



# **HOLTEK SEMICONDUCTOR INC.**

## **2017 Regular Shareholders' Meeting**

### **Meeting Agenda**

**Date: May 26, 2017**

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 AGENDA FOR THE 2017 REGULAR 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 AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.

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## **HOLTEK SEMICONDUCTOR INC.**

### **2017 Regular Shareholders' Meeting Procedure**

Time: 9:00 a.m., May 26, 2017 (Friday)

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

1. Commencement
2. Chairman takes seat
3. Chairman's address
4. Reporting items
5. Approval items
6. Discussion items
7. Extemporaneous motions
8. Adjournment



## **HOLTEK SEMICONDUCTOR INC.**

### **2017 Regular Shareholders' Meeting Agenda**

1. Time: 9:00 a.m., May 26, 2017 (Friday)
2. Location: Edison, HSP link (No.1, Gongye E. 2nd Rd., East Dist., Hsinchu City 300, Taiwan (R.O.C.))
3. Attendants: All shareholders and their proxy holders
4. Chairman's address: Wu, Chi-Yung
5. Reporting items
  - (1) Business report of 2016
  - (2) Audit Committee's review report
  - (3) Employees' bonus and directors' compensation from 2016 profits
6. Approval items
  - (1) Adoption of the 2016 business report and financial statements
  - (2) Adoption of the proposal for distribution of 2016 profits
7. Discussion items
  - (1) Proposal of the distribution of cash dividends from legal reserve
  - (2) Amendment to the Company's Articles of Incorporation
  - (3) Amendment to the Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions
  - (4) Permit of directors' engagement in competitive conduct
8. Extemporaneous motions
9. Adjournment

## **Reporting items**

(1) Business Report of 2016

Please refer to the 2016 business report (Attachment 1).

(2) Audit Committee's review report

Please refer to the Audit Committee's review report (Attachment 2).

(3) Employees' bonus and directors' compensation from 2016 profits

In accordance with the Company's Articles of Incorporation, 2016 employees' bonus and directors' compensation will be NT\$ 94,738,024 and NT\$ 10,526,446, respectively, and paid by cash.

## **Approval items**

(1) Adoption of the 2016 business report and financial statements

1) 2016 financial statements were audited by independent auditors, Emily Tseng and Allan Yu, of KPMG. Also 2016 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 2016 business report (Attachment 1) and Holtek's website ([www.holtek.com.tw](http://www.holtek.com.tw)) for independent auditors' report and financial statements.

Resolution:

(2) Adoption of the proposal for distribution of 2016 profits

1) The proposal for distribution of 2016 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 2016 Surplus Earnings Distribution Chart (Attachment 3).

Resolution:

## **Discussion items**

(1) Proposal of the distribution of cash dividends from legal reserve

- 1) The portion of legal reserve which exceeds 25 percent of the paid-in capital was proposed to distribute cash of NT\$109,917,745 to shareholders. Each common shareholder will be entitled to receive cash dividend of NT\$0.486 per share (based on the total outstanding shares as of the record date).
- 2) Cash payment shall be rounded to one NTD (amounts less than one NTD shall be ignored) and adjusted by specific person authorized by the Chairman.
- 3) Upon the approval in the Regular Shareholders' Meeting, it is proposed that the Board of Directors be authorized to determine the payment date for the cash distribution.
- 4) If the payout ratio is impacted to change due to the law amendment, company's subsequent share buybacks, the transfer or cancellation of treasury stocks, the exercise of employee stock options or other matters, it is proposed to fully authorize the Board of Directors to proceed on the relevant matters.
- 5) Please refer to the 2016 Surplus Earnings Distribution Chart (Note 2 of Attachment 3).

Resolution:

(2) Amendment to the Company's Articles of Incorporation

- 1) The Company plans to revise Article 24, the Company's Articles of Incorporation in conformity with the establishment of the Audit Committee to replace supervisors.
- 2) Please see the comparison table of the Company's Articles of Incorporation before and after revision (Attachment 4).

Resolution:

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

1) In order to conform to the amendment of the “Regulations Governing the Acquisition or Disposal of Assets by Public Companies” promulgated by the Financial Supervisory Commission of Executive Yuan, it is proposed to amend certain provisions of the Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions.

2) Please see the comparison table of the Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions before and after revision (Attachment 5).

Resolution:



(4) Permit of directors' engagement in competitive conducts

1) According to Article 209 of the Company Law, a director who conducts business within the business scope of the Company for himself or others shall explain in the shareholders' meeting the essential contents of such conduct and obtain the shareholders' approval.

2) Without prejudice to the interests of the Company, it is proposed to submit to the shareholders' meeting for resolution to remove the restrictions preventing the Company directors and independent directors from performing work for their newly added positions in other companies.

**Details of Positions Concurrently Held by Directors/Independent Directors in Other Companies  
(Newly Added)**

Title(s) of the Company	Name	Company Name	Title(s) of the Competitive Companies
Chairman	Wu, Chi-Yung	Best Modules Corporation	Chairman
Director	Gau, Kuo-Tung	Best Modules Corporation	Representative of a juridical person director
Director	Li, Pei-Ying	JXY Electronics Corporation	Representative of a juridical person director
		Best Modules Corporation	
Independent Director	Kuo, Tai-Haur	ZillTek Technology Corporation	Director

Resolution:

**Extemporaneous motions**

**Adjournment**

## ***Attachments***

### ***Attachment 1***

## **HOLTEK SEMICONDUCTOR INC.**

### **2016 Business Report**

In 2016, Holtek Semiconductor Inc. (hereinafter referred to as “the Company”) encountered intense volatility in international economic and political alternation, such as downturn of economy growth momentum in China, substantial currency devaluation of RMB, as well as manufacturing overcapacity and outstripping supply in China; interest rate lift-off in US monetary policy and prospective implementation of Brexit; the devaluation of Yen and Euro dollars and inflationary pressures remained in the majority of countries to name but a few. Fortunately, with more facilitating applications applied to the IoT, smart home appliances and health measurements rolled out, the semiconductor industry continued flourishing. Our management team adopted aggressive strategies in product planning development, application promotion and sales services which stayed in line with the dynamic trend make revenues surged past the barrier of NT\$ 4 billion last year. To keep up with the rapid pace of change and intense competition in the MCU market area, the Company continues to leverage its market and technology advantages to support total solutions and expand its product portfolio enabling to maintain the growth momentum and excellent customer services.

The Company consistently adopted a stable and moderate business strategy in 2016. The Company made good progress on revenue achieving NT\$ 4.158 billion in 2016, shipments up 4.8% compared with 2015. The gross margin in 2016 remained 48% and its net income attributable to stockholders of the parent company was NT\$ 784 million, a little bit down 2.8% from the previous year's figure of 807 million. The earning per share in 2016 was NT\$ 3.47, slightly lower than NT\$ 3.57 in 2015. The net income and earnings per share reduce marginally, as a result of increase of manpower and expenditures which are necessary to develop new products in response to the needs of customers and market development.

An overview of the Company's operation in 2016 is provided below subdivided into sales & marketing, product development and production management.

#### **Sales & Marketing:**

In 2016, revenue from China and Hong Kong based customers accounted for 72% of total sales. Revenue from Taiwan based customers accounted for 11%, while revenue from other areas accounted for 17%. It is obviously that China still forms the largest semiconductor industry market and has the increasingly stronger influence on the overall global economy. Therefore, the

Company's sales and technical services should be strengthened in both broader applications and market penetration. With a well-constructed distribution channel over the years, the Company's products and performance of marketing are gradually coming on stream. The performance keeps flat in the Taiwan market due to the reason that most manufacturing industry factories diversify labour-heavy production to low-cost sites in China and Southeast Asia. Taiwan enterprises merely lead the market in producing PCs and its peripheral devices, health measurements and automobile electronics products, but top line growth will not be easy to achieve. However, the revenue ratio from certain overseas markets, including the Western countries (Germany/the UK/the US, and etc) and Asia area, was increased 7% during the previous year. Especially, there is surely a good beginning for the Company to explore the market widely to India and the Middle East area.

#### Product development:

The major areas of the Company's product development in 2016 include RF IC & MCUs, various SoC MCUs, low power 32-bit MCUs and a range of ASSP MCUs. The 8-bit standard and ASSP MCUs have features such as higher memory capacity, good ESD protection, low voltage operation and low power consumption. Our product development achieved a completed and promoted project amounts to 56 items, including battery charging management MCU, 1.8V Flash MCU, atomizer ASSP MCU, digital servo/motor control ASSP MCU, fast charging ASSP MCU, BLE transparent transmission module and LCD control and driver ICs, etc. This achieved new product numbers above indicates a less than ideal performance was mainly attributable to enhance the complexity of new launched products for new applications, coupled with inner severe requests on better product function/characteristic/quality and the schedule of product development and verification has been lengthened. However, fortunately, various ranges of the Company's latest products responding rapidly to different customers and market requests have provided a significant contribution to its revenue in 2016.

#### Production management:

The revenues grew 4.8% and shipments of ICs increase substantially 9% in 2016, the increasing demands of production capacity make shipment deliveries flexibility facing great difficulties in certain circumstances. Moreover, the Company's product strategy is focusing on good value at competitive price and niche market and focusing on various designs with small quantities. In the situation of unable to prepare sufficient inventory in advance, composed of wafers as well as package ICs, production department and supply chain have to work very closely to reach the shipment demands of customers. With those efforts, they contribute a great deal to the Company's revenue growth.

According to the International Monetary Fund predictions, the global economic growth rate is expected to be a flat performance and low growth rate period, reaching around 2.5% during 2017.

The sharp depreciation in currencies of several countries and the rise of the dispute of international trade from trade protectionism (especially policies of the new US Government) had turned the export outlook of Taiwan more uncertain and productivity of China more stressful. The major Chinese Government's investments of the 13th Five-Year Plan in semiconductor industry affect directly its balance between the supply and demand. However, the World Semiconductor Trade Statistics (WSTS) predicts that the global semiconductor industry output value may in fact witness an increase of 3.3% and the Market Intelligence & Consulting Institute (MIC) expects a 6.1% upturn in the Taiwan IC design industry with the booming of the applications of smart phone/PC/automobile electronics in 2017. The performance in Taiwan is expected to be above average than its in worldwide semiconductor industry. We believe semiconductor industry will keep heading in the positive direction in 2017.

An overview of the Company's overall business in 2017 is also provided below subdivided into areas of sales & marketing, product development and production management:

The major areas for the Company's product development in 2017, such as integrated peripheral devices of wearable products, integrated sensor AFE module, low power 32-bit MCUs, Li-ion battery charger management MCUs, MCU modules, brushless DC/brushed DC motors and a range of 8-bit or 32-bit M0+ ARM core STD/ASSP/ASIC MCUs used in smart appliances and security related products, and etc.

In respect of sales & marketing, our sales team will increasingly make efforts to locate new applications for existing products and with regard to new products will be taking more initiative to seize the market opportunities. Meanwhile the frontline sales and technical service departments continuously enhance to increase their professions and skills of new products and new markets. With this approach, we co-operate with distributors for more design-in opportunities. In present, the Company not only extends its position and influence to tap into China, the Western countries and other markets regions, but also diversifies its customer base to the Southeast Asia, India and the Middle East region. The Company expands its business to more regions and countries, not only minimizes market concentration for reducing the business risks, but also increases our market share and corporate profits.

In terms of production management, the Company closely coordinates with the entire supply chain and gets their ongoing support to satisfy increasing demand from the customers. The priority task of the production management in 2017 will be broadened its resources of supply chain. The Company shall develop more advanced wafer process, packaging technology and the outsourcing vendors to achieve the revenue target and provide better delivery.

All in all, whether the slow global economy development persists, or vigorous competition and challenges in China semiconductor industry insists, we believe that the IoT market will continue to

have opportunities upwards in 2017, accompanying with health concept which becomes increasingly popular and the trend of home automation which creates more application requirements. The Company devotes many resources over the past two years to enhance product differentiation and requests all employees act proactively in “customer centric” comprehensive management. With across-the-board commitment from its entire work force, the Company aims to set a top record in customer satisfaction and loyalty to strengthen its long-term competitiveness in 2017.

Finally and most importantly, we would like to thank all of the shareholders for the continuous support and encouragement. The management team will continue to build on our already established firm foundation for sustainable and continuing growth in global MCU market, as a result, we are able to provide satisfied profitability to our shareholders.

Chairman : Wu, Chi-Yung

President : Gau, Kuo-Tung

Accounting Manager : Lee, Wen-Te

*Attachment 2*

**HOLTEK SEMICONDUCTOR INC.**

**Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2016 business report, financial statements and proposal for surplus earnings distribution. The financial statements of HOLTEK SEMICONDUCTOR INC. were audited by Emily Tseng and Allan Yu, of KPMG. We, as the Audit Committee of the Company, have duly reviewed the financial statements along with the business report and proposal for surplus earnings distribution of the Company and do not find any discrepancies. 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. 2017 Regular Shareholders' Meeting

HOLTEK SEMICONDUCTOR INC.

Chairman of the Audit Committee: Lu, Cheng-Yueh

March 02, 2017

**Attachment 3**

**HOLTEK SEMICONDUCTOR INC.**

**2016 Surplus Earnings Distribution Chart**

Unit: NT\$

Unappropriated Retained Earnings of Previous Years	104,569
Plus :	
Actuarial Gain (Loss) on Defined Benefit Plans	188,117
	<hr/>
Unappropriated Retained Earnings After Adjustment	292,686
Plus :	
Net Income of 2016	784,218,502
	<hr/>
Retained Earnings Available for Distribution	784,511,188
Minus :	
Legal Reserve	( 78,421,850 )
Special Reserve	( 24,311,532 )
Distribution Item :	
Cash Dividends to Shareholders (Note 1)	( 681,670,955 )
	<hr/>
Unappropriated Retained Earnings	\$ 106,851
	<hr/>

Note 1 : The portion of Unappropriated retained earnings was proposed to distribute cash of NT\$681,670,955 to shareholders. According to the register of shareholders on the record date, the cash distribution is approximately NT\$3.014 per share. Cash payment shall be rounded to one NTD. If the cash distributions are impacted due to the law amendment, Company's subsequent share buybacks, the transfer or cancellation of treasury stocks, the exercise of employee stock options or other matters, it is proposed to fully authorize the Board of Directors to adjust the cash payout ratio and to proceed on the relevant matters.

Note 2 : The portion of legal reserve which exceeds 25 percent of the paid-in capital was proposed to distribute cash of NT\$109,917,745 to shareholders. According to the register of shareholders on the record date, the cash distribution is approximately NT\$0.486 per share. Cash payment shall be rounded to one NTD. If the cash distributions are impacted due to the law amendment, Company's subsequent share buybacks, the transfer or cancellation of treasury stocks, the exercise of employee stock options or other matters, it is proposed to fully authorize the Board of Directors to adjust the cash payout ratio and to proceed on the relevant matters.

Note 3 : The total amount of NT\$791,588,700 was proposed to distribute to shareholders and the cash distribution is approximately NT\$3.50 per share.

Chairman : Wu, Chi-Yung

President : Gau, Kuo-Tung

Accounting Manager : Lee, Wen-Te

*Attachment 4*

**HOLTEK SEMICONDUCTOR INC.**

**Table comparing the original and the amended articles of the Company's  
“Articles of Incorporation”**

Amended Article	Original Article	Explanation
<p>Article 24</p> <p>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's accumulated losses shall have been covered.</p>	<p>Article 24</p> <p>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 <u>and supervisors</u>. However, the company's accumulated losses shall have been covered.</p>	<p>To accommodate the establishment of the Audit Committee to replace supervisors.</p>
<p>Article 26</p> <p>(.....)</p> <p>the sixteenth amendment on May 27, 2016 <u>and the seventeenth amendment on May 26, 2017.</u></p>	<p>Article 26</p> <p>(.....)</p> <p>and the sixteenth amendment on May 27, 2016.</p>	<p>Adjust accordingly</p>



**Attachment 5**

**HOLTEK SEMICONDUCTOR INC.**

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

Amended Article	Original Article	Explanation
<p>Article 5</p> <p>Items to be publicly announced and reported and requirements for public announcement and reporting are as follows:</p> <p>1. When acquiring or disposing of assets, if such acquisition or disposal is one of the items that should be publicly announced and reported, and the transaction amount reaches the requirements for public announcement and reporting, the Company shall make the public announcement and reporting on the website designated by the Competent Authority in the format prescribed by the "Regulations Governing Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority within two (2) days commencing from the date of occurrence of the event.</p> <p>(1) Acquisition or disposal of real</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>1. When acquiring or disposing of assets, if such acquisition or disposal is one of the items that should be publicly announced and reported, and the transaction amount reaches the requirements for public announcement and reporting, the Company shall make the public announcement and reporting on the website designated by the Competent Authority in the <u>attached tables (as per attachment 2~8)</u> format <u>and content</u> prescribed by the "Regulations Governing Acquisition or Disposal of Assets by Public Companies" promulgated by the Competent Authority within two (2) days commencing from the date of occurrence of the event.</p>	<p>Amendment is made to conform to the amendment of the Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

Amended Article	Original Article	Explanation
<p>property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription <u>or redemption</u> of money market funds <u>managed by domestic securities investment trust enterprise (SITE)</u>.</p> <p>(.....)</p> <p><u>(4)</u>Where the type of asset acquired or disposed of is equipment and machinery for operational use, and the transaction counterparty is not a related party, and the transaction amount is <u>more</u> than NT\$500 million.</p> <p><u>(5)</u>Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction</p>	<p>(1) Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% of the Company's paid-in capital, 10% of the Company's total assets, or NT\$300 million; provided, however, that this paragraph shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription of domestic money market funds.</p> <p>(.....)</p> <p>(4) Other asset transactions other than those referred to in the preceding three subparagraphs, 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>(1) Trading of government bonds.</p>	

Amended Article	Original Article	Explanation
<p>and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is <u>more</u> than NT\$500 million.</p> <p>(6) Other asset transactions other than those referred to in the preceding <u>five</u> subparagraphs, disposal of receivables by a financial institution, or investment in the Mainland China area, and <u>the transaction amount</u> 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>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription <u>or redemption</u> of money market funds <u>managed by domestic securities investment trust enterprise (SITE)</u>.</p> <p>The transaction amount referred to the foregoing subparagraphs shall be calculated as follows : :</p> <p>(1) The amount of each transaction.</p>	<p>(2) Trading of bonds under repurchase/resale agreements, or subscription or redemption of domestic money market funds.</p> <p>(3) Where the type of asset acquired or disposed of is equipment and machinery for operational use, and the transaction counterparty is not a related party, and the transaction amount is less than NT\$500 million.</p> <p>(4) Acquisition or disposal of real property under arrangement of commissioned construction on self-owned or leased land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale and the transaction amount to be invested by the Company is less than NT\$500 million.</p> <p>(5) <u>Where the company is an investment company, the securities trading in foreign securities exchanges or over-the-counter markets.</u></p> <p>(.....)</p> <p>3. If any required items publicly</p>	

Amended Article	Original Article	Explanation
<p>(2) The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</p> <p>(3) The cumulative transaction amount of acquisitions and disposals of real property in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> <p>(4) The cumulative transaction amount of acquisitions and disposals of the same security within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> <p>The <u>foresaid</u> term "within one year" refers to the year preceding the date of occurrence of the proposed transaction; and items which have been duly announced in accordance with applicable regulations may be disregarded for the calculation.</p> <p>(.....)</p> <p>3. If any required items publicly announced by the Company in</p>	<p>announced by the Company in accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, the Company shall make a public announcement and report of such items in their entirety again.</p> <p>(.....)</p>	

Amended Article	Original Article	Explanation
<p>accordance with applicable regulations contain errors or omissions and a correction thereof is necessary, the Company shall make a public announcement and report of such items in their entirety <u>within two days commencing from the date of occurrence of the event.</u> (.....)</p>		
<p>Article 6</p> <p>The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property and other fixed assets:</p> <p>When acquiring or disposing real property or equipment, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a governmental <u>entities</u>, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser and shall further comply with the following provisions.</p>	<p>Article 6</p> <p>The Company shall comply with the following guidelines with regard to the acquisition or disposal of real property and other fixed assets:</p> <p>When acquiring or disposing real property or equipment, if the transaction amount reaches 20% of the Company's paid-in capital or NT\$300 million or more, except for transacting with a governmental institutions, engaging others to build on its own land, engaging others to build on leased land, or acquiring equipment for operating use, the Company shall, prior to the date of occurrence of the event, obtain an appraisal report from a professional appraiser <u>(necessary information recorded as per</u></p>	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

Amended Article	Original Article	Explanation
When the Company acquires or disposes of assets through court auction procedures, the relevant evidence documentation issued by the court may be used as substitute for the appraisal report or the accountant opinion. (.....)	<u>Attachment 1</u> ) and shall further comply with the following provisions. When the Company acquires or disposes of assets through court auction procedures, the relevant evidence documentation issued by the court may be used as substitute for the appraisal report or the accountant opinion. (.....)	
Article 11 Resolution procedures on related party transactions: When the Company acquires <u>or disposes</u> of real property from a related party or acquires or disposes of other assets with a related party and such a transaction value reaches 20% of the total paid in capital, 10% of the total assets of the Company or NT\$300 million, except for the sale or purchase of bonds, the purchase or redemption of securities with conditions, subscription <u>or redemption</u> of currency market funds <u>managed by domestic securities investment trust enterprise (SITE)</u> , the executing department should prepare the	Article 11 Resolution procedures on related party transactions: When the Company acquires of real property from a related party or acquires or disposes of other assets with a related party and such a transaction value reaches 20% of the total paid in capital, 10% of the total assets of the Company or NT\$300 million, except for the sale or purchase of bonds, the purchase or redemption of securities with conditions, subscription of domestic currency market funds, the executing department should prepare the following information for submission to Audit Committee and Board of Directors for approval	Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.

Amended Article	Original Article	Explanation
<p>following information for submission to Audit Committee and Board of Directors for approval before executing the transaction agreement and making payments: (.....)</p> <p>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13.</p> <p>(.....)</p>	<p>before executing the transaction agreement and making payments: (.....)</p> <p>3. With respect to the acquisition of real property from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 and Article 13 <u>Exclusion clause</u>.</p> <p>(.....)</p>	
<p>Article 18</p> <p>When the Company wishes to conduct a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Audit Committee and the Board of Directors for deliberation and passage. <u>In case that a parent</u></p>	<p>Article 18</p> <p>When the Company wishes to conduct a merger, demerger, acquisition, or transfer of shares, prior to convening the Board of Directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the Audit Committee and the Board of Directors for deliberation and passage.</p>	<p>Amendment is made to conform to the amendment to Regulations Governing the Acquisition or Disposal of Assets by Public Companies.</p>

Amended Article	Original Article	Explanation
<u>company merge/consolidate with its subsidiary company whose one hundred percent of the total number of the issued shares is directly/indirectly held by the parent company or that subsidiary companies of a parent company merge/consolidate with one another whose one hundred percent of the total number of the issued shares is directly/indirectly held by their parent company respectively, it is not necessary to provide the reasonable opinion issued by the foresaid specialist.</u>		



## ***Appendices***

### ***Appendix 1***

# **ARTICLES OF INCORPORATION OF HOLTEK SEMICONDUCTOR INC.**

## **Section 1 General Provisions**

### **Article 1**

The Company shall be incorporated under the Company Law 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 shall be

handled in accordance with the Company's Regulations Governing Endorsement and Guarantee.

#### 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 Law. 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 regular 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 Law 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 Law, which have no voting rights.

#### Article 13

Except as regulated in the Company Law 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 Law 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 Law.

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 Law 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 Law.

### **Section 6 Accounting**

#### Article 23

After the close of each fiscal year, in accordance with the Company Law, 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. Proposal Concerning Appropriation of Net Profits or Covering of Losses.

#### 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 and supervisors. However, the company's accumulated losses shall have been covered.

#### 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 Articles of Incorporation, the Company Law 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 and the sixteenth amendment on May 27, 2016.

### **HOLTEK SEMICONDUCTOR INC.**

**Chairman    Wu, Chi-Yung**

## *Appendix 2*

### **HOLTEK SEMICONDUCTOR INC. 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 to end the discussion of any resolution and go into voting 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 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 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 identification card or 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 Shareholders' Meeting. The same applies in case of revision.

### **Appendix 3**

#### **All Directors' Shareholdings and Minimum Shareholdings Required**

1. As of March 28, 2017, all board members' shareholdings are as follows:

Position	Name	Number of Shares (shares)	Shareholding (%)
Chairman	Wu, Chi-Yung	7,665,809	3.39%
Director	Gau, Kuo-Tung	6,701,176	2.96%
Director	Chang, Chih	1,111,785	0.49%
Director	Lin, Cheng-Fung	1,842,697	0.81%
Director	Li, Pei-Ying	1,013,093	0.45%
Director	Wang, Jen-Chung	2,137,209	0.95%
Independent Director	Lu, Cheng-Yueh	--	--
Independent Director	Hsing, Chih-Tien	--	--
Independent Director	Kuo, Tai-Haur	--	--
Total shareholding of all directors		20,471,769	9.05%

2. As of the book closure date, the number of issued shares of the Company is 226,168,200.  
The minimum number of shares held by all directors of the Company shall be 12,000,000.

#### *Appendix 4*

### **Impact of Stock Dividend Distribution on Operating Results, Earnings per Share and Shareholders' Return on Investment**

The Company did not announce any financial forecast for the year of 2017. The disclosure of the influence of proposed stock dividend distribution upon 2016 operating performance and earnings per share is not applicable.

#### *Appendix 5*

### **Situation of Shareholders' Proposal Rights submitted in the Regular Shareholders' Meeting**

1. The Company, in accordance with the law or regulations, announced matters in MOPS related to shareholders' right to propose motion during the period from March 21, 2017 to March 31, 2017.
2. No shareholders proposed motions during the specified time period.