> <p>(.....)</p>	<p>Amendments are made to comply with relevant laws and regulations.</p>
<p>Article 6</p> <p>The evaluation procedures of the Company's asset acquisition or disposal are as follows:</p> <p>(.....)</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal</p>	<p>Article 6</p> <p>The evaluation procedures of the Company's asset acquisition or disposal are as follows:</p> <p>(.....)</p> <p>3. Where any one of the following circumstances applies with respect to the professional appraiser's appraisal</p>	<p>Amendments are made to comply with relevant laws and regulations.</p>

Amended Article	Original Article	Explanation
<p>results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (.....)</p>	<p>results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price: (.....)</p>	
<p>Article 11 Resolution procedures on related party transactions: (.....) The Company should to be discussed by the Board of Directors as set forth in item 1 above. Objections or opinions of the independent director shall be noted in the Board of Director meeting minutes. <u>If the company or subsidiary conducts a transaction outlined in paragraph 1, and the transaction amount reaches 10% or more of the Company's total assets, the Company shall submit the materials listed in paragraph 1 to the shareholders meeting for approval before it may sign the transaction contract and make payments. However, transactions between the Company and its subsidiaries or between its subsidiaries shall not be subject to this provision.</u> The calculation of the transaction amount referred to in the preceding paragraph shall be made in accordance with the provisions of Article 5, paragraph 2, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been recognized by audit committee and approved by the board of directors need not be counted toward the transaction amount.</p>	<p>Article 11 Resolution procedures on related party transactions: (.....) The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the Procedures herein. The Company should to be discussed by the Board of Directors as set forth in item 1 above. Objections or opinions of the independent director shall be noted in the Board of Director meeting minutes.</p>	<p>Amendments are made to comply with relevant laws and regulations.</p>

Holtek Semiconductor Inc.

List of Director and Independent Director Candidates

Type	Name	Shareholdings (shares) (Note 1)	Education & Professional Qualifications	Current Positions
Director	Bo-Kang Investment Ltd. Representative : Wu, Chi-Yung	6,578,502	Bachelor of Electronic Engineering Department, Feng Chia University Chairman, Holtek Semiconductor Inc.	Chairman, Holtek Semiconductor Inc. Representative of a juridical person director, Holtek Semiconductor Holding (BVI) Ltd., Kingtek Semiconductor Holding (BVI) Ltd., BestComm RF Electronics Inc. and Holtek Semiconductor (Suzhou) Inc. Chairman, Holtek Investment Co., Ltd., Holtek Semiconductor (Xiamen) Inc., Holtek Semiconductor (China) Inc., BestComm RF Electronics Inc., Best Solution Technology Inc., and Best Modules Corp. Independent director, Greatek Electronics Inc.
Director	Gau, Kuo-Tung	6,701,176	Bachelor of Electronic Engineering Department, Hwa Hsia University of Technology General Manager, Holtek Semiconductor Inc.	General Manager, Holtek Semiconductor Inc. Representative of a juridical person director, Holtek Semiconductor Holding (BVI) Ltd., Kingtek Semiconductor Holding (BVI) Ltd., MCU Holdings Ltd., Sigmos Holdings Ltd., Holtek Semiconductor (USA) Inc., Best Module-tech Corporation, Best Modules Corp. , Holtek Semiconductor (India) Private Limited, Holtek Semiconductor (China) Inc., Holtek Semiconductor (Xiamen) Inc., BestComm RF Electronics (Dongguan) Inc., Best Health Electronics (Dongguan) Corporation, Best Driver-tech (Hangzhou) Corporation, Best Module-tech (Xiamen) Corporation, Best Modules (Xiamen) Corp., Holtek Investment Co., Ltd., BestComm RF Electronics Inc., Best Modules Corp. and Signal Electronic Co. Ltd. Chairman and General Manager, Holtek Semiconductor (Suzhou) Inc.
Director	Chang, Chih	1,111,785	Master of Electrical Engineering Department, National Cheng Kung University Executive Vice	Executive Vice President of Design and Product Center, Holtek Semiconductor Inc. Representative of a juridical person director, Holtek Semiconductor (Suzhou) Inc., Holtek Semiconductor (Xiamen) Inc. and Holtek Investment Co., Ltd.

Type	Name	Shareholdings (shares) (Note 1)	Education & Professional Qualifications	Current Positions
			President of Design and Product Center, Holtek Semiconductor Inc.	
Director	Tsai, Jung-Tsung	332,684	Bachelor of Automatic Control Engineering Department, Feng Chia University Vice President of Sales & Marketing Center, Holtek Semiconductor Inc.	Vice President of Sales & Marketing Center, Holtek Semiconductor Inc. Representative of a juridical person director, Holtek Semiconductor (USA) Inc., Best Modules Corp., Santek Holdings Ltd., Santek Electronics (Xiamen) Ltd., Santek Electronics HK Limited, Newtek Electronics Ltd., Newtek Electronics (Shenzhen) Ltd., Newtek Electronics HK Limited, New Wave Electronics Holding Ltd., Truetek Technology Ltd., Truetek Technology (Shanghai) Ltd., Truetek Technology HK Limited, E-Micro Technology Holding Ltd., E-Micro Technology (Qingdao) Ltd., ForIc Electronics Holding Ltd., ForIc Electronics (Beijing) Ltd., ForIC Electronics HK Limited, Crown Rich Technology Holding Ltd., Crown Rich Technology (Shenzhen) Ltd., Quanding Technology Holding Ltd., Quanding Technology (Suzhou) Ltd., Quanding Technology HK Limited, Tech Wave Ltd., Best Modules (Xiamen) CORP., Holtek Semiconductor (China) Inc., Best Modules Corp., Signal Electronic Co. Ltd. and EST Technology Integration Corp. Representative of a juridical person director and General Manager, Holtek Semiconductor (India) Private Limited
Director	Liu, Yuan-Ho	50,422	Bachelor of Electronic Engineering Department, National Taipei University of Technology Vice President of Product Center, Holtek Semiconductor Inc.	Vice President of Product Center, Holtek Semiconductor Inc.
Director	Wang, Jen-Chung	2,137,209	Master of Institute of Technology Management, Nation Tsing Hua University Vice President of	Representative of a juridical person director, LiVE Technology Co., Ltd.

Type	Name	Shareholdings (shares) (Note 1)	Education & Professional Qualifications	Current Positions
			Resource Management Center, Holtek Semiconductor Inc.	
Independent Director	Lu, Cheng-Yueh (Note 2)	-	Master of Accounting Department, Soochow University CPA, Lee, Lin & Company	CPA, Lee, Lin & Company Independent Director, YUAN JEN Enterprises Co., Ltd.
Independent Director	Hsing, Chih-Tien (Note 2)	36,000	Ph.D., Electrical Department, University of Florida Senior Vice President, Quanta Computer Inc. and President of Quanta Research Institute	Independent Director, Innovision Flex Tech Corp.
Independent Director	Hsu, Jui-Ting	-	Bachelor of Accounting Department, AVP of Management, Evest Corporation	AVP of Management, Evest Corporation

Note 1: Shareholdings are as of March 31, 2022.

Note 2: Reasons for continuing to nominate candidates who have served three consecutive terms as independent directors of the Company:

1. Reasons for continuing to nominate Mr. Lu, Cheng-Yueh to be a candidate for the 9th term independent director of the Company:

Mr. Lu, Cheng-Yueh has extensive experience in accounting and financial matters which has been instrumental to enhance the business of the Company. He is able to exercise his expertise, supervise the Board of Directors and provide advices while performing his duties as an independent director.

2. Reasons for continuing to nominate Mr. Hsing, Chih-Tien to be a candidate for the 9th term independent director of the Company:

Mr. Lu, Cheng-Yueh has extensive experience working in the electronics industry which has been instrumental to enhance the business of the Company. He is able to exercise his expertise, supervise the Board of Directors and provide advices while performing his duties as an independent director.

Holtek Semiconductor Inc.

The proposed details on release of non-competition restrictions for the 9th term directors

Name	Company Name and Concurrent Position
Wu, Chi-Yung	<p>Representative of a juridical person director, Holtek Semiconductor Holding (BVI) Ltd., Kingtek Semiconductor Holding (BVI) Ltd., BestComm RF Electronics Inc. and Holtek Semiconductor (Suzhou) Inc.</p> <p>Chairman, Holtek Investment Co., Ltd., Holtek Semiconductor (Xiamen) Inc., Holtek Semiconductor (China) Inc., BestComm RF Electronics Inc., Best Solution Technology Inc., and Best Modules Corp.</p> <p>Independent director, Greatek Electronics Inc.</p>
Gau, Kuo-Tung	<p>Representative of a juridical person director, Holtek Semiconductor Holding (BVI) Ltd., Kingtek Semiconductor Holding (BVI) Ltd., MCU Holdings Ltd., Sigmos Holdings Ltd., Holtek Semiconductor (USA) Inc., Best Module-tech Corporation, Best Modules Corp. , Holtek Semiconductor (India) Private Limited, Holtek Semiconductor (China) Inc., Holtek Semiconductor (Xiamen) Inc., BestComm RF Electronics (Dongguan) Inc., Best Health Electronics (Dongguan) Corporation, Best Driver-tech (Hangzhou) Corporation, Best Module-tech (Xiamen) Corporation, Best Modules (Xiamen) Corp., Holtek Investment Co., Ltd., BestComm RF Electronics Inc., Best Modules Corp. and Signal Electronic Co. Ltd.</p> <p>Chairman and General Manager, Holtek Semiconductor (Suzhou) Inc.</p>
Chang, Chih	<p>Representative of a juridical person director, Holtek Semiconductor (Suzhou) Inc., Holtek Semiconductor (Xiamen) Inc. and Holtek Investment Co., Ltd.</p>
Tsai, Jung-Tsung	<p>Representative of a juridical person director, Holtek Semiconductor (USA) Inc., Best Modules Corp., Santek Holdings Ltd., Santek Electronics (Xiamen) Ltd., Santek Electronics HK Limited, Newtek Electronics Ltd., Newtek Electronics (Shenzhen) Ltd., Newtek Electronics HK Limited, New Wave Electronics Holding Ltd., Truetek Technology Ltd., Truetek Technology (Shanghai) Ltd., Truetek Technology HK Limited, E-Micro Technology Holding Ltd., E-Micro Technology (Qingdao) Ltd., ForIc Electronics Holding Ltd., ForIc Electronics (Beijing) Ltd., ForIC Electronics HK Limited, Crown Rich Technology Holding Ltd., Crown Rich Technology (Shenzhen) Ltd., Quanding Technology Holding Ltd., Quanding Technology (Suzhou) Ltd., Quanding Technology HK Limited, Tech Wave Ltd., Best Modules (Xiamen) Corp., Holtek Semiconductor (China) Inc., Best Modules Corp., Signal Electronic Co. Ltd. and EST Technology Integration Corp.</p> <p>Representative of a juridical person director and General Manager, Holtek Semiconductor (India) Private Limited</p>
Wang, Jen-Chung	<p>Representative of a juridical person director, LiVE Technology Co., Ltd.</p>
Lu, Cheng-Yueh Independent Director	<p>Independent Director, YUAN JEN Enterprises Co., Ltd.</p>
Hsing, Chih-Tien Independent Director	<p>Independent Director, Innovision Flex Tech Corp.</p>
Hsu, Jui-Ting Independent Director	<p>AVP of Management, Evest Corporation</p>

Appendix

Appendix 1

ARTICLES OF INCORPORATION OF Holtek Semiconductor Inc.

Section 1 General Provisions

Article 1

The Company shall be incorporated under the Company Act of the Republic of China, and its name shall be 盛群半導體股份有限公司 in the Chinese language, and HOLTEK SEMICONDUCTOR INC. in the English language.

Article 2

The business scope of the company shall be as follows:

- CC01080 : Electronic Parts and Components Manufacturing;
 - F401030 : Manufacture and export business;
1. Research, design, development, production and marketing of the following products:
 - (1) ICs for IC Cards
 - (2) Digital camera devices
 - (3) FLEX Pager devices
 - (4) DECT Digital wireless telephone control devices
 - (5) Other Application-Specific ICs related to the above mentioned ICs
 - (6) Derivative products related to the above mentioned ICs
 2. Import and export trade for the above mentioned products.

Article 3

The Company shall have its head-office in Hsinchu Science-based Industrial Park and, if necessary, may set up branches or business offices in and out of this country upon a resolution of its Board of Directors and approval from the competent government authority.

Article 4

The Company may provide endorsement and guarantee to other companies. The process should be processed in accordance with the Company's Procedures for Endorsements/ Guarantees.

Article 5

The total amount of the Company's reinvestment shall not be subject to the restriction of not more than forty percent of the Company's paid-up capital as provided in Article 13 of the Company Act. Any matters regarding the reinvestment shall be resolved in accordance with the resolutions of the Board of Directors.

Section 2 Shares

Article 6

The total capital stock of the Company shall be in the amount of 3 billion New Taiwan Dollars, divided into 0.3 billion shares at NT\$10 par value each share, and may be paid-up in installments. The Company may issue shares from time to time in accordance with the resolutions of the Board

of Directors. Two hundred million New Taiwan Dollars of the total capital stock shall be divided into 20 million shares at NT\$10 par value for each share. A total of 20 million shares of the above total capital stock should be reserved for issuing stock options.

Article 6-1

For issuing employee stock warrants where the exercise price is restricted below the close price of common shares is required to obtain the consent of at least two-thirds of the voting rights represented at a shareholders meeting attended by shareholders representing a majority of the total issued shares.

For transferring shares to its employees where the transferred price is below the buyback average price, it shall be decided by a resolution to be adopted by a two-thirds or more vote of the directors at a meeting of the Board of Directors attended by at least a majority of the entire directors of the company.

Article 7

The share certificate of the Company can be all name-bearing share certificates and shall be signed by, and affixed with the seals or by signature of, at least three directors of the Company, and issued after duly authentication pursuant to the law.

For the new shares to be issued to the public by the Company, the issuing company may be exempted from printing any share certificate for the shares issued or the issuing company may print a consolidated share certificate representing the total number of the new shares to be issued at the same time of issue.

Article 8

Registration for transfer of shares shall all be suspended 60 days before the convocation of any regular shareholders' meeting, 30 days before the convocation of special shareholders' meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company.

Article 9

All stock operations conducted by shareholders of the Company shall follow the "Guidelines for Stock Operations for Public Companies" unless specified otherwise by law and securities regulations.

Section 3 Shareholders' Meeting

Article 10

Shareholders' meeting shall be of two types, namely annual and special shareholders' meeting; the former shall be convened once a year by the Board of Directors in accordance with laws within six months after the close of each accounting fiscal year. Special shareholders' meeting shall be convened in accordance with relevant laws, rules and regulations of the Republic of China.

Article 11

In case a shareholder is unable to attend a shareholders' meeting, he/she may issue proxy printed by the Company setting forth the scope of authorization by signing or affixing his/her seal on the proxy form for the representative to be present on his/her behalf, in accordance with the Company Act and the Rules Governing the Use of Proxies for Attendance at Shareholder Meetings of Public

Companies.

Article 12

Each share is entitled to one voting right, except shares held under regulation of Article 179 of the Company Act, which have no voting rights.

Article 13

Except as regulated in the Company Act of the Republic of China, shareholders' meetings may be held if attended by shareholders in person or by proxy representing more than 50% of the total issued and outstanding capital stock of the Company, and resolutions shall be adopted at the meeting with the concurrence of a majority of the votes held by shareholders present at the meeting.

Section 4 Directors and Audit Committee

Article 14

The Company shall have seven to nine directors to be elected at a shareholders' meeting through nominating system from persons of legal capacity to serve a term of three years. A director may be re-elected.

To conform to the Securities and Exchange Act, the Company shall have, among the aforementioned directors, at least three independent directors. The Company shall appoint independent directors, not less than two in number and not less than one-fifth of the total number of directors in accordance with the Article 14-2 of the Securities and Exchange Act.

Independent directors' qualification, the limitations of shareholding and concurrently serving other positions, the methods of nomination and election and other related matters shall be subject to the applicable laws.

The Company may purchase liability insurance for its directors. The insurance coverage is authorized by the Board of Directors for resolution.

Article 15

The Board of Directors shall be organized by directors. The Chairman of the Board shall be elected by majority of directors present at a meeting attended by more than two-thirds of directors. The Chairman of the Board of Directors shall have the authority to represent the Company.

Article 16

The total shares of nominal stocks held by the entire body of directors of the Company shall be regulated in Regulations of the minimum percentage to be held by the directors, and the examination of such holding shall be prescribed by an order from the Competent Authority.

Article 17

Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors, except under conditions regulated by the Company Act and the Regulations Governing Procedure for Board of Directors Meetings for holding the Meeting if emergency occurred. Directors may be notified of the Board of Directors meeting via written notice such as E-mail or fax.

Article 18

If, for any reason, the chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority, its representatives policy shall be regulated by the Article 208 in the Company Act.

All board directors shall attend board meetings in person; if attendance in person is not possible, they may appoint another director to attend as their proxy. A proxy under paragraph 2 may accept a proxy from one person only.

Article 19

The Board of Directors is authorized to determine the compensation for the all directors, according to involvements and contributions to the Companies' operation. The compensation is restricted by the highest level of the Regulations for the Compensation of the Company. The Company shall pay the compensation regulated by Article 24, if it has profits.

Article 20

The Board of Directors shall have the following functions and responsibilities:

1. Examination and review of operational policy and medium and long-term development plans.
2. Review of and supervision over execution of annual business plans.
3. Approval of budget and examination of the final settlement of account.
4. Examination of capital increase/decrease plans.
5. Examination of earnings distribution or loss making up programs.
6. Examination and approval of important contracts.
7. Approval of organizational by-laws and important business rules.
8. Decision in establishment, reorganization or removal of branch offices.
9. Approval of major capital expenditure plans.
10. Appointment and discharge of included Vice Presidents or above.
11. Other matters to be handled in accordance with the Company Act and related laws.

Article 21

The Committee shall be composed of the entire number of independent directors. Matters concerning the number, term of office, powers and rules of procedure for meetings when the Audit Committee exercises its powers shall be handled in accordance with the Audit Committee Charter.

Section 5 Managers

Article 22

The Company may have one President and several managers, whose appointments, discharge, and remunerations shall be subject to provisions in the Company Act.

Section 6 Accounting

Article 23

After the close of each fiscal year, in accordance with the Company Act, the following reports shall be prepared by the Board of Directors, and be submitted to the shareholders' meeting for acceptance.

1. Business report.
2. Financial statements.
3. Surplus earnings distribution or loss make-up proposal.

Article 24

When allocating the net profits for each fiscal year, the Company shall distribute 5~15% of profit of the current year distributable as employees' compensation and no more than 1.5% of profit of the

current year distributable as remuneration of directors. However, the Company shall have reserved a sufficient amount to offset its accumulated losses.

Employees' compensation may be distributed to employees, including employees from affiliates companies who meet certain qualification determined by the Board of Directors.

Article 24-1

If the Company has profit as a result of the yearly accounting closing, the Company shall first pay taxes, offset its losses in previous years and set aside a legal capital reserve at 10% of the profits left over, until the accumulated legal capital reserve has equaled the total capital of the Company, then set aside special capital reserve in accordance with relevant laws or regulations or as requested by business. Any rest balance, added to the accumulated undistributed earnings in previous years, the Board of Directors shall be allocated according to shareholders' meeting resolution.

The amount of dividends distributed to shareholders shall be no less than 50% of the distributable earnings of the year concerned and no less than 50% of the shareholder's dividends shall be in the form of cash.

Section 7 Additional Rules

Article 25

In regard to all matters not provided for in the Company's Articles of Incorporation, the Company Act of the Republic of China and other regulations shall govern.

Article 26

These Articles of Incorporation were resolved on September 7, 1998. The first amendment was made on November 30, 1998, the second amendment on June 10, 1999, the third amendment on April 5, 2000, the fourth amendment on March 2, 2001, the fifth amendment on April 17, 2002, the sixth amendment on June 9, 2003, the seventh amendment on June 1, 2004, the eighth amendment on June 13, 2005, the ninth amendment on September 18, 2006, the tenth amendment on June 11, 2007, the eleventh amendment on June 13, 2008, the twelfth amendment on June 10, 2009, the thirteenth amendment on June 15, 2010, the fourteenth amendment on June 12, 2012, the fifteenth amendment on June 9, 2015, the sixteenth amendment on May 27, 2016, the seventeenth amendment on May 26, 2017 and the eighteenth amendment on May 29, 2019.

Holtek Semiconductor Inc.

Chairman Wu, Chi-Yung

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RULES AND PROCEDURES OF SHAREHOLDERS' MEETING

Article 1 Shareholders' Meeting of the Company (the "Meeting"), except as otherwise provided by law or regulation, shall be conducted in accordance with these Rules and Procedures.

Article 2 Shareholders or their representatives attending the Meeting shall show the Attendance certificate which manufacture and deliver by the Company and shall submit the attendance card for the purpose of signing in.

The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.

Shareholders attending the meetings and vote shall be calculated based on numbers of shares.

Article 3 The chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the chairman of the Board of Directors is on leave or absent or cannot exercise his power and authority, the chairman of the Board of Directors shall appoint one of the directors to act on his behalf. . Where the chairman of the Board of Directors does not make such a designation, the directors shall select by plurality voting from among themselves one an acting chairman of the Board of Directors.

It is advisable that shareholders meetings convened by the Board of Directors be attended by a majority of the directors.

For a shareholders meeting called by the Board of Directors, it is advisable that a majority of the directors and that at least one member of each functional committee attend as representative. Attendance details should be recorded in the shareholders meeting minutes.

Article 4 The chairman shall call the Meeting to order at the appointed meeting time or attending shareholders do represent a majority of the total number of issued shares. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairman may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements and the attending shareholders still represent less than one third of the total number of issued shares, the attending shareholders represent one third or more of the total number of issued shares shall make a tentative resolution pursuant to Article 175, paragraph 1 of the Company Act.

When processing the preceding tentative resolution, the attending shareholders

represent a majority of the total number of issued shares, the chairman may, from time to time, call the Meeting to order and the tentative resolution may be submitted to the Meeting for retroactive recognition.

Article 5 The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

If the Meeting is convened by any other person having the convening right, he/she shall act as the chairman of that meeting provided, however, that if there are two or more persons having the convening right, the chairman of the meeting shall be elected from among themselves.

The chairman may not declare the Meeting adjourned prior to completion of deliberation on the Meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

After close of the said Meeting, shareholders shall not elect another chairman to hold another Meeting at the same place or at any other place.

Article 6 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairman.

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairman and the shareholder that has the floor; the chairman shall stop any violation.

A shareholder may not speak exceed five minutes on the same proposal, but can be extended once by the chairman whose speech shall be limited to three minutes.

If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairman may terminate the speech. After an attending shareholder has spoken, the chairman may respond in person or direct relevant personnel to respond.

Article 7 The chairman may announce the discussion closed and call for a vote if the Chairman deems it appropriate.

The result of voting shall be announced at the Meeting and placed on record.

The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s).

The election of directors or supervisors at the Meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and

the voting results shall be announced on-site immediately, including the names of those elected as directors and supervisors and the numbers of votes with which they were elected.

Article 8 Except as otherwise provided in the Company Act and in the Company's articles of incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for all proposals or parts of the proposal before extraordinary motions, the chair or a person designated by the chairman shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the Meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

Article 9 When there is an amendment or an alternative to a proposal, the chairman shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected and no further voting shall be required.

Article 10 Any legal entity designated as proxy by a shareholder(s) to be present at the Meeting may appoint only one representative to attend the Meeting. If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

Article 11 When the Meeting is in progress, the chairman may announce a break based on time considerations. If a force majeure event occurs, the chairman may rule the Meeting temporarily suspended and announce a time or another day when, in view of the circumstances, the Meeting will be resumed.
The resolutions remain in effect regardless of announcing a break as referred to in the preceding paragraph.

Article 12 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend the Meeting in a non-voting capacity.

Article 13 The chairman may direct the proctors or security personnel to help maintain order at the Meeting place. When proctors or security personnel help maintain order at the Meeting place, they shall wear an armband bearing the word "Proctor".

Article 14 The Company shall make an uninterrupted audio and video recording during the process of the Meeting. The recorded materials of the preceding paragraph shall be retained for at least one year.

Article 15 These Rules and Procedures shall be effective from the date it is approved by the Meeting. The same applies in case of revision.

Appendix 3

Holtek Semiconductor Inc.

REGULATIONS GOVERNING THE ELECTION OF DIRECTORS

Article 1

Election of directors shall be acted upon in accordance with these regulations.

Article 2

The directors shall be elected pursuant to the candidate nomination system in Article 192-1 of the Company Act and executed in the shareholders' meeting.

Article 3

The single open-ballot, registered voting method will be used for the election of directors of the Company. The shareholder account number or attendance card number printed on the ballots may substitute for the names of voters.

Article 4

Election of directors, each voting share is entitled to have vote equivalent to the number of directors to be elected. The Board of Directors shall prepare ballots is equal to the number of directors to be elected, each ballot shall bear an elector's attendance card number and number of votes for distribution to the attending shareholders. The total number of votes may be used to elect a single candidate or be allocated among several candidates.

Article 5

The election of independent directors and non-independent directors shall be held together, but elections for these positions shall be calculated separately.

The directors and independent directors of the Company shall be elected, based on the seats stipulated in the Company's articles of incorporation, among the candidate list to make juridical acts in the shareholders' meeting. With voting rights separately calculated for independent, non-independent director and supervisor seats, those receiving ballots representing the highest numbers of voting rights will be elected as independent directors, non-independent directors, or supervisors sequentially according to their respective numbers of votes. When two or more candidates receive the same number of ballots, thus exceeding the specified seats, they shall draw lots to determine the winner. The chairman shall draw lots on behalf of the candidate not in attendance.

Article 6

(Deleted)

Article 7

The shareholders give their ballots to entrust other attending shareholders vote in his place when he/she leaves in the session.

Article 8

At the beginning of the election, the chairman shall appoint a certain number of scrutineers and ballot counters to carry out relevant duties; provided that the scrutineers shall be appointed among the shareholders in attendance.

Article 9

The ballot box(s), prepared by the Board of Directors, shall be publicly opened and inspected by scrutineers prior to the casting of ballots.

Article 10

In case a candidate is a shareholder, a voter shall fill in the candidate's account name and shareholder account number in the "candidate" column of the ballot and may fill in his/her shareholder account number or ID card number. For a non-shareholder candidate, a voter shall fill in the candidate's name and ID card number. If the candidate is a governmental organization or a legal entity shareholder, the name of the governmental organization or the legal entity or their representative shall be entered in the column for the candidate's account name of the ballot. When there are multiple representatives, the names of each individual representative shall be entered.

Article 11

Ballots shall be deemed void under any of the following conditions:

- (1) Ballots not prepared in accordance with these Regulations;
- (2) Blank ballots not completed by the voters;
- (3) The writing is unclear and illegible or the alteration is made without sealing thereon as required by law;
- (4) If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the roster of shareholders. If the candidate is not a shareholder of the Company, the name or ID number of the candidate filled in the ballot is incorrect;
- (5) Two or more candidates are included in a single ballot;
- (6) Ballot with other written characters or symbols in addition to candidate's name and shareholder's number/ID number;
- (7) Any of the candidate's name or shareholder's number is failed to fill in the ballot.

Article 12

After the casting of ballots is completed, the ballots shall be counted on the spot under the supervision of the inspector(s), and the results announced on the spot by the chairman.

Article 13

(Deleted)

Article 14

The election of candidate who is disqualified by Paragraphs 3 and 4 of Article 26-3 of the Taiwan Securities and Exchange Act shall be ineffective.

Article 15

These regulations shall be in accordance with otherwise provided for in Company Acts, the Company's articles of incorporation and related regulations.

Article 16

These Regulations and any revision thereof shall become effective after approval at the shareholders' meeting.

Appendix 4

Shareholdings of all Directors

1. Total shares issued as of March 26, 2022: 226,168,200 common shares.
2. The minimum number of shares held by all directors of the Company shall be 12,000,000.
3. As of March 26, 2022, all board members' shareholdings are as follows:

Title	Name	Number of Shares (shares)	Shareholding (%)
Chairman	Wu, Chi-Yung	3,932,905	1.74%
Director	Gau, Kuo-Tung	6,701,176	2.96%
Director	Chang, Chih	1,111,785	0.49%
Director	Lin, Cheng-Fung	1,842,697	0.82%
Director	Tsai, Jung-Tsung	332,684	0.15%
Director	Wang, Jen-Chung	2,137,209	0.94%
Independent Director	Lu, Cheng-Yueh	--	--
Independent Director	Hsing, Chih-Tien	36,000	0.02%
Independent Director	Kuo, Tai-Haur	--	--
Total shareholding of all directors (Note 1)		16,058,456	7.10%

Note 1: Independent directors' shareholdings are excluded from total shareholding calculations.

Appendix 5

**The Impact of Stock Dividend Issuance on Business Performance, EPS, and
Shareholder Return Rate**

Not Available.

Appendix 6

**Relevant Information on Proposals and Nomination Made by Shareholders Who
Hold 1% or More of the Total Issued Shares of the Company**

1. The Company, in accordance with the law or regulations, announced information on the Market Observation Post System related to shareholders' right to propose motion during the period from March 21, 2022 to March 31, 2022.
2. There is no proposal or nomination raised by shareholders holding 1% or more of the total number of issued shares of the Company during the above period.