



Code: 6202

Holtek Semiconductor Inc.

2019 Annual Shareholders' Meeting

Meeting Handbook (Translation)

Meeting Date: May 29, 2019

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 2019 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.

2019 Annual Shareholders' Meeting Procedure

Time: 9:00 a.m., May 29, 2019 (Wednesday)

Location: Edison, HSP link

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

1. Call the meeting to order
2. Chairman's address
3. Reporting items
4. Approval items
5. Discussion items and election of directors
6. Extemporaneous motions
7. Adjournment



Holtek Semiconductor Inc.

2019 Annual Shareholders' Meeting Agenda

Time: 9:00 a.m., May 29, 2019 (Wednesday)

Location: Edison, HSP link

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

1. Call the meeting to order
2. Chairman's address
3. Reporting items
 - (1) 2018 business report
 - (2) Audit Committee's review report
 - (3) 2018 employee' bonus and directors' remuneration
4. Approval items
 - (1) Adoption of the 2018 business report and financial statements
 - (2) Adoption of the 2018 earnings distribution
5. Discussion items and election of directors
 - (1) Discussion of cash distribution 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) Amendment to the "Procedures for Lending Funds to Other Parties"
 - (5) Amendment to the "Procedures for Endorsements/Guarantees"
 - (6) Election of the 8th term directors (including independent directors)
 - (7) Permit of directors' engagement in competitive conduct
6. Extemporary motions
7. Adjournment

Reporting items

(1) 2018 business report

Please refer to the 2018 business report on Page 8~10 (Attachment 1).

(2) Audit Committee's review report

Please refer to the Audit Committee's review report on Page 11 (Attachment 2).

(3) 2018 employee' bonus and directors' remuneration

In accordance with the Company's "Articles of Incorporation", 2018 employee' bonus and directors' remuneration are NT\$ 129,225,211 and NT\$ 14,248,357, respectively; both shall be distributed in cash.

Approval items

(1) Adoption of the 2018 business report and financial statements

1) 2018 financial statements were audited by independent auditors, Tseng, Mei-Yu and Yu, Wan-Yuan, of KPMG. Also 2018 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 2018 business report, independent auditors' report and financial statements on Page 8~10 (Attachment 1) and Page 12~27 (Attachment 3).

Resolution:

(2) Adoption of the 2018 earnings distribution

1) The proposal for distribution of 2018 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 2018 earnings distribution chart on Page 28 (Attachment 4).

Resolution:

Discussion items and election of directors

(1) Discussion of cash distribution 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\$111,274,754 to shareholders. Each common shareholder will be entitled to receive cash dividend of NT\$0.492 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 of the Company.
- 3) Upon the approval in the Annual Shareholders' Meeting, it is proposed that the Board of Directors be authorized to determine the record 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 causes, it is proposed to fully authorize the Board of Directors to proceed on the relevant matters.
- 5) Please refer to the 2018 Earnings Distribution Chart on Page 28 (Note 2 of Attachment 4).

Resolution:

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

- 1) In order to conform to the accrual requirement of the Company, the Company plans to amend Article 24 of the Company's "Articles of Incorporation" which illustrates "Employees' compensation may be distributed to employees, including employees from affiliates companies who meet certain qualification determined by the Board of Directors". The aforementioned affiliates companies are subsidiaries which are 100% owned by the Company.
- 2) Comparison Table for the original and amended articles of the Company's "Articles of Incorporation" is available on Page 29 (Attachment 5).

Resolution:

(3) 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 30~47 (Attachment 6).

Resolution:

(4) Amendment to the “Procedures for Lending Funds to Other Parties”

1) In order to conform to the amendments of relevant laws and regulations, the Company plans to amend the Company’s “Procedures for Lending Funds to Other Parties”.

2) Comparison Table for the original and amended articles of the “Procedures for Lending Funds to Other Parties” is available on Page 48~50 (Attachment 7).

Resolution:

(5) Amendment to the “Procedures for Endorsements/Guarantees”

1) In order to conform to the amendments of relevant laws and regulations, the Company plans to amend the Company’s “Procedures for Endorsements/Guarantees”.

2) Comparison Table for the original and amended articles of the “Procedures for Endorsements/Guarantees” is available on Page 51~53 (Attachment 8).

Resolution:

(6) Election of the 8th term directors (including independent directors)

- 1) The tenure of directors of the 7th term will be due on May 26, 2019. In accordance with the Company Act and the Company's "Articles of Incorporation", the Company plans to elect the directors of the 8th term for 9 seats (including 3 seats of independent directors) at the 2019 annual shareholders' meeting.
- 2) Current directors resign after the election of the 8th term Directors (including independent directors). The tenure of directors of the 8th term will start at the end of the annual shareholders' meeting from May 29, 2019 to May 28, 2022, for a period of three years.
- 3) The list of director and independent director candidates is available on Page 54~59 (Attachment 9).

Election results:

(7) 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 8th term directors are submitted to the 2019 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 60~62 (Attachment 10).

Resolution:

Extemporary motions

Adjournment

Attachment
Attachment 1

Holtek Semiconductor Inc.
2018 Business Report

Holtek Semiconductor Inc. (hereinafter referred to as “the Company”) has been established for 20 years since its origins in 1998. Over the past 20 years, and in facing the challenges of the millennium, the global financial crisis and European debt crisis, all of which created increasing macroeconomic uncertainty, the management team and colleagues consistently focused its energies in the enhancement of new IC functional development and technological innovation. The Company has kept up with market trends, in the process releasing a wide range of highly competitive MCUs and Peripheral ICs resulting in stable and healthy growth to achieve excellent and consistent annual returns.

2018 was full of challenges and threats which occurred due to trade friction between China and the United States, resulting in slower global economic growth, rising costs from foundries, and the expansion of the semiconductor industry in China. Fortunately, due to the vibrant global IC market in applications for memory, automotive, smart homes, safety and security, Internet of things (IoT), the Company was able to achieve new high records in revenues and profits. Additionally, the Company has been awarded the "Best Financially Managed Semiconductor Company" for 2018 announced by the Global Semiconductor Association (GSA) for its excellent operating performance and financial results. This was indeed an excellent achievement for the Company as it was the only recipient to come from Taiwan.

The consolidated sales in 2018 were NT\$ 4,863 million, representing a 5% increase YOY, compared with sales of NT\$ 4,615 million in 2017. Due to improvements in product metrics, the gross margin was increased to 49.2%, and net profit attributed to the parent reached NT\$ 1.06 billion in 2018, up by 15% when compared to the 2017 figure which was the highest profit since the establishment of the Company. The EPS had a figure of NT\$ 4.7. The Company's sales of MCUs was NT\$ 3.7 billion, among which, shipments of Touch MCUs exceeded 130 million dice (YoY +8%) and shipments of 32-bit MCUs reach more than 16 million dice (YoY +42%). This excellent performance resulted in the Company gradually achieving wide recognition from global customers and multiple application markets in terms of product development, worldwide agents, product qualities and technical services.

An overview of the Company's operation in 2018 is provided below subdivided into product development, sales & marketing and production management.

Product Development:

In 2018, the Company's product development was mainly focused on the integration of peripheral functions for wearable products, health care & measurement, smart homes, security products and other application products. A series of standard, ASSP and ASIC MCUs with our own HT 8-bit and Arm® Cortex™-M0+/M3 cores were also developed. In 2018, a total of 51 new types of MCUs and Peripheral ICs were launched, which included, Touch Advanced Anti-jamming Standard ASSP

MCUs, 32-bit MCUs, Quick Chargers and Wireless Chargers, Health Care & Measurement specific MCUs (including Body Fat Scales, Glucose Meters, Kitchen Scales, Infrared Temperature Measurement, etc.), Smoke Detectors, Fire Alarms, Infrared Detector specific MCUs, Brushless DC Motors, Brush DC Motor Control specific MCUs, RF Sub-1G Emitter ICs and Display Driver ICs, etc. All of these combine to make the Holtek product line more complete for a wide range of different applications, maintaining strong revenues and growth momentum.

Sales & Marketing:

In 2018, revenues from China and Hong Kong based customers accounted for 76% of total sales showing an increase of 10% over the previous year. Due to the demands from the PC industry reducing, revenues from Taiwan based customers dropped and accounted for 10%, while revenues from other areas accounted for 14%, showing a reduction from the previous year due to the decline of European e-banking and business in central and South America. The global best-performing market still remains in China, which showed a 12% increase in revenues in 2018, mainly because China is the world's largest consumer electronics manufacturing area and the Company's sales agents are quite close to local production which increases opportunities to rapidly and easily integrate into products.

Production Management:

In 2018, the shipments of ICs grew by about 5% within which shipments of MCUs increased over 8%. With wafer production capacity at its limit and with increased wafer costs, production management and cost controls became very important in 2018. The Company's sales and production departments were required to work closely together to supply customer market demands in close coordination with the upstream and downstream manufacturers to meet customers' delivery requirements and maintain the stability of both supply and delivery.

An overview of Holtek's 2019 overall business is provided below:

In 2019, encountering the global economic growth slowdown, the US-China trade conflicts, Brexit difficulties and declining GDP growth in China, coupled with risks such as inflation and monetary constraints, the global economic forecast was generally lowered. As a result, the company remained cautious about 2019 developments. In this regard, the business team not only continued with new product planning and developments, application product markets and other aspects, but also actively strengthened its innovation to break through the impact of the above mentioned global economic challenges and fierce competition in China.

Regarding product development, the Company's main areas were focused in health care & measurement, RF wireless communications, security products, image recognition, electric vehicle and tool chargers, 32-bit MCUs, BLDC servo motors, home appliances, Internet of things (IoT) and NB IoT, intelligent toy application modules, etc. Additionally the Company was also engaged in the development of highly functionally integrated MCUs and peripheral ICs while continuing to invest in research and development while also strengthening its development efforts in the area of sensor

modules. All of this combined to strengthen the integrity and competitiveness of the Company in a wide range of application products as well as in the important area of IoT applications.

In terms of marketing management, the Company actively promoted the application of existing MCUs and peripheral ICs in home appliances, home security, wearables, lithium battery handheld applications, automotive, instrumentation, etc. Promotional efforts were expanded in the European, American, Japanese, South Korean and other regional areas in addition to developing new markets and customers in emerging developing countries. The Company's 2019 business focus was not only to strengthen localized sales promotion and technical services in India, but also to actively expand its market analysis and promotional operations in Southeast Asian countries including Vietnam, Thailand, Indonesia and other countries with outward bound policies. In addition to reducing the risk of being overly concentrated in the China regional areas, this strategy will permit an expansion of its global market share and continuously increase its overall revenues.

Regarding production in 2019, the Company's production and R&D departments will be actively reviewing their process technologies and contracted production abilities to reduce costs and improve its dispersed production ability. These improvements will help to offset the impact of rising wafer costs and improve product quality, strengthen reliability, improve production times in addition to reducing costs. In addition, the Company has maintained close cooperation with wafer foundries, packaging and testing companies to enhance these long-term relationships. With good cost controls and maintaining sufficient foundry production capacity, the Company will ensure that product costs and short lead times will be continuously improved.

In 2019, the Company will integrate more resources to launch new functions within more advanced MCU products that customers require. All personnel will adhere to a consistent, steady, positive and pragmatic working philosophy in implementing their professional working tasks. Even when facing the negative aspects of recent global economic developments and severe competition and challenges in the Chinese semiconductor industry, the Company's management team will spare no efforts to fully implement all responsibilities in 2019, in order to continue to create business growth and forge ahead to implement its vision and goals for the 20 years ahead.

We sincerely thank all of Holtek's shareholders for their continuous support and encouragement. Our management team will continue to build on our already established firm foundation for sustained continued growth in its wide and varied MCU application markets well into the future to provide stable performance and profitability for all our shareholders.

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



Attachment 2

Holtek Semiconductor Inc.

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 business report, financial statements and proposal for distribution of profits. The CPA firm of KPMG was retained to audit Holtek's financial statements and has issued an audit report relating to the financial statements. The business report, financial statements, and earning distribution proposal have been reviewed 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. 2019 Annual Shareholders' Meeting

Holtek Semiconductor Inc.

Chairman of the Audit Committee: Lu, Cheng-Yueh

March 06, 2019

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, 2018 and 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity, and consolidated statement of cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, 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(15) “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 and 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(9) "Summary of Significant Accounting Policies – Inventories", Note 5 "Major Sources of Accounting Judgments, Estimations and Assumptions of Uncertainty", and Note 6(6) "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, 2018 and 2017, on which we have issued an unmodified opinion.

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 Tseng, Mei-Yu and Yu, Wan-Yuan.

KPMG

Hsinchu, Taiwan (Republic of China)

January 28, 2019

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, 2018 and 2017

(Expressed in thousands of New Taiwan Dollars)

| | | December 31, 2018 | | December 31, 2017 | | | | December 31, 2018 | | December 31, 2017 | |
|----------------------------|--|----------------------------|-------------------|--------------------------|-------------------|---------------------------------|---|----------------------------|-------------------|--------------------------|-------------------|
| Assets | | Amount | % | Amount | % | Liabilities and Equity | | Amount | % | Amount | % |
| Current assets: | | | | | | Current liabilities: | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | \$ 1,517,632 | 27 | 1,391,728 | 26 | 2150 | Notes payable | \$ 125,021 | 2 | 146,854 | 3 |
| 1110 | Financial assets measured at fair value through profit or loss-current (note 6(2)) | 486,555 | 9 | 582,902 | 11 | 2170 | Accounts payable | 489,388 | 9 | 454,078 | 8 |
| 1170 | Notes and accounts receivable, net (note 6(5)) | 97,604 | 2 | 115,164 | 2 | 2201 | Salary payable | 281,788 | 5 | 276,046 | 5 |
| 1180 | Accounts receivable from related parties (note 6(5) and 7) | 749,789 | 13 | 755,407 | 14 | 2230 | Current income tax liabilities | 97,904 | 2 | 85,271 | 2 |
| 130X | Inventories (note 6(6)) | 654,866 | 12 | 594,589 | 11 | 2300 | Other current liabilities | <u>85,382</u> | <u>2</u> | <u>106,539</u> | <u>2</u> |
| 1476 | Other financial assets — current (notes 6(7) and 8) | 784,175 | 14 | 711,632 | 13 | | | <u>1,079,483</u> | <u>20</u> | <u>1,068,788</u> | <u>20</u> |
| 1470 | Other current assets | <u>31,490</u> | <u>1</u> | <u>27,632</u> | <u>1</u> | Non-current liabilities: | | | | | |
| | | <u>4,322,111</u> | <u>78</u> | <u>4,179,054</u> | <u>78</u> | 2570 | Deferred tax liabilities (note 6 (12)) | 166,610 | 3 | 114,988 | 2 |
| | | | | | | 2640 | Net defined benefit liabilities (note 6 (11)) | 76,602 | 1 | 72,938 | 1 |
| | | | | | | 2645 | Guarantee deposit received | <u>8,706</u> | <u>-</u> | <u>8,710</u> | <u>-</u> |
| Non-current assets: | | | | | | | | <u>251,918</u> | <u>4</u> | <u>196,636</u> | <u>3</u> |
| 1550 | Equity instruments measured at fair value through other comprehensive income — non-current (note 6(3)) | 265,161 | 5 | - | - | Total liabilities | | <u>1,331,401</u> | <u>24</u> | <u>1,265,424</u> | <u>23</u> |
| 1543 | Financial assets carried at cost — non-current (note 6(4)) | - | - | 259,446 | 5 | Equity (notes 6(13)) : | | | | | |
| 1550 | Investments accounted for using equity method (notes 6(8) and 7) | 449,015 | 8 | 419,129 | 8 | | Equity attributable to shareholders of the parent | | | | |
| 1600 | Property, plant and equipment (notes 6(9)) | 398,515 | 7 | 414,729 | 8 | 3110 | Ordinary share capital | 2,261,682 | 41 | 2,261,682 | 42 |
| 1840 | Deferred tax assets (note 6 (12)) | 69,706 | 1 | 49,503 | 1 | 3200 | Capital surplus | 142,309 | 3 | 142,309 | 3 |
| 1900 | Other non-current assets | <u>50,992</u> | <u>1</u> | <u>42,409</u> | <u>-</u> | 3300 | Retained earnings | 1,832,565 | 33 | 1,699,004 | 32 |
| | | <u>1,233,389</u> | <u>22</u> | <u>1,185,216</u> | <u>22</u> | 3400 | Other equity | <u>(37,386)</u> | <u>(1)</u> | <u>(31,756)</u> | <u>(1)</u> |
| | | | | | | | Total equity attributable to shareholders of the parent | <u>4,199,170</u> | <u>76</u> | <u>4,071,239</u> | <u>76</u> |
| | | | | | | 36XX | Non-controlling interests | <u>24,929</u> | <u>-</u> | <u>27,607</u> | <u>1</u> |
| | | | | | | | Total equity | <u>4,224,099</u> | <u>76</u> | <u>4,098,846</u> | <u>77</u> |
| Total assets | | <u><u>\$ 5,555,500</u></u> | <u><u>100</u></u> | <u><u>5,364,270</u></u> | <u><u>100</u></u> | | Total liabilities and equity | <u><u>\$ 5,555,500</u></u> | <u><u>100</u></u> | <u><u>5,364,270</u></u> | <u><u>100</u></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, 2018 and 2017
(Expressed in thousands of New Taiwan Dollars, except for Earnings per Share)

| | | 2018 | | 2017 | |
|------|--|---------------------|------------|------------------|-----------|
| | | Amount | % | Amount | % |
| 4000 | Revenues (notes 6(16) 、 7) | \$ 4,862,807 | 100 | 4,614,917 | 100 |
| 5000 | Cost of Goods Sold (notes 6(6) 、 (11) 、 (15) 、 7 and 12) | <u>2,455,833</u> | <u>51</u> | <u>2,425,457</u> | <u>53</u> |
| | Gross profits | 2,406,974 | 49 | 2,189,460 | 47 |
| 5910 | Unrealized gross profits on sales to associates | <u>12,624</u> | <u>-</u> | <u>27,374</u> | <u>1</u> |
| | Realized gross profits | <u>2,394,350</u> | <u>49</u> | <u>2,162,086</u> | <u>46</u> |
| | Operating expenses (notes 6 、 (11) 、 (15) and 12) : | | | | |
| 6100 | Selling | 115,839 | 2 | 108,576 | 2 |
| 6200 | General and administrative | 381,627 | 8 | 367,250 | 8 |
| 6300 | Research and development | 783,088 | 16 | 742,949 | 16 |
| 6450 | Expected credit impairment loss (notes 6(5)) | <u>3,066</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>1,283,620</u> | <u>26</u> | <u>1,218,775</u> | <u>26</u> |
| | Operating income | <u>1,110,730</u> | <u>23</u> | <u>943,311</u> | <u>20</u> |
| | Non-operating income and expenses: | | | | |
| 7020 | Other gains and losses (notes 6(17)) | 15,471 | 1 | 33,956 | 1 |
| 7070 | Investment income accounted for using equity method (note 6(8)) | 97,105 | 2 | 81,967 | 2 |
| 7100 | Interest income | 14,568 | - | 10,556 | - |
| 7130 | Dividends income | <u>7,715</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| | | <u>134,859</u> | <u>3</u> | <u>126,479</u> | <u>3</u> |
| | Income before income tax | 1,245,589 | 26 | 1,069,790 | 23 |
| 7950 | Income tax (note 6 (12)) | <u>175,223</u> | <u>4</u> | <u>133,803</u> | <u>3</u> |
| | Net income | <u>1,070,366</u> | <u>22</u> | <u>935,987</u> | <u>20</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)) | (5,618) | - | (5,148) | - |
| 8316 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income | (58,603) | (1) | - | - |
| 8349 | Income tax relating to items that will be not reclassified subsequently (note 6(12)) | <u>1,124</u> | <u>-</u> | <u>875</u> | <u>-</u> |
| | Total items that will not be reclassified subsequently to profit or loss | <u>(63,097)</u> | <u>(1)</u> | <u>(4,273)</u> | <u>-</u> |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences on translation of financial statements of foreign affiliates | (16,569) | - | (9,411) | - |
| 8371 | Exchange differences on translation of financial statements of invested associates accounted for using equity method | (521) | - | 456 | - |
| 8399 | Income tax relating to items that may be reclassified subsequently (note 6(12)) | <u>3,990</u> | <u>-</u> | <u>1,525</u> | <u>-</u> |
| | Total items that may be reclassified subsequently to profit or loss | <u>(13,100)</u> | <u>-</u> | <u>(7,430)</u> | <u>-</u> |
| 8300 | Other comprehensive income | <u>(76,197)</u> | <u>(1)</u> | <u>(11,703)</u> | <u>-</u> |
| | Total comprehensive income | <u>\$ 994,169</u> | <u>21</u> | <u>924,284</u> | <u>20</u> |
| | Net income attributable to: | | | | |
| 8610 | Shareholders of the parent | \$ 1,063,990 | 22 | 926,188 | 20 |
| 8620 | Non-controlling interests | <u>6,376</u> | <u>-</u> | <u>9,799</u> | <u>-</u> |
| | | <u>\$ 1,070,366</u> | <u>22</u> | <u>935,987</u> | <u>20</u> |
| | Total comprehensive income (loss) attributable to: | | | | |
| 8710 | Shareholders of the parent | \$ 987,931 | 21 | 914,470 | 20 |
| 8720 | Non-controlling interests | <u>6,238</u> | <u>-</u> | <u>9,814</u> | <u>-</u> |
| | | <u>\$ 994,169</u> | <u>21</u> | <u>924,284</u> | <u>20</u> |
| | Earnings per share (New Taiwan Dollars) (note 6(14)) | | | | |
| 9750 | Basic earnings per share | <u>\$ 4.70</u> | | <u>4.10</u> | |
| 9850 | Diluted earnings per share | <u>\$ 4.66</u> | | <u>4.06</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, 2018 and 2017
(Expressed in thousands of New Taiwan Dollars)

| | Equity attributed to shareholders of the parent | | | | | | | | | | | |
|---|---|--------------------|------------------|--------------------|--|-------------------------------|--|---|-----------------------------------|---|----------------------------------|------------------|
| | 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 attributed to shareholders of the parent | Non- controlling interests | Total equity |
| | | | | | | | | | | | | |
| Balance as of January 1, 2017 | <u>\$ 2,261,682</u> | <u>159,281</u> | <u>781,525</u> | <u>2,642</u> | <u>784,511</u> | <u>1,568,678</u> | <u>(24,311)</u> | <u>-</u> | <u>(24,311)</u> | <u>3,965,330</u> | <u>18,793</u> | <u>3,984,123</u> |
| Net income for the period | - | - | - | - | 926,188 | 926,188 | - | - | - | 926,188 | 9,799 | 935,987 |
| Other comprehensive income for the period | - | - | - | - | (4,273) | (4,273) | (7,445) | - | (7,445) | (11,718) | 15 | (11,703) |
| Total comprehensive income for the period | - | - | - | - | 921,915 | 921,915 | (7,445) | - | (7,445) | 914,470 | 9,814 | 924,284 |
| Retained earnings | | | | | | | | | | | | |
| Appropriation for legal reserve | - | - | 78,422 | - | (78,422) | - | - | - | - | - | - | - |
| Appropriation for special reserve | - | - | - | 24,312 | (24,312) | - | - | - | - | - | - | - |
| Cash dividends distributed to shareholders | - | - | (109,918) | - | (681,671) | (791,589) | - | - | - | (791,589) | - | (791,589) |
| Changes in associates accounted for using equity method | - | (16,972) | - | - | - | - | - | - | - | (16,972) | - | (16,972) |
| Cash dividends from subsidiaries | - | - | - | - | - | - | - | - | - | - | (7,653) | (7,653) |
| Increase(decrease) in non-controlling interests | - | - | - | - | - | - | - | - | - | - | 6,653 | 6,653 |
| Balance as of December 31, 2017 | <u>2,261,682</u> | <u>142,309</u> | <u>750,029</u> | <u>26,954</u> | <u>922,021</u> | <u>1,699,004</u> | <u>(31,756)</u> | <u>-</u> | <u>(31,756)</u> | <u>4,071,239</u> | <u>27,607</u> | <u>4,098,846</u> |
| Effects of retrospective application | - | - | - | - | - | - | - | 67,290 | 67,290 | 67,290 | - | 67,290 |
| Balance as of January 1, 2018 after adjustments | <u>2,261,682</u> | <u>142,309</u> | <u>750,029</u> | <u>26,954</u> | <u>922,021</u> | <u>1,699,004</u> | <u>(31,756)</u> | <u>67,290</u> | <u>35,534</u> | <u>4,138,529</u> | <u>27,607</u> | <u>4,166,136</u> |
| Net income for the period | - | - | - | - | 1,063,990 | 1,063,990 | - | - | - | 1,063,990 | 6,376 | 1,070,366 |
| Other comprehensive income for the period | - | - | - | - | (4,494) | (4,494) | (12,962) | (58,603) | (71,565) | (76,059) | (138) | (76,197) |
| Total comprehensive income for the period | - | - | - | - | 1,059,496 | 1,059,496 | (12,962) | (58,603) | (71,565) | 987,931 | 6,238 | 994,169 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | | | |
| Appropriation for legal reserve | - | - | 92,202 | - | (92,202) | - | - | - | - | - | - | - |
| Appropriation for special reserve | - | - | - | 7,445 | (7,445) | - | - | - | - | - | - | - |
| Cash dividends distributed to shareholders | - | - | (104,942) | - | (822,348) | (927,290) | - | - | - | (927,290) | - | (927,290) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 1,355 | 1,355 | - | (1,355) | (1,355) | - | - | - |
| Cash dividends from subsidiaries | - | - | - | - | - | - | - | - | - | - | (8,916) | (8,916) |
| Balance as of December 31, 2018 | <u>\$ 2,261,682</u> | <u>142,309</u> | <u>737,289</u> | <u>34,399</u> | <u>1,060,877</u> | <u>1,832,565</u> | <u>(44,718)</u> | <u>7,332</u> | <u>(37,386)</u> | <u>4,199,170</u> | <u>24,929</u> | <u>4,224,099</u> |

(See accompanying notes to consolidated financial statements.)

Chairman: Wu, Chi-Yung

General Manager: Gau, Kuo-Tung

Accounting Manager : Liao, Ming-Tung

Holtek Semiconductor Inc. and Subsidiaries
Consolidated Statements of Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in thousands of New Taiwan Dollars)

| | 2018 | 2017 |
|---|----------------------------|-------------------------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 1,245,589 | 1,069,790 |
| Adjustments: | | |
| Depreciation | 57,598 | 57,019 |
| Amortization | 55,025 | 69,914 |
| Expected credit impairment loss | 3,066 | - |
| Interest income | (14,568) | (10,556) |
| Dividends income | (7,715) | - |
| Investment income accounted for using equity method | (97,105) | (81,967) |
| Gains on disposals of investments accounted for using equity method | - | (17,215) |
| Unrealized gross profit on sales to associates | 12,624 | 27,374 |
| Other items not affecting cash flows, net | 6,893 | 3,558 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in available-for-sale financial assets | 97,382 | (222,513) |
| Increase in accounts receivable (including related parties) | (4,751) | (148,039) |
| Increase in inventories | (71,144) | (90,600) |
| Increase in other operating assets | (18,577) | (2,164) |
| Increase in accounts payable (including related parties) | 19,821 | 34,597 |
| Decrease in net defined benefit liabilities | (1,953) | (1,784) |
| Increase in other operating liabilities | 8,904 | 37,824 |
| Cash flows generated from operations | 1,291,089 | 725,238 |
| Interest received | 14,576 | 10,108 |
| Dividends received | 51,763 | 63,626 |
| Income tax paid | (126,976) | (99,701) |
| Net cash flows generated from operating activities | <u>1,230,452</u> | <u>699,271</u> |
| Cash flows from investing activities: | | |
| Proceeds from disposal of financial assets at fair value through other comprehensive income | 2,972 | - |
| Acquisition of financial assets carried at cost | - | (14,717) |
| Acquisitions of investments accounted for using equity method | - | (12,106) |
| Acquisitions of property, plant and equipment | (47,892) | (34,301) |
| Proceeds from disposals of property, plant and equipment | 797 | 1,544 |
| Increase in refundable deposits | (3,320) | (222) |
| Net cash inflow from subsidiaries | - | 371 |
| Decrease in other financial assets | (57,110) | 448,994 |
| Increase in other non-current assets | (66,068) | (49,271) |
| Dividends received | 7,715 | - |
| Net cash flows generated from investing activities | <u>(162,906)</u> | <u>340,292</u> |
| Cash flows from financing activities: | | |
| Cash dividends paid | (927,290) | (791,589) |
| Decrease (increase) in non-controlling interests | (11,823) | (4,703) |
| Net cash flows used in financing activities | <u>(939,113)</u> | <u>(796,292)</u> |
| Effect of foreign exchange changes | (2,529) | (850) |
| Net increase in cash and cash equivalents | 125,904 | 242,421 |
| Cash and cash equivalents at beginning of period | 1,391,728 | 1,149,307 |
| Cash and cash equivalents at end of period | <u><u>\$ 1,517,632</u></u> | <u><u>1,391,728</u></u> |

(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, 2018 and 2017, the statement of comprehensive income, statement of changes in equity, and statement of cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, 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(15) “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(8) "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 Tseng, Mei-Yu and Yu, Wan-Yuan

KPMG

Hsinchu, Taiwan (Republic of China)

January 28, 2019

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, 2018 and 2017

(Expressed in thousands of New Taiwan Dollars)

| | | December 31, 2018 | | December 31, 2017 | | | | December 31, 2018 | | December 31, 2017 | |
|----------------------------|--|--------------------------|------------|--------------------------|------------|-------------------------------|--|--------------------------|------------|--------------------------|------------|
| Assets | | Amount | % | Amount | % | Liabilities and Equity | | Amount | % | Amount | % |
| Current assets: | | | | | | Current liabilities: | | | | | |
| 1100 | Cash and cash equivalents (note 6(1)) | \$ 1,178,768 | 22 | 921,425 | 18 | 2150 | Notes payable | \$ 125,021 | 2 | 146,854 | 3 |
| 1110 | Financial assets measured at fair value through profit or loss — current (note 6(2)) | 486,555 | 9 | 582,902 | 11 | 2170 | Accounts payable | 445,222 | 8 | 403,295 | 8 |
| 1170 | Notes and accounts receivable, net (note 6(3)) | 82,999 | 2 | 101,082 | 2 | 2180 | Accounts payable to related parties (note 7) | 4,816 | - | 7,331 | - |
| 1180 | Accounts receivable from related parties (note 6(3) and 7) | 666,537 | 12 | 684,513 | 13 | 2201 | Salary payable | 250,206 | 5 | 250,133 | 5 |
| 130X | Inventories (note 6(4)) | 532,296 | 10 | 486,732 | 9 | 2230 | Current income tax liabilities | 96,612 | 2 | 82,152 | 2 |
| 1476 | Other financial assets — current (notes 6(5) and 8) | 576,752 | 10 | 670,131 | 13 | 2300 | Other current liabilities | 80,915 | 2 | 78,249 | 1 |
| 1470 | Other current assets | 22,236 | - | 23,298 | - | | | 1,002,792 | 19 | 968,014 | 19 |
| | | 3,546,143 | 65 | 3,470,083 | 66 | | Non-current liabilities: | | | | |
| Non-current assets: | | | | | | 2570 | Deferred tax liabilities (note 6 (10)) | 159,729 | 3 | 110,137 | 2 |
| 1550 | Investments accounted for using equity method (notes 6(6) and 7) | 1,637,140 | 30 | 1,508,655 | 29 | 2640 | Net defined benefit liabilities-non-current (note 6 (9)) | 76,602 | 1 | 72,938 | 1 |
| 1600 | Property, plant and equipment (notes 6(7)) | 151,248 | 3 | 165,050 | 3 | 2645 | Guarantee deposit received | 8,542 | - | 8,542 | - |
| 1840 | Deferred tax assets (note 6 (10)) | 69,706 | 1 | 49,503 | 1 | | | 244,873 | 4 | 191,617 | 3 |
| 1900 | Other non-current assets | 42,598 | 1 | 37,579 | 1 | | Total liabilities | 1,247,665 | 23 | 1,159,631 | 22 |
| | | 1,900,692 | 35 | 1,760,787 | 34 | | Equity (notes 6(11)) : | | | | |
| | | | | | | 3110 | Ordinary share capital | 2,261,682 | 41 | 2,261,682 | 43 |
| | | | | | | 3200 | Capital surplus | 142,309 | 3 | 142,309 | 3 |
| | | | | | | 3300 | Retained earnings | 1,832,565 | 34 | 1,699,004 | 33 |
| | | | | | | 3400 | Other equity | (37,386) | (1) | (31,756) | (1) |
| | | | | | | | Total equity | 4,199,170 | 77 | 4,071,239 | 78 |
| Total assets | | \$ 5,446,835 | 100 | 5,230,870 | 100 | | Total liabilities and equity | \$ 5,446,835 | 100 | 5,230,870 | 100 |

(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, 2018 and 2017****(Expressed in thousands of New Taiwan Dollars, except for Earnings per Share)**

| | | 2018 | | 2017 | |
|------|--|-------------------|-----------|----------------|-----------|
| | | Amount | % | Amount | % |
| 4000 | Revenue (notes 6(14) and 7) | \$ 4,358,758 | 100 | 4,130,794 | 100 |
| 5000 | Cost of Goods Sold (notes 6(4)、(9)、(13)、7 and 12) | 2,274,449 | 52 | 2,235,347 | 54 |
| | Gross profits | 2,084,309 | 48 | 1,895,447 | 46 |
| 5910 | Unrealized gross profit on sales to associates | 33,928 | 1 | 38,452 | 1 |
| | Realized gross profits | 2,050,381 | 47 | 1,856,995 | 45 |
| | Operating expenses (notes 6(9)、(13) and 12) : | | | | |
| 6100 | Selling | 98,669 | 2 | 98,272 | 3 |
| 6200 | General and administrative | 253,565 | 6 | 249,816 | 6 |
| 6300 | Research and development | 643,748 | 15 | 628,671 | 15 |
| 6450 | Expected credit impairment loss (notes 6(3)) | 3,066 | - | - | - |
| | | 999,048 | 23 | 976,759 | 24 |
| | Operating income | 1,051,333 | 24 | 880,236 | 21 |
| | Non-operating income and expenses: | | | | |
| 7020 | Other gains and losses (notes 6(15)) | 1,618 | - | 17,166 | - |
| 7070 | Investment income accounted for using equity method (note 6(6)) | 170,610 | 4 | 147,145 | 4 |
| 7100 | Interest income | 9,349 | - | 7,318 | - |
| | | 181,577 | 4 | 171,629 | 4 |
| | Income before income tax | 1,232,910 | 28 | 1,051,865 | 25 |
| 7950 | Income tax (note 6 (10)) | 168,920 | 4 | 125,677 | 3 |
| | Net income | 1,063,990 | 24 | 926,188 | 22 |
| 8300 | Other comprehensive income: | | | | |
| 8310 | Items that will not be reclassified subsequently to profit or loss | | | | |
| 8311 | Remeasurements of the defined benefit plans (notes 6(9)) | (5,618) | - | (5,148) | - |
| 8330 | Unrealized losses from investments in equity instruments measured at fair value through other comprehensive income | (58,603) | (1) | - | - |
| 8349 | Income tax relating to items that will be not reclassified subsequently (notes 6(10)) | 1,124 | - | 875 | - |
| | | (63,097) | (1) | (4,273) | - |
| 8360 | Items that may be reclassified subsequently to profit or loss | | | | |
| 8361 | Exchange differences on translation of financial statements of foreign affiliates | (16,431) | - | (9,426) | - |
| 8371 | Exchange differences on translation of financial statements of invested associates accounted for using equity method | (521) | - | 456 | - |
| 8399 | Income tax relating to items that may be reclassified subsequently (notes 6(10)) | 3,990 | - | 1,525 | - |
| | | (12,962) | - | (7,445) | - |
| 8300 | Other comprehensive income | (76,059) | (1) | (11,718) | - |
| | Total comprehensive income | \$ 987,931 | 23 | 914,470 | 22 |
| | Earnings per share (New Taiwan Dollars) (note 6(12)) | | | | |
| 9750 | Basic earnings per share | \$ 4.70 | | 4.10 | |
| 9850 | Diluted earnings per share | \$ 4.66 | | 4.06 | |

(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, 2018 and 2017

(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, 2017 | \$ 2,261,682 | 159,281 | 781,525 | 2,642 | 784,511 | 1,568,678 | (24,311) | - | (24,311) | 3,965,330 |
| Net income for the period | - | - | - | - | 926,188 | 926,188 | - | - | - | 926,188 |
| Other comprehensive income for the period | - | - | - | - | (4,273) | (4,273) | (7,445) | - | (7,445) | (11,718) |
| Total comprehensive income for the period | - | - | - | - | 921,915 | 921,915 | (7,445) | - | (7,445) | 914,470 |
| Retained earnings | | | | | | | | | | |
| Appropriation for legal reserve | - | - | 78,422 | - | (78,422) | - | - | - | - | - |
| Appropriation for special reserve | - | - | - | 24,312 | (24,312) | - | - | - | - | - |
| Cash dividends distributed to shareholders | - | - | (109,918) | - | (681,671) | (791,589) | - | - | - | (791,589) |
| Changes in associates accounted for using equity method | - | (16,972) | - | - | - | - | - | - | - | (16,972) |
| Balance as of December 31, 2017 | 2,261,682 | 142,309 | 750,029 | 26,954 | 922,021 | 1,699,004 | (31,756) | - | (31,756) | 4,071,239 |
| Effects of retrospective application | - | - | - | - | - | - | - | 67,290 | 67,290 | 67,290 |
| Balance as of January 1, 2018 after adjustments | 2,261,682 | 142,309 | 750,029 | 26,954 | 922,021 | 1,699,004 | (31,756) | 67,290 | 35,534 | 4,138,529 |
| Net income for the period | - | - | - | - | 1,063,990 | 1,063,990 | - | - | - | 1,063,990 |
| Other comprehensive income for the period | - | - | - | - | (4,494) | (4,494) | (12,962) | (58,603) | (71,565) | (76,059) |
| Total comprehensive income for the period | - | - | - | - | 1,059,496 | 1,059,496 | (12,962) | (58,603) | (71,565) | 987,931 |
| Appropriation and distribution of retained earnings: | | | | | | | | | | |
| Appropriation for legal reserve | - | - | 92,202 | - | (92,202) | - | - | - | - | - |
| Appropriation for special reserve | - | - | - | 7,445 | (7,445) | - | - | - | - | - |
| Cash dividends distributed to shareholders | - | - | (104,942) | - | (822,348) | (927,290) | - | - | - | (927,290) |
| Disposal of investments in equity instruments designated at fair value through other comprehensive income | - | - | - | - | 1,355 | 1,355 | - | (1,355) | (1,355) | - |
| Balance as of December 31, 2018 | <u>\$ 2,261,682</u> | <u>142,309</u> | <u>737,289</u> | <u>34,399</u> | <u>1,060,877</u> | <u>1,832,565</u> | <u>(44,718)</u> | <u>7,332</u> | <u>(37,386)</u> | <u>4,199,170</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 Cash Flows
For the years ended December 31, 2018 and 2017
(Expressed in thousands of New Taiwan Dollars)

| | <u>2018</u> | <u>2017</u> |
|--|---------------------|-------------------|
| Cash flows from operating activities: | | |
| Income before income tax | \$ 1,232,910 | 1,051,865 |
| Adjustments: | | |
| Adjustments to reconcile profit (loss) | | |
| Depreciation | 33,247 | 32,959 |
| Amortization | 54,186 | 69,433 |
| Expected credit impairment loss | 3,066 | - |
| Interest income | (9,349) | (7,318) |
| Investments income accounted for using equity method | (170,610) | (147,145) |
| Unrealized gross profit on sales to associates | 33,928 | 38,452 |
| Other items not affecting cash flows, net | 6,379 | 3,325 |
| Changes in operating assets and liabilities: | | |
| Decrease (increase) in available-for-sale financial assets | 97,382 | (222,513) |
| Decrease (increase) in accounts receivable (including related parties) | 32,993 | (164,069) |
| Increase in inventories | (53,019) | (71,927) |
| Increase in other operating assets | (12,247) | (3,993) |
| Increase in accounts payable | 17,579 | 33,737 |
| Decrease in net defined benefit liability | (1,953) | (1,784) |
| Increase in other operating liabilities | 9,231 | 26,638 |
| Cash flows generated from operations | 1,273,723 | 637,660 |
| Interest received | 9,263 | 7,256 |
| Dividend received | - | 15,585 |
| Income tax paid | (119,958) | (89,364) |
| Net cash flows generated from operating activities | <u>1,163,028</u> | <u>571,137</u> |
| Cash flows from investing activities: | | |
| Acquisitions of investments accounted for using equity method | (3) | - |
| Acquisitions of property, plant and equipment | (19,502) | (20,101) |
| Proceeds from disposals of property, plant and equipment | 33 | - |
| Increase in refundable deposits | (724) | (183) |
| Decrease in other financial assets | 105,908 | 419,314 |
| Increase in other non-current assets | (64,107) | (48,391) |
| Net cash flows generated from investing activities | <u>21,605</u> | <u>350,639</u> |
| Cash flows from financing activities: | | |
| Cash dividends paid | (927,290) | (791,589) |
| Net cash flows used in financing activities | <u>(927,290)</u> | <u>(791,589)</u> |
| Net increase in cash and cash equivalents | 257,343 | 130,187 |
| Cash and cash equivalents at beginning of period | 921,425 | 791,238 |
| Cash and cash equivalents at end of period | <u>\$ 1,178,768</u> | <u>\$ 921,425</u> |

(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.
2018 Earnings Distribution Chart

Unit: NT\$

| | |
|---|-----------------|
| Unappropriated Retained Earnings of Previous Years | 26,786 |
| Plus: | |
| Adjustments to Retained Earnings-Proceeds from Disposal of Equity Instruments measured at Fair Value through Other Comprehensive Income | 1,355,011 |
| Minus: | |
| Remeasurements of Defined Benefit Obligation | (4,493,908) |
| Unappropriated Retained Earnings After Adjustment | (3,112,111) |
| Plus: | |
| Net Income of 2018 | 1,063,989,591 |
| Retained Earnings Available for Distribution | 1,060,877,480 |
| Minus: | |
| Legal Reserve | (106,087,748) |
| Special Reserve | (2,987,150) |
| Distribution Items: | |
| Cash Dividends to Shareholders (Note 1) | (951,715,786) |
| Unappropriated Retained Earnings | \$ 86,796 |

Note 1: The portion of unappropriated retained earnings was proposed to distribute cash of NT\$951,715,786 to shareholders. According to the register of shareholders on the record date, the cash distribution will be entitled to a cash dividend of NT\$4.208 per share. Cash payment shall be rounded to one NTD. If the payout ratio is impacted to change due to the law amendments, amendment registration 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.

Note 2: The portion of legal reserve was proposed to distribute cash of NT\$111,274,754 to shareholders. According to the register of shareholders on the record date, the cash distribution will be entitled to a cash dividend of NT\$0.492 per share. Cash payment shall be rounded to one NTD. If the payout ratio is impacted to change due to the law amendments, 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.

Note 3: The total amount of NT\$1,062,990,540 will be proposed to distribute to shareholders and each shareholder will be entitled to receive a cash dividend of NT\$4.7 per share.

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

Attachment 5

Holtek Semiconductor Inc.

**Comparison Table for the original and 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.</p> <p>However, the Company shall have reserved a sufficient amount to offset its accumulated losses.</p> <p><u>Employees' compensation may be distributed to employees, including employees from affiliates companies who meet certain qualification determined by the Board of Directors.</u></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.</p> <p>However, the Company shall have reserved a sufficient amount to offset its accumulated losses.</p> | <p>The amendments were made for conforming to the accrual requirement of the Company.</p> |
| <p>Article 26</p> <p>(.....)</p> <p>the seventeenth amendment on May 26, 2017 <u>and the eighteenth amendment on May 29, 2019.</u></p> | <p>Article 26</p> <p>(.....)</p> <p>the sixteenth amendment on May 27, 2016 and the seventeenth amendment on May 26, 2017.</p> | <p>Adjust accordingly.</p> |

Attachment 6

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 2</p> <p>“Assets” mentioned in this Procedure are defined as the following:</p> <ol style="list-style-type: none"> Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities, and asset-backed securities. Real property (including land, houses and buildings, investment property, and construction enterprise inventory) and equipment. Memberships. Patents, copyrights, trademarks, franchise rights, and other intangible assets. <u>Right-of-use assets.</u> <u>Derivative products: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts,</u> | <p>Article 2</p> <p>“Assets” mentioned in this Procedure are defined as the following:</p> <ol style="list-style-type: none"> Investments in stocks, government bonds, corporate bonds, financial bonds, securities representing interest in a fund, depositary receipts, call (put) warrants, beneficial interest securities and asset-backed securities. Real property (including land, houses and buildings, investment property, land use rights and construction enterprise inventory) and equipment. Memberships. Patents, copyrights, trademarks, franchise rights, and other intangible assets. Derivative products: Forward contracts, options contracts, futures contracts, leverage contracts, or swap contracts, and | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|--|---|-------------|
| <p>whose value is derived from <u>a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable; or hybrid contracts combining the above contracts; or hybrid contracts or structured products containing embedded derivatives</u>. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) <u>contracts</u>.</p> <p>7. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own</p> | <p>compound contracts combining the above products, whose value is derived from assets, interest rates, foreign exchange rates, indexes or other interests. The term "forward contracts" does not include insurance contracts, performance contracts, after-sales service contracts, long-term leasing contracts, or long-term purchase (sales) agreements.</p> <p>6. Assets acquired or disposed of in connection with mergers, demergers, acquisitions, or transfer of shares in accordance with law: Refers to assets acquired or disposed through mergers, demergers, or acquisitions conducted under the Business Mergers and Acquisitions Act, Financial Holding Company Act, Financial Institution Merger Act and other acts, or to transfer of shares from another company through issuance of new shares of its own as the consideration therefor (hereinafter "transfer of shares") under Article 156 of the Company Act.</p> <p>7. Other major assets.</p> | |

| Amended Article | Original Article | Explanation |
|--|--|---|
| <p>as the consideration therefor (hereinafter "transfer of shares") under Article 156-<u>3</u> of the Company Act.</p> <p><u>8.</u> Other major assets.</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. Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, filing and public announcement shall be made according to the relevant regulations within two (2) days commencing immediately from the Date of the Event:</p> <p>(1) Acquisition or disposal of real property <u>or right-of-use assets</u> from or to a related party, or acquisition or disposal of assets other than real property <u>or right-of-use assets</u> 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;</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. Should any of the following conditions relating to the Company's acquisition or disposal of assets occurs, filing and public announcement shall be made according to the relevant regulations within two (2) days commencing immediately from the Date of the Event:</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, this shall not apply to</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|---|--|-------------|
| <p>provided, this shall not apply to buying or selling of <u>domestic</u> government bonds or bonds under repurchase and resale agreements, nor subscription or redemption of domestic money market funds issued by securities investment trusts.</p> <p>(2) Merger, spin-off, acquisition or transfer of shares.</p> <p>(3) The transaction losses derived from derivatives reaches the upper limit <u>set out</u> in this Procedures for all or any individual contract.</p> <p>(4) Acquiring or disposing of equipment or <u>right-of-use assets</u> which <u>are</u> for operation purposes, and the counter party to which is not a related party, and the transaction amount of which exceed NT\$500 million.</p> <p>(5) Acquiring the fixed assets through engaging others to build on the company's own land, engaging others to build on rented land, cooperative construction for</p> | <p>buying or selling of government bonds or bonds under repurchase and resale agreements, nor subscription or redemption of domestic money market funds issued by securities investment trusts.</p> <p>(2) Merger, spin-off, acquisition or transfer of shares.</p> <p>(3) The transaction losses derived from derivatives reaches the upper limit <u>set forth in Section 3 Article 14 Paragraph 4 of this Procedures</u> for all or any individual contract.</p> <p>(4) Acquiring or disposing of <u>assets include</u> equipment which is for operation purposes, and the counter party to which is not a related party, and the transaction amount of which exceed NT\$500 million.</p> <p>(5) Acquiring the fixed assets through engaging others to build on the company's own land, engaging others to build on rented land,</p> | |

| Amended Article | Original Article | Explanation |
|--|--|-------------|
| <p>the distribution of houses, cooperative construction for the distribution of shares, cooperative construction for sale, <u>and the counterparty to which is not a related party</u>, and the transaction amount exceeding NT\$ 500 million.</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 <u>domestic</u> government bonds.</p> <p>B.Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds managed</p> | <p>cooperative construction for the distribution of houses, cooperative construction for the distribution of shares, cooperative construction for sale, and the transaction amount exceeding NT\$ 500 million.</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 government bonds.</p> <p>B.Trading of bonds under repurchase/resale agreements, or subscription or redemption of money market funds managed</p> | |

| Amended Article | Original Article | Explanation |
|--|---|-------------|
| <p>by domestic securities investment trust enterprise (SITE).</p> <p>The transaction amount referred to the foregoing subsections shall be calculated as follows:</p> <p>A.The amount of each transaction.</p> <p>B.The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</p> <p>C.The cumulative transaction amount of acquisitions and disposals of real property <u>or right-of-use assets</u> in the same development project within one year (the amount for acquisition and the amount for disposal shall be calculated separately).</p> <p>D.The cumulative transaction amount of acquisitions and disposals of the same</p> | <p>by domestic securities investment trust enterprise (SITE).</p> <p>The transaction amount referred to the foregoing subsections shall be calculated as follows:</p> <p>A.The amount of each transaction.</p> <p>B.The cumulative transaction amount of acquisitions and disposals of the same type of assets with the same transaction counterparty within one year.</p> <p>C.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>D.The cumulative transaction amount of acquisitions and disposals of the same security within one year</p> | |

| Amended Article | Original Article | Explanation |
|--|---|--|
| security within one year (the amount for acquisition and the amount for disposal shall be calculated separately). (.....) | (the amount for acquisition and the amount for disposal shall be calculated separately). (.....) | |
| Article 6 The evaluation procedures of the Company's asset acquisition or disposal are as follows: Except transactions with <u>domestic</u> government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment <u>or right-of-use assets</u> for operation purpose, for acquisition or disposal of real property and equipment by this Company, <u>or right-of-use assets</u> thereof held for business use whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with: For acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's | Article 6 The evaluation procedures of the Company's asset acquisition or disposal are as follows: Except transactions with government institutions, contracting third parties to construct on land owned or rented by the Company, or acquisition of equipment for operation purpose, for acquisition or disposal of real property or equipment by this Company thereof held for business use whose amount reaches 20% of the Company's paid-in capital or NT\$300 million, an appraisal report issued by Professional Appraiser shall be obtained prior to the Date of the Event and the following provisions should be complied with: For acquisition or disposal of assets through auction procedures of courts, the appraisal report or certified public accountant's opinion can be replaced by documents issued by the courts. | The amendments were proposed in accordance with relevant laws and regulations. |

| Amended Article | Original Article | Explanation |
|--|--|---|
| <p>opinion can be replaced by documents issued by the courts.</p> <p>1. If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction should be approved by the Board in advance. The same procedure shall also be followed whenever there is any subsequent change to <u>the terms and conditions of the transaction</u>.</p> <p>(.....)</p> | <p>1. If for any special reason, restricted price, specific price, or special price must be used as a reference for the transaction price, the transaction should be approved by the Board in advance. The same procedure shall also be followed whenever there is any subsequent change to the preceding procedures.</p> <p>(.....)</p> | |
| <p>Article 8</p> <p>The control procedures for the acquisition and disposal of assets by subsidiaries:</p> <p>(.....)</p> <p>4. The paid-in capital or total assets of the Company is the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, <u>relative to paid-in capital or total assets</u>, it reaches a threshold requiring public announcement and regulatory filing.</p> | <p>Article 8</p> <p>The control procedures for the acquisition and disposal of assets by subsidiaries:</p> <p>(.....)</p> <p>4. The paid-in capital or total assets of the Company is the standard applicable to a subsidiary referred to in the preceding paragraph in determining whether, <u>transaction value reaches 20% of the paid-in capital or 10% of the total assets</u>, it reaches a threshold requiring public announcement and regulatory filing.</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |
| <p>Article 11</p> <p>Resolution procedures on related</p> | <p>Article 11</p> <p>Resolution procedures on related</p> | <p>The amendments were proposed in</p> |

| Amended Article | Original Article | Explanation |
|--|--|---|
| <p>party transactions:</p> <p>When the Company acquires or disposes of real property <u>or right-of-use assets</u> thereof from a related party or acquires or disposes of other assets excluding real property <u>or right-of-use assets</u> 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 <u>domestic</u> government bonds, the purchase or redemption of securities with conditions, subscription or redemption of currency market funds managed by domestic securities investment trust enterprise (SITE), the executing department should prepare the following information for submission to Audit Committee and Board of Directors for approval before executing the transaction agreement and making payments:</p> <ol style="list-style-type: none"> 1. The purpose, necessity, and projected benefit from acquiring and disposing the assets. 2. The reason for choosing the related party as the counterparty. 3. With respect to the acquisition of | <p>party transactions:</p> <p>When the Company acquires or disposes of real property thereof from a related party or acquires or disposes of other assets excluding real property 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 government bonds, the purchase or redemption of securities with conditions, subscription or redemption of currency market funds managed by domestic securities investment trust enterprise (SITE), the executing department should prepare the following information for submission to Audit Committee and Board of Directors for approval before executing the transaction agreement and making payments:</p> <ol style="list-style-type: none"> 1. The purpose, necessity, and projected benefit from acquiring and disposing the assets. 2. The reason for choosing the related party as the counterparty. 3. With respect to the acquisition of real property from a related party, information regarding | <p>accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|--|--|---|
| <p>real property <u>or right-of-use assets</u> from a related party, information regarding appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 <u>and</u> Article 13.</p> <p>(.....)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with the Procedures herein.</p> <p>(.....)</p> | <p>appraisal of the reasonableness of the preliminary transaction terms in accordance with Article 12 or Article 13.</p> <p>(.....)</p> <p>The calculation of the transaction amounts referred to in the preceding paragraph shall be made in accordance with <u>Article 30, Paragraph 2 of the Procedures</u> herein.</p> <p>(.....)</p> | |
| <p>Article 12</p> <p>Acquisition of real property related transactions to the reasonableness of the evaluation criteria:</p> <p>Related parties of the Company to acquire real property <u>or right-of-use assets</u>, the transaction costs according to the following methods to assess the reasonableness:</p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property;</p> | <p>Article 12</p> <p>Acquisition of real property related transactions to the reasonableness of the evaluation criteria:</p> <p>Related parties of the Company to acquire real property, <u>in addition to related parties due to inheritance or gift acquire real property; contracted for acquisition of real property or related person at the time of the transaction contract date for more than five years; or the Department entered into with related parties acquired jointly build contract real property and other three cases</u>, the transaction costs according to the following methods <u>to assess the</u></p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|--|--|-------------|
| <p>provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the <u>property or right-of-use assets</u> as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties. Where land and houses thereupon are combined as a single property purchased <u>or leased</u> in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p><u>The Company that acquires real property or right-of-use assets</u></p> | <p><u>reasonableness and a CPA review and expressed specific views:</u></p> <p>1. Based upon the related party's transaction price plus necessary interest on funding and the costs to be duly borne by the buyer. "Necessary interest on funding" is imputed as the weighted average interest rate on borrowing in the year the company purchases the property; provided, it may not be higher than the maximum non-financial industry lending rate announced by the Ministry of Finance.</p> <p>2. Total loan value appraisal from a financial institution where the related party has previously created a mortgage on the property as security for a loan; provided, the actual cumulative amount loaned by the financial institution shall have been 70 percent or more of the financial institution's appraised loan value of the property and the period of the loan shall have been 1 year or more. However, this shall not apply where the financial institution is a related party of one of the trading counterparties.</p> <p>3. Where land and houses</p> | |

| Amended Article | Original Article | Explanation |
|---|--|-------------|
| <p><u>thereof from a related party and appraises the cost of the real property or right-of-use assets thereof in accordance with the preceding two paragraphs shall also engage a CPA to check the appraisal and render a specific opinion.</u></p> <p><u>Where the Company acquires real property or right-of-use assets thereof from a related party and one of the following circumstances exists, the acquisition shall be conducted in accordance with the Article 11, and the preceding three paragraphs do not apply:</u></p> <p>(1) <u>The related party acquired the real property or right-of-use assets thereof through inheritance or as a gift.</u></p> <p>(2) <u>More than 5 years will have elapsed from the time the related party signed the contract to obtain the real property or right-of-use assets thereof to the signing date for the current transaction.</u></p> <p>(3) <u>The real property is acquired through signing of</u></p> | <p>thereupon are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding subsection 1 or 2.</p> | |

| Amended Article | Original Article | Explanation |
|--|--|---|
| <p><u>a joint development contract with the related party, or through engaging a related party to build real property, either on the company's own land or on rented land.</u></p> <p>(4) <u>The real property or right-of-use assets for business use are acquired by the Company with its subsidiaries.</u></p> | | |
| <p>Article 13</p> <p>Things to be resolved when obtaining the real property from the affiliated persons and such <u>evaluation result</u> is below the transaction amount:</p> <p>The Company should comply with the Paragraph 3 <u>and 4</u> if the trading cost is less than the transaction amount, except for the situations which the Company can provide the objective evidence and the precise and reasonable opinions of <u>the real property</u> appraiser and Certified public accountant:</p> <p>1. The related party who acquires undeveloped land or rents land for reconstruction may provide evidence to prove the conformity of one of the following</p> | <p>Article 13</p> <p>Things to be resolved when obtaining the real property from the affiliated persons and such <u>trading cost</u> is below the transaction amount:</p> <p>The Company should comply with the Paragraph 3 if the trading cost is less than the transaction amount, except for the situations which the Company can provide the objective evidence and the precise and reasonable opinions of the professional appraiser and Certified public accountant:</p> <p>1. The related party who acquires undeveloped land or rents land for reconstruction may provide evidence to prove the conformity of one of the following</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|--|--|-------------|
| <p>conditions:</p> <p>(1) The total amount of the undeveloped land appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) <u>Transactions</u> done by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price</p> | <p>conditions:</p> <p>(1) The total amount of the undeveloped land appraised in accordance with the means in the preceding Article, and structures according to the related party's construction cost plus reasonable construction profit are valued in excess of the actual transaction price. The "Reasonable construction profit" shall be deemed the average gross operating profit margin of the related party's construction division over the most recent 3 years or the gross profit margin for the construction industry for the most recent period as announced by the Ministry of Finance, whichever is lower.</p> <p>(2) Completed transactions by unrelated parties within the preceding year involving other floors of the same property or neighboring or closely valued parcels of land, where the land area and transaction terms are similar after calculation of reasonable price discrepancies in floor or area land prices in</p> | |

| Amended Article | Original Article | Explanation |
|---|--|-------------|
| <p>discrepancies in floor or area land prices in accordance with standard property market sale <u>or leasing</u> practices.</p> <p>2. Where a public company acquiring real property, <u>or real property right-of-use assets through leasing</u>, from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p><u>Transactions</u> involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving similarly sized parcels in principle refers to <u>transactions</u> done by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to</p> | <p>accordance with standard property market sale practices.</p> <p>(3) <u>Where the company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of transactions completed for the acquisition of neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</u></p> <p>2. Where a public company acquiring real property from a related party provides evidence that the terms of the transaction are similar to the terms of completed transactions involving neighboring or closely valued parcels of land of a similar size by unrelated parties within the preceding year.</p> <p>Completed transactions involving neighboring or closely valued parcels of land in the preceding paragraph in principle refers to parcels on the same or an adjacent block and within a distance of no more than 500 meters or parcels close in publicly announced current value; transactions involving</p> | |

| Amended Article | Original Article | Explanation |
|--|--|-------------|
| <p>the year preceding the date of occurrence of the acquisition of the real property <u>or right-of-use assets</u> thereof.</p> <p>The Company acquires real property <u>or right-of-use assets</u> thereof from a related party and the results of appraisals conducted <u>which</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) The special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities Exchange Law against the difference between the real property <u>or right-of-use assets</u> transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>The Company has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or have been disposed of, or the leasing contract has been</p> | <p>similarly sized parcels in principle refers to transactions completed by unrelated parties for parcels with a land area of no less than 50 percent of the property in the planned transaction; within the preceding year refers to the year preceding the date of occurrence of the acquisition of the real property thereof.</p> <p>The Company acquires <u>transaction cost of</u> real property thereof from a related party and the results of appraisals conducted in accordance with <u>the preceding article and not contain in paragraph 1 in this Article</u> are uniformly lower than the transaction price, the following steps shall be taken:</p> <p>(1) The special reserve shall be set aside in accordance with Article 41, paragraph 1 of the Securities Exchange Law against the difference between the real property transaction price and the appraised cost, and may not be distributed or used for capital increase or issuance of bonus shares.</p> <p>(2) The independent director members of Audit Committee</p> | |

| Amended Article | Original Article | Explanation |
|--|--|-------------|
| <p>terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</p> <p><u>Where a public company uses the equity method to account for its investment in the Company, then the special reserve called for under Article 41, paragraph 1 of the Securities Exchange Law shall be set aside pro rata in a proportion consistent with the share of public company's equity shares.</u></p> <p>(2) The independent director members of Audit Committee shall take measures according to <u>Article 218</u> of the Company Act.</p> <p>(3) Actions taken pursuant to the <u>preceding</u> two subsections shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment</p> | <p>shall take measures according to Article 14-5 of the Securities Exchange Law.</p> <p>(3) Actions taken pursuant to subsection 1 and 2 shall be reported to a shareholders meeting, and the details of the transaction shall be disclosed in the annual report and any investment prospectus.</p> <p>The Company obtains real property thereof from a related party, it shall also comply with the preceding paragraphs if there is other evidence indicating that the acquisition was contrary to normal business practice.</p> | |

| Amended Article | Original Article | Explanation |
|--|------------------|-------------|
| <p>prospectus.</p> <p><u>The Company that has set aside a special reserve under the preceding paragraph may not utilize the special reserve until it has recognized a loss on decline in market value of the assets it purchased or leased at a premium, or they have been disposed of, or the leasing contract has been terminated, or adequate compensation has been made, or the status quo ante has been restored, or there is other evidence confirming that there was nothing unreasonable about the transaction, and the FSC has given its consent.</u></p> <p>The Company obtains real property or right-of-use assets thereof from a related party, it shall also comply with <u>paragraph 3 and 4</u> if there is other evidence indicating that the acquisition was contrary to normal business practice.</p> | | |

Attachment 7

Holtek Semiconductor Inc.

Comparison Table for the original and amended articles of the “Procedures for Lending Funds to Other Parties”

| Amended Article | Original Article | Explanation |
|--|---|---|
| <p>Article 2 Borrower (.....)</p> <p>The term "financing amount" as used in Paragraph 1, Subsection 2 of this Procedure means the cumulative balance of <u>the Company's</u> short-term financing. When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned <u>or between offshore subsidiary, whose voting shares are 100% owned and the Company, directly or indirectly, by the Company,</u> the total amount for such lending shall not be subject to the limit of fifty percent (50%) of the net worth of the lending subsidiary and the lending amount for any individual entity shall not exceed 40% of the net value of the lending subsidiary. The lending period in this case shall be within one year or one business cycle. If the lending period is over one year or one business cycle, the proposal should</p> | <p>Article 2 Borrower (.....)</p> <p>The term "financing amount" as used in Paragraph 1, Subsection 2 of this Procedure means the cumulative balance of <u>a public company's</u> short-term financing. When there is a lending for funding needs between offshore subsidiaries whose voting shares are 100% owned by the Company, the total amount for such lending shall not be subject to the limit of fifty percent (50%) of the net worth of the lending subsidiary and the lending amount for any individual entity shall not exceed 40% of the net value of the lending subsidiary. The lending period in this case shall be within one year or one business cycle. If the lending period is over one year or one business cycle, the proposal should be summited to the Board of Directors for approval to extend the lending period.</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|---|--|---|
| be summited to the Board of Directors for approval to extend the lending period. | | |
| <p>Article 6 Procedures for handling loans of funds</p> <p>1. Procedure</p> <p>(1) When the Company provides loans or short-term financing, after evaluation by the Company's finance department, it shall be approved by the chairman and then submitted to the Board of Directors for approval by resolution. While discussing during the board meeting, the Board of Directors shall take into full consideration each independent director's opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p> <p>(.....)</p> | <p>Article 6 Procedures for handling loans of funds</p> <p>1. Procedure</p> <p>(1) When the Company provides loans or short-term financing, after evaluation by the Company's finance department, it shall be approved by the chairman and then submitted to the Board of Directors for approval by resolution. While discussing during the board meeting, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting.</p> <p>(.....)</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |
| <p>Article 7 Procedure for Public Announcement and Reporting</p> <p>(.....)</p> <p>3. "Date of occurrence" mentioned in the Procedure means the date</p> | <p>Article 7 Procedure for Public Announcement and Reporting</p> <p>(.....)</p> <p>3. "Date of occurrence" mentioned in the Procedure means the date</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|---|--|--|
| of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the <u>borrower</u> and monetary amount of the transaction, whichever date is earlier. | of <u>trading</u> contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the <u>trading counterparty</u> and monetary amount of the transaction, whichever date is earlier. | |
| Article 11 Implementation (.....) The procedures shall be submitted to the Board of Directors during the board meeting witch shall take into full consideration each independent director's opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u> | Article 11 Implementation (.....) The procedures shall be submitted to the Board of Directors during the board meeting witch shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the board meeting. | The amendments were proposed in accordance with relevant laws and regulations. |

Attachment 8

Holtek Semiconductor Inc.

Comparison Table for the original and amended articles of the “Procedures for Endorsements/Guarantees”

| Amended Article | Original Article | Explanation |
|--|--|---|
| <p>Article 7 Control Procedures for Endorsements/Guarantees Made by Subsidiaries (.....)</p> <p>6. “Date of occurrence” in these procedures means the date of contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the <u>counterparty</u> and monetary amount of the transaction, whichever date is earlier.</p> | <p>Article 7 Control Procedures for Endorsements/Guarantees Made by Subsidiaries (.....)</p> <p>6. “Date of occurrence” in these Regulations means the date of <u>trading</u> contract signing, date of payment, dates of boards of directors resolutions, or other date that can confirm the <u>trading counterparty</u> and monetary amount of the transaction, whichever date is earlier.</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |
| <p>Article 8 Hierarchy of decision-making authority and delegation thereof (.....)</p> <p>While discussing during the board meeting, the Board of Directors shall take into full consideration each independent director's opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u></p> | <p>Article 8 Hierarchy of decision-making authority and delegation thereof (.....)</p> <p>While discussing during the board meeting, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors'</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|--|---|---|
| | meeting. | |
| <p>Article 10 Announcing and reporting procedures (.....)</p> <p>2. In addition to monthly public announcement and reports on the balance amount of endorsements/guarantees, if the amount of endorsement/guarantee by the Company and its subsidiaries reaches any one of the following thresholds, the finance department shall make public announcement and report within two (2) days from the date of occurrence of the event: (.....)</p> <p>(3) The balance amount of endorsements/guarantees made by the Company and subsidiaries for single enterprise reaches NT\$10 million or more and the combined balance amount of endorsements/guarantees, <u>carrying amount of investments accounted for using equity method</u> and lending funds to other parties reaches 30% or more of the net worth of the Company in</p> | <p>Article 10 Announcing and reporting procedures (.....)</p> <p>2. In addition to monthly public announcement and reports on the balance amount of endorsements/guarantees, if the amount of endorsement/guarantee by the Company and its subsidiaries reaches any one of the following thresholds, the finance department shall make public announcement and report within two (2) days from the date of occurrence of the event: (.....)</p> <p>(3) The balance amount of endorsements/guarantees made by the Company and subsidiaries for single enterprise reaches NT\$10 million or more and the combined balance amount of endorsements/guarantees, long-term investment and lending funds to other parties reaches 30% or more of the net worth of the Company in the financial statements for the latest period.</p> | <p>The amendments were proposed in accordance with relevant laws and regulations.</p> |

| Amended Article | Original Article | Explanation |
|--|---|--|
| the financial statements for the latest period. (.....) | (.....) | |
| Article 14 Implementation (.....) While discussing during the board meeting, the Board of Directors shall take into full consideration each independent director's opinions. <u>If an independent director objects to or expresses reservations about any matter, it shall be recorded in the minutes of the Board of Directors meeting.</u> | Article 14 Implementation (.....) While discussing during the board meeting, the Board of Directors shall take into full consideration each independent director's opinions; the independent directors' opinions specifically expressing assent or dissent and the reasons for dissent shall be included in the minutes of the Board of Directors' meeting. | The amendments were proposed in accordance with relevant laws and regulations. |

Attachment 9

Holtek Semiconductor Inc.

List of Director and Independent Director Candidates

| Title | Name | Shareholdings (shares)(Note 1) | Education & Professional Qualifications | Current Positions |
|----------|---------------|-----------------------------------|--|---|
| Director | Wu, Chi-Yung | 7,665,809 | 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 Semiconductor (Xiamen) Inc., Holtek Semiconductor (China) Inc., Holtek Investment Co., Ltd., 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 | General Manager, Holtek |

| Title | Name | Shareholdings (shares)(Note 1) | Education & Professional Qualifications | Current Positions |
|-------|------|-----------------------------------|--|---|
| | | | Engineering Department, Hwa Hsia University of Technology General Manager, Holtek Semiconductor Inc. | Semiconductor Inc. Representative of a juridical person director, Holtek Semiconductor Holding (BVI) Ltd., Kingtek Semiconductor Holding (BVI) Ltd., Sigmos Holdings Ltd., Holtek Semiconductor (USA) Inc., Holtek Semiconductor (India) Private Limited, MCU Holdings Ltd., Holtek Semiconductor (China) Inc., Holtek Semiconductor (Xiamen) Inc., BestComm RF Electronics (Dongguan) Inc., Best Health Electronics (Dongguan) Corporation, Holtek Investment Co., Ltd., BestComm RF Electronics Inc., Best Solution Technology Inc., Signal Electronic Co. Ltd. and Gingy Technology Co. Chairman and General Manager, Holtek Semiconductor (Suzhou) Inc. |

| Title | Name | Shareholdings (shares)(Note 1) | Education & Professional Qualifications | Current Positions |
|----------|---------------------|-----------------------------------|--|--|
| Director | Chang, Chih | 1,111,785 | Master of Electrical Engineering Department, National Cheng Kung University Executive Vice President of Design and Product Center, Holtek Semiconductor Inc. | 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. |
| Director | Lin, Cheng-Fung | 1,842,697 | Bachelor of Electronic Engineering Department, Feng Chia University Vice President of President's Office, Holtek Semiconductor Inc. | Vice President of President's Office, Holtek Semiconductor Inc. Representative of a juridical person director, Sigmos Holdings Ltd., MCU Holdings Ltd., Best Health Electronics Corporation and Best Power Electronics Corporation |
| Director | Tsai, Jung-Tsung | 322,684 | Bachelor of Automatic Control Engineering Department, | Vice President of Sales & Marketing Center, Holtek Semiconductor Inc. Representative of a juridical person director, Holtek |

| Title | Name | Shareholdings (shares)(Note 1) | Education & Professional Qualifications | Current Positions |
|-------|------|-----------------------------------|--|---|
| | | | <p>Feng Chia University</p> <p>Vice President of Sales & Marketing Center, Holtek Semiconductor Inc.</p> | <p>Semiconductor (USA) Inc., Santek Holdings Ltd., Santek Electronics (Xiamen) Ltd., Newtek Electronics Ltd., Newtek Electronics (Shenzhen) Ltd., New Wave Electronics Holding Ltd., Truetek Technology Ltd., Truetek Technology (Shanghai) Ltd., E-Micro Technology Holding Ltd., E-Micro Technology (Qingdao) Ltd., ForIc Electronics Holding Ltd., ForIc Electronics (Beijing) Ltd., Crown Rich Technology Holding Ltd., Crown Rich Technology (Shenzhen) Ltd., Quanding Technology Holding Ltd., Quanding Technology (Suzhou) Ltd., Tech Wave Ltd., 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 (China) Inc.</p> |

| Title | Name | Shareholdings (shares)(Note 1) | Education & Professional Qualifications | Current Positions |
|-------------------------|---------------------|-----------------------------------|--|---|
| | | | | and Holtek Semiconductor (India) Private Limited |
| Director | Wang, Jen-Chung | 2,137,209 | Master of Institute of Technology Management, Nation Tsing Hua University Vice President of Resource Management Center, Holtek Semiconductor Inc. | Representative of a juridical person director, LiVE Technology Co., Ltd. |
| Independent Director | Lu, Cheng-Yueh | - | Master of Accounting Department, Soochow University CFA, LEE, LIN & CO. | CFA, LEE, LIN & CO. Independent Director, YUAN JEN Enterprises Co., Ltd. |
| Independent Director | Hsing, Chih-Tien | 36,000 | Ph.D., Electrical Department, University of Florida Senior Vice President, Quanta Computer Inc. | Independent Director, Browave Corporation and Innovision Flex Tech Corp. |

| Title | Name | Shareholdings (shares)(Note 1) | Education & Professional Qualifications | Current Positions |
|-------------------------|---------------|-----------------------------------|---|---|
| | | | and President of Quanta Research Institute | |
| Independent Director | Kuo, Tai-Haur | - | Ph.D., Electrical Engineering Department, University of Maryland Professor, Electrical Engineering Department, National Cheng Kung University | Professor, Electrical Engineering Department, National Cheng Kung University Independent Director, ChipMOS Technologies, Inc. |

Note 1: Shareholdings are as of March 31, 2019.

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

- Reasons for continuing to nominate Mr. Lu, Cheng-Yueh to be a candidate for the 8th 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.
- Reasons for continuing to nominate Mr. Hsing, Chih-Tien to be a candidate for the 8th 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.



Attachment 10

Holtek Semiconductor Inc.

The proposed details on release of non-competition restrictions for the 8th term directors

| Title(s) of the Company | Name | Company Name | Title(s) of the Competitive Companies |
|-------------------------|---------------|--|---|
| Director | Chi-Yung Wu | Holtek Semiconductor Holding (BVI) Ltd. Kingtek Semiconductor Holding (BVI) Ltd. BestComm RF Electronics Inc. Holtek Semiconductor (Suzhou) Inc. | Representative of a juridical person director |
| | | Holtek Semiconductor (Xiamen) Inc. Holtek Semiconductor (China) Inc. Holtek Investment Co., Ltd. BestComm RF Electronics Inc. Best Solution Technology Inc. Best Modules Corp. | Chairman |
| | | Greatek Electronics Inc. | Independent director |
| Director | Gau, Kuo-Tung | Holtek Semiconductor Holding (BVI) Ltd. Kingtek Semiconductor Holding (BVI) Ltd. MCU Holdings Ltd. Sigmos Holdings Ltd. Holtek Semiconductor (USA) Inc. Holtek Semiconductor (India) Private Limited Holtek Semiconductor (China) Inc. Holtek Semiconductor (Xiamen) Inc. BestComm RF Electronics (Dongguan) Inc. Best Health Electronics (Dongguan) Corporation Holtek Investment Co., Ltd. BestComm RF Electronics Inc. | Representative of a juridical person director |

| Title(s) of the Company | Name | Company Name | Title(s) of the Competitive Companies |
|-------------------------|------------------|--|---|
| | | Best Solution Technology Inc. Signal Electronic Co. Ltd. Gingy Technology Co. | |
| | | Holtek Semiconductor (Suzhou) Inc. | Chairman and General Manager |
| Director | Chang, Chih | Holtek Semiconductor (Suzhou) Inc. Holtek Semiconductor (Xiamen) Inc. Holtek Investment Co., Ltd. | Representative of a juridical person director |
| Director | Lin, Cheng-Fung | Sigmos Holdings Ltd. MCU Holdings Ltd. Best Health Electronics Corporation Best Power Electronics Corporation | Representative of a juridical person director |
| Director | Tsai, Jung-Tsung | Holtek Semiconductor (USA) Inc. Santek Holdings Ltd. Santek Electronics (Xiamen) Ltd. Newtek Electronics Ltd. Newtek Electronics (Shenzhen) Ltd. New Wave Electronics Holding Ltd. Truetek Technology Ltd. Truetek Technology (Shanghai) Ltd. E-Micro Technology Holding Ltd. E-Micro Technology (Qingdao) Ltd. ForIc Electronics Holding Ltd. ForIc Electronics (Beijing) Ltd. Crown Rich Technology Holding Ltd. Crown Rich Technology (Shenzhen) Ltd. Quanding Technology Holding Ltd. Quanding Technology (Suzhou) Ltd. Tech Wave Ltd. Best Modules Corp. | Representative of a juridical person director |

| Title(s) of the Company | Name | Company Name | Title(s) of the Competitive Companies |
|-------------------------|------------------|---|---|
| | | Signal Electronic Co. Ltd. EST Technology Integration Corp. | |
| | | Holtek Semiconductor (China) Inc. Holtek Semiconductor (India) Private Limited | General Manager and Representative of a juridical person director |
| Director | Wang, Jen-Chung | LiVE Technology Co., Ltd. | Representative of a juridical person director |
| Independent Director | Lu, Cheng-Yueh | YUAN JEN Enterprises Co., Ltd. | Independent Director |
| Independent Director | Hsing, Chih-Tien | Browave Corporation Innovision Flex Tech Corp. | Independent Director |
| Independent Director | Kuo, Tai-Haur | ChipMOS Technologies, Inc. | Independent Director |

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 shall be

handled 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. 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. However, the Company shall have reserved a sufficient amount to offset its accumulated losses.

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 and the seventeenth amendment on May 26, 2017.

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 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 31, 2019: 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 31, 2019, all board members' shareholdings are as follows:

| Title | 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 | 36,000 | 0.02% |
| Independent Director | Kuo, Tai-Haur | -- | -- |
| Total shareholding of all directors (Note 1) | | 20,471,769 | 9.05% |

Note:

1. Independent directors' holdings 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 22, 2019 to April 01, 2019.
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.