

# Holtek Semiconductor Inc.

## 2024 Annual Report

*Notice to readers*

*This English version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English version and Chinese version, the Chinese version shall prevail.*

Taiwan Stock Exchange Market Observation Post System: <https://mops.twse.com.tw>  
Holtek Semiconductor Inc.

Website: [https://www.holtek.com.tw/page/investor\\_relations/Financial\\_Statement/annual\\_report](https://www.holtek.com.tw/page/investor_relations/Financial_Statement/annual_report)

Printed on April 10, 2025

## **I. Spokesperson and Acting Spokesperson Contact Information**

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### Acting Spokesperson

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## **III. Common Share Transfer Agent and Registrar**

Company: the Transfer Agency Department of SinoPac Securities Corporation

Address: 3F, No.17, Bo'ai Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

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## **IV. Independent Auditors**

Auditors: Cheng, An-Chih and Lu, Chien-Hui

Accounting Firm: KPMG

Address: 68F, Taipei 101 Tower, No.7, Sec.5, Xinyi Road, Taipei City 110, Taiwan (R.O.C.)

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## **V. Corporate Website**

[www.holtek.com](http://www.holtek.com)

## **Contents**

<b>I. Letter to the Shareholders.....</b>	<b>1</b>
 <b>II. Corporate Governance</b>	
2.1 Directors and Management Team.....	4
2.2 Remuneration of Directors, General Manager and Vice Presidents.....	20
2.3 Implementation of Corporate Governance.....	29
2.4 Information on the Fees for CPAs.....	75
2.5 Information on the Replacement of CPAs.....	76
2.6 Where the Company's Chairman and Management Team Members in charge of Finance or Accounting Matters has Held a Position at the Accounting Firm of its Independent Auditors or at an Affiliated Enterprise in the Most Recent Year.....	77
2.7 Transfer of Stock Options and Changes in Equity Pledge of Directors, Managers, and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of Annual Report.....	77
2.8 Information Disclosing the Relationship between Any of the Company's Top Ten Shareholders.....	77
2.9 Ownership of Shares in Affiliated Enterprises.....	78
 <b>III. Capital Overview</b>	
3.1 Capital and Shares.....	79
3.2 Status of Corporate Bonds.....	84
3.3 Status of Preferred Shares.....	84
3.4 Status of Global Depository Receipts.....	84
3.5 Status of Employee Stock Option Plan (ESOP).....	84
3.6 Status of New Restricted Employee Shares.....	84
3.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions.....	84
3.8 Financing Plans and Implementation.....	84

#### **IV. Operational Highlights**

4.1 Business Activities.....	85
4.2 Market, Production and Sales Overview.....	98
4.3 Employee Information.....	106
4.4 Information on the Expenditures for Environmental Protection.....	106
4.5 Labor Relations.....	106
4.6 Cyber Security Management.....	110
4.7 Material Contracts.....	113

#### **V. Review of Financial Conditions, Operating Results, and Risk Management**

5.1 Analysis of Financial Status.....	114
5.2 Analysis of Operating Results.....	115
5.3 Analysis of Cash Flow.....	116
5.4 Major Capital Expenditure.....	116
5.5 Investment Policies.....	116
5.6 Risk Management.....	117
5.7 Other Material Events.....	119

#### **VI. Special Disclosure**

6.1 Summary of Affiliated Companies.....	120
6.2 Private Placement Securities.....	120
6.3 Other Supplementary Information.....	120
6.4 The Most Recent Fiscal Year and Up to the Date of This Annual Report Printed, Any Events That Significantly Affects the Shareholders' Equity or Stock Price of the Company as Stated in Subsection 2, Paragraph 3, Article 36 of the Securities and Exchange Act.....	120

## **I. Letter to the Shareholders**

Dear Shareholders,

### **1. 2024 Operational Results**

In 2024, the global microcontroller industry has yet to recover. Suppliers continue to face weak end-market demand, inventory digestion of channel distributors, and intensified competition within the industry, resulting in underwhelming overall performance. Geopolitical tensions between the U.S. and China continue to escalate, prompting certain industries to relocate out of mainland China. Coupled with the real estate downturn in China and consumers tightening their spending, these factors have significantly impacted the end market. The utilization rate of mature process wafer capacity has declined, while supply chain inventory remains high. Increased competition has driven a decline in MCUs prices, which has adversely affected Holtek's annual performance despite a 15% year-over-year growth in MCUs sales volume. The decline in prices led to a drop in overall revenue and profitability compared to the previous year.

In 2024, Holtek recorded consolidated revenue of NT\$2.502 billion, representing a 3.6% decrease compared to NT\$2.596 billion in the previous year. Gross margin decreased to 40.3%, and the company reported a net loss attributable to the parent company of NT\$150 million, with a loss per share of NT\$0.66.

Holtek has continued to diversify its product lines to mitigate market cyclicity, supporting major customers in securing long-term and stable orders to boost revenue. We have also expanded our operations in overseas regions such as India and Southeast Asia to address geopolitical impacts. Additionally, in 2024, we successfully reduced inventory by NT\$450 million, streamlined R&D projects, optimized manpower, and controlled various expenses, all of which yielded significant results, leading to profitability in the fourth quarter. Overall, Holtek's performance in 2024 was less than ideal, with room for improvement. We will continue to make proactive adjustments in 2025.

### **2. 2024 Research and Development**

Holtek remains focused on MCUs products, actively developing ICs for applications in "green energy, smart living, and IoT" to enhance the functionality and performance of our existing MCU products. In 2024, Holtek continued to invest in key technologies, chip development, modules/digital sensors, and algorithm projects. We also launched various new products, including Arm® Cortex®-M4 32-bit MCUs, health measurement, wireless communication, security protection, environmental sensing, BLDC motor control, solar energy storage inverters, lithium battery management, BMduino, and professional modules. These offerings cater to diverse customer application needs and improve product differentiation and production efficiency.

### **3. 2025 Business Strategies and Future Plans**

Holtek has long focused on the R&D and sales of microcontrollers and peripheral components. In addition to offering standard MCUs, we also provide highly integrated application-specific standard product (ASSP) MCUs to avoid the low-price, low-margin competition typical of purely standard products. In particular, our certified health measurement and security protection products benefit from a broad customer base and strong brand recognition.

Building on the technological integration strengths and sales channels established with our 8-bit ASSP MCUs, Holtek is progressively expanding the introduction of 32-bit ASSP MCUs. In addition to enhancing MCU resources and processing speed, these products offer customers upgrade options, further completing the layout of our product portfolio. Furthermore, we are incorporating integrated digital modules, combined with advanced processes and special packaging from wafer foundries, to meet the diverse application needs of different customers. Our product development goal remains focused on continuously improving product quality and performance, providing customers with comprehensive and highly functional solutions.

With the development of Artificial Intelligence of Things (AIoT) and Edge AI, sensors have become key transmission interfaces in smart home and smart industrial control applications. Consequently, MCUs are required to deliver higher processing performance and edge computing capabilities. In response to market trends, Holtek continues to focus on the development of 32-bit MCUs, integrating sensor components and utilizing digital sensor modules to enhance product differentiation and distinguish itself from competitors. Furthermore, to meet the demands of the Edge AI market, Holtek plans to launch a range of application solutions in 2025, including Continuous Glucose Monitoring (CGM), capacitive fingerprint recognition, optical blood pressure monitors, image tracking gimbal control, and Maximum Power Point Tracking (MPPT) for solar energy. We aim to extend product applications into more fields, thereby increasing product gross margins and market share.

As ESG and corporate sustainability continue to gain global attention, Holtek places greater emphasis on developing green, energy-efficient, and low-carbon products. These include BLDC (Brushless DC) motor controller MCUs, IH heating MCUs, energy storage inverters, and comprehensive solutions for two- and three-wheeled electric vehicles, all utilizing highly integrated SoC technology to reduce external components in customers' products. We also provide algorithms and development platforms to help shorten customers' product development cycles. In response to global net-zero carbon emission goals, Holtek is committed to maximizing the efficiency of renewable energy storage, management, and application. Power management plays a critical role in modern battery-powered applications, and integrating smart MCU management significantly enhances product efficiency and safety. Holtek will continue to develop high-performance, low-power-consumption products, improving customers' product safety and competitiveness while staying attuned to key trends in the end market. These efforts will serve as the cornerstone of Holtek's innovation and core competitiveness in 2025.

#### **4. Future development strategies, influenced by external competition, regulations and the overall operating environment**

Looking ahead to the global political and economic landscape in 2025, the outlook remains fraught with numerous risks and challenges. The reintroduction of Trump administration tariffs (Tariff 2.0) is expected to influence the economic trajectory, potentially impacting global inflation and dampening consumer spending. Additionally, under the influence of geopolitical factors, countries are strengthening their domestic semiconductor supply chains, raising concerns over wafer overcapacity and further disrupting supply-demand balance. China's push towards supply chain self-sufficiency is likely to result in continued low-price competition, while its unresolved real estate crisis continues to weigh on the consumer market and industrial environment. Although related subsidy programs and trade-in incentives have been introduced, their actual effectiveness in stimulating the market remains to be seen.

In response to a landscape filled with both challenges and opportunities, Holtek is not only strengthening R&D investments in its core technologies to enhance competitiveness but also

expanding collaborations with major international customers. At the same time, we are actively developing overseas markets such as India and Southeast Asia to drive the next wave of business growth. In remaining committed to operational and ESG balanced development, Holtek will remain focused on both product development and daily life energy conservation and carbon reduction. In doing so, Holtek will continue to create the maximum value for the company to maintain stable profitability for its shareholders and colleagues, as well as fully intending to fulfill its corporate social responsibilities

Finally and most importantly, we take this opportunity to thank all our shareholders for their continued support and encouragement both in the past, present and in the future.

Chairman: Wu, Chi-Yung

President: Tsai, Jung-Tsung

## II. Corporate Governance

### 2.1 Directors and Management Team

#### 2.1.1 Directors

Date: March 31, 2025, Unit: Shares

Title	Nation ality/ Count ry of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience ( Education )	Other Positions	Executives or Directors who are spouses or within two degrees of kinship			Note 1
							Shares	%	Shares	%	Share s	%	Share s	%			Title	Name	Relation	
Chairman	R.O.C.	Bo-Kang Investment Ltd	-	May 24, 2022	3	May 24, 2022	6,578,502	291%	6,578,502	291%	0	0%	0	0%	None	None	None	None	None	None
		Wu Chi-Yung	Male/ 71~75	May 24, 2022	3	Sep. 7, 1998	3,932,905	1.74%	3,932,905	1.74%	0	0%	6,578,502	291%	Bachelor of Electronic Engineering Department, Feng Chia University Chairman, Holtek Semiconductor Inc.	Chairman, Holtek Semiconductor Inc. Representative of a Corporate Director, Holtek Semiconductor Holding (BVI) Ltd., Kingtek Semiconductor Holding (BVI) Ltd., and Holtek Semiconductor (Suzhou) Inc. Chairman, Holtek Investment Co., Ltd., Best Modules Corp., Xinqun Semiconductor (XIAMEN) Inc., Holtek Semiconductor (China) Independent director, Greatek Electronics Inc.	None	None	None	None
Director	R.O.C.	Tsai, Jung-Tsung	Male/ 61~70	May 24, 2022	3	May 29, 2019	332,684	0.15%	320,000	0.14%	186,580	0.08%	0	0%	Bachelor of Automatic Control Engineering Department, Feng Chia University Vice President of Sales & Marketing Center, Holtek	General Manager, Holtek Semiconductor Inc. Representative of a Corporate Director, Holtek Semiconductor Holding (BVI) Ltd., Holtek Semiconductor (USA) Inc., MCU Holdings Ltd., Best Health Electronics	None	None	None	None



Title	Nationality/ Country of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Executives or Directors who are spouses or within two degrees of kinship			Note 1
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
															Semiconductor Inc.	Corporation, Best Health Electronics (Dongguan) Corporation, Best Modules Corp., Best Modules (Xiamen) Corp., Santek Holdings Ltd., Santek Electronics HK Limited, Newtek Electronics Ltd., Newtek Electronics HK Limited, New Wave Electronics Holding Ltd., Truetek Technology Ltd., Truetek Technology HK Limited, E-Micro Technology Holding Ltd., E-Micro Technology (Qingdao) Ltd., Forlc Electronics Holding Ltd., Forlc Electronics (Beijing) Ltd., Forlc Electronics HK Limited, Crown Rich Technology Holding Ltd., Crown Rich Technology (Shenzhen) Ltd., Quanding Technology Holding Ltd., Quanding Technology (Suzhou) Ltd., Quanding Technology HK Limited, Tech Wave Ltd., Tech Wave (Shenzhen) Ltd., Xinqun Semiconductor (Xiamen) Inc. Holtek Semiconductor (China) Inc. Best Modules Corp., Signal Electronic Co. Ltd.				

Title	Nation ality/ Count ry of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Executives or Directors who are spouses or within two degrees of kinship			Note 1
							Shares	%	Shares	%	Share s	%	Share s	%			Title	Name	Relation	
Director	R.O.C.	Gau, Kuo-Tung	Male/ 61~70	May 24, 2022	3	Sep. 7, 1998	6,701,176	296%	6,701,176	296%	0	0%	0	0%	Bachelor of Electronic Engineering Department, Hwa Hsia University of Technology President, Holtek Semiconductor Inc	Director of Holtek Semiconductor Inc. Representative of a Corporate Director, Kingtek Semiconductor Holding(BVI) Ltd.,Sigmos Holdings Ltd.,Holtek Semiconductor (USA) Inc., Holtek Investment Co., Ltd., Best Modules Corp. Chairman and General Manager of Holtek Semiconductor (Suzhou) Inc.	None	None	None	None
Director	R.O.C.	Chang, Chi	Male/ 61~70	May 24, 2022	3	June 1, 2004	1,111,785	0.49%	1,111,785	0.49%	276,389	0.12%	0	0%	Master of Electrical Engineering Department, National Cheng Kung University  Executive Vice President of Design and Product Center, Holtek Semiconductor Inc.	Executive Vice President, Office of the General Manager, Holtek Semiconductor Inc.  Representative of a Corporate Director, Holtek Semiconductor (Suzhou) Inc., Holtek Investment Co., Ltd.	None	None	None	None
Director	R.O.C.	Liu, Yuan-Ho	Male/ 61~70	May 24, 2022	3	May 24, 2022	50,422	0.02%	50,422	0.02%	10,000	0.00%	0	0%	Bachelor of Electronic Engineering Department, National Taipei University of Technology  Vice President of Product Center, Holtek Semiconductor Inc.	Vice President of Product Center, Holtek Semiconductor Inc.	None	None	None	None

Title	Nation ality/ Count ry of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Executives or Directors who are spouses or within two degrees of kinship			Note 1
							Shares	%	Shares	%	Share s	%	Share s	%			Title	Name	Relation	
Director	R.O.C.	Wang, Min-Kun	Male/ 61~70	May 29, 2023	3	May 29, 2023	27,349	0.01%	27,349	0.01%	1,000	0.00%	0	0%	Bachelor of Electronic Engineering Department, National Taiwan Institute of Technology Vice President of Product Center, Holtek Semiconductor Inc.	Vice President of Product Center, Holtek Semiconductor Inc. Fine Chip Electronics Inc., Fine Chip Electronics (Shanghai) Inc., Anchip Technology Corporation, JXY Electronics Corporation, JXY Electronics (Shenzhen) Corporation, Best Health Electronics Corporation, Best Health Electronics (Dongguan) Corporation, Best Health Electronics HK Limited, Best Solution Electronic Inc., Best Solution Technology Inc., and Best Solution Technology (Dongguan) Inc.	None	None	None	None
Independ ent Director	R.O.C.	Hsing, Chih-Tien	Male/ 76~80	May 24, 2022	3	June 1, 2004	36,000	0.02%	36,000	0.02%	0	0%	0	0%	Ph.D., Electrical Department, University of Florida Senior Vice President, Quanta Computer Inc. and President of Quanta Research Institute	Independent Director of Holtek Semiconductor Inc.	None	None	None	None
Independ ent Director	R.O.C.	Hsu, Jui-Ting	Female /51~60	May 24, 2022	3	May 24, 2022	0	0%	0	0%	0	0%	0	0%	Bachelor of Accounting Department, Tunghai University AVP of	Associate Vice President of Management, Evest Corporation Independent Director of Holtek Semiconductor	None	None	None	None

Title	Nation ality/ Count ry of Origin	Name	Gender / Age	Date Elected	Term (Years)	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Executives or Directors who are spouses or within two degrees of kinship			Note 1
							Shares	%	Shares	%	Share s	%	Share s	%			Title	Name	Relation	
															Management, Evest Corporation	Inc.				
Independ ent Director	R.O.C.	Li, Pei-Ying (Note 2)	Female /51~60	May 29, 2024	3	June 15, 2010	0	0%	0	0%	0	0%	0	0%	University of California, Riverside Institute of Business Administration National Yang Ming Chiao Tung University Institute of Technology Law Deloitte Touche Tohmatsu Limited Assistant Manager  Holtek Semiconductor Inc. Vice President	Managing Attorney-at-Law, Eternity Law Firm, Hsinchu Branch. Chairman, Insight Consulting Corporation. Principal Accountant, Patty Li CPA Firm. Independent Director, Harvatek Corporation Director, Kabin Hotel Co., Ltd.  Independent Director of Holtek Semiconductor Inc.	None	None	None	None

Note 1: If the Chairperson and the President (or equivalent highest-ranking executive) are the same person, or if they are spouses or first-degree relatives, the Company shall disclose the reasons, rationality, necessity, and corresponding measures (e.g., increasing the number of independent directors or ensuring that a majority of directors are not concurrently employees or managers). Not applicable.

Note 2: Independent Director Ms. Pei-Ying, Li previously served as a director of the Company from June 15, 2010 to May 26, 2019, and resigned due to retirement. She was appointed as an Independent Director on May 29, 2024.

### Form 1: Major Shareholders of Corporate Shareholders

March 31, 2025

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholders (shareholding %)
Bo-Kang Investment Ltd.	Chang, An-Hua(42%) 、Wu, Chi-Yung(58%)

### 2.1.2 Professional Qualifications of Directors and Disclosure of Independence for Independent Directors

Criteria Name	Professional qualifications and experience (Note)	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Chairman Bo-Kang Investment Ltd. Representative Wu, Chi-Yung	Mr. Wu has accumulated over 40 years of practical experience in the semiconductor industry with a focus in strategic management, industry knowledge, leadership skills and day to day operations. There are no violations arising out of Article 30 of the Company Act.	Not applicable	1
Director Tsai, Jung-Tsung	Mr. Tsai has over 28 years of professional experience in the MCU product market, with strengths in operational judgment, strategic decision-making, crisis management, and international market insight. He also has extensive experience in marketing, sales, and strategic planning. He is not subject to any disqualifying conditions under Article 30 of the Company Act.	Not applicable	0
Director Gau, Kuo-Tung	Mr. Gao has over 40 years of experience in decision making and crisis management, practical experience, industry knowledge and international market perspective, with a focus on semiconductor industry management. There are no violations arising out of Article 30 of the Company Act.	Not applicable	0
Director Chang, Chih	Mr. Chang has over 40 years of experience in technology development, crisis management, practical experience and industry knowledge, specializing in operational planning related to the semiconductor industry. There are no violations arising out of Article 30 of the Company Act.	Not applicable	0
Director Liu, Yuan-Ho	Mr. Liu has marketing and technical services, industry knowledge, practical experience, management and decision-making skills. There are no violations arising out of Article 30 of the Company Act.	Not applicable	0
Director Wang, Min-Kun	Mr. Wang has experience in technology development, industry knowledge, practical experience, management and decision-making skills. There are no violations arising out of Article 30 of the Company Act.	Not applicable	0

Criteria Name	Professional qualifications and experience (Note)	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Hsing, Chih-Tien	Mr. Hsing is fully conversant with semiconductor industry chain technological developments and additionally has expertise in corporate governance, technology industry and crisis management. He has served as an independent director for more than three terms (nine years), he is able to provide industry analysis and insight into the application of technology in operational management. During the exercising of his duties as an independent director, this expertise is used to provide supervision and advice to the board. There are no violations arising out of Article 30 of the Company Act.	Comply with the independence requirements, including but not limited to the following matters: The person concerned, his/her spouse and relatives within the second degree of kinship (or in the name of others) hold the shares of the Company in 36,000 shares (0.02%). The person is not a director, supervisor, or employee of an enterprise related to the Company (Reference to the Article 3, Paragraph 1, Paragraphs 5 to 8 of the Rules Governing the Establishment and Compliance of Independent Directors of Publicly Traded Companies). The person concerned do not receive any remuneration for providing business, legal, financial, and accounting services to the Company or its affiliated companies in the past 2 years.	0
Independent Director Hsu, Jui-Ting	Mrs. Hsu has experience in Accounting and financial analysis skills, corporate governance, human resource management, operational management and practical experience. There are no violations arising out of Article 30 of the Company Act.	Comply with the independence requirements, including but not limited to the following matters: The person concerned, his/her spouse and relatives within the second degree of kinship (or in the name of others) do not hold shares of the Company. The person is not a director, supervisor, or employee of an enterprise related to the Company (Reference to the Article 3, Paragraph 1, Paragraphs 5 to 8 of the Rules Governing the Establishment and Compliance of Independent Directors of Publicly Traded Companies). The person concerned do not receive any remuneration for providing business, legal, financial, and accounting services to the Company or its affiliated companies in the past 2 years.	0

Criteria Name	Professional qualifications and experience (Note)	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Independent Director
Independent Director Li, Pei-Ying	Ms. Li holds professional qualifications as both a lawyer and a CPA, with expertise in financial management and corporate governance. She possesses industry knowledge, practical experience, and strong managerial and decision-making capabilities. She is also a certified lecturer in finance, taxation, corporate governance, and ESG sustainability. She is not subject to any disqualifying conditions under Article 30 of the Company Act.	Meets independence requirements, including but not limited to: neither the individual, their spouse, nor relatives within the second degree of kinship serve as a director, supervisor, or employee of the Company or its affiliates; neither the individual nor related parties (including via nominee arrangements) hold any shares in the Company; not serving as a director, supervisor, or employee of entities with specific relationships to the Company (as defined in Article 3, Paragraph 1, Subparagraphs 5–8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); and any remuneration received within the past two years for providing business, legal, financial, or accounting services to the Company or its affiliates is in compliance with applicable regulations.	1

Note : Please refer to “3.1.1 Directors” in the annual report for professional qualifications and experiences of the Board members.

### Diversity and independence of the Board of Directors

- According to Article 20 of the company's "Corporate Governance Best Practice Principles," the composition of the board of directors should consider diversity and establish appropriate diversification guidelines based on its operations, business type, and development needs. These guidelines should preferably include, but are not limited to, the following two main criteria :

- Fundamental qualities and values : such as gender, age, nationality, and cultural background. The proportion of female directors is recommended to reach one-third of total board seats.
- Professional knowledge and skills : including professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), professional expertise, and industry experience.

Members of the board of directors should generally possess the necessary knowledge, skills, and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the board as a whole should possess the following capabilities:

- Ability to make business judgments.
- Accounting and financial analysis skills.
- Operational and management skills.
- Crisis management ability.
- Industry knowledge.
- International market perspective.
- Leadership skills.
- Decision-making ability.

2. The specific management objectives of the company's board diversity policy are as follows:

(A) Fundamental qualities and values :

The Company shall have at least one female director and strive toward the goal of having female directors represent over one-third of all board seats.

(B) Professional knowledge and skills :

- At least one director shall have a background in finance or accounting.
- At least one director shall have practical or academic experience in legal affairs.
- Industry experience shall be diversified, with board members collectively covering at least three distinct industry sectors.

3. The achievement of the board's diversity policy is as follows:

A. The Company is committed to promoting diversity in the composition of its Board of Directors, with a focus on gender balance, professional background, and industry experience. In past terms, the selection of directors has emphasized professional expertise and operational stability, and board members have generally been experienced professionals from relevant industries. Following the resignation of one independent director in 2023, the Company elected a new female independent director on May 29, 2024. As a result, the number of female directors increased to two, accounting for 22% of the current board. Going forward, the Company will prioritize female candidates when nominating directors and will continue cultivating senior female talent internally to progressively enhance gender diversity on the Board.

B. The Company's current Board of Directors consists of nine members, all of whom are of local nationality. The Company values gender equality in board composition and is committed to increasing the proportion of female directors to over one-third (33%) of the board. Currently, male directors account for 78% (7 members), and female directors account for 22% (2 members). The Company will continue its efforts to increase the number of female board members.

As of the end of 2024, there were two directors aged between 51 and 60, four directors aged between 61 and 70, and three directors aged above 71. All independent directors meet the independence requirements set by the Securities and Futures Bureau of the Financial Supervisory Commission. For detailed information regarding each director's education, experience, gender, professional qualifications, and work background, please refer to "3.1.1 Directors" in the Annual Report.

C. All members of the Company's Board are respected professionals from academia and industry, with strong professional backgrounds and extensive industry experience in areas such as semiconductors, business management, finance, and law. Their diverse expertise enables the Board to provide well-rounded professional advice, significantly contributing to the Company's operational performance and management efficiency.

- Independent Director Ms. Hsu, Jui-Ting has an accounting background, along with experience in financial and human resources management. She serves as the convener of the Company's Audit Committee.
- Independent Director Ms. Li, Pei-Ying holds both legal and financial/accounting qualifications and is a professional lecturer in corporate governance and ESG sustainability. She serves as the convener of the Company's Sustainability Development Committee.
- Seven directors – Mr. Wu, Chi-Yung, Mr. Tsai, Jung-Tsung, Mr. Gau, Kuo-Tung, Mr. Chang, Chih, Mr. Liu, Yuan-Ho, Mr. Wang, Min-Kun, and Mr. Hsing, Chih-Tien – have industry experience spanning at least three sectors, including semiconductors, computer and peripheral equipment manufacturing, and technology industry management.

The Company has thus achieved its board diversity goal in terms of diversified industry experience.



4. Implementation of diversification in the Board:

Title		Chairman	Director				Independent Director			
Name		Wu, Chi-Yung	Tsai, Jung-Tsung	Gau, Kuo-Tung	Chang, Chih	Liu, Yuan-Ho	Wang, Min-Kun	Hsing, Chih-Tien	Hsu, Jui-Ting	Li, Pei-Ying
Gender		Male	Male	Male	Male	Male	Male	Male	Female	Female
Age		71-75	61-70	61-70	71-75	61-70	61-70	76-80	51-60	51-60
Nationality		Republic of China								
Employee		V	V		V	V	V			
Independent Director Term	3 Terms or Less								V	V
	More than 3 Terms							V		
Background										
Technology		V	V	V	V	V	V	V	V	V
Finance		V	V	V	V	V	V	V	V	V
Law										V
Professional knowledge and skills										
Industry experience		V	V	V	V	V	V	V	V	V
Operational		V	V	V	V	V	V	V	V	V
Management		V	V	V	V	V	V	V	V	V
Risk Management		V	V	V	V	V	V	V	V	V
International perspective		V	V	V	V	V	V	V	V	V
Leadership and Strategy Decision		V	V	V	V	V	V	V	V	V

## **Board Independence**

- (1) The company's board of director guides company strategy, supervises management, and is accountable to the company and its shareholders. In the company's governance system and various arrangements, the board of directors exercises its authority according to relevant laws, regulations, and shareholder meeting resolutions. The board of directors emphasizes independence in operations and transparency. Both the directors and the independent directors are independent individuals who exercise their powers autonomously.
- (2) The nomination and election procedures for all directors of the Company are conducted in an open and fair manner, in compliance with the Company's Articles of Incorporation, Rules for Election of Directors, Corporate Governance Best Practice Principles, Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies, and Article 14-2 of the Securities and Exchange Act.

The current composition of the Board consists of three independent directors (33%) and six non-independent directors (67%), among whom five directors (56%) also serve as employees of the Company. None of the directors have a spousal relationship or a relationship within the second degree of kinship, in accordance with Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

## 2.1.3 Management Team

As of March 31, 2025, Unit: Shares

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship			Note 1
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chief Executive Officer	R.O.C.	Wu Chi-Yung	Male	Oct. 01, 1998	3,932,905	1.74%	0	0%	6,578,502	2.91%	Bachelor of Electronic Engineering Department, Feng Chia University Chairman, Holtek Semiconductor Inc.	Chairman, Holtek Semiconductor Inc. Representative of a Corporate Director, Holtek Semiconductor Holding (BVI) Ltd., Kingtek Semiconductor Holding (BVI) Ltd., and Holtek Semiconductor (Suzhou) Inc. Chairman, Holtek Investment Co., Ltd., Best Modules Corp., Xinqun Semiconductor (XIAMEN) Inc., Holtek Semiconductor (China) Independent director, Greatek Electronics Inc.	None	None	None	None
President	R.O.C.	Tsai, Jung-Tsung	Male	June 15, 2010	320,000	0.14%	186,580	0.08%	0	0%	Bachelor of Automatic Control Engineering Department, Feng Chia University President, Holtek Semiconductor Inc.	General Manager, Holtek Semiconductor Inc. Representative of a Corporate Director, Holtek Semiconductor Holding (BVI) Ltd., Holtek Semiconductor (USA) Inc., MCU Holdings Ltd., Best Health Electronics Corporation, Best Health Electronics (Dongguan) Corporation, Best Modules Corp., Best Modules (Xiamen) Corp., Santek Holdings Ltd., Santek Electronics HK Limited, Newtek Electronics Ltd., Newtek Electronics HK Limited, New Wave Electronics Holding Ltd., Truetek Technology Ltd., Truetek Technology HK Limited, E-Micro Technology Holding Ltd., E-Micro Technology (Qingdao) Ltd., ForIc Electronics Holding Ltd., ForIc Electronics (Beijing) Ltd.,	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship			Note 1
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
												ForIC Electronics HK Limited, Crown Rich Technology Holding Ltd., Crown Rich Technology (Shenzhen) Ltd., Quanding Technology Holding Ltd., Quanding Technology (Suzhou) Ltd., Quanding Technology HK Limited, Tech Wave Ltd., Tech Wave (Shenzhen) Ltd., Xinqun Semiconductor (Xiamen) Inc. Holtek Semiconductor (China) Inc. Best Modules Corp., Signal Electronic Co. Ltd.				
Executive Vice President	R.O.C.	Chang, Chi	Male	Dec. 11, 1998	1,111,785	0.49%	276,389	0.12%	0	0%	Master of Electrical Engineering Department, National Cheng Kung University Executive Vice President, Office of the President, Holtek Semiconductor Inc.	Representative of a Corporate Director, Holtek Semiconductor (Suzhou) Inc., Holtek Investment Co., Ltd.	None	None	None	None
Vice President	R.O.C.	Liu, Yuan-Ho	Male	January 1, 2017	50,422	0.02%	10,000	0.00%	0	0%	Bachelor of Electronic Engineering Department, National Taipei University of Technology Vice President, Product Center, Holtek Semiconductor Inc.	None	None	None	None	None
Vice President	R.O.C.	Wang, Min-Kun	Male	April 01, 2011	27,349	0.01%	1,000	0.00%	0	0%	Bachelor of Electronic Engineering Department, National Taiwan Institute of	Fine Chip Electronics Inc., Fine Chip Electronics (Shanghai) Inc., Anchip Technology Corporation, JXY Electronics Corporation, JXY Electronics (Shenzhen)	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship			Note 1
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Technology Vice President of Product Center, Holtek Semiconductor Inc.	Corporation, Best Health Electronics Corporation, Best Health Electronics (Dongguan) Corporation, Best Health Electronics HK Limited, Best Solution Electronic Inc., Best Solution Technology Inc., and Best Solution Technology (Dongguan) Inc.				
Vice President	R.O.C.	Yu, Kuo-Cheng	Male	May 02, 2011	131,654	0.06%	29,839	0.01%	0	0%	Bachelor of Electronic Engineering Department, Feng Chia University Vice President Design Center, Holtek Semiconductor Inc.	Representative of a Corporate Director, Xinqun Semiconductor (XIAMEN) Inc	None	None	None	None
Vice President	R.O.C.	Pan, Chien-Chou	Male	May 20, 2019	120,000	0.05%	10,000	0.00%	0	0%	Bachelor of Electrical Engineering Department, National Taiwan Institute of Technology Vice President, Sales and Marketing Center, Holtek Semiconductor Inc.	Representative of a Corporate Director, MCU Holdings Ltd., Holtek Semiconductor (India) Private Limited, Best Modules Corp., Best Modules (Xiamen) Corp. Holtek Semiconductor (China) Inc. Signal Electronic Co. Ltd.	None	None	None	None
Assistant Vice President	R.O.C.	Chou, Jung-Feng (Note3)	Male	July 01, 2024	63,011	0.03%	31,000	0.01%	0	0.00%	Department of Information Management, Chung Hua University Assistant Vice President, Production Planning and Engineering Division, Holtek	None	None	None	None	None

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship			Note 1
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
											Semiconductor Inc.					
Assistant Vice President	R.O.C.	Lai, Jen-Shan (Note3)	Male	July 01, 2024	105,000	0.05%	18,000	0.01%	0	0.00%	Department of Electrical Engineering, National Cheng Kung University Assistant Vice President, Overseas Sales Division, Holtek Semiconductor Inc.	Representative of the Corporate Director, Holtek Semiconductor (India) Private Limited	None	None	None	None
Assistant Vice President	R.O.C.	Mai, Che-Ming (Note4)	Male	Mar. 01, 2025	0	0.00%	0	0.00%	0	0.00%	Graduate Institute of Mechanical Engineering, National Central University Assistant Vice President, Product Center, Holtek Semiconductor Inc.	None	None	None	None	None
Head of Accounting Department	R.O.C.	Liao, Ming-Tung	Male	June 01, 2018	18,000	0.01%	0	0%	0	0%	Master of Accounting Department, National Chung Cheng University	Representative of a Juridical Person Supervisor at the following companies: Holtek Semiconductor (Suzhou) Inc., Holtek Semiconductor (China) Inc., Holtek Xinquan Semiconductor (Xiamen) Inc., Anchip Technology (Dongguan) Corporation, Best Health Electronics (Dongguan) Corporation, Santek Electronics (Xiamen) Ltd., New Wave Electronics (Shenzhen) Ltd., Truetek Technology (Shanghai) Ltd., E-Micro Technology (Qingdao), ForIC Electronics (Beijing) Ltd., Quanding Technology	None	None	None	None
Head of Finance Department				February 01, 2019												

Title	Nationality/ Country of Origin	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Specific Person Shareholding		Experience (Education)	Other Positions	Managers who are Spouses or Within Two Degrees of Kinship			Note 1
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
												(Suzhou) Ltd., Fine Chip Electronics (Shanghai) Inc., JXY Electronics (Shenzhen) Corporation, Best Solution Technology (Dongguan) Inc., Best Driver-Tech (Xiamen) Corporation, Holtek Investment Co., Ltd., and BestComm RF Electronics Inc.  Supervisor, Signal Electronic Co., Ltd.				

Note 1: If the Chairperson and the President (or the highest-ranking executive) are the same person, or if they are spouses or first-degree relatives, the Company shall disclose the reasons, rationality, necessity, and corresponding measures (e.g., increasing the number of independent directors or ensuring that a majority of directors are not concurrently employees or managers). Not applicable.

Note 2: Mr. Yu, Kuo-Cheng and Mr. Pan, Chien-Chou Pan were promoted to Vice President of the Company on July 1, 2024.

Note 3: Mr. Chou, Jung-Feng and Mr. Lai, Jen-Shan were promoted to Assistant Vice President of the Company on July 1, 2024.

Note 4: Mr. Mai, Che-Ming was promoted to Assistant Vice President of the Company on March 1, 2025.

## 2.2 Remuneration of Directors, President, and Vice Presidents

### 2.2.1 Remuneration of Directors (including independent directors)

Date: December 31, 2024; Unit: Value in NT\$ thousand

Title	Name	Remuneration								Total Remuneration and Ratio of Total Remuneration (A+B+C+D) to Net Income (%) (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Total Remuneration and Ratio of Total Remuneration (A+B+C+D+E+F+ G) to Net Income (%) (Note 10)		Remuneration Paid to Directors from Non-consolidated Affiliates or Parent Company (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Bonus to Directors (C) (Note 3)		Allowances (D) (Note 4)				Salary, Bonuses, and Allowances (E) (Note 5)		Severance Pay (F)		Profit Sharing- Employee Bonus (G) (Note 6)						
		The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company	Companies in the consolidated financial statements (Note 7)	The company		Companies in the consolidated financial statements (Note 7)		The company	Companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Chairman	Bo-Kang Investment Ltd. Wu, Chi-Yung	0	0	0	0	0	0	0	0	0	0	2,679	2,679	0	0	0	0	0	0	2,679 -1.79%	2,679 -1.79%	None
Director	Tsai, Jung-Tsung	0	0	0	0	0	0	0	0	0	0	3,056	3,056	0	0	0	0	0	0	3,056 -2.04%	3,056 -2.04%	None
Director	Gau, Kuo-Tung	0	0	0	0	0	0	0	0	0	0	704	704	0	0	0	0	0	0	704 -0.47%	704 -0.47%	None
Director	Chang, Chi	0	0	0	0	0	0	0	0	0	0	3,318	3,318	0	0	0	0	0	0	3,318 -2.22%	3,318 -2.22%	None
Director	Liu, Yuan-Ho	0	0	0	0	0	0	0	0	0	0	2,337	2,337	0	0	0	0	0	0	2,337 -1.56%	2,337 -1.56%	None
Director	Wang, Min-Kun	0	0	0	0	0	0	0	0	0	0	2,603	2,603	0	0	0	0	0	0	2,603 -1.74%	2,603 -1.74%	None
Independent Director	Hsing, Chih-Tien	0	0	0	0	0	0	144	144	144 -0.10%	144 -0.10%	0	0	0	0	0	0	0	0	144 -0.10%	144 -0.10%	None
Independent Director	Hsu, Jui-Ting	0	0	0	0	0	0	144	144	144 -0.10%	144 -0.10%	0	0	0	0	0	0	0	0	144 -0.10%	144 -0.10%	None
Independent Director	Li, Pei-Ying (Note 2)	0	0	0	0	0	0	84	84	84 -0.06%	84 -0.06%	0	0	0	0	0	0	0	0	84 -0.06%	84 -0.06%	None



1. The remuneration for independent directors is determined based on their level of involvement in the company's operations and the value they contribute, while also referencing the standard practices within the industry. According to Article 24 of the company's Articles of Incorporation, if the company makes a profit during the year, no more than 1.5% of the profit should be allocated for directors' remuneration. The compensation for business-related expenses considers that independent directors often simultaneously serve on functional committees like the Audit Committee and the Compensation Committee, requiring more responsibilities, higher risks, and greater time commitment compared to other directors. They may receive travel expenses and attendance fees for participating in functional committees, among other things.  
According to the "Board Performance Evaluation Measures," remuneration systems are regularly reviewed to ensure the management of risk and reward is balanced, taking into account the potential risks and correlations with future operational performance. The related performance assessments and remuneration justifications are approved by the Compensation Committee and the Board of Directors.
2. In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements and reinvestment companies in the most recent year to compensate directors for their services, such as being independent contractors: None.

Note 1: Net income after tax refers to the net income after tax as presented in the most recent annual standalone financial statements.

Note 2: A new independent director, Ms. Li, Pei-Ying, was elected at the shareholders' meeting on May 29, 2024.

## 2.2.2 Remuneration of the President and Vice President

Date: December 31, 2024; Unit: Value in NT\$ thousands

Date: December 31, 2024; Unit: Value in NT\$ thousands.

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Special Allowances (C) (Note 3)		Employee Bonus (D) (Note 4)				Total Remuneration and Ratio of total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration Paid to the President and Vice Presidents from Non-consolidated Affiliates or Parent Company
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
Chief Executive Officer	Wu, Chi-Yung	2,329	2,329	0	0	350	350	0	0	0	0	2,679 -1.79%	2,679 -1.79%	None
President	Tsai, Jung-Tsung	2,677	2,677	0	0	379	379	0	0	0	0	3,056 -2.04%	3,056 -2.04%	None

Executive Vice President	Chang, Chi	2,798	2,798	0	0	520	520	0	0	0	0	3,318 -2.22%	3,318 -2.22%	None
Vice President	Liu, Yuan-Ho	1,937	1,937	0	0	400	400	0	0	0	0	2,337 -1.56%	2,337 -1.56%	None
Vice President	Wang, Min-Kun	2,178	2,178	0	0	425	425	0	0	0	0	2,603 -1.74%	2,603 -1.74%	None
Vice President	Yu, Kuo-Cheng (Note2)	1,975	1,975	0	0	389	389	0	0	0	0	2,364 -1.58%	2,364 -1.58%	None
Vice President	Pan, Chien-Chou (Note2)	1,829	1,829	0	0	350	350	0	0	0	0	2,179 -1.46%	2,179 -1.46%	None

Note 1: Net income after tax refers to the net income reported in the most recent standalone financial statements.

Note 2: Mr. Yu, Kuo-Cheng and Mr. Pan, Chien-Chou were promoted to Vice President of the Company on July 1, 2024.

### 2.2.3 Remuneration of the Top Five Highest-Paid Executive Officers (Note 1)

Date: December 31, 2024; Unit: Value in NT\$ thousands

Title	Name	Salary(A) (Note 2)		Severance Pay (B)		Bonuses and Special Allowances (C) (Note 3)		Employee Bonus (D) (Note 4)				Total Remuneration and Ratio of total Remuneration (A+B+C+D) to Net Income (%) (Note 8)		Remuneration Paid to the President and Vice Presidents from Non-consolidated Affiliates or Parent Company
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
Executive Vice President	Chang, Chi	2,798	2,798	0	0	520	520	0	0	0	0	3,318 -2.22%	3,318 -2.22%	None
President	Tsai, Jung-Tsung	2,677	2,677	0	0	379	379	0	0	0	0	3,056 -2.04%	3,056 -2.04%	None
Chief Executive Officer	Wu, Chi-Yung	2,329	2,329	0	0	350	350	0	0	0	0	2,679 -1.79%	2,679 -1.79%	None
Vice President	Wang, Min-Kun	2,178	2,178	0	0	425	425	0	0	0	0	2,603 -1.74%	2,603 -1.74%	None
Vice President	Yu, Kuo-Cheng (Note3)	1,975	1,975	0	0	389	389	0	0	0	0	2,364 -1.58%	2,364 -1.58%	None

Note 1:

The term “top five highest-paid executive officers” refers to the Company’s managerial officers. The definition of "managerial officer" is based on the scope outlined in the official letter No. 0920001301 issued by the Securities and Futures Commission, Ministry of Finance, dated March 27, 2003.

The determination of the “top five highest-paid” executives is based on the total amount received from all entities included in the consolidated financial statements, including salaries, retirement/severance payments, bonuses, special expense allowances, and employee compensation (i.e., the sum of items A + B + C + D). The five executives with the highest total compensation amounts are disclosed.

If a director also serves as a managerial officer, they must be listed in both this table and Table (1-1).

Note 2:

Net income after tax refers to the net income reported in the most recent standalone financial statements.

Note 3:

Mr. Yu, Kuo-Cheng was promoted to Vice President of the Company on July 1, 2024.

## 2.2.4 Names and Distribution of Managers Assigned with Employee Rewards

Date: December 31, 2024; Unit: Value in NT\$ thousands

	Title	Name	Employee Bonus in Stock (Fair Market Value)	Employee Bonus in Cash	Total	Ratio of Total Amount to Net Income (%)
Managers	Chief Executive Officer	Wu Chi-Yung	0	0	0	0%
	President	Tsai, Jung-Tsung				
	Executive Vice President	Chang, Chi				
	Vice President	Liu, Yuan-Ho				
	Vice President	Wang, Min-Kun				
	Vice President	Yu, Kuo-Cheng(Note3)				
	Vice President	Pan, Chien-Chou(Note3)				
	Assistant Vice President	Wu, Der-Chwan(Note4)				
	Assistant Vice President	Wu, Shao-Nan(Note5)				
	Assistant Vice President	Chou, Jung-Feng(Note6)				
	Assistant Vice President	Lai, Jen-Shan(Note6)				
	Head of Accounting/ Finance Department	Liao, Ming-Tung				

Note 1: The disclosed amount represents the most recent annual employee compensation (in cash or stock) approved by the Board of Directors for distribution to managerial officers. If the proposed distribution amount for the current year cannot be reasonably estimated, it is calculated based on the actual distribution ratio from the previous year. Net income after tax refers to the most recent annual net income; for companies applying International Financial Reporting Standards (IFRS), it refers to the net income reported in the most recent standalone financial statements.

Note 2: The scope of “managerial officers” is defined in the official letter No. 0920001301 issued by the Securities and Futures Commission on March 27, 2003, and includes the following:

- (1) President and equivalent positions
- (2) Vice Presidents and equivalent positions
- (3) Assistant Vice Presidents and equivalent positions
- (4) Head of the Finance Department
- (5) Head of the Accounting Department
- (6) Other personnel involved in company management and holding signature authority

Note 3: Mr. Yu, Kuo-Cheng and Mr. Pan, Chien-Chou were promoted to Vice President of the Company on July 1, 2024.

Note 4: Assistant Vice President Wu, Der-Chwan was dismissed on December 15, 2024.

Note 5: Assistant Vice President Wu, Shao-Nan was dismissed on April 30, 2024.

Note 6: Mr. Chou, Jung-Feng and Mr. Lai, Jen-Shan were promoted to Assistant Vice President of the Company on July 1, 2024.

## 2.2.5 Compare and Describe the Analysis of Ratios of Total Remunerations Paid to Directors, Presidents, and Vice Presidents of the Company for the past two years by the Company

### 1. Analysis of Remuneration of Directors, President, and Vice President in the last two years

Unit: Value in NT\$ thousands

Title \ Item	The Company				All companies in the consolidated financial statements			
	2023		2024		2023		2024	
	Total remuneration	The ratio to net profit after tax	Total remuneration	The ratio to net profit after tax	Total remuneration	The ratio to net profit after tax	Total remuneration	The ratio to net profit after tax
Remuneration of Directors (including independent directors)	1,060	0.95%	372	-0.26%	1,060	0.95%	372	-0.26%
Remuneration of the President and Vice President	15,712	14.06%	18,536	-12.39%	15,712	14.06%	18,536	-12.39%

1. The total remuneration for directors in 2024 decreased compared to 2023, primarily due to the after-tax loss in 2024 and the payment of transportation allowances and attendance fees to independent directors for fulfilling their functional committee duties. The total remuneration for the President and Vice Presidents increased compared to 2023, mainly due to the promotion of two senior executives to Vice President positions in 2024.

### 2. Policy, Standards, and Composition of Remuneration; Determination Procedures; and Its Correlation with Operational Performance and Future Risks:

#### (1) Policy, Standards, and Composition of Remuneration:

##### (A) Director Remuneration Policy:

According to Article 19 of the Company's Articles of Incorporation, directors may be compensated for performing their duties regardless of the Company's profitability. The amount of remuneration is determined by the Board of Directors based on the director's level of involvement and contribution to the Company's operations and shall not exceed the maximum pay grade set forth in the Company's remuneration regulations.

If the Company generates profit in a given fiscal year, up to 1.5% of the profit may be allocated as director remuneration in accordance with Article 24 of the Articles of Incorporation.

In consideration of the responsibilities, risks, and time commitments undertaken by independent directors—particularly those concurrently serving on functional committees such as the Audit Committee and the Remuneration Committee—they may be granted transportation allowances and attendance

fees for committee participation.

In addition, in accordance with the Company's Board Performance Evaluation Measures and with reference to industry benchmarks, the performance and remuneration of directors are evaluated periodically. Based on each director's level of engagement, the Remuneration Committee discusses and allocates remuneration within the approved amount, which is then submitted to the Board for resolution.

(B) Managerial Officer Remuneration Policy:

Remuneration is determined based on the Company's Personnel Compensation System, Performance Evaluation Measures, prevailing industry standards, and overall operational performance. It includes fixed salary, allowances, bonuses, salary adjustments, severance payments, and employee compensation.

Bonuses are determined by the Company's annual business performance, financial status, individual performance, and achievement of corporate sustainability goals. Employee compensation is allocated in accordance with Article 24 of the Company's Articles of Incorporation, which stipulates that 5% to 15% of annual profit shall be set aside for this purpose.

(C) The Company's remuneration structure is defined in accordance with the Remuneration Committee Charter and is consistent with the scope set forth in the Regulations Governing Information to be Published in Annual Reports of Public Companies regarding the remuneration of directors and managerial officers.

(2) Procedure for Determining Remuneration:

(A) Director Performance Evaluation Items:

Performance evaluations are conducted in accordance with the Board Performance Evaluation Measures, covering six key areas: understanding of the Company's goals and missions, awareness of directors' responsibilities, level of participation in Company operations, internal relationship management and communication, professionalism and continuing education, and internal control. The Remuneration Committee evaluates each director based on their level of engagement in Company affairs, time commitment, responsibilities undertaken, and oversight of sustainability planning. The committee assesses the correlation between individual performance, Company performance, and potential future risks, then provides recommendations to the Board of Directors for resolution.

(B) Managerial Officer Performance Evaluation Items:

Performance evaluations are conducted based on the Company's annual operational results and the performance assessments of each managerial officer. Evaluation criteria include professional competencies, management effectiveness, and the achievement of annual operational plans. Key areas of assessment may include: green product development, environmental sustainability, sustainable supply chain, information security management, corporate governance structure, employee welfare, and business and marketing performance.

Based on the managerial officer's position, the correlation between individual performance, Company performance, and potential future risks is assessed. Evaluation results are submitted to the Remuneration Committee and the Board of Directors for resolution.

(C) To reward employees for their contributions at work, the Company has structured its compensation system to include performance-based bonuses that are directly linked to Company operating results, team performance, and individual achievements. This approach reflects the Company's commitment to

profit-sharing between labor and management.

(3) Correlation Between Remuneration, Operational Performance, and Future Risk

- (A) The remuneration of the Company's directors and managerial officers is determined not only by benchmarking against industry peers and the Company's operational performance, but also by linking individual performance to the achievement of the Company's sustainability goals. This approach aims to enhance corporate governance, fulfill corporate social responsibilities, safeguard shareholder interests, and achieve both economic and social value. The remuneration structure, standards, and system are reviewed and adjusted as needed based on the Company's actual business performance, risk associated with goal achievement, and changes in applicable regulations, to maintain a proper balance between risk and reward.
- (B) The Company reviews its remuneration policies, standards, and systems annually by referencing industry salary surveys, conducting exit interviews, evaluating operational performance, and considering individual performance. Compensation adjustments are discussed in senior management meetings to ensure alignment with market levels and internal equity.



## 2.3 Implementation of Corporate Governance

### 2.3.1 Board of Directors

The Board of Directors held 5 sessions in 2024. The attendance of the directors is shown in the following table:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Chairman	Bo-Kang Investment Ltd. Representative: Wu Chi-Yung	5	0	100%	
Director	Tsai, Jung-Tsung	5	0	100%	
Director	Gau, Kuo-Tung	5	0	100%	
Director	Chang, Chi	4	1	100%	
Director	Liu, Yuan-Ho	5	0	80%	
Director	Wang, Min-Kun	5	0	100%	
Independent Director	Hsing, Chih-Tien	5	0	100%	
Independent Director	Hsu, Jui-Ting	5	0	100%	
Independent Director	Li, Pei-Ying	2	0	100%	Newly appointed on May 29, 2024

Other mentionable items:

- Meetings of the Board of Directors, if in accordance with the following conditions, shall clearly state the date of the Board of Directors' Meeting, the term number, the contents of the proposals, and opinions from all Independent Directors and the follow-up procedures of the Company:
  - Matters listed in Article 14-3 of the Securities and Exchange Act:
 

The Company has established the Audit Committee and is therefore exempted from Article 14-3 of the Securities and Exchange Act. Please refer to "Operation of Audit Committee" in the Annual Report for related information.
  - Written or otherwise recorded resolutions on which an independent director had a dissenting opinion or qualified opinion: None.
- Execution of the directors' interests evasion: The directors have avoided the proposal with personal stake.
- The evaluation cycle and period, evaluation scope, method and evaluation content and other information of the self (or peer) evaluation of the Board of Directors:
  - Evaluation Cycle: At least once a year.
  - Evaluation Period: Period from 2024/01/01 to 2024/12/31.
  - Evaluation Scope: The Board of Directors, individual directors, the Compensation Committee and the Audit Committee.
  - Evaluation Method: Internal self-evaluation by members of the Board of Directors, individual directors, internal self-evaluation by members of audit committee and internal self-evaluation by members of compensation committee.
  - Evaluation Content:

- A. The performance assessment of the Board of Directors: The following five aspects are included:
  - (a) The degree of participation in the Company's operations.
  - (b) Improvement in the quality of decision making by the Board of Directors.
  - (c) The composition and structure of the Board of Directors.
  - (d) The election of the directors and their continuing professional education.
  - (e) Internal controls.
- B. The performance assessments of board members shall include at least the following six aspects:
  - (a) Their grasp of the Company's goals and missions.
  - (b) Their recognition of director's duties.
  - (c) Their degree of participation in the Company's operations.
  - (d) Their management of internal relationships and communication.
  - (e) Their professionalism and continuing professional education.
  - (f) Internal controls.
- C. The performance assessment of the Audit Committee members shall include at least the following five aspects:
  - (a) Their degree of participation in the Company's operations.
  - (b) Their recognition of the duties of the Audit Committee.
  - (c) Improvement in the quality of decision making by the Audit Committee.
  - (d) The composition of the Audit Committee, and election and appointment of committee members.
  - (e) Internal control.
- D. The performance assessment of the Compensation Committee members shall include at least the following five aspects:
  - (a) Their degree of participation in the Company's operations.
  - (b) Their recognition of the duties of the Compensation Committee.
  - (c) Improvement in the quality of decision making by the Compensation Committee.
  - (d) The composition of the Compensation Committee, and election and appointment of committee members.
  - (e) Internal control.

Performance Evaluation Results: The performance evaluation results for the board of directors, board members, the audit committee, and the compensation committee for 2024 were all "Excellent." The results were reported to the board on February 10, 2025.

4. Goals to enhance the Board's operations:

- (1) The Company established the Compensation Committee on October 25, 2011, the Audit Committee on May 27, 2016, and the Sustainability Development Committee on July 29, 2024, to enhance the operational effectiveness of the Board of Directors.
- (2) The Company's Board approved the "Rules and Procedures of Board of Directors' Meetings", "Board of Directors Self-Assessment of Performance", "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles", "Sustainable Development Best Practice Principles" and "Risk Management Methods and Procedures". The board and individual directors shall perform evaluation in accordance with "Board of Directors Self-Assessment of Performance" by conducting self-assessment annually. The self-evaluation of the Board of Directors, Board members, and other functional committee members were all "outstanding" in 2022.

### 2.3.2 Operation of Audit Committee

The Audit Committee was held by independent directors and its major duty is that assisting the Board of Directors to execute and supervise their duties engaging in the tasks in accordance of the Company Act, the Securities and Exchange Act and any other relevant regulations or laws. The matters discussed in the Audit Committee mainly include:

1. Formulate or amend internal control system pursuant to Article 14-1 of the Securities and Exchange Act.
2. Assessment of the effectiveness of the internal control system.
3. Operating procedures for obtaining or disposing of assets, engaging in derivative transactions, outward loans to others, endorsement and guarantee to others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters relating to the director's own interests.
5. Material asset or derivative transactions.
6. Significant outward loans to others, endorsement and guarantee to others.
7. Transaction of public offering, issuance or private placement of equity-type securities.
8. Appointment, discharge or remuneration of CPA.
9. Appointment and discharge of finance, accounting or internal audit supervisor.
10. The annual financial report signed or sealed by the Chairman, managers, and accounting officers, as well as the Q2 financial report required to be audited and certified by accountants.
11. Merger activities regulated under the Business Mergers and Acquisitions Act.
12. Other material matters set forth by the competent authority, or by the Company.

- The Audit Committee will review the following matters in 2024 in accordance with the Charter of the Audit Committee:

1. Review financial statements, business Report and proposal for distribution of profits.
2. Assessment of the effectiveness of the internal control system.
3. Appointment and evaluation of the CPAs independence.
4. Amendment to the "Endorsement Guarantee Operating Procedures" and "Operational Guidelines for Financial Transactions Between Related Parties".

- Review annual financial report:

The Board of Directors has prepared the Company's 2023 Business Report, Financial Statements and proposal for distribution of profits. The 2023 Financial Statements were audited by independent auditors, Lu, Chien-Hui and Cheng, An-Chih, of KPMG and issued an Independent Audit Report. The 2023 Business Report, Financial Statements and proposal for distribution of profits have been checked by the Audit Committee and no irregularities were found.

- Assessment of the effectiveness of the internal control system

The Audit Committee evaluated the effectiveness of the Company's internal control system policies and procedures (including financial, operational, risk management, information security, and compliance controls) and reviewed the periodic reports of the CPA, audit department, and management (including risk management and compliance), and the Audit Committee concluded that the Company has adopted the necessary control mechanisms to monitor and correct non-compliance.

- Appointment and evaluation of the CPAs independence

In accordance with Rule 29 of the "Code of Corporate Governance for Listed OTC Companies" listed OTC companies should refer to the Audit Quality Indicators (AQIs) regularly (at least once a year) evaluate the independence and suitability of the CPA. The company's audit committee and board of directors evaluate the independence and competency of the CPA every year. In addition to requiring the CPA to provide a statement of independence and audit quality indicators (AQIs), they also conduct evaluations based on accountant standards and 13 AQIs indicators. Confirm that the CPA has no other financial interests and business relationships with the company, and refer to the AQI indicator information to confirm that the CPA and the firm's verification experience and training hours are higher

than the average level of the industry. The Audit Committee of the Company on January 26, 2024 and the Board of Directors of the Company on January 29, 2024 approved the appointment of Ms. Lu, Chien-Hui CPA and Mr. Cheng, An-Chih, CPA, both of KPMG & Associates, as the Company's certifying accountants for the 2024.

The Audit Committee held 5 sessions in 2024. The attendance of the independent directors is shown in the following table:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Independent Director (Convener)	Hsu, Jui-Ting	5	0	100%	
Independent Director	Hsing, Chih-Tien	5	0	100%	
Independent Director	Li, Pei-Ying	2	0	100%	Newly appointed on May 29, 2024

Other mentionable items:

1. If any of the following circumstances occur, the dates of meetings, Terms, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified:

(1) Matters listed in Article 14-5 of the Securities and Exchange Act:

Date	Resolution	Result	Action of the Company in responding to the Audit Committee
2024.01.26 The 3 <sup>th</sup> Term, the 9 <sup>th</sup> Meeting	<ol style="list-style-type: none"> <li>1. Approved the internal audit report for November to December 2023.</li> <li>2. Approved the allocation of 2023 employee bonuses and directors' remuneration.</li> <li>3. Approved 2023 consolidated and individual financial statements.</li> <li>4. Approved the amendment to the endorsement guarantee operating procedures.</li> <li>5. Approved of the internal control system statement for 2023.</li> <li>6. Approved the assessment report of CPA's independence and competence.</li> </ol>	Approved by all Audit Committee Members.	None
2024.03.06 The 3 <sup>th</sup> Term, the 10 <sup>th</sup> Meeting	<ol style="list-style-type: none"> <li>1. Approved the internal audit report for January 2024.</li> <li>2. Approved the permit of directors' engagement in competitive conducts.</li> <li>3. Approved the issuance of short-term currency exchange credit of Bank.</li> <li>4. Approved the increase investment of MCU Holdings Ltd.</li> <li>5. Approved the amendment to the Internal Control System and Internal Audit System.</li> </ol>	Approved by all Audit Committee Members.	None
2024.04.26 The 3 <sup>th</sup> Term, the 11 <sup>th</sup> Meeting	<ol style="list-style-type: none"> <li>1. Approved the internal audit report for February to March 2024</li> <li>2. Approved the company's consolidated financial statements for the first quarter of 2024.</li> <li>3. Approved the issuance of short-term currency exchange credit of Bank.</li> </ol>	Approved by all Audit Committee Members.	None

Date	Resolution	Result	Action of the Company in responding to the Audit Committee
	4. Approved the Remuneration of the Company's CPA. 5. Approved the withdraw investment of Kingtek Semiconductor Holding (BVI) Ltd. 6. Approved the related party transaction between the Subsidiaries. 7. Approved the disposal of securities by SHENG LING INVESTMENT CO., LTD. 8. Approved the disposal of securities by Holtek Semiconductor Holding (BVI) Ltd.		
2024.07.26 The 3 <sup>th</sup> Term, the 12 <sup>th</sup> Meeting	1. Approved the internal audit report for the second quarter of 2024. 2. Approved the company's consolidated financial statements for the second quarter of 2024. 3. Approved the withdraw investment of SHENG LING INVESTMENT CO., LTD. 4. Approved the withdraw investment of MCU Holdings Ltd. 5. Approved the withdraw investment of MCU Holdings Ltd. 6. Approved the reassignment of corporate representatives for investee companies and the discussion on waiving non-compete restrictions for managers. 7. Approved the establishment of the company's "Operational Guidelines for Financial Transactions Between Related Parties." 8. Approved the amendment to the Internal Control System and Internal Audit System.	Approved by all Audit Committee Members.	None
2024.10.28 The 3 <sup>th</sup> Term, the 13 <sup>th</sup> Meeting	1. Approved the internal audit report for the third quarter of 2024. 2. Approved the company's consolidated financial statements for the third quarter of 2024. 3. Approved the issuance of short-term currency exchange credit of Bank. 4. Approved the issuance of short-term currency exchange credit of Bank. 5. Approved the purchase of the directors and managers liability insurance. 6. Approved the withdraw investment of Sigmos Holdings Ltd. 7. Approved the amendment to the Internal Control System and Internal Audit System. 8. Approved the 2025 audit operational risk assessment reports and annual audit plans. 9. Approved the 2025 business plan.	Approved by all Audit Committee Members.	None
(2) In addition to the above matters, other resolutions passed by two-thirds of all the directors but yet to be approved by the Audit Committee: None.			
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None.			

3. Communications between the independent directors, the head of the auditing department and CPAs (which should include the material items, channels, and results of the audits on the corporate finance and/or operations, etc.):

(1) The company's audit supervisor delivers the previous month's audit report and follow-up report to the independent directors for review before the end of each month, and convene the quarterly audit committee meeting to report the audit business to the independent directors and track the implementation, and present board meetings to report internal audit operations.

(2) The audit supervisor explained and discussed the implementation of the company's internal audit with the independent directors through E-mail, telephone calls and meetings.

Date	Mode	Main Issues	Result
2024.01.26	Audit Committee Pre-meeting	1. Proposed internal audit report (November / December 2023) 2. Proposed the 2023 internal control system statement.	No comments
2024.03.06	Audit Committee	1. Proposed internal audit report (January 2024) 2. The amendment to Internal Control System	No comments
2024.04.26	Audit Committee	1. Proposed internal audit report ( February / March 2024)	No comments
2024.07.26	Audit Committee	1. Proposed internal audit report of 2Q24. 2. The amendment to Internal Control System	No comments
2024.10.28	Audit Committee Pre-meeting	1. Proposed internal audit report of 3Q24. 2. The amendment to Internal Control System 3. Proposed the 2025 audit operational risk assessment reports and annual audit plans.	No comments

(3) During the annual financial statement review, the company's external auditors attend the Audit Committee and Board of Directors meetings to present the audit results of the financial reports, the impact of recent amendments to auditing standards, and updates on key securities and tax regulations. The auditors also engage in discussions and communicate regarding questions raised by the directors.

Date	Mode	Main Issues	Result
2024.01.26	Audit Committee Pre-meeting	1. Audit results of the consolidated and individual financial reports for the year 2023, key audit matters, significant accounting estimates, and accounting policies. 2. Matters communicated with those charged with governance. 3. Report on the firm's quality management system. 4. Impact of recent amendments to auditing standards, and updates on key securities and tax regulations.	No comments

### 2.3.3 Corporate Governance Implementation Status and Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the Company follow the “Taiwan Corporate Governance Implementation” to establish and disclose its corporate governance practices?	✓		The Company has formulated the Corporate Governance Best Practice Principles based on the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and disclosed relevant information on the “Corporate Governance” section of its website.	None
2. Shareholding Structure & Shareholders’ Rights				
(1) Does the Company have Internal Operation Procedures for handling shareholders’ suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly?	✓		(1) The Company conducts “Rules and Procedures of Shareholders' Meeting” and has a spokesperson who designates appropriate personnel engaged in the business of investor relations and legal issues dealing with shareholder suggestions, doubts, disputes and lawsuits. The contact information has been disclosed on the Holtek website.	None
(2) Does the Company possess a list of major shareholders and beneficial owners of these major shareholders?	✓		(2) The Company controls the shareholding of directors, managers and shareholders, who hold more than 10% of the outstanding shares.	None
(3) Has the Company built and executed a risk management system and “firewall” between the Company and its affiliates?	✓		(3) The Company conducts “Regulations of Supervision and Management of Subsidiaries” and “Regulations on Financial and Business Transactions between Related Parties” regulating the establishment and improvement of the financial, business and accounting management system, the implementation of requested control mechanism and the establishment of appropriate firewall mechanisms.	None
(4) Has the Company established internal rules prohibiting insider trading on undisclosed information?			(4) A. The Company conducts “Ethical Corporate Management Best Practice Principles”, the “Procedures for Handling Material Insider Information” and the “Insider Trading Policy” to prohibit insiders from trading on undisclosed information. The Company has also strongly advocated	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			<p>these rules in order to prevent any violations.</p> <p>B. In August 2024, the Company notified all directors of the scheduled Board meeting dates for 2025, and informed both directors and managerial officers each quarter of the blackout period prior to the announcement of quarterly financial reports. Insiders were reminded not to trade the Company's shares during the 30-day period prior to the annual financial report announcement and the 15-day period prior to each quarterly financial report announcement, in order to avoid any inadvertent violations of relevant regulations.</p>	
<p>3. Composition and Responsibilities of the Board of Directors</p> <p>(1) Does the Board established a diversity policy, specific management goals and implemented it accordingly?</p>	✓		<p>(1)</p> <p>1. In accordance with Article 20 of the Company's "Corporate Governance Best Practice Principles," the composition of the Board of Directors shall consider diversity. A suitable diversity policy should be formulated based on the Company's operational model, business nature, and development needs. The policy should include, but not be limited to, the following two major aspects:</p> <p>(1) Basic qualities and values: such as gender, age, nationality, and cultural background. It is recommended that female directors account for at least one-third of the Board seats.</p> <p>(2) Professional knowledge and skills: including professional backgrounds (e.g., law, accounting, industry, finance, marketing, or technology), expertise, and industry experience.</p> <p>Members of the board of directors should generally possess the necessary knowledge, skills, and qualities required to perform their duties. To achieve the ideal goal of corporate governance, the board as a whole should possess the following capabilities:(1) Ability to make business judgments, (2) Accounting and financial analysis skills, (3) Operational and</p>	None



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>management skills, (4) Crisis management ability, (5) Industry knowledge, (6) International market perspective, (7) Leadership skills, (8) Decision-making ability.</p> <p>2. The specific management objectives of the company's board diversity policy are as follows:</p> <p>(1) Basic qualities and values: At least one board seat shall be held by a female director, with efforts made to achieve a target of over one-third female representation on the Board.</p> <p>(2) Professional knowledge and skills:</p> <p>A. At least one director possess a background in finance or accounting.  B. At least one director shall have practical or academic experience in law. C. Diversified industry experience: The Board's collective experience shall cover at least three different industry backgrounds.</p> <p>3. Status of Implementation of Board Diversity Policy:</p> <p>(1) The Company is committed to promoting board diversity, emphasizing gender balance, professional backgrounds, and industry experience. In past years, director candidates were primarily selected based on professional expertise and business continuity, with a preference for seasoned industry professionals. Following the resignation of an independent director in 2023, the Company prioritized gender balance and elected a new female independent director on May 29, 2024. As a result, the number of female directors increased to two, accounting for 22% of the Board. Going forward, the Company will give priority to female candidates and actively cultivate female executive talent internally to further enhance gender diversity on the Board.</p> <p>(2) The current Board comprises nine directors, all of whom are of local nationality. The Company places great importance on gender equality within the Board and is working toward the target of having at least one-third (33%) of its Board seats occupied by women. Currently, male</p>	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>directors make up 78% (7 members), while female directors account for 22% (2 members). The Company will continue striving to increase female representation. As of the end of 2024, two directors are aged 51–60, four are aged 61–70, and three are aged over 71.</p> <p>(3) All Company directors are distinguished professionals from industry and academia, with expertise and extensive experience across fields such as semiconductors, management, finance, and law. Their diverse perspectives significantly contribute to the Company’s operational performance and management efficiency.</p> <p>A. Independent Director Hsu, Jui-Ting has an accounting background, along with experience in finance and human resources management. She also serves as the convener of the Audit Committee.</p> <p>B. Independent Director Li, Pei-Ying has a background in law and financial accounting. She is also a professional lecturer in corporate governance and ESG sustainability, and serves as the convener of the Sustainability Committee.</p> <p>C. Seven directors—Wu, Chi-Yung, Tsai, Jung-Tsung, Gau, Kuo-Tung, Chang, Chih, Liu, Yuan-Ho, Wang, Ming-Kun, and Hsing, Chih-Tien—bring experience from at least three different industry sectors, including the semiconductor industry, computer and peripheral manufacturing, and technology management, thereby fulfilling the Board’s industry diversity objective.</p> <p>For information on the individual directors and their qualifications, please refer to pages 4 to 8 of this Annual Report.</p>	
(2) Other than the Compensation Committee and the Audit Committee which are required by law, does the Company plan to set up other Board committees?	✓		<p>(2) In addition to the establishment of the Remuneration Committee and the Audit Committee to assist the Board of Directors in fulfilling its duties, the Company established a Sustainability Committee on July 29, 2024. The current committee comprises two independent directors and one director. The committee assists the Board in advancing the Company’s sustainability strategies and vision, with the aim of strengthening corporate governance,</p>	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			promoting environmental protection, and fulfilling corporate social responsibility. In 2024, one meeting was convened.	
(3) Has the Company formulated the regulations and method for the performance evaluation of the board of directors, conducts performance evaluation regularly every year, reports the results of the performance evaluation to the board of directors, and takes it as a reference for the remuneration, nomination and re-appointment of each director?	✓		<p>(3)</p> <p>A. On January 25, 2016, the Board of Directors approved the "Regulations for Board Performance Evaluation." Under these regulations, performance evaluations are conducted annually and cover, at a minimum, the following aspects:</p> <p>(1) Board Performance Evaluation: Participation in the Company's operations, enhancement of board decision-making quality, board composition and structure, selection and continuing education of directors, and internal control.</p> <p>(2) Individual Director Performance Evaluation: Understanding of the Company's goals and missions, awareness of responsibilities, participation in Company operations, management of internal relationships and communication, professionalism and ongoing training, and internal control.</p> <p>(3) Functional Committee Performance Evaluation: Participation in Company operations, understanding of committee responsibilities, enhancement of decision-making quality, composition and member selection of the committees, and internal control.</p> <p>B. On February 10, 2025, the Company reported to the Board the results of the 2024 performance evaluations for the Board of Directors, individual directors, the Audit Committee, and the Remuneration Committee — all of which were rated as "Excellent." The evaluation results will serve as a reference for determining individual directors' remuneration and reappointment nominations.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons												
	Yes	No	Abstract Illustration													
(4) Does the Company regularly evaluate its external auditors’ independence?	✓		<p>(4)</p> <p>A. The Company shall review the professional qualifications and independence of independent certified public accountants (CPAs) annually. Additionally, it requires CPAs to provide a statement of independence and audit quality indicators (AQIs). The evaluation process follows the five dimensions and 13 indicators of the AQI disclosure framework.</p> <p>B. The evaluation confirmed that, aside from audit-related fees, the CPAs have no other financial interests or business relationships with the Company. The evaluation also referenced AQI information, including audit experience, training hours, professional support, and quality review of audit engagements — all of which were found to be above industry averages. The most recent evaluation was approved by the Audit Committee on February 7, 2025, and subsequently approved by the Board of Directors on February 10, 2025.</p> <p>C. Independence assessment standards for accountant(s)</p> <table><tr><th>Assessment Items</th><th>Assessment Results</th><th>Independence</th></tr><tr><td>1. Does the Accountant has direct or major indirect financial interests with the Company?</td><td>No</td><td>Yes</td></tr><tr><td>2. Does the Accountant have financing or guarantee behaviors with the Company or the Company’s Directors?</td><td>No</td><td>Yes</td></tr><tr><td>3. Does the accountant intermediate the stocks or other securities issued by the Company?</td><td>No</td><td>Yes</td></tr></table>	Assessment Items	Assessment Results	Independence	1. Does the Accountant has direct or major indirect financial interests with the Company?	No	Yes	2. Does the Accountant have financing or guarantee behaviors with the Company or the Company’s Directors?	No	Yes	3. Does the accountant intermediate the stocks or other securities issued by the Company?	No	Yes	None
Assessment Items	Assessment Results	Independence														
1. Does the Accountant has direct or major indirect financial interests with the Company?	No	Yes														
2. Does the Accountant have financing or guarantee behaviors with the Company or the Company’s Directors?	No	Yes														
3. Does the accountant intermediate the stocks or other securities issued by the Company?	No	Yes														

Evaluation Item	Implementation Status					Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration			
			4. Does the Accountant and its audit team member currently or use to serve in the Company as a director, manager or other position having major influence on the audit work in the Last Two Years?	No	Yes	
			5. Does the Accountant have close business relationship and potential employment relationship with the Company?	No	Yes	
			6. Does the Accountant ever serve as the Company’s defender or represent the Company in coordinating conflicts with other third parties?	No	Yes	
			7. Does the Accountant provide the Company with non-audit service item that may directly affect audit the work?	No	Yes	
			8. Does the Accountant have served less than 7 years?	No	Yes	
4. Has the Company have deployed appropriate numbers of suitable corporate governance personnel, and designated corporate governance directors responsible for corporate governance-related matters (including but not limited to providing directors, supervisors with information required to perform business, assisting directors, supervisors in complying	✓		On October 26, 2020, the Board of Directors approved the appointment of Mr. Liao Ming-Tung, Head of Finance, as the Corporate Governance Officer. The primary responsibilities of the Corporate Governance Officer include: handling matters related to Board and shareholders’ meetings in accordance with the law; preparing meeting minutes for the Board and shareholders’ meetings; assisting directors with onboarding and continuing education; providing directors with necessary information to perform their duties; assisting directors in complying with applicable laws and			None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
with laws, handled matters related to meetings of the board of directors and shareholders' meeting on the basis of the laws, and prepared the minutes of the board of directors and shareholders' meetings, etc.?			regulations; reporting to the Board on the review of the qualifications of independent director nominees at the time of nomination, election, and during their term of office; handling matters related to changes in directors; and other responsibilities as stipulated in the Company's Articles of Incorporation or contractual obligations.	
5. Has the Company established a means of communicating with its Stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) or created a Stakeholders Section on its Company website? Does the Company respond to stakeholders' questions on corporate responsibilities?	✓		<p>A. The Company has established a dedicated Investor Relations (IR) unit responsible for communicating with stakeholders, including shareholders, customers, suppliers, and investors. A dedicated “Stakeholders” section is also available on the Company's website, providing contact information for relevant personnel to address stakeholder concerns. The implementation status is reported to the Board of Directors at least once a year (most recently reported to the Board on July 29, 2024).</p> <p>B. For details on stakeholder concerns, as well as the Company's communication methods and frequency, please refer to the Stakeholders section on the Company's website.</p>	None
6. Has the Company appointed a professional registrar for its Shareholders' Meetings?	✓		The Company has appointed the Transfer Agency Department of SinoPac Securities Corporation to deal with shareholder affairs.	None
7. Information Disclosure				
(1) Has the Company established a corporate website to disclose information regarding its financial, business and corporate governance status?	✓		(1) The Company has set up a Chinese/English website ( <a href="http://www.holtek.com.tw">www.holtek.com.tw</a> ) to disclose information regarding regularly disclosed financial business and corporate governance information.	None
(2) Does the Company use other information disclosure channels (e.g. maintaining an English-language website, designating staff	✓		(2) A. The Company has assigned appropriate personnel engaging in the	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
to handle information collection and disclosure, appointing spokespersons, webcasting investor conference etc.)?			collection and disclosure of corporate information and has a spokesperson to regularly disclose financial business and corporate governance information.  B. The Company holds quarter investor conferences regularly and discloses publicly available materials on the Holtek website and TWSE’s Market Observation Post System	
(3) Does the Company announce and report the annual financial statements within two months after the end of the fiscal year, and announce and report the first, second, and third quarter financial statements as well as the operating status of each month before the prescribed deadline?	✓		(3) The Company publishes and reports its annual financial report within two months after the end of a fiscal year, and publishes and reports its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline in accordance with relevant laws and regulations.	None
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (e.g. including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies and purchasing insurance for directors)?	✓		A. The Company discloses financial, operational, and corporate governance information in a timely manner through its official website, ensuring transparency and accessibility for employees, investors, suppliers, and other stakeholders.  B. The Company has established various policies in compliance with labor laws to safeguard employee rights and interests. Regular labor-management meetings are held to facilitate effective communication. In addition, the Company has set up an Employee Welfare Committee that regularly organizes activities such as holiday gift vouchers, employee trips, club events, health check-ups, and group insurance programs.  C. The Company has established a spokesperson system and designated Investor Relations personnel to handle matters related to shareholders’ rights and interests.  D. All directors of the Company recuse themselves from discussions and	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			<p>voting on proposals in which they have a conflict of interest.</p> <p>E. The Company places great importance on whether its suppliers comply with international environmental regulations and labor health and safety standards, and is committed to building a green supply chain.</p> <p>F. The Company arranges annual training programs for directors to enhance their professional knowledge and practical competencies. For details, please refer to page 71 of this Annual Report.</p> <p>G. The Company established a Risk Management Committee in July 2023 under the supervision of the Audit Committee. The committee is responsible for setting risk management policies, overseeing major risk issues, coordinating risk control activities, and supervising risk mitigation efforts.</p> <p>Regular meetings are held, with business units reporting on risk mechanisms to ensure effective implementation. The Chairperson reports key risk areas and response measures to the Audit Committee annually, and a summary report is submitted to the Board of Directors. (Most recently reported on October 28 and 29, 2024, to the Audit Committee and Board, respectively.)</p> <p>H. With the approval of the Audit Committee on October 28, 2024, and the Board of Directors on October 29, 2024, the Company renewed its directors’ and officers’ liability insurance policy. For 2024, the insured amount is USD 5 million, and the relevant disclosure has been filed on the Market Observation Post System in accordance with regulations.</p>	
<p>9. The improvement status for the result of Corporate Governance Evaluation announced by the Taiwan Stock Exchange.</p> <p>1. On May 29, 2024, one female independent director, Ms. Pei-Ying Li, was elected at the shareholders’ meeting to enhance female participation in decision-making and improve board structure.</p> <p>2. On July 29, 2024, the Company adopted the “Policies and Procedures for Financial and Business Transactions with Related Parties”, covering management procedures for transactions such as purchases, sales, and asset acquisitions or disposals. Major transactions must be approved by the Board and reported to</p>				



Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
the shareholders’ meeting.				
3. On July 29, 2024, the Company established the Sustainability Committee, composed of two independent directors and one director, to assist the Board in promoting sustainability strategies and strengthening corporate governance, environmental protection, and social responsibility.				
4. On the same date, the Company revised Article 10 of the Corporate Governance Best Practice Principles to explicitly prohibit directors from trading company shares during a 30-day period prior to the annual financial report announcement and a 15-day period prior to each quarterly financial report. Insiders are also required to sign confidentiality agreements to prevent improper disclosure of material non-public information.				
5. The Company’s 2023 Sustainability Report was prepared in accordance with the latest GRI Standards and approved by the Board of Directors on July 29, 2024.				

### 2.3.4 Composition, Responsibilities and Operations of the Compensation Committee

1. The duties of Compensation Committee:

- (1) Prescribe and periodically review the annual and long-term performance and remuneration policy, system, standards and structure for directors and managers.
- (2) Periodically evaluate achievement of performance targets by directors and managers and prescribe their individual scope and amount of remuneration.

2. Professional qualifications and independence analysis of Compensation Committee members:

Title	Name	Criteria		Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
		Professional qualifications and experience	Independent status	
Independent Director (Convener)	Hsing, Chih-Tien	Mr. Hsing is fully conversant with semiconductor industry chain technological developments and additionally has expertise in corporate governance, technology industry and crisis management. He has served as an independent director for more than three terms (nine years), he is able to provide industry analysis and insight into the application of technology in operational management. During the exercising of his duties as an independent director, this expertise is used to provide supervision and advice to the board. There are no violations arising out of Article 30 of the Company Act.	Comply with the independence requirements, including but not limited to the following matters: The person concerned, his/her spouse and relatives within the second degree of kinship (or in the name of others) hold the shares of the Company in 36,000 shares (0.02%). The person is not a director, supervisor, or employee of an enterprise related to the Company (Reference to the Article 6, Paragraph 1, Paragraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). The person concerned do not receive any remuneration for providing business, legal, financial, and accounting services to the Company or its affiliated companies in the past 2 years.	0
Independent Director	Hsu, Jui-Ting	Mrs. Hsu has experience in Accounting and financial analysis skills, corporate governance, human resource management, operational management and practical experience. There are no violations arising out of Article 30 of the Company Act.	Comply with the independence requirements, including but not limited to the following matters: The person is not a director, supervisor, or employee of an enterprise related to the Company (Reference to the Article 6, Paragraph 1, Paragraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). The person concerned do not receive any remuneration for providing business, legal, financial, and accounting services to the Company or its affiliated companies in the past 2 years.	0

Title	Criteria Name	Professional qualifications and experience	Independent status	Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member
Independent Director	Li, Pei-Ying (Note 1)	Ms. Li holds professional qualifications as both a lawyer and a CPA, with expertise in financial management and corporate governance. She possesses industry knowledge, practical experience, and strong managerial and decision-making capabilities. She is also a certified lecturer in finance, taxation, corporate governance, and ESG sustainability. She is not subject to any disqualifying conditions under Article 30 of the Company Act.	Complies with the independence requirements, including but not limited to the following matters: The person is not a director, supervisor, or employee of an enterprise related to the Company (reference: Article 6, Paragraph 1, Subparagraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). The amount of remuneration received in the past two years for providing business, legal, financial, or accounting services to the Company or its affiliated enterprises complies with applicable regulatory requirements.	1
Committee Member	Tsou, Ping-Fang (Note 1)	Mr. Tsou has experience in management and decision-making skills, corporate governance, human resource management, practical experience. There are no violations arising out of Article 30 of the Company Act.	Comply with the independence requirements, including but not limited to the following matters: The person concerned, his/her spouse and relatives within the second degree of kinship (or in the name of others) hold the shares of the Company in 600 shares (0.00%). The person is not a director, supervisor, or employee of an enterprise related to the Company (Reference to the Article 6, Paragraph 1, Paragraphs 5 to 8 of the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange). The person concerned do not receive any remuneration for providing business, legal, financial, and accounting services to the Company or its affiliated companies in the past 2 years.	0

Note 1 : Committee Member, Tsou, Ping-Fang resigned on July 29, 2024. In accordance with applicable regulations, the Board of Directors appointed Pei-Ying Lee as her successor on the same day.

3. Attendance of members at Compensation Committee meetings:

- (1) The Company's Compensation Committee has 3 members in total.
- (2) Current members will serve from May 24, 2022 to May 23, 2025. The Compensation Committee held 4 sessions in 2024. The attendance of the Compensation Committee members is shown in the following table:

Title	Name	Attendance in Person	By Proxy	Attendance Rate (%)	Remarks
Convener	Hsing, Chih-Tien	4	0	100%	
Committee Member	Hsu, Jui-Ting	4	0	100%	
Committee Member	Li, Pei-Ying	1	0	100%	New-appointed on July 29, 2024
Committee Member	Tsou, Ping-Fang	2	1	67%	Resigned on July 29, 2024

Other mentionable items:

1. If the Board of Directors declines to adopt or modifies a recommendation of the Compensation Committee, it should specify the date of the meeting, session, content of the motion, resolution by the Board of Directors, and the Company's response to the Compensation Committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the Compensation Committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the Compensation Committee objected to by members or subject to a qualified opinion and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. The discussion item and resolution results of the Compensation Committee, and the Company's action to the advices of the Compensation Committee:

Date	Resolution	Result	Action of the Company in responding to the Compensation Committee
2024.01.26 The 5 <sup>th</sup> Term, the 7 <sup>th</sup> Meeting	1. Approved the Company's "Regulations Governing the Compensation System of the Directors and the Managers". 2. Approved the managers' annual bonuses for 2023. 3. Approved the managers' payroll adjustments of 2024. 4. Approved the managers' quarterly performance allowances. 5. Approved the managers' monthly position allowances of 2024. 6. Approval the managers' retirement.	Approved by all Compensation Committee Members.	None
2024.04.26 The 5 <sup>th</sup> Term, the 8 <sup>th</sup> Meeting	1. Approved the managers' quarterly performance allowances. 2. Approval the managers' retirement.	Approved by all Compensation Committee Members.	None
2024.07.26 The 5 <sup>th</sup> Term, the 9 <sup>th</sup> Meeting	1. Approved the managers' quarterly performance allowances. 2. Approved the directors' remuneration for 2023. 3. Approved the allocation of 2023 employee bonuses.	Approved by all Compensation Committee Members.	None
2024.10.28 The 5 <sup>th</sup> Term, the 10 <sup>th</sup> Meeting	1. Approved the managers' quarterly performance allowances. 2. Approval the managers' retirement.	Approved by all Compensation Committee Members.	None

### 2.3.5 Fulfillment of Sustainable Development and Discrepancies with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons thereof

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
1. Does the Company establish a governance structure to promote sustainable development, established a dedicated (part-time) unit to promote sustainable development; and did the Board of Directors authorize senior management to handle it and report the supervisory status to the Board of Directors?	✓		<p>1. On July 29, 2024, the Board of Directors established the Sustainability Committee as the highest-level ESG governance body within the Company. The current committee is composed of two independent directors and one director. Its primary purpose is to assist the Board in driving the Company’s sustainability strategy and vision, with a focus on enhancing corporate governance, environmental protection, and social responsibility. The Committee’s responsibilities include:</p> <p>(1) Formulating the Company’s sustainability direction, strategies, and objectives, and developing corresponding management policies and action plans.</p> <p>(2) Setting short-, medium-, and long-term sustainability goals and strategies.</p> <p>(3) Monitoring, reviewing, and revising the implementation and effectiveness of sustainability initiatives.</p> <p>(4) Reporting the Committee’s execution results to the Board of Directors annually.</p> <p>2. A Sustainability Promotion Task Force operates under the Sustainability Committee and comprises eight working groups: Corporate Governance, Environmental Sustainability, Social Inclusion, Product Responsibility, Employee Care, R&amp;D Innovation, Sustainability Disclosure, and Information Security. Each working group is led by a designated mid- to senior-level manager. A Secretary General is appointed to coordinate the promotion of sustainability-related issues across the working groups.</p> <p>3. Based on the materiality principles outlined in the Sustainability Report, the Sustainability Committee conducts risk assessments on key ESG topics and engages with internal and external stakeholders. Risk management strategies and mitigation measures are then developed for the identification, evaluation, monitoring, and control of material risks. On October 29, 2024,</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			the Committee reported its execution outcomes and future work plans to the Board. The Board reviews the reported content and progress of strategic initiatives, and provides timely guidance to ensure continuous improvement by the Committee.	
2. Does the Company follow materiality principle to conduct risk assessment for environmental, social and corporate governance topics related to company operation, and establish risk management related policy or strategy?	✓		<p>1. This disclosure covers the Company’s sustainability performance at its main operational sites from January to December 2024, with the risk assessment boundary focused on the Hsinchu Headquarters in Taiwan.</p> <p>2. On January 26, 2022, the Board of Directors approved the Risk Management Policy as the Company’s highest guiding principle for risk governance. In July 2023, the Risk Management Committee was established under the supervision of the Audit Committee to formulate risk policies, plan for major risk issues, implement and coordinate risk management activities, and oversee improvements in risk controls. The committee reports its operations annually to both the Audit Committee and the Board.</p> <p>3. In 2024, the Company conducted a stakeholder survey to gather internal and external views on sustainability issues, serving as a basis for identifying material ESG topics. Based on the materiality principle outlined in the Sustainability Report, relevant risks were assessed and continuously discussed with stakeholders. Effective strategies were developed to identify, assess, monitor, and manage these risks, along with specific action plans to reduce potential impacts on business operations and sustainability. The results and response measures were reported to the Board on October 29, 2024.</p> <p>4. In line with the materiality principle, the Company evaluates risks associated with environmental, social, and governance (ESG) issues relevant to its operations and formulates appropriate risk management policies. (Please refer to page 59 of this Annual Report<sup>1</sup>.)</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
3. Environmental Topic (1) Has the Company set an environmental management system designed to industry characteristics?	✓		(1) A. The ISO 14001: 2015 environmental management system (valid until November 26, 2027) has been certified by a third-party independent certification agency and continues to be valid. The Company’s management system covers relevant employees in the Hsinchu headquarters who carry out related work and activities, including employees and contractors for IC design, development, sales, quality inspection and contracting. B. To strengthen environmental management, the Company has established an Environmental Policy and a Hazardous Substance-Free (HSF) Policy. Regular Environmental Management Review Committee meetings are convened with senior management to assess the implementation status and ensure continuous improvement.	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2) A. The Company is committed to promote the efficient usage of various resources. The main framework for the development of pollution prevention and continuous improvement is researching the energy-saving concepts of green products, improving its process technology to reduce environmental impacts, importing from green supply chains, promoting environmental education and enforcing recycling to protect water resources and maintain a sustainable earth. B. The Company’s energy consumption is primarily derived from office electricity usage, with air conditioning systems, lighting, and office equipment being the main sources. To improve energy efficiency, the Company has implemented various conservation measures tailored to each category. Since 2020, LED lighting retrofits have been introduced to reduce lighting-related energy consumption. Air conditioning systems are	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>operated seasonally and maintained at a constant temperature of 26°C to optimize cooling efficiency. Office equipment is set to energy-saving modes, and employees are regularly encouraged to power off computers when not in use. In 2024, the Company conducted a review of the lifespan and operating condition of major energy-consuming equipment and formulated a carbon reduction plan, which will be progressively implemented starting in 2025.</p> <p>C. To reduce packaging material usage and minimize resource waste, the Company optimizes packaging designs based on product category, shipping destination, product quantity, and customer requirements. Packaging specifications are standardized and documented in the “Finished Goods Warehouse Packaging Material Specification.” Over 80% of packaging cartons are made from recycled pulp, sourced from suppliers certified by FSC (Forest Stewardship Council) and carrying green labels. Reusable packaging materials are recycled where possible, with a carton reuse rate of 5.40%. For more information, please refer to Chapter 4, Environmental Sustainability, of the Sustainability Report.</p>	
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		<p>(3)</p> <p>A. The Company follows the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) by adopting a framework based on four core elements: Governance, Strategy, Risk Management, and Metrics &amp; Targets. Through this structure, the Company identifies climate-related risks and opportunities that may significantly impact operations and develops corresponding management actions and response strategies.</p> <p>B. These identified climate risks and opportunities, along with related mitigation and adaptation measures, are disclosed in Chapter 4, Environmental Sustainability, of the Company’s Sustainability Report. To date, the Company has identified nine major climate-related risks (e.g., rising average temperatures, water shortages or power rationing,</p>	None



Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons															
	Yes	No	Abstract Explanation																
			regulatory compliance, and market transition risks) and five key opportunities (e.g., resource recycling, policy incentives, energy-saving initiatives, and new product/business development). Tailored strategies have been developed to address each of these risks and opportunities.																
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		<p>(4)</p> <p>A. The Company set up initiative group to conduct greenhouse house gas emission check in 2022, primarily based on Hsinchu headquarters. It is divided into two categories as direct discharge (category 1) and indirect discharge (category 2).</p> <p style="text-align: center;">Greenhouse gas emission from 2023 to 2024</p> <table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>Category 1 (Ton CO2e/year)</td><td>36.69</td><td>30.93</td></tr><tr><td>Category 2 (Ton CO2e/year)</td><td>1,218.30</td><td>1,138.70</td></tr><tr><td>Total</td><td>1,254.99</td><td>1,169.63</td></tr><tr><td>Greenhouse gas emission intensity (Ton CO2e/million dollars)</td><td>0.48</td><td>0.47</td></tr></table> <p>Note: Greenhouse gas emission intensity: data scope (category 1 + category 2)/revenue (million dollars)</p> <p>Energy Reduction goal: The goal is to save 1% of electricity each year over the next five years. Energy-saving measures focus on major energy-consuming equipment through equipment replacement (such as LED lighting), efficiency improvement (such as replacing inverters and motors), reducing consumption (such as zoned switching and standby power-saving), and promoting environmental awareness through regular awareness campaigns and education. These measures are implemented to achieve the energy reduction goal.</p> <p>B. The company primarily uses water for general domestic purposes and air</p>	Year	2023	2024	Category 1 (Ton CO2e/year)	36.69	30.93	Category 2 (Ton CO2e/year)	1,218.30	1,138.70	Total	1,254.99	1,169.63	Greenhouse gas emission intensity (Ton CO2e/million dollars)	0.48	0.47	None
Year	2023	2024																	
Category 1 (Ton CO2e/year)	36.69	30.93																	
Category 2 (Ton CO2e/year)	1,218.30	1,138.70																	
Total	1,254.99	1,169.63																	
Greenhouse gas emission intensity (Ton CO2e/million dollars)	0.48	0.47																	

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons																					
	Yes	No	Abstract Explanation																						
			<p>conditioning, with no water used in production processes. The main water source is the Hsinchu Operations Headquarters, and the water is supplied by the Taiwan Water Corporation.</p> <p>Water consumption statistic from 2023 to 2024</p> <p>Unit: Cubic Meter</p> <table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>Total water consumption</td><td>11,851</td><td>11,420</td></tr></table> <p>Water saving measures: Water supply devices are all equipped with frequency converters to stabilize water pressure. The company’s restrooms all use automatic sensor taps to efficiently reduce unnecessary water wastage. A storm water recovery system is devised to collect rainwater for reuse as water not in direct contact with the human body.</p> <p>C. The company does not engage in production or manufacturing activities, and the primary type of waste is H-0002. The following statistics are based on data from the Hsinchu Operations Headquarters.</p> <p>Industrial waste output and treatment statistics from 2023 to 2024</p> <p>Unit: Ton</p> <table><tr><th>Year</th><th>2023</th><th>2024</th></tr><tr><td>Domestic waste</td><td>8.95</td><td>8.82</td></tr><tr><td>Recycling</td><td>1.32</td><td>1.78</td></tr><tr><td>Hazardous industrial waste</td><td>0.15</td><td>0.37</td></tr><tr><td>Total weight</td><td>10.42</td><td>10.97</td></tr></table> <p>Waste Reduction Measures: The Company continues to promote the electronic document management system. Implement waste classification and resource recovery by appointing dedicated personnel to be responsible for the classification and removal of waste, such as for empty toner</p>	Year	2023	2024	Total water consumption	11,851	11,420	Year	2023	2024	Domestic waste	8.95	8.82	Recycling	1.32	1.78	Hazardous industrial waste	0.15	0.37	Total weight	10.42	10.97	
Year	2023	2024																							
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Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>cartridges, iron, aluminum, glass, waste paper, etc.</p> <p>Please refer to Chapter 4 of the “ESG Report” for information on environmental sustainability.</p> <p>D. Our company has not yet obtained ISO 14064-1 certification, but plans are in place to complete third-party verification for the 2025 fiscal year in 2026.</p>	
<p>4. Social Topic</p> <p>(1) Does the Company set policies and procedures in compliance with regulations and internationally recognized human rights principles?</p>	✓		<p>(1)</p> <p>A. Holtek understands and follows related international standards, including the Responsible Business Alliance (RBA) Code of Conduct, UN Universal Declaration of Human Rights and Principles of the UN Global Compact, etc. The Company’s human-rights policy specifically includes: provide a safe and health working environment, prohibition of discrimination, prohibition of forced labor, freedom of association, and prohibition of child labor and ensure humane treatment. (Please refer to the annual report (Note 2) on page 61).</p> <p>B. Total 2,514 employees join internal and/or external training courses in related human rights, totaling 2,884 hours in 2024.</p>	None
<p>(2) Has the Company have formulated and implemented reasonable employee benefits measures (including salary, leave and other benefits, etc.), and appropriately reflect the operating performance or results on the compensation of employees?</p>	✓		<p>(2)</p> <p>A. Employee compensation: Holtek formulates the compensation policy annually through peer compensation surveys, interviews with departing employees, and based on company operation status and personal performance. After discussions at the senior management meeting, appropriate adjustments are made to employees’ compensation to ensure that the compensation meets market standards and fairness.</p> <p>B. Business performance reflected in employee compensation: According to Article 24 of the company's Articles of Incorporation, if the company</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons									
	Yes	No	Abstract Explanation										
			<p>makes a profit during the year, 5% to 15% should be allocated for employee remuneration. The bonuses that are directly tied to the company's operating results, team performance, and individual performance, including employee bonuses and operational bonuses, embodying the spirit of profit-sharing between labor and management.</p> <p>C. On the basis of the general economy and overall market salary levels, the company makes appropriate adjustments each year. Function and educational background form the minimum salary standard, with personal professional seniority and experience to differentiate the Fixed Salary; Bonuses that dynamically add to salary are differentiated based on personal performance, to give the compensation system sufficient incentive effects. In each job category, the same standard is adopted for employees of both genders to fulfill gender equality.</p> <p>Overall compensation ratio for men and women by function</p> <table><tr><td>Position type</td><td>Male</td><td>Female</td></tr><tr><td>Regular employees</td><td>56%</td><td>44%</td></tr><tr><td>Supervisors</td><td>74%</td><td>26%</td></tr></table> <p>D. The Company features an employee restaurant, staff recreation area, sports and fitness equipment area, rhythm classroom, medical room and other facilities. All employees are entitled to benefits such as group insurance, regular high-quality health checks etc. Professional medical staff are utilised to provide staff with health management facilities and medical insurance. The Company continues to build on our already established firm foundation for sustained continued growth well into the future to provide stable performance and profitability for all employees.</p> <p>E. The Employee Welfare Committee holds regular staff travel activities, a range of game based competitions, a year-end party and other activities. In addition, there are birthday gift vouchers, festival vouchers, travel subsidies, marriage/funeral cash gifts, birth and hospitalization time are</p>	Position type	Male	Female	Regular employees	56%	44%	Supervisors	74%	26%	
Position type	Male	Female											
Regular employees	56%	44%											
Supervisors	74%	26%											

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			<p>all covered all the Company.</p> <p>Please refer to Chapter 5 of the “ESG Report” for information on employee care.</p>	
(3) Does the Company provide employees with a safe and healthy working environment, with regular safety and health training?	✓		(3) The Company keeps continuous improvement of safety and health in employee safety matters to create a good working environment and protect the physical and mental health and safety of employees. (Please refer to the annual report on page 107~108)(Please refer to Chapter 4 of the “ESG Report” for information on environmental sustainability.)	None
(4) Has the Company established effective career development training plans?	✓		(4) The Company spares no effort in the cultivation of talent excellence. In addition to budgeting for employees' further study, the Company has designed in-house training courses to provide a challenging and learning environment. (Please refer to the annual report on page 106~107)(Please refer to Chapter 5 of the “ESG Report” for information on employee care.)	None
(5) Has the Company complied with relevant laws and regulations and international standards for the health and safety of customers, customer privacy, marketing and labeling of products and services, and formulated relevant consumer protection policies and complaint procedures?	✓		<p>(5)</p> <p>A. The Company attaches great importance to products quality. The Company’s operation process and product quality are in line with international ISO 9001 standards and has established “Code of Client Satisfaction Operations”, “Code of Client Complaint Handling” and “Code of Client Return Handling” and other operating procedures. Meanwhile, the Company has furnished a client service section to solve and handle client appeals as soon as possible.</p> <p>B. To comply with international standards, the Company strictly abides by the relevant safety, environmental protection and labor protection standards in its R&amp;D, procurement and production processes to ensure that the products shipped by the Company comply with the standards and may safeguard the interests of clients.</p>	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			C. Products of the company comply with international environmental protection regulations, meet EU ROHS and REACH requirements. The products contain clearly-labeled packaging to ensure that the products do not contain harmful substances that harm the human body. D. The Company conducts “Ethical Corporate Management Best Practice	
(6) Has the Company have formulated a supplier management policy which requires suppliers to comply with the relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and how their implementation is?	✓		<p>(6)</p> <p>A. The Company communicates with and encourages its suppliers to meet the requests for quality and environmental protection, in addition to meet the Company's supplier management policy to become qualified suppliers, continue to claim to supplier to compliance with the green environmental protection laws or regulations, and promote all kinds of policies for environmental protection.</p> <p>B. The Company requires its suppliers to conduct self-evaluation, and site audits according to the self-evaluation results, and design training courses for its suppliers irregularly through the system or site communication, so as to meet the requirements of the Company.</p> <p>C. Regularly evaluate the performance of suppliers’ product quality, delivery time, service and management system indicators on a quarterly basis, in order to serve as a reference for sustainable cooperation between both parties. Please refer to Chapter 3 of the “ESG Report” for information on product liability</p>	None
<p>5. Enhanced Information Disclosure</p> <p>Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification</p>	✓		The Company compiled its 2023 ESG Report in accordance with the globally recognized GRI Standards (2021), and obtained an independent and credible assurance statement from the British Standards Institution Taiwan Branch (BSI Taiwan) based on the AA1000 AS v3 Type 1 moderate assurance level and GRI Standards (2021). Please refer to the appendix of the sustainability report for the assurance statement.	None

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
unit?				
<p>6. If the company has its own sustainable development best practice principles formulated in accordance with the "Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe the differences between its operations and the said principles:</p> <p>The Company conducts “Sustainable Development Best Practice Principles ” and its operational status does not differ from the “Corporate Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>				
<p>7. Other important information for the understanding of the Company’s romotion/implementation of sustainable development:</p> <p>Refer to the Holtek website for its sustainable development implementation status: <a href="https://www.holtek.com.tw/web/guest/responsibility">https://www.holtek.com.tw/web/guest/responsibility</a>.</p>				

Note1 : The Company have conducted risk assessments of environmental, social and corporate governance issues related to its operations in accordance with the materiality principles, and formulated relevant risk management policies or strategies, the policy of risk management is as below :

Materiality principles	Issues in risk assessment	Policies of risk management
Environment	Environmental impact and management	<ol style="list-style-type: none"> <li>1. In compliance with relevant regulations, the Company has established environmental protection measures and assigned a dedicated unit to review global environmental trends on a quarterly basis. Efforts are focused on enhancing the environmental management system, promoting green product development, and strengthening green supply chain management to maintain industry competitiveness. Internal training and awareness campaigns are also conducted to help employees understand the impacts of climate change.</li> <li>2. The company is committed to environmental protection. The Company has established an environmental management system (ISO 14001) to promote environmental management policies, and the certification will be obtained regularly in future.</li> <li>3. The inspect the impacts from our operations, we regularly take inventories of our GHG emissions in line with the ISO 14064-1 standard. The company reviews results of carbon inventories and continues to implement carbon reduction measures. This helps us to effectively reduce the risk of category 1 emissions and the indirect emission (category 2) from electricity consumption.</li> </ol>
	Product Safety	<ol style="list-style-type: none"> <li>1. The Company places great importance on product quality, with operational processes and product standards fully compliant with the ISO 9001 international quality management system.</li> <li>2. All of the Company's product lines comply with RoHS, REACH, and halogen-free requirements, and declarations of non-use of hazardous substances are provided to customers.</li> <li>3. To ensure service quality, a customer service website has been established, and annual customer satisfaction surveys are proactively conducted to strengthen relationships and collaboration with clients.</li> </ol>
Society	Occupational safety	<ol style="list-style-type: none"> <li>1. The company has obtained ISO45001 occupational safety and health management system certification, and the certification will be obtained regularly in future.</li> <li>2. The company conducts regular fire drills and occupational safety training in each year to develop the employees' emergency response and autonomous safety management skills.</li> </ol>
	Talent Development and Compensation & Benefits	<ol style="list-style-type: none"> <li>1. The Company actively recruits outstanding talent, values employee retention, and provides a fair and market-competitive compensation and benefits system to enhance employee engagement.</li> <li>2. Emphasis is placed on building a sound workforce structure and talent development framework. A comprehensive training system is in place to encourage continuous learning and support career advancement.</li> <li>3. The Company is committed to creating a friendly workplace that blends professionalism with positivity, focusing on employees' physical and mental well-being while fostering professional growth. This approach aims to attract and retain top talent by offering an ideal working environment.</li> </ol>



Materiality principles	Issues in risk assessment	Policies of risk management
Corporate Governance	Socio-economic and legal compliance	By establishing a governance framework and implementing internal control mechanisms, the Company ensures that all personnel and operations fully comply with relevant laws and regulations.
	Strengthening functions of the Board of Directors	<ol style="list-style-type: none"> <li>1. Relevant training topics are planned for directors, along with the provision of legal and corporate governance information.</li> <li>2. Directors' liability insurance is purchased to protect them in the event of litigation or claims.</li> </ol>
	Information security	<ol style="list-style-type: none"> <li>1. The Company regularly reviews the adequacy and effectiveness of its information security policy and continuously enhances its protection measures based on the PDCA (Plan-Do-Check-Act) model to strengthen the cybersecurity framework and reduce risks.</li> <li>2. The secure development process is continually optimized. Professional third-party vendors are engaged to perform vulnerability scans and analysis, assisting in the remediation of high-risk issues on corporate websites to enhance security defenses.</li> <li>3. Machine learning-based next-generation firewalls have been upgraded to provide zero-day attack protection, network isolation for R&amp;D data, and endpoint threat prevention and control.</li> <li>4. Training and Awareness: Regular security announcements and training sessions are conducted for employees, along with scheduled social engineering drills, to raise awareness and reinforce cybersecurity knowledge across the organization.</li> </ol>

Note2 : Execution plan for human right management: : The company complies with various labor laws and relevant regulations with no major violations of labor disputes in 2024.

Human right management policy	Target	Execution plan
Provide a safe and health working environment	All employees	<ol style="list-style-type: none"> <li>1. Develop a health management service in accordance with the company's safety and health policies, and conduct health promotion-related measures to improve employees' physical and mental health and create a healthy workplace.</li> <li>2. Management and tracking of abnormal working hours.</li> <li>3. Conduct education and disseminate to prevent unlawful infringements.</li> <li>4. Provide doctor consultation services and hire full-time occupational nurses.</li> </ol>
Prohibition of discrimination	Applicant/All/ New employees	<ol style="list-style-type: none"> <li>1. Any form of tangible or intangible sexual harassment or discrimination in the workplace is strictly prohibited.</li> <li>2. Employment decisions, including hiring, evaluation, and promotion, are made without regard to race, gender, age, marital status, political affiliation, or religious belief.</li> <li>3. Job postings are published externally with nondiscriminatory qualifications to ensure equal employment opportunities.</li> </ol>
Prohibition of forced labor	All employees	<ol style="list-style-type: none"> <li>1. A written labor contract is signed in accordance with the law upon the establishment of an employment relationship.</li> <li>2. All employment contracts are established based on mutual consent, and the Company strictly prohibits forced labor, human trafficking, and any form of slavery.</li> <li>3. With the approval of the labor-management committee, working hours may be extended when necessary. All overtime work is voluntary; employees required to work overtime may claim overtime pay or compensatory leave.</li> <li>4. The Company fully implements leave policies and encourages employees to maintain a healthy work-life balance.</li> <li>5. In addition to statutory leave, the Company provides 7 days of flexible leave, exceeding the requirements of the Labor Standards Act, to allow for better vacation planning.</li> </ol>
Freedom of association	All employees	<ol style="list-style-type: none"> <li>1. Open and direct communication between employees and the management is the most effective way to address workplace and salary issues. The company has established internal e-mails, department meetings and other channels for colleagues to express and communicate with leaders.</li> <li>2. The rights of employees, including freedom of association, participation in labor-management meetings, and appointment of labor-management representatives are respected.</li> <li>3. Provide diversified activities and expand interactions among colleagues through club participation to maintain physical and mental health and work-life balance.</li> </ol>
Prohibition of child labor	New employees	<ol style="list-style-type: none"> <li>1. The Company hires only workers who are 18 years of age or older.</li> <li>2. Identity verification is conducted during onboarding to ensure that no child labor is employed.</li> </ol>
Humane treatment	All employees	Employees may not be subjected to cruel and inhumane treatment, including any form of sexual harassment, abuse, corporal punishment, mental or physical oppression or verbal abuse, including threats to engage in any such behavior.

## 8. Climate-Related Information for Publicly Listed Companies

### (1) Implementation status.

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	<p>The Board of Directors serves as the highest supervisory body for the Company's climate change management. It is responsible for reviewing the annual corporate governance report and ensuring the effective implementation of climate-related risk management systems.</p> <p>On July 29, 2024, Holtek established the Sustainability Committee as the Company's highest-level ESG governance body. The committee is responsible for formulating corporate sustainability strategies and long-term vision, aiming to strengthen corporate governance, implement environmental protection, and fulfill social responsibility.</p> <p>The committee is composed of two independent directors and one director, with corporate sustainability as its guiding principle. In accordance with regulations, it convenes at least twice a year and regularly reports to the Board on climate-related performance and progress.</p>
2. Describe how the identified climate risks and opportunities impact the company's business, strategy, and finances (short-term, medium-term, and long-term).	<p>Holtek classifies its climate risks and opportunities into short-term and medium-to-long-term. Short-term risks cover 1-3 years, while medium-to-long-term risks extend beyond 3 years. Holtek has identified six risks and five opportunities. The six risks are: 1. Greenhouse gas-related regulations (policy and regulatory risk), 2. Transition to low-carbon technology (technology risk), 3. Changes in customer behavior (market risk), 4. Shifts in customer preferences and increased stakeholder feedback (reputational risk), 5. Immediate risks, and 6. Long-term risks. The five opportunities include: Resource use efficiency, Energy sources, Products and services, Markets, and Resilience. By managing these risks and opportunities, the company aims to minimize the potential impacts on business, strategy, and financial performance brought about by climate risks. For more detailed information, please refer to the company's ESG Sustainability Report.</p>
3. Describe the financial impact of extreme weather events and transition actions.	<p>Extreme weather events, such as typhoons, floods, and earthquakes, can have financial impacts, including operational disruptions, damage to the supply chain, and increased insurance costs. The financial impact of transition actions is linked to climate change response, as governments worldwide are implementing carbon emission control measures, encouraging industries to transition to a low-carbon economy. To meet carbon regulation requirements, possible transition actions include developing green products and joining the carbon neutrality initiative.</p>
4. Describe how the process for identifying, assessing, and managing climate risks is integrated into the overall risk management	<p>The methods for identifying climate risks include reviewing climate change trends, analyzing supply chain risks, and assessing the impacts of extreme weather events.</p> <p>The approach for evaluating climate risks involves analyzing the financial impact of climate risks on revenue,</p>

Item	Implementation status
system.	<p>profitability, and capital expenditures, as well as assessing the likelihood and severity of climate risks to determine risk management priorities.</p> <p>The strategy for managing climate risks includes setting carbon reduction targets and action plans to reduce carbon emissions and address climate change challenges, along with developing green products to meet market demand and increase competitiveness.</p> <p>Holtek integrates climate risk management into its overall risk management system by incorporating climate risks into the Holtek risk management framework, conducting regular risk assessments and management, and establishing a climate-related information disclosure system to ensure stakeholders are informed about Holtek 's approach to climate change adaptation.</p>
5. If scenario analysis is used to assess resilience in the face of climate change risks, explain the scenarios, parameters, assumptions, analytical factors, and key financial impacts used in the analysis.	Holtek has not yet begun using scenario analysis to assess resilience in the face of climate change risks.
6. If a transition plan exists to manage climate-related risks, describe its content, along with the indicators and targets used to identify and manage physical risks and transition risks.	Holtek does not yet have a transition plan to address and manage climate-related risks.
7. If internal carbon pricing is used as a planning tool, explain the basis for setting the price.	Holtek has not yet begun using internal carbon pricing as a planning tool.
8. If climate-related targets are set, describe the activities covered, the scope of greenhouse gas emissions, the planning timeframe, and the annual progress toward achieving these targets. If carbon offsets or Renewable Energy Certificates (RECs) are used to meet these targets, provide information on the source and quantity of carbon offsets or RECs used.	Holtek has not yet set climate-related targets.

Item	Implementation status
9. Status of greenhouse gas inventory and assurance, along with reduction targets, strategies, and specific action plans.	Also, complete sections 1-1 and 1-2.

A. The status of the company's greenhouse gas inventory and assurance for the last two years.

- (a) Greenhouse Gas Inventory Information: Describe the greenhouse gas emissions for the last two years (in metric tons of CO<sub>2</sub> equivalent), the intensity (in metric tons of CO<sub>2</sub> equivalent per million dollars), and the scope of the data coverage.

The greenhouse gas inventory plan has been launched and a greenhouse gas inventory promotion group has been established in 2022. The independent inventory results are as follows:

Greenhouse gas emission from 2022 to 2024

Year	2022	2023	2024
Category 1 (Ton CO <sub>2</sub> e/year)	87.58	36.69	30.93
Category 2 (Ton CO <sub>2</sub> e/year)	1,413.55	1,218.30	1,138.70
Total	1,501.13	1,254.99	1,169.63
Greenhouse gas emission intensity(Ton CO <sub>2</sub> e/million dollars)	0.25	0.48	0.47

Note: Greenhouse gas emission intensity: data scope (category 1 + category 2)/revenue (million dollars)

a-1. Scope of data coverage for 2022: Holtek headquarters, Taipei office, Innovation office, and dormitories.

a-2. Scope of data coverage for 2023: Holtek headquarters, Taipei office, Innovation office (January to September; lease ended on October), and dormitory.

a-3 Scope of data coverage for 2024: Holtek Headquarters, Taipei Office, and the Dormitory (January to September; lease terminated on September 16).

- (b) Greenhouse Gas Assurance Information: Describe the assurance status for the last two years as of the date of the annual report publication, including the scope of assurance, the assurance institution, the assurance standards, and the assurance opinion.

Our company has not yet obtained ISO 14064-1 certification, but plans are in place to complete third-party verification for the 2025 fiscal year in 2026.

B. Greenhouse Gas Reduction Targets, Strategies, and Specific Action Plans: Describe the baseline year for greenhouse gas reduction and its data, reduction targets, strategies, specific action plans, and progress in achieving the reduction targets.

(a) The parent company has adopted 2022 as the baseline year.

(b) The subsidiary plans to complete its greenhouse gas (GHG) inventory by 2027 and verification by 2029.

(c) If there are changes in operational boundaries, ownership or control of GHG emission sources or sinks, or changes in GHG quantification methods that result in significant variations in emissions or removals, the baseline year will be revised accordingly. For details, please refer to

Section A-(a) of the report.

(d) Energy Conservation Measures:

As the Company does not engage in manufacturing, energy consumption mainly comes from office electricity usage. Accordingly, reduction efforts focus on air conditioning, lighting, office equipment, and employee awareness. Improvement initiatives are implemented annually, including equipment upgrades and performance enhancements. Since 2018, all office lighting has been converted to LED, resulting in an annual electricity savings of 111,357 kWh compared to pre-upgrade levels—equivalent to approximately 58.06 metric tons of CO<sub>2</sub>e. In 2024, the Company reviewed the lifespan and condition of major energy-consuming equipment and formulated a carbon reduction plan to be implemented starting in 2025.

(e) Energy Saving Target:

The Company has set a target to reduce electricity consumption by 1% annually over the next five years.

Please refer to Chapter 4 of the “ESG Report” for information on environmental sustainability.

### 2.3.6 Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of Corporate Conduct and Ethics Policy and Implementation Measures</p> <p>(1) Did the company develop ethical corporate management policies approved by the board of directors and clearly state its policies and practices of ethical corporate management in the regulations and external documents? Are the Board of Directors and the senior management implementing the commitment to business policies?</p>	✓		<p>(1)</p> <p>A. The Company conducts the "Ethical Corporate Management Best Practice Principles" on October 25, 2013. The directors and managers of the Company shall exercise the due care of good administrators to urge the company to prevent unethical conduct, always review the results of the preventive measures and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.</p> <p>B. All directors and managers have signed the Declaration of the Ethical Corporate Management Best Practice Principles.</p>	None
<p>(2) Did the company establish the assessment system for the risks of unethical behaviors and regularly analyze and assess the business activities with higher risks of unethical behaviors within its business scope? Furthermore, did the company establish prevention programs against unethical behaviors, which at least covered the prevention measures for the behaviors in Article 7, Paragraph 2 of "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?</p>	✓		<p>(2) The company has established the "Ethical Corporate Management Best Practice Principles," which addresses issues such as bribery and receiving bribes, illegal political contributions, improper charitable donations or sponsorships, providing or acceptance of improper benefit, infringement of trade secrets, trademarks, patents, copyrights, and other intellectual property rights, engaging in unfair competition behavior, and service directly or indirectly damaging the rights, health and safety of consumers or other stakeholders during the research and development, procurement, manufacturing, provision, or sales. The code also specifies preventive measures and reporting mechanisms to enhance the effectiveness of ethical management.</p>	None
<p>(3) Has the Company clearly established and implemented operating procedures, code of conduct, penalties for violation and complaint</p>	✓		<p>(3) In accordance with the "Ethical Corporate Management Best Practice Principles" and the "Whistleblowing System", the Company has defined its operating procedures, guidelines on conduct, disciplinary and</p>	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
system in the prevention programs against unethical behaviors as well as reviewed and revised the aforementioned programs regularly?			grievance systems for non-compliance, and established a stringent prevention system through internal auditing to prevent dishonest acts from occurring.	
2. Facilitation of Ethical Corporate Management (1) Does the company assess the ethics records of whom it has business relationship with and include business conduct and ethics related clauses in the business contracts?	✓		(1) The Company shall avoid engaging in business transactions with its agents, suppliers, clients or trading counterparties involved in unethical conduct and should at any time terminate or rescind the contracts with any trading counterparties. The Company shall list them as the objects of refusal to deal with, in order to implement the Company's ethical management policy.	None
(2) Has the company established units exclusive for the promotion of ethical corporate management, which are affiliated under board of directors and will report regularly (at least once a year) to board of directors about the programs, supervision and execution situations for the ethical corporate management policies and the prevention against unethical behaviors?	✓		(2) A. The Resource Management Center is responsible for establishing and supervising the implementation of the ethical corporate management policies and prevention programs. The Sales Division, Design Center, Product Center and Legal & Intellectual Property Division shall be in charge of the following matters, and report to the Board of Directors at least once a year. (Report has been submitted to the Board of Directors' Meeting on July 29, 2024).  B. Holtek will continue to promote the importance of ethical management and ethical standards. Each employee is responsible for maintaining the Company's reputation in accordance with the highest ethical standards. Integrate the ethical management policy with employee performance and human resources policies to establish a clear and effective reward system. The audit unit includes the compliance situations in the audit scope to implement legal compliance. Since the establishment of the Company, there have been no cases of corruption or violations of business ethics and integrity.	None



Evaluation Item	Implementation Status			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(3) Does the company establish policies to prevent conflicts of interests, provide appropriate communication and complaint channels and implement such policies properly?	✓		<p>(3)</p> <p>A. The Company conducts the "Ethical Corporate Management Best Practice Principles" and the "Whistle-blowing System" for preventing conflicts of interests and establishing appropriate representation channels. If any dishonesty or illegal conduct is discovered or reported, the dedicated personnel shall immediately handle it.</p> <p>B. Directors who have conflicts of interest with agenda items, either personally or on behalf of represented legal entities, which may damage the interests of the company, shall not participate in the discussion or vote on such matters. They are also prohibited from representing other directors to exercise their voting rights</p>	None
(4) Has the Company established effective accounting systems and internal control systems for implementing Ethical Corporate Management and has its internal audit unit developed relevant audit programs according to the assessment results for the risks of unethical behaviors as well as reviewed compliance to prevention against unethical behaviors or entrusted accountants to conduct the review?	✓		(4) The Company establishes a complete and effective accounting system and internal control system. Internal auditors also check regularly all transaction cycles in accordance with regulations to ensure that the Company complies with internal control as well as relevant laws and regulations. The internal auditing department shall continuously inspect business activities within their business scopes which are possibly at a higher risk of being involved in an unethical conduct and report results to the Audit committee and the Board of Directors'.	None
(5) Does the company provide internal and external ethical conduct training programs on a regular basis?	✓		(5) The Company regularly hosts sessions led by the President to introduce new employees to the corporate culture and business philosophy. Integrity-related training courses are also held on a regular basis. In 2024, the training covered topics such as compliance with integrity regulations, accounting systems, internal controls, trade secret protection, and copyright protection. A total of 286 participants attended, with 733.8 training hours completed.	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<b>3. Implementation of Complaint Procedures</b> (1) Does the company establish specific complaint and reward procedures, set up conveniently accessible complaint channels, and designate responsible individuals to handle the complaint received?	✓		(1) The company has formulated a specific reporting and reward system in the “Whistle-blowing System”. If a report of dishonest or illegal conduct is found or received, the Administration Division will be assigned as the dedicated unit to receive it. If a report involves a general employee, it should be reported to the head of the department; if it involves a director or a senior executive at associate level or above, it should be reported to the independent director.	None
(2) Has the Company established standard operating procedures for the investigation on complaints and the follow-up measures to be adopted after the investigation is completed as well as the relevant confidentiality mechanisms?	✓		(2) A. The Company has set up and announced a whistleblowing channel on its official website, and both internal and external personnel can access the public whistleblowing mailbox (liman1103@holtek.com.tw) to report directly to the Company. B. The Company conducts the “Whistle-blowing System” for executing investigation and relevant confidentiality mechanism. After issuing the investigation report, the prosecution, the investigation process, the survey results should be retained in paper documents for confidentiality, and saved for 5 years, the preservation of electronic means to whom. The relevant information shall be kept until the end of the litigation before the expiry of the period of preservation. C. For the prosecution of the case is verified, the relevant units should review the relevant internal control system and operating procedures, and to improve measures to prevent the same situation from happening again. Reporting to the Board of Directors on how to report the cases, ways of handling them and follow-up review and improvement measures by the responsible units.	None
(3) Does the company adopt proper measures to prevent a complainant from retaliation for	✓		(3) Personnel involved in handling whistleblower cases in the company must provide a written statement ensuring the confidentiality of the whistleblower's identity and the contents of the report. The company also	None

Evaluation Item	Implementation Status			Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
his/her filing a complaint?			commits to protecting whistleblowers from any inappropriate treatment resulting from their whistleblowing.	
<p>4. Information Disclosure</p> <p>Does the company disclose its guidelines on business ethics as well as information about implementation of such guidelines on its website and Market Observation Post System (“MOPS”)?</p>	✓		The Company conducts “Ethical Corporate Management Best Practice Principles” which have been disclosed on Holtek's website and the TWSE’s Market Observation Post System.	None
<p>5. If the company has established corporate governance policies based on Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe any discrepancy between the policies and their implementation:</p> <p>The Company conducts “Ethical Corporate Management Best Practice Principles” and its operational status does not differ from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”.</p>				
<p>6. Other important information to facilitate better understanding of the company’s corporate conduct and ethics compliance practices (e.g., review the company’s corporate conduct and ethics policy): Up until now, there has been no major violation of the integrity management regulations, which has affected the Company's operation.</p>				

### 2.3.7 Other Important Information Regarding Corporate Governance:

Further education of directors, accounting supervisors and Chief corporate governance officer:

Position	Name	Date	Professional Development Institutions	Course Name	Hours
Chairman	Wu Chi-Yung	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Director	Tsai, Jung-Tsung	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Director	Gau, Kuo-Tung	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Director	Chang, Chi	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Director	Liu, Yuan-Ho	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Director	Wang, Min-Kun	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Independent Director	Hsing, Chih-Tien	2024/09/04	Taiwan Corporate Governance Association	Net Zero Carbon Emissions Promotional Session	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Independent Director	Hsu, Jui-Ting	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
Independent Director	Li, Pei-Ying	2024/04/15	The National Federation of CPA Associations of the R.O.C.	Anti-Money Laundering: Development Trends and Case Analysis	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3

Position	Name	Date	Professional Development Institutions	Course Name	Hours
Head of Accounting	Liao, Ming-Tung	2024/05/27 ~ 2024/05/28	Accounting Research and Development Foundation	Professional training courses for the principal accounting officer of issuers, securities firms and securities exchanges	12
Head of Internal Audit	Lee, Wen-Te	2024/04/11	Accounting Research and Development Foundation	Latest Amendments to the "Regulations Governing Establishment of Internal Control Systems by Public Companies" and Practical Compliance in Internal Audit and Control Related to Financial Reporting	6
		2024/04/29	Accounting Research and Development Foundation	Latest Regulatory Overview and Internal Control Practices for Annual Reports, Sustainability Disclosures, and Financial Reporting	6
Chief corporate governance officer	Liao, Ming-Tung	2024/03/07	Taiwan Digital Governance Association	IFRS S1/S2 Disclosure In-depth Guide: Combined With the Development Trend of Sustainability Report in Taiwan	3
		2024/11/21	The Allied Association for Science Park Industries	Legal Liabilities and Case Studies on False Transactions and Financial Misstatements	3
		2024/12/04	Taiwan Corporate Governance Association	Executive Compensation and ESG Performance System Design	3
		2024/12/05	The Allied Association for Science Park Industries	How to Implement Corporate Sustainability	3

### 2.3.8 Matters that should be disclosed regarding the implementation of the internal control system:

(1) Statement of Internal Control System :

The Company's Board of Directors approved the Internal Control System Statement for the year 2024 (fiscal year 2023) on February 10, 2025. Relevant information is available on the Market Observation Post System (MOPS).

(Website : <https://mops.twse.com.tw/mops/#/web/t06sg20>)

(2) When a CPA is authorized to review the internal control system, the review report prepared by the CPAs shall be disclosed: None.

### 2.3.9 Major Resolutions of the Annual Shareholders' Meeting, the Board of Directors' Meetings and the Audit Commission's Meetings:

(1) Major resolutions of 2024 Annual Shareholders' Meeting:

Date	Items	Major Resolutions	Implementation Status
2024/05/29	Approval items	A. Approved the 2023 Business Report and Financial Statements. B. Approved the 2023 Earnings Distribution.	A. Resolution passed. B. Approved a cash dividend of NT\$0.45 per shares. The record date was August 20, 2024. The amount of cash dividend was NT\$ 101,775,690 which was distributed on September 5, 2024.
	Discussion items and Election	A. Approved the Amendment to the "Articles of Incorporation". B. Approved the Amendment to the "Procedures for Endorsements and Guarantees." C. Approved the By-election of one Seat of Directors, hereby submitted for election. D. Approved the Release of Restrictions on Directors' Engagement in Competitive Conduct	A. Resolution passed - approved by the Ministry of Economic Affairs for registration on June 6, 2024, and announced on the Company's website. B. Resolution passed –announced on the Company's website on May 29, 2024 and operation processed according to the revised procedures. C. The newly elected independent directors were approved for registration by the Ministry of Economic Affairs on June 6, 2024 and the appointment was announced on the Company's website. D. Resolution passed.

(2) During the 2024 calendar year and as of the printing date of this annual report, 8 Board of Directors' Meetings were convened. Major resolutions approved at these meetings are summarized below:

Date	Major Resolutions
2024.01.29 The 9 <sup>th</sup> Term, the 10 <sup>th</sup> Meeting	1. Approved the allocation of 2023 employee and director remuneration. 2. Approved the 2023 consolidated and parent company financial statements. 3. Approved the amendment to the "Procedures for Endorsements and Guarantees." 4. Approved the 2023 Internal Control System Statement. 5. Approved the assessment of the independence and competency of the certified public accountants. 6. Approved the performance evaluation and compensation of directors and managerial officers.
2024.03.07 The 9 <sup>th</sup> Term, the 11 <sup>th</sup> Meeting	1. Approved the 2023 Business Report. 2. Approved the 2023 Earnings Distribution Proposal. 3. Approved the amendment to the Articles of Incorporation. 4. Approved the by-election of one independent director. 5. Approved the nomination list for the by-election of one independent director. 6. Approved the release of non-competition restrictions for newly added directors. 7. Approved the convocation date of the 2024 Annual General Shareholders' Meeting. 8. Approved the application for credit lines from financial institutions. 9. Approved the additional investment in MCU Holdings Ltd. 10. Approved the amendments to the Internal Control System and Internal Audit

Date	Major Resolutions
	System.
2024.04.29 The 9 <sup>th</sup> Term, the 12 <sup>th</sup> Meeting	<ol style="list-style-type: none"> <li>1. Approved the consolidated financial statements for the first quarter of 2024.</li> <li>2. Approved the application for credit lines from financial institutions.</li> <li>3. Approved the audit fee for the certified public accountants.</li> <li>4. Approved the dissolution of the investment in Kingtek Semiconductor Holding (BVI) Ltd.</li> <li>5. Approved related-party transactions among the Company's subsidiaries.</li> <li>6. Approved the disposal of marketable securities by Sheng-Ling Investment Co., Ltd.</li> <li>7. Approved the disposal of marketable securities by Holtek Semiconductor Holding (BVI) Ltd.</li> <li>8. Approved the appointment of managerial officers.</li> <li>9. Approved the resignation of managerial officers.</li> <li>10. Approved the performance evaluation and compensation of managerial officers.</li> </ol>
2024.07.29 The 9 <sup>th</sup> Term, the 13 <sup>th</sup> Meeting	<ol style="list-style-type: none"> <li>1. Approved the consolidated financial statements for the second quarter of 2024.</li> <li>2. Approved the ex-dividend date and cash dividend payment date for the 2023 earnings distribution.</li> <li>3. Approved the dissolution of the investment by Sheng-Ling Investment Co., Ltd.</li> <li>4. Approved the dissolution of the investment in MCU Holdings Ltd.</li> <li>5. Approved the dissolution of the investment in MCU Holdings Ltd.</li> <li>6. Approved the establishment of a Sustainability Development Committee under the Board of Directors.</li> <li>7. Approved the 2023 Sustainability Report.</li> <li>8. Approved the supplementary appointment of one member to the 5th Compensation Committee.</li> <li>9. Approved the re-designation of the corporate representative of an investee company and the release of non-competition restrictions for a managerial officer.</li> <li>10. Approved the establishment of the "Regulations Governing Financial and Business Transactions Among Related Parties."</li> <li>11. Approved the amendments to the Internal Control System and Internal Audit System.</li> <li>12. Approved the amendment to the Corporate Governance Best Practice Principles.</li> <li>13. Approved the performance evaluation and compensation of managerial officers.</li> <li>14. Approved the distribution of directors' remuneration for 2023.</li> </ol>
2024.10.29 The 9 <sup>th</sup> Term, the 14 <sup>th</sup> Meeting	<ol style="list-style-type: none"> <li>1. Approved the consolidated financial statements for the third quarter of 2024.</li> <li>2. Approved the application for credit lines from financial institutions.</li> <li>3. Approved the application for credit lines from financial institutions.</li> <li>4. Approved the purchase of directors' and officers' liability insurance.</li> <li>5. Approved the dissolution of the investment in Sigmos Holdings Ltd.</li> <li>6. Approved the establishment of the "Procedures for the Preparation and Assurance of Sustainability Reports."</li> <li>7. Approved the amendments to the Internal Control System and Internal Audit System.</li> <li>8. Approved the amendment to the Rules and Procedures of the Board of Directors.</li> <li>9. Approved the amendment to the Organizational Charter of the Audit Committee.</li> <li>10. Approved the 2025 audit risk assessment report and annual audit plan.</li> <li>11. Approved the 2025 business plan.</li> <li>12. Approved the resignation of a managerial officer.</li> </ol>



Date	Major Resolutions
	13. Approved the performance evaluation and compensation of managerial officers.
2025.02.10 The 9 <sup>th</sup> Term, the 15 <sup>th</sup> Meeting	1. Approved the 2024 consolidated and parent company financial statements. 2. Approved the allocation of 2024 employee and director remuneration. 3. Approved the 2024 Internal Control System Statement. 4. Approved the assessment of the independence and competency of the certified public accountants. 5. Approved the re-designation of the corporate representative of an investee company and the release of non-competition restrictions for the director. 6. Approved the re-designation of the corporate representative of an investee company and the release of non-competition restrictions for the managerial officer. 7. Approved the appointment of a managerial officer. 8. Approved the performance evaluation and compensation of managerial officers.
2025.03.06 The 9 <sup>th</sup> Term, the 16 <sup>th</sup> Meeting	1. Approved the 2024 Business Report. 2. Approved the 2024 earnings appropriation (profit and loss appropriation) proposal. 3. Approved the amendment to the Articles of Incorporation. 4. Approved the amendments to the Internal Control System and Internal Audit System. 5. Approved the intercompany lending among subsidiaries. 6. Approved the amendment to the “Procedures for Lending of Funds to Others.” 7. Approved the proposal for a private placement of common shares through a cash capital increase. 8. Approved the full re-election of the 10th Board of Directors (including Independent Directors). 9. Approved the nomination list of candidates for the 10th Board of Directors (including Independent Directors). 10. Approved the release of restrictions on directors’ engagement in competitive conduct. 11. Approved the convocation date of the 2025 Annual General Shareholders’ Meeting. 12. Approved the application for credit lines from financial institutions.
2025.04.10 The 9 <sup>th</sup> Term, the 17 <sup>th</sup> Meeting	1. Approved the addition of subscribers to the list of participants in the private placement of common shares.

**2.3.10 Major issues of record or written statements made by any Directors dissenting to major resolutions passed by the Board of Directors:** None.

## **2.4 Information on the Fees for CPAs**

**2.4.1 Amounts of non-audit fees for attesting CPAs, the CPAs’ firms, and the firm’s affiliate(s) as well as the content of non-audit services:**

Unit: Value in NT\$ thousands

CPA Firm	Name of CPA	Inspection period	Audit Fee	Non-Audit Fee (Note)	Total	Remarks
KPMG	Cheng, An-Chih	2024/01/01	3,770	1,766	5,536	--
	Lu, Chien-Hui	~ 2024/12/31				

Note: Primarily related to tax certification fees.

**2.4.2 Alter the CPA Firm and the audit fee in altering year is less than that in the previous year:** Not Applicable.



**2.4.3 The audit fee is reduced by over 10% compared with the previous year:** None.

**2.5 Information on the Replacement of CPAs:** None.

**2.6 Where the Company's Chairman and Management Team Members in charge of Finance or Accounting Matters has Held a Position at the Accounting Firm of its Independent Auditors or at an Affiliated Enterprise in the Most Recent Year:** None.

**2.7 Transfer of Stock Options and Changes in Equity Pledge of Directors, Managers, and Shareholders Holding More Than 10% of Shares in the Latest Year and as of the Date of Printing of Annual Report**

**2.7.1 Changes in Shareholding of Directors, Managers and Major Shareholders:**

The Company has duly filed the relevant information in accordance with applicable regulations. For details, please refer to the Market Observation Post System (MOPS):  
[https://mops.twse.com.tw/mops/#/web/query6\\_1](https://mops.twse.com.tw/mops/#/web/query6_1)

**2.7.2 Shares Trading with Related Parties:** None

**2.7.3 Shares Pledge with Related Parties:** None

**2.8 Information Disclosing the Relationship between Any of the Company's Top Ten Shareholders**

Date: March 31, 2025; Unit: Shares

Name	Current Shareholding		Spouse's/minor's Shareholding		Specific Person Shareholding		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
United Microelectronics Corporation Representative: Hung, Chia-Tsung	22,144,257	9.79%	—	—	—	—	None	None	
Gau, Kuo-Tung	6,701,176	2.96%	—	—	—	—	None	None	
Bo-Kang Investment Ltd. Representative: Wu, Bo Wei	6,578,502	2.91%	—	—	—	—	Wu, Chi-Yung	paternity	
Bo-Ding Investment Ltd. Representative: Chang, An-Hua	4,139,841	1.83%	—	—	—	—	Wu, Chi-Yung	Spouse	
Wu, Chi-Yung	3,932,905	1.74%	—	—	6,578,502	2.91%	Bo-Kang Investment Ltd. Representative: Wu, Bo Wei	paternity	
							Bo-Ding Investment Ltd. Representative: Chang, An-Hua	Spouse	
Su, Shiou-Jen	2,550,481	1.13%	—	—	—	—	None	None	
Small-cap Capital Stock Fund of Jaketti Emerging Market Managed by HSBC	2,176,797	0.96%	—	—	—	—	None	None	

Name	Current Shareholding		Spouse's/minor's Shareholding		Specific Person Shareholding		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,150,952	0.95%	—	—	—	—	None	None	
Chunghwa Post Co., Ltd. Representative: Wang, Kwo-Tsai	1,948,000	0.86%	—	—	—	—	None	None	
JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1,866,483	0.83%	—	—	—	—	None	None	

## 2.9 Ownership of Shares in Affiliated Enterprises

Date: December 31, 2024

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares (thousands)	%	Shares (thousands)	%	Shares (thousands)	%
Holtek Semiconductor Holding (BVI) Ltd.	20,803	100%	—	—	20,803	100%
Kingtek Semiconductor Holding (BVI) Ltd.	2,000	100%	—	—	2,000	100%
Sigmos Holdings Ltd.	200	100%	—	—	200	100%
MCU Holdings Ltd.	500	100%	—	—	500	100%
Holtek Semiconductor (India) Private Limited	6	0.10%	6,479	99.90%	6,485	100%
Holtek Investment Co., Ltd.	10,000	100%	—	—	10,000	100%

Note: Affiliated Enterprises are accounted for using equity method by the Company.

### III. Capital Overview

#### 3.1 Capital and Shares

##### 3.1.1 Source of Capital

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increased by Assets Other than Cash	Other
1998/10	10	100,000	1,000,000	40,000	400,000	The Company was established and subscribed NT\$ 340,000 thousand for paid-in capital	Licensing Technology of in exchange in the stocks valued NT\$ 60,000 thousand	--
1999/04	10	100,000	1,000,000	100,000	1,000,000	Raise NT\$ 600,000 thousand for capital	None	--
2000/05	10	180,000	1,800,000	122,000	1,220,000	Retained earnings of NT\$ 220,000 thousand transferred to capital	None	Note 1
2001/04	10	180,000	1,800,000	153,380	1,533,800	Retained earnings of NT\$ 313,800 thousand transferred to capital	None	Note 2
2002/06	10	180,000	1,800,000	175,118.7	1,751,187	Retained earnings of NT\$ 217,387 thousand transferred to capital	None	Note 3
2003/06	10	260,000	2,600,000	183,400	1,834,000	Retained earnings of NT\$ 82,813 thousand transferred to capital	None	Note 4
2004/07	10	270,000	2,700,000	194,100	1,941,000	Retained earnings of NT\$ 107,000 thousand transferred to capital	None	Note 5
2005/06	10	290,000	2,900,000	205,409.5	2,054,095	Retained earnings of NT\$ 113,095 thousand transferred to capital	None	Note 6
2005/08	10	290,000	2,900,000	206,614.5	2,066,145	Employee stock options was exercised for NT\$ 12,050 thousand for capital	None	Note 7
2005/10	10	290,000	2,900,000	206,695	2,066,950	Employee stock options was exercised for NT\$ 805 thousand for capital	None	Note 7
2006/01	10	290,000	2,900,000	207,244.5	2,072,445	Employee stock options was exercised for NT\$ 5,495 thousand for capital	None	Note 7, 8
2006/04	10	290,000	2,900,000	207,451.5	2,074,515	Employee stock options was exercised for NT\$ 2,070 thousand for capital	None	Note 7, 8
2006/08	10	290,000	2,900,000	211,126.1	2,111,261	Retained earnings of NT\$ 36,746 thousand transferred to capital	None	Note 9
2006/08	10	290,000	2,900,000	212,100.1	2,121,001	Employee stock options was exercised for NT\$ 9,740 thousand for capital	None	Note 7, 8, 10
2006/10	10	290,000	2,900,000	212,210.35	2,122,103.5	Employee stock options was exercised for NT\$ 1,102.5 thousand for capital	None	Note 7, 8, 10
2007/01	10	290,000	2,900,000	212,470.1	2,124,701	Employee stock options was exercised for NT\$ 2,597.5 thousand for capital	None	Note 7, 8, 10

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increased by Assets Other than Cash	Other
2007/04	10	290,000	2,900,000	212,759.35	2,127,593.5	Employee stock options was exercised for NT\$ 2,892.5 thousand for capital	None	Note 7, 8, 10
2007/08	10	290,000	2,900,000	216,487.05	2,164,870.5	Retained earnings of NT\$ 37,277 thousand transferred to capital	None	Note 11
2007/08	10	290,000	2,900,000	217,550.8	2,175,508	Employee stock options was exercised for NT\$ 10,637.5 thousand for capital	None	Note 7, 8, 10
2007/11	10	290,000	2,900,000	217,843.3	2,178,433	Employee stock options was exercised for NT\$ 2,925 thousand for capital	None	Note 7, 8, 10
2008/02	10	290,000	2,900,000	218,005.3	2,180,053	Employee stock options was exercised for NT\$ 1,620 thousand for capital	None	Note 7, 8, 10
2008/04	10	290,000	2,900,000	218,297.3	2,182,973	Employee stock options was exercised for NT\$ 2,920 thousand for capital	None	Note 7, 8, 10
2008/09	10	300,000	3,000,000	220,470.4	2,204,704	Retained earnings of NT\$ 21,731 thousand transferred to capital	None	Note 12
2008/09	10	300,000	3,000,000	220,910.4	2,209,104	Employee stock options was exercised for NT\$ 4,400 thousand for capital	None	Note 7, 8, 10
2008/11	10	300,000	3,000,000	220,955.15	2,209,551.5	Employee stock options was exercised for NT\$ 447.5 thousand for capital	None	Note 7, 8, 10
2009/03	10	300,000	3,000,000	220,997.4	2,209,974	Employee stock options was exercised for NT\$ 422.5 thousand for capital	None	Note 7, 8, 10
2009/04	10	300,000	3,000,000	221,180.9	2,211,809	Employee stock options was exercised for NT\$ 1,835 thousand for capital	None	Note 7, 8, 10
2009/08	10	300,000	3,000,000	222,087.7	2,220,877	Retained earnings of NT\$ 9,068 thousand transferred to capital	None	Note 13
2009/08	10	300,000	3,000,000	222,217.45	2,222,174.5	Employee stock options was exercised for NT\$ 1,297.5 thousand for capital	None	Note 8
2009/11	10	300,000	3,000,000	222,301.45	2,223,014.5	Employee stock options was exercised for NT\$ 840 thousand for capital	None	Note 8
2010/02	10	300,000	3,000,000	222,347.45	2,223,474.5	Employee stock options was exercised for NT\$ 460 thousand for capital	None	Note 8
2010/04	10	300,000	3,000,000	222,556.2	2,225,562	Employee stock options was exercised for NT\$ 2,087.5 thousand for capital	None	Note 8, 14
2010/08	10	300,000	3,000,000	222,666.2	2,226,662	Employee stock options was exercised for NT\$ 1,100 thousand for capital	None	Note 14, 15
2010/11	10	300,000	3,000,000	222,798.7	2,227,987	Employee stock options was exercised for NT\$ 1,325 thousand for capital	None	Note 14, 15
2011/02	10	300,000	3,000,000	223,044.2	2,230,442	Employee stock options was exercised for NT\$ 2,455	None	Note 14, 15

Month/ Year	Par Value (NT\$)	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT\$ thousands)	Shares	Amount (NT\$ thousands)	Sources of Capital (NT\$ thousands)	Capital Increased by Assets Other than Cash	Other
						thousand for capital		
2011/05	10	300,000	3,000,000	223,339.7	2,233,397	Employee stock options was exercised for NT\$ 2,955 thousand for capital	None	Note 14, 15
2011/08	10	300,000	3,000,000	223,598.45	2,235,984.5	Employee stock options was exercised for NT\$ 2,587.5 thousand for capital	None	Note 14, 15
2013/08	10	300,000	3,000,000	223,680.45	2,236,804.5	Employee stock options was exercised for NT\$ 820 thousand for capital	None	Note 15
2013/11	10	300,000	3,000,000	224,941.2	2,249,412	Employee stock options was exercised for NT\$ 12,607.5 thousand for capital	None	Note 15
2014/01	10	300,000	3,000,000	226,168.2	2,261,682	Employee stock options was exercised for NT\$ 12,270 thousand for capital	None	Note 15

Note 1: The Tai-Cai-Zheng-Yi No. 36989 letter dated May 15, 2000.

Note 2: The Tai-Cai-Zheng-Yi No. 116941 letter dated April 3, 2001.

Note 3: The Tai-Cai-Zheng-Yi No. 126989 letter dated May 17, 2002.

Note 4: The Tai-Cai-Zheng-Yi No. 0920128586 letter dated June 27, 2003.

Note 5: The Tai-Cai-Zheng-Yi No. 0930128187 letter dated May 25, 2004.

Note 6: The Jin-Cuan-Zheng-Yi No. 0940125322 letter dated June 24, 2005.

Note 7: The Tai-Cai-Zheng-Yi No. 0920110590 letter dated April 1, 2003.

Note 8: The Tai-Cai-Zheng-Yi No. 0920138382 letter dated August 22, 2003.

Note 9: The Jin-Cuan-Zheng-Yi No. 0950127323 letter dated June 29, 2006.

Note 10: The Tai-Cai-Zheng-Yi No. 0930128187 letter dated June 25, 2004.

Note 11: The Jin-Cuan-Zheng-Yi No. 0960031838 letter dated June 25, 2007.

Note 12: The Jin-Cuan-Zheng-Yi No. 0970034273 letter dated July 9, 2008.

Note 13: The Jin-Cuan-Zheng-Yi No. 0980031086 letter dated June 23, 2009.

Note 14: The Jin-Cuan-Zheng-Yi No. 0940135791 letter dated August 26, 2005

Note 15: The Jin-Cuan-Zheng-Yi No. 0960073308 letter dated December 31, 2007

Share Type	Authorized Capital			Remarks
	Issued Shares	Un-issued Shares	Total Shares	
Common stock	226,168,200 shares	73,831,800 shares	300,000,000 shares	Listed stock

Related information of the general declaration system: Not applicable.

### 3.1.2 List of Major Shareholders

Shareholders holding 5% or more of total shares or in the Top 10 stock option holding ratio list

As of March 31, 2025; Unit: Shares

Shareholder's Name	Shareholding	
	Shares	Percentage
United Microelectronics Corporation	22,144,257	9.79%
Gau, Kuo-Tung	6,701,176	2.96%
Bo-Kang Investment Ltd.	6,578,502	2.91%
Bo-Ding Investment Ltd.	4,139,841	1.83%
Wu, Chi-Yung	3,932,905	1.74%
Su, Shiou-Jen	2,550,481	1.13%
Small-cap Capital Stock Fund of Jaketti Emerging Market Managed by HSBC	2,176,797	0.96%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds	2,150,952	0.95%
Chunghwa Post Co., Ltd.	1,948,000	0.86%
JPMorgan Chase Bank N.A., Taipei Branch has been entrusted with the Vanguard Emerging Markets Stock Index Fund, a series of Vanguard International Equity Index Funds	1,866,483	0.83%

### 3.1.3 Dividend Policy and Implementation Status

#### (1) Dividend Policy

When allocating the net profits for each fiscal year, the Company shall distribute 5~15% of profit of the current year distributable as employees' compensation and no more than 1.5% of profit of the current year distributable as remuneration of directors. However, the company's accumulated losses shall have been covered.

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

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.

#### (2) Proposed Distribution of Dividend

The Company's earnings appropriation proposal for fiscal year 2024 was approved by the Board of Directors on March 6, 2025. It is proposed that no shareholder dividends will be distributed, subject to the approval of the 2025 Annual General Shareholders' Meeting.

### 3.1.4 Impacts of free share assignment intended through the current shareholders meeting on the Company's operational performance and earnings per share: None.

### 3.1.5 Employee Bonus and Directors' and Supervisors' Remuneration

1. Information Relating to Employee Bonus and Directors' Remuneration set out in the Company's "Articles of Incorporation":

Pursuant to provisions in Article 24 of the Articles of Incorporation:

When allocating the net profits for each fiscal year, the Company shall distribute 5~15% of profit of the current year distributable as employees' compensation and no more than 1.5% of profit of the current year distributable as remuneration of directors. However, the Company shall have reserved a sufficient amount to offset its accumulated losses.

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

2. This forecast column of the employee and the amount of directors remuneration for assigned to the column base and in stock for the number of shares of calculation basis and actual dispatch if amount and estimated the number of columns diverge from the accounting treatment of:

These amounts were calculated using the Company's net income before tax without the remunerations to employees and directors for each period, multiplied by the percentage which is stated under the Company's Article of Incorporation. These remunerations were expensed under cost of goods sold or expenses for the years ended December 31, 2023 and 2022. If there are any subsequent adjustments to the actual remuneration amounts after the annual shareholders' meeting, the adjustment will be regarded as changes in accounting estimates and will be reflected in profit or loss in the following year. If remuneration to employees is resolved to be distributed in stock, the number of shares is determined by dividing the amount of remuneration by the closing market price of the shares on the day preceding the board of directors' meeting.

3. The Board of Directors has approved the remuneration:

- (1) The Board of Directors resolved on March 6, 2025, not to distribute employee compensation or director remuneration for fiscal year 2024. The resolution is consistent with the amounts previously estimated and recognized as expenses for the year.
- (2) The percentage of employee remuneration distributed by shares from the total amount of Net Income and total employee remuneration of entity or individual financial reports for the current period: None.

4. The actual distribution of the remuneration of employees and directors in the previous year (including the number of shares distributed, the amount and the share's market price), and the difference between such distribution and the remuneration of employees and directors shall be clearly stated, including the number of differences, the reasons for the difference and the follow-up situations:

Unit: Value in NT\$

Item	Board Resolution (January 29, 2024)	Actual Distribution	Difference	Handling Status
Director Remuneration (Cash)	1,012,361	1,012,361	None	Not applicable
Employee Compensation (Cash)	8,503,837	8,503,837	None	Not applicable

Note : The actual amounts distributed for employee compensation and director remuneration are consistent with the amounts expensed in fiscal year 2023.

### 3.1.6 Buyback of the Company stock: None.

- 3.2 Status of Corporate Bonds:** None.
- 3.3 Status of Preferred Shares:** None.
- 3.4 Status of Global Depository Receipts:** None.
- 3.5 Status of Employee Stock Option Plan (ESOP):** None.
- 3.6 Status of New Restricted Employee Shares:** None.
- 3.7 Status of New Shares Issuance in Connection with Mergers and Acquisitions:** None.
- 3.8 Financing Plans and Implementation:** None.



## IV. Operational Highlights

### 4.1 Business activities

#### 4.1.1 Business scope

##### 1. Main areas of business operations

The Company is a leading Taiwan designer of professional ICs whose business area is mainly focused in the design and sales of microcontrollers and peripheral devices. The company's product range and related design services are driven largely by customer and market requirements.

##### 2. Main revenue distribution

Product Category \ Year	2024
MCUs	75%
Peripheral ICs	24%
Others	1%
Total	100%

##### 3. Present product and service items

The Company's main development focus is in the area of microcontrollers (MCUs) and peripheral ICs. The main application areas include a full range of standard and application specific MCUs in addition to devices for screen displays, power management, computer peripherals, communication, RF, memory, analog, touch switches, voice, health measurement, security, motor control, Internet of Things (IoT) and financial applications, etc. This full range of devices not only meets the requirements for a wide scope of global applications, but also focusses on the needs of specific geographical areas.

In addition, the Company also provides a custom design service for customer requested ASIC MCUs for their individual specific application requirements. This is in addition to the design of other ASSP MCUs which are designed to meet the needs of specific application areas.

##### 4. New product development and service

To provide customers with a more complete range of products and technical services, the Company has expanded its applications to include 4C+MG (Medical & Green), while providing a range of professional services to meet the customer's diverse requirements for product functionality, cost effectiveness, timeliness and product protection, etc. The Company's main products include the following:

- (1) 32-bit STD MCUs and its solutions with Arm® Cortex®-M0+, M3 and M4 core. (Examples include IoT applications, fingerprint recognition, fiber optic communication, automotive communication with CAN Bus, TFT displays, computer peripherals with lighting effects, barcode recognition, healthcare, power storage and inversion, home appliances, etc.)
- (2) 32-bit MCUs for low power consumption Bluetooth(BLE) platforms and solutions
- (3) The 8-bit STD MCUs and its solutions with HT8 core. These are applicable to a range of uses such as control for various home appliances, smart home devices, industrial control, and more.

- (4) Ultra-low-power STD MCU and solutions.
- (5) 24-bit Delta Sigma A/D Flash MCUs
- (6) Industrial Sensor Signal Conditioning MCU Products and Solutions.
- (7) Enhanced anti-interference Touch MCU and solutions
- (8) Various dedicated healthcare and medical MCUs and product solutions. (Examples include body temperature, ear/forehead temperature, weight, body fat, blood pressure, blood oxygen, blood sugar, etc.)
- (9) Continuous monitoring glucose meter MCUs and its solutions
- (10) Security and fire protection MCUs and solutions (e.g. CO / GAS detectors, smoke fire alarms, fire residual pressure detectors, PM2.5 dust detector, etc.).
- (11) BLDC Motor MCU Solutions for Single/Dual Motors. (Applications: server cooling fans and pumps, BLDC gimbal positioning control, various fans and pumps, power tools, garden tools, personal care devices, etc.).
- (12) Sub-1GHz RF ICs and RF MCU SoCs. (Applications: RF remote controllers, vehicle anti-theft systems, IoT endpoint communication, smart water/electric/gas meter reading, etc.)
- (13) MCUs and solutions for energy storage inverters.
- (14) Li-battery battery charging/discharging BMS MCU and product solutions. (Applications: battery charging/discharging for 3C products, battery packs for power tools, chargers for power tools/electric vehicles, etc.)
- (15) Electromagnetic Heating MCU and Product Solutions. (Applications: induction cookers, electronic rice cookers, water heaters, etc.)
- (16) Sensor Signal Conditioning MCU Products and Solutions. (Applications: industrial transmitters, weighing scales, pressure and temperature measurement, and other physical variable detection.)
- (17) Voice/Music/Voice Recognition MCU Products and Solutions. (Applications: toys, electronic musical instruments, voice control and voice prompts for various electrical products, etc.)
- (18) CCD Image Analog Front-End IC Products. (Applications: scanners, multifunction printers, etc.)
- (19) Power Management and Driver IC Products and Solutions. (Examples: LDO, DC/DC, AC/DC, LED drivers, pre-drivers for various power components, etc.)
- (20) Various Digital Sensors/Modules. (Examples: 1D/2D digital proximity sensors/modules, microwave sensor modules, temperature/humidity digital sensors/modules, infrared temperature sensors, etc.)

#### **4.1.2 Industry Overview**

##### **1. Industry Overview and Development**

###### **(1) Global Semiconductor Market**

In 2024, supported by easing inflation, improved supply chain stability, and a gradual recovery in corporate capital spending, the global economy steadily regained momentum. However, geopolitical risks and the ongoing U.S.-China tech competition remained key challenges for the market.

Following inventory adjustments in 2023, the semiconductor industry in 2024

experienced divergent demand trends. Growth was driven by strong demand for AI-related applications, particularly in high-performance computing (HPC) and data center chips. In contrast, the consumer electronics market saw a slower recovery, with the PC sector showing only modest improvement. A significant rebound is anticipated in 2025, fueled by large-scale device upgrade cycles.

Looking ahead, the broader adoption of AI and edge computing technologies, combined with the gradual recovery of the consumer electronics market, is expected to drive the semiconductor industry back to positive growth in 2025.

According to WSTS, the global semiconductor market reached USD 626.9 billion in 2024, a 19% year-over-year increase. This growth was largely attributed to strong AI chip demand, which offset weaker demand in automotive and industrial sectors. WSTS projects the market to expand by another 11% in 2025, reaching USD 697.0 billion. The Americas recorded the fastest growth at 15%, followed by Asia at 10%.

On the geopolitical front, the return of Donald Trump to the U.S. presidency has led to the launch of a new Section 301 trade investigation targeting China's mature-process semiconductor chips, including silicon carbide substrates and wafers. While these traditional chips may not match the performance of cutting-edge AI chips, they are widely used in sectors such as automotive, home appliances, and telecommunications. The U.S. government is expected to impose higher tariffs to limit the influx of Chinese chips, aiming to protect domestic industries.

As geopolitical and national security concerns between the U.S. and China persist, the semiconductor landscape continues to shift. With Southeast Asia and India emerging as key players, the global supply chain is expected to face increasingly complex competition dynamics in the years ahead.

## (2) Taiwan Semiconductor Market

According to statistics from the Industrial Economics and Knowledge Center (IEK) of ITRI, Taiwan's IC industry output value reached NT\$5.3 trillion in 2024, representing a 22% year-over-year growth. Among the segments, IC design output totaled NT\$1.28 trillion, up 16.5%. IC manufacturing output reached NT\$3.4 trillion, an increase of 27.5%, with foundry services contributing NT\$3.21 trillion, up 28.9%, and memory and other manufacturing segments totaling NT\$182 billion, up 7%. The output value of IC packaging and testing sectors stood at NT\$427 billion and NT\$201 billion respectively, reflecting annual growth rates of 8.6% and 5.2%.

In 2024, Taiwan's semiconductor industry gradually recovered from the previous inventory correction cycle. Driven by strong demand for artificial intelligence (AI) applications and advancements in process technologies, the foundry sector demonstrated robust growth momentum, serving as the key driver for the industry's overall rebound. However, due to uncertainties in end-market demand, growth in IC design and backend sectors remained relatively limited.

Taiwan continues to hold a crucial position in the global semiconductor market, particularly in the foundry segment where its technological leadership secures its role at the core of the global supply chain. In 2024, Taiwan achieved further breakthroughs in advanced process technologies, pushing forward sub-2nm development and actively targeting high-growth markets such as AI, high-performance computing (HPC), and automotive electronics. At the same time, in response to the ongoing U.S.-China tech competition and geopolitical challenges, Taiwanese companies accelerated their global expansion efforts to strengthen technological advantages and enhance supply chain resilience.

On the IC design front, despite sluggish end-market demand, Taiwanese companies remained focused on AI chips, IoT, and automotive electronics, adopting differentiated strategies to consolidate their market competitiveness. In the packaging and testing sectors, the continued proliferation of advanced processes has driven significant progress in next-generation packaging technologies, with companies actively investing in the development of 3D IC and chip stacking solutions to meet evolving market demands.

Overall, despite external uncertainties, Taiwan's semiconductor industry is expected to maintain long-term growth momentum and competitive resilience, supported by its technological edge, complete supply chain ecosystem, and steadily increasing global demand.

### (3) China's Semiconductor Market

Amid escalating geopolitical risks and global economic volatility, China's IC design industry recorded sales of RMB 646 billion in 2024, representing an annual growth rate of 11.9%. Notably, this is the first time the growth rate of China's IC design sector has fallen below the global semiconductor market's 19% growth rate, as forecasted by the World Semiconductor Trade Statistics (WSTS), highlighting challenges in international competitiveness and breakthroughs in high-end technologies.

In response to ongoing U.S.-China tech tensions, China's semiconductor industry has accelerated its localization efforts, shifting its focus towards products that do not rely on advanced technologies. According to data from TechInsights and SEMI, China's semiconductor self-sufficiency rate has increased from approximately 14% in 2014 to 23% in 2023, and is projected to reach nearly 27% by 2027. Currently, China's IC design market remains concentrated in mid- to low-end applications, with communication and consumer electronics accounting for a combined 68.5% of the market. In contrast, the market share of computer-related chips is only about 11%, indicating insufficient presence in high-end segments. In advanced application areas such as AI chips, progress remains slow due to technical barriers, with significant gaps still existing in both advanced manufacturing processes and architectural innovation compared to global standards.

To address both domestic and external pressures, China's semiconductor industry is actively promoting comprehensive innovation, from manufacturing processes to design architecture, with a focus on microsystem integration and the development of an independent technology ecosystem. Wei Shaojun, Chairman of the China Semiconductor Industry Association IC Design Branch, emphasized the need for the industry to gradually reduce dependence on international advanced technologies, explore development models tailored to China's unique environment, and accelerate breakthroughs in high-end markets such as computer and AI chips to reduce reliance on communication and consumer electronics sectors.

Despite ongoing challenges, China's semiconductor industry remains poised for growth. Supported by favorable government policies and strong domestic demand, the industry is steadily advancing towards greater self-reliance and high-end transformation, with the potential to play an increasingly significant role in the global semiconductor market.

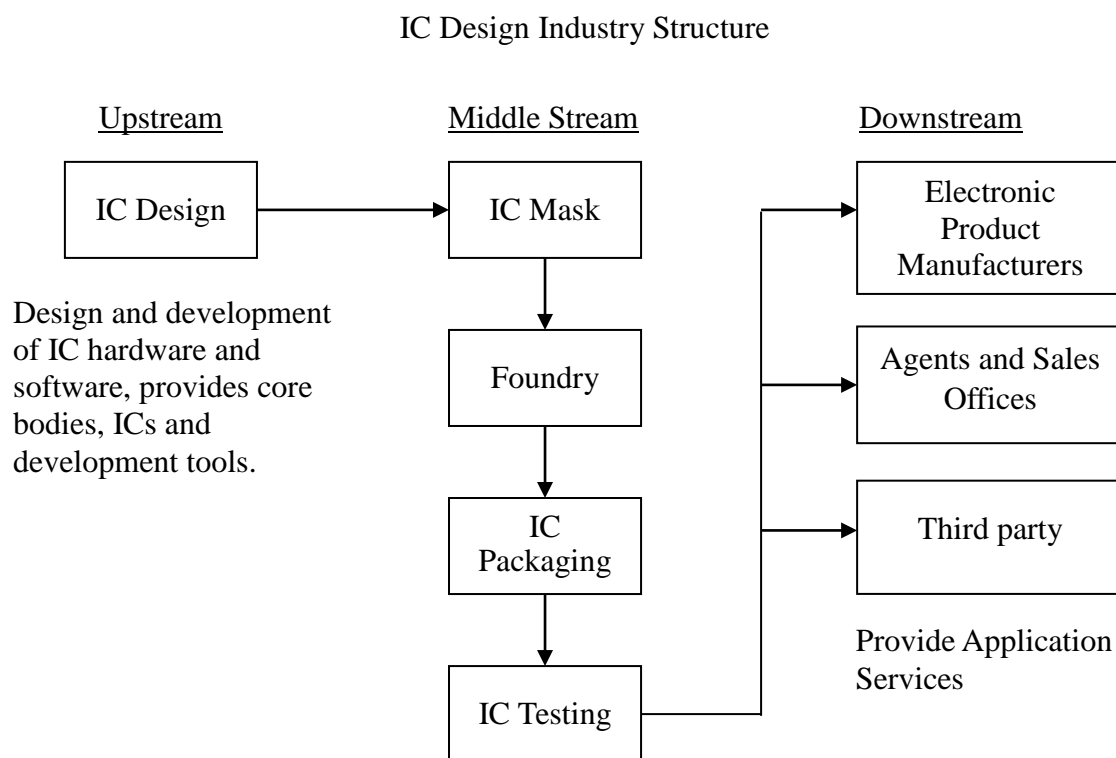
## 2. Industry Upstream, Middle Stream and Downstream Relations

The semiconductor industry system is comprehensive and wide ranging as it includes IP design, IC design, IC manufacturing, photomasks, specialized chemicals, IC packaging, IC testing, lead frames, IC modules, IC sales channels, etc. Professional manufacturers are operating at every point within this complex industry. The vertical professional division of

labor is clear.

Holtek is positioned between the middle and upper reaches of the semiconductor industry chain. Its main products are R&D and the design of various IC software and hardware cores, providing standard cores along with IC development tool design and marketing. Both front-end and back-end product manufacturing are implemented by outsourcing as most domestic IC design companies do not possess their own wafer fabs. After the IC design is completed, the design is then entrusted to professional wafer foundries to conduct the manufacturing processes. Therefore, IC design companies need to work cooperatively with wafer foundries to negotiate production capacity, processes, quality and delivery times. Taking into consideration various factors, domestic IC design companies generally choose specialized and specific large-scale foundries as their primary long-term partners. This ensures product quality and allows stable relationships to secure a continuous supply of wafers. If the wafer suppliers have process and quality advantages, they are less likely to be replaced by other competitors.

Thus, our company has chosen well-known wafer foundries as the primary source of raw wafer materials and established long-term partnerships with them. This approach allows us to secure capacity quotas to meet our company's needs and increases the stability of wafer supply and delivery times. As for marketing, the company's sales model is implemented mainly through agents. The rationale for this is due to geographical convenience and local market knowledge and experience of agents, which can quickly expand local markets and reduce inventory costs. The correlation between the upper, middle and lower reaches of the semiconductor industry is illustrated as follows:



### 3. Product Development Trends

The Company's product range encompasses a wide range of applications, including computer peripherals, communications, consumer, smart home appliances, industrial equipment, health measurement, and IoT products.

Main Product	Application Area
MCUs	<ol style="list-style-type: none"> <li>1. 8-bit/32-bit standard MCUs</li> <li>2. BA Series MCU for Fire Safety and Security Applications.</li> <li>3. BC series RF MCUs.</li> <li>4. BD series BLDC motor control MCUs.</li> <li>5. BH series health measurement MCUs.</li> <li>6. BP series power management MCUs.</li> <li>7. BS series touch MCUs and proximity sensor MCUs .</li> </ol>
RF SoC MCU products	<ol style="list-style-type: none"> <li>1. Vehicle alarms, bicycle anti-theft, smart home wireless remote control, smart doorbell chimes and security.</li> <li>2. Low-power Bluetooth (BLE) for health measurement products, home appliances and smart device information enquiry applications.</li> <li>3. Sub-1GHz and 2.4GHz wireless encrypted communication products, smart meters reading, vehicle anti-theft remote controls, and IoT products.</li> <li>4. Non-contact 5.8GHz microwave sensing products for lighting control, motion-sensing switches, automatic doors, intrusion detection alarms, and high-bay lighting applications.</li> </ol>
Home Appliance products	Wide range of small household appliance microcontrollers, home appliance panel display control MCUs and various home appliances touch key MCUs.
Computer Peripherals	Keyboards, Mice, Gaming Keyboards, USB Bridge, PDF Data Loggers, etc.
Display Products	Electronic meters, audio/video/home appliance displays, vehicle displays, electronic shelf label displays, wearable product displays and constant current LED display, etc.
Power Management Products	Home appliance power boards, chargers, smoke sensors, mobile power, wireless charging, smart meters, lithium battery personal care products such as razors, nasal hair cutters, cleansing products, electric hair clippers and flashlight ASSP MCUs.
Financial Products	Dynamic password generators, challenge-response mechanism for one-time password, Dynamic Code Verification (DCV) card, NFC stored-value cards, smart card readers, financial instruments such as for checking currency, credit cards, identity cards and other areas such as for currency counting machines, sorting machines, ATMs, EPD Flash MCUs, Ultra-Low Power Flash MCUs and identity card identification instruments, etc.
IoT Products	Based on Wi-Fi and BLE (Low power Bluetooth) 32-bit Flash MCUs to provide complete solutions for small home appliances, health monitoring, medical care, smart bracelets and other IoT related products.
Safety and Security Products	Low-power smoke/heat fire detectors, PM2.5 sensors, low-power CO/gas alarm detectors, PIR/uWave motion sensors, fire protection pressure differential detectors, emergency lights, and fire exit indicators.
Health Measurement Products	Blood pressure monitors, blood glucose meters, pulse oximeters, thermometers, digital weighing scales, pricing scales, body fat

Main Product	Application Area
	analyzers, infrared thermometers, temperature and humidity meters, nebulizers, proximity sensors, transmitters, and wearable devices.
BLDC Products	Power tools, garden tools, air purifiers, vacuum cleaners, hair dryers, water pumps, DC fans, ceiling fans, cooling fans, electric bicycles, electric bicycles, server cooling fans, and CDU water pumps.
Digital Sensor/ Modules Products	Object movement/proximity detection, environmental temperature and humidity, gas and air quality detection, and various other physical quantity measurements.

#### 4. Competitive Situation

In 2024, the global MCU market experienced mixed performance across regions, with overall momentum dampened by economic volatility and policy changes in China. The prolonged downturn in China's real estate sector further suppressed demand for consumer electronics, negatively impacting the MCU market as a whole. Although the Chinese government introduced various subsidy and stimulus programs, their actual effects fell short of expectations and provided limited support to the industry. After a year of inventory adjustments, stock pressure has somewhat eased; however, the recovery in end-market demand remains weak, posing a key challenge for the sector.

On the competitive front, Chinese MCU vendors have rapidly improved their technological capabilities and market share, supported by favorable policies and subsidies, exerting pressure on international players. Although the intensity of price competition has slightly moderated, low-cost rivalry continues to compress industry profit margins. At the same time, the Chinese government is strengthening domestic supply chains and encouraging local brand development, prompting foreign companies to adapt their product strategies to meet evolving market demands.

In terms of regional dynamics, demand for high value-added MCUs continues to expand in Europe and the United States, particularly in automotive electronics, industrial automation, and smart home applications, where strong growth momentum has been observed. The accelerating adoption of electric vehicles is further fueling robust demand for automotive MCUs. Leading suppliers such as NXP and Infineon are reinforcing their market positions through continuous technological innovation. Meanwhile, emerging markets including India and Southeast Asia are experiencing rapid growth in the electronics sector, driving increased demand for entry- to mid-tier MCUs. This trend is prompting global players to expand their footprints in these regions to reduce reliance on the Chinese market.

In response to weak demand and price competition in the Chinese market, the Company has actively focused on the ASSP MCU segment, developing specialized modules and low-power products to meet diverse application needs and strengthen market segmentation strategies. In addition, by offering integrated solutions that help customers shorten development cycles and enhance product functionality, the Company leverages a diverse and efficient product portfolio to solidify its competitive advantage in the global MCU market.

#### 4.1.3 Research and Development

1. Research and development expenses for the previous year for the most recent year until the end of the annual report

Units: Value in NT\$ Thousand

Year	2023	2024
Research and Development Expense	812,619	819,757
Operating Income	2,596,067	2,501,630
R&D expense as a percentage of operating income	31%	33%

## 2. Development of Successful Technologies or Products

The company continues its investment in the research and development of new products and new technologies. The continuous introduction of new products will create stable growth in the company's turnover and increase profits. Research and development expenditure in 2023 and 2024 were about NT812.6 million and NT819.7 million respectively. This accounted for 31% and 33% of the 2023 and 2024 year's revenue respectively.

The main R&D achievements in 2024 were microcontrollers as core products, coupled with many peripheral IC series, to provide the customer with complete solutions and overall services. The operating temperature of each MCU series has already reached industrial grade specifications (operating temperature range is  $-40^{\circ}\text{C} \sim +85^{\circ}\text{C}$ ), however research and development is aiming towards targets of  $105^{\circ}\text{C}$  and  $125^{\circ}\text{C}$ . As for product quality and anti-noise capabilities, these are in line with similar products from leading European, American and Japanese manufacturers. Holtek's products have been recognised by a wide range of customers. An overview by application classification is given below.

### (1) New Generation 8-bit MCUs

- A. 1.8V to 5.5V standard Flash series: Support low operating voltage and operating current, built-in ADC and LCD functions, suitable for various home appliances, personal care, consumer products, etc.
- B. Integrated multi-stage operational amplifier, comparator and voltage regulator MCUs: These reduce PCB area, simplify the circuit structure, reduce product size, reduce costs and allows for more simplified production. Suitable for products which require signal amplification, such as remote controls, parking sensors, rangefinders, toys, robots, instruments and automatic induction faucets, etc.
- C. Touch key MCU series: Applied for use in the growing amount of applications that are using touch keys. Flash touch key MCUs all have ICP (In Circuit Programming) functions and include an integrated EEPROM, allowing for simple program modifications and adjustments of parameters and settings.
- D. Super low-power standard series: This series has reached the level of international manufacturers. Their low power consumption in compliance with environmental protection requirements, suitable for all kinds of portable products using passive (energy harvesting) and disposable battery power.
- E. Health measurement products: Focus on blood pressure, blood glucose meter, continuous monitoring blood glucose meter, blood oxygen, body temperature, weight and body fat, health care and other related products, and have successively developed dedicated MCUs. In addition to highly integrated existing external components, we provide higher resolution 24-bit ADC, voice interface and BLE communication, which simplifies the design of remote care products and improves the convenience for the elderly population.



- F. Measurement products: Dedicated MCUs integrating high-precision analog IPs such as OPA, 24-bit ADCs, and 16-bit DACs, designed for commercial and industrial measurement and control applications. Product examples include pricing scales, vending machine weighing systems, industrial transmitters for pressure and temperature, and other physical quantity measurement devices.
  - G. Development of multi-channel RGB LED lantern MCU: Drive RGB LEDs with constant current to realize millions of RGB color variations, which is very suitable for applications in smart speakers, mouse pads, gaming headsets, gaming mice and other products, increasing the ambilight effects.
  - H. Security products: The second-generation smoke detection alarm, low-power CO/gas detection alarms, PIR/microwave sensor-dedicated MCUs, and PM2.5 sensors have been fully developed. These products integrate key functions such as multi-stage operational amplifiers, dual-channel IR LED drivers, temperature sensors, ADCs, and display drivers, significantly reducing the need for external components in security systems. A development platform is also provided for smoke detection products to accelerate customer development.
- (2) Arm® Cortex® M Series 32-bit MCUs:
- A. Arm® Cortex®- M0+ core 2.5V~5.5V Flash MCU.
  - B. Arm® Cortex®- M3 core 72/ 96 MHz Flash MCU.
  - C. Arm® Cortex®- M0+ core 60 MHz Flash MCU
  - D. Arm® Cortex®-M4 is a flash MCU with a core operating speed that can reach 240MHz, and it integrate multiple interfaces such as CAN Bus and USB.
  - E. A BLDC Motor Flash MCU based on the Arm® Cortex®-M0+ core, operating at speeds up to 80MHz. It features an integrated gate driver, supports a wide operating voltage range from 2.5V to 5.5V, and incorporates PGA, CMP, a high-speed 2.5Msps ADC, and motor-specific timers. The MCU is optimized for brushless DC motor control with built-in hardware FOC and PID control. A variety of SoC MCUs with different voltage and power configurations are also available, enabling motor module miniaturization. These solutions have been successfully applied in ceiling fans, hair dryers, energy-saving fans, water pumps, and electric kick scooters, and are suitable for a broad range of home appliance and industrial applications.
- (3) Consumer Products
- A. Flash Type Voice MCU: Integrated functions such as 16-bit DAC and 12-bit ADC and SPI interfaces with integrated hardware voice compression combine to reduce the customer learning threshold thus increasing product flexibility and functional integration.
  - B. Touch + LCD/LED Flash MCU: Combined capacitive touch switches and direct driving of LCDs and high current LEDs, also UART serial communication interfaces, RTC real-time clock function and high precision 12-bit analog-to-digital converters. In addition to being used in general consumer products they are also suitable for industrial thermostats and other industrial products.
  - C. Complete 2.0 generation power charger control Flash MCUs: fully integrated dual sets of OPAs and programmable DACs. The MCU controls the primary side PWMIC using an OPA and generates both constant voltage (CV) and constant current (CC) hardware control. For use in e-bike or power tool lead acid/lithium battery charger products.
  - D. Power management and driver products:

- (a) High withstand voltage, high accuracy, low power and high current drive linear regulators with operating voltages up to 40V. High  $\pm 1\%$  accuracy with less than 1uA operating current and up to 500mA current drive linear regulator. Products can be widely applied for use in fire safety, industrial control, financial products, automotive electronics, etc. Used to extended battery life and to achieve green energy savings.
  - (b) Low-power/high-current drive boost converter: ultra-low 0.7V operating voltages up to 3A output current. Suitable for use in dry battery and lithium battery related applications such as electric razors, health products, mobile power, wireless networking for water/electricity/gas/heat meter applications. Provides extended battery life and offers a stable and reliable power supply.
  - (c) High withstand voltage and high current drive buck converters with operating voltage up to 52V and a maximum 3A output current. Can be widely used in applications such as smart meters, electric motors and wireless routers. Provides a stable and reliable system power supply.
  - (d) Low-power/low-cost AC-DC voltage converters with maximum withstand voltage up to 700V. These provide cost-competitive solutions and can be widely used in small household appliances such as induction cookers, ceramic stoves, coffee machines, rice cookers etc.
  - (e) DC motor driver ICs: used for valve control of water meters, gas meters, heat meters and DC motor drive applications such as electronic door locks. Can drive up to 24V motors with a drive peak current of 2.5A and possesses comprehensive IC protection functions.
  - (f) Multi-section lithium battery protection MCU: Applied for use in handheld power tools, vacuum cleaners, water sprayers and other products. Can provide low-cost, highly integrated and complete lithium battery protection systems.
- E. High-voltage bus data transmission IC: includes integrated analog voltage modulation data input and current modulation data output providing data modulation on power lines.
- (4) Computer Peripheral Products
- A. USB 2.0 Full Speed MCU Series.
  - B. USB Bridge Series ICs.
  - C. High Speed CIS/CCD Analog Front End Processor (AFE) Series.
  - D. USB 2.0 Low Speed MCU Series.
  - E. CAN Bus Bridge series ICs.
- (5) Wireless Products
- A. Wireless remote controllers: integrated 315M/433M/868M/915MHz ISM frequency band RF transmitters and ASK/OOK/FSK/GFSK encoders, integrated into high performance Flash MCUs to provide RF and MCU control in a single SoC IC.
  - B. Remote controllers: 315M/433M/868M/915MHz RF super-heterodyne mode circuits, demodulate OOK/FSK reception and Flash MCU applications, aimed at wireless transmission remote control products for integrated one-way and two-way control applications.
  - C. 2.4GHz wireless MCUs: combined 2.4G RF circuit and Flash MCU, used in high noise resistant dual direction communication applications etc.

D. 5.8GHz microwave sensing module: A PCBA solution integrating a high-performance Doppler radar IC and MCU, supporting a sensing range of 0.3 to 20 meters. It is suitable for human presence detection applications such as lighting control, motion-sensing switches, automatic doors, intrusion alarms, and high-ceiling lighting.

E. NFC Tag Flash MCUs & NFC Reader controller.

#### **4.1.4 Long-term and Short-term Development**

##### **1. Short term development plans**

###### **(1) Marketing and Operating Strategy**

With over 40 years of experience in the IC design industry, the Company's management team is well experienced with both customer and market needs. The Company also has the full support of several external IC Fabs, packaging and testing plants in addition to a local sales and technology presence in Taiwan, China, India and the USA. This all combines to provide the Company with a high level of product competitiveness.

A. Excellent product quality – has excellent electrostatic discharge protection and anti-noise abilities.

B. Rapid product delivery times.

C. Superior cost/performance ratios.

D. Can provide both OTP (one time programming) and Flash type MCUs.

E. Quick response local technical service.

F. Flexible ASSP and ASIC MCU design service.

G. Professional development tools and efficient C compiler.

###### **(2) Production Strategy**

A. Cooperate with external manufacturers such as major foundries, packaging plants, test plants, etc. to obtain sufficient capacity and cost competitiveness.

B. Establish platforms with partner manufacturers for data collection to be able to monitor and control progress and volumes to reduce inventory and effectively control stocks.

###### **(3) Product Strategy**

A. The Company's main product development arena is located in the 8-bit and 32-bit MCU area, which when added to its range of complimentary MCU peripheral components provides extensive and flexible solutions. This wide range of solutions provides customers with strong market competitiveness.

B. The Company's strategic products form the mainstay of the consumer market, close interaction with client, as well as introducing niche products and providing differentiated services.

C. The Company look at the cost of the overall system and introduce highly integrated dedicated ASSP MCU to help customers reduce their overall product cost to create a win-win situation for all of us.

D. A range of digital sensors and modules are offered to help shorten customer development cycles and enhance product stability.

#### (4) Development Strategy

Holtek aim to meet the needs of end products, and have integrated MCU core architectures on different process platforms, and incorporated the use of specialized IP and key technologies to achieve miniaturized SoC. We work closely with fabs and packaging plants to develop SoC and SiP integration. During the integration, we are able to reinforce the anti-noise and electrostatic protection performance and make them achieve the technical standard of other MCU suppliers in the US, Japan and Europe. Our products are now going through the high-temperature AEC-Q100 certification, and will extend to the market of automotive electronic products. For products that have more specialized applications, we directly improve the functions and product yield in order to expand to more potential markets.

### 2. Long term development plans

#### (1) Marketing and Operation Strategy

The Company's development strategy focuses on key application areas such as smart home appliances, health monitoring, PC peripherals, security systems, motor control, and financial solutions. With a strong commitment to developing high-quality microcontrollers, the Company continues to expand its global footprint. Leveraging superior product performance and responsive local technical support, HOLTEK microcontrollers have been successfully adopted by multiple internationally renowned brands, strengthening the Company's image as a professional and globalized technology provider.

To further increase global market share, the Company is committed to advancing its 32-bit MCU product line. In 2024, shipments of 32-bit MCUs reached approximately 19 million units, representing a 27% year-over-year decline, primarily due to weakened demand in the consumer electronics sector. Looking ahead, the application scope of 32-bit MCUs is expected to diversify further. By partnering with industry leaders across various sectors and introducing innovative design solutions, the Company aims to accelerate the development of end products and strengthen its competitive edge in the global market.

#### (2) Production Strategy

- A. Have a response to the early stages of industrial boom cycles to reduce their impact.
- B. Continuous use of advanced processes, implement cost reductions to improve yield and market competitiveness.

#### (3) Product Strategy

- A. Lock in domestic and overseas large company potential markets for product promotion and service.
- B. Move into higher-level or high value-added applications, such as high-end household appliances, industrial equipment, security products, automotive electronics and other areas.
- C. The Company offers a wide range of specialized application modules, including RF (5.8GHz / Sub-1GHz / Bluetooth / NFC), environmental sensors, fingerprint recognition, proximity detection, miniature PIR sensing, weight measurement, touch sensing, ultrasonic modules, and various types of digital sensors such as 1D/2D proximity, microwave, temperature/humidity, and infrared thermometers. These modular solutions help reduce development barriers and R&D costs for customers, accelerate the product development and mass production process, and enable end products to integrate diverse functionalities while ensuring overall

system stability.

(4) Development Strategy

Improve product design capabilities, and in response to market application needs, establish standardized and modular development technologies. Construct various development platforms in-house, and form alliances with external specialized manufacturers to improve product yield and reliability, reduce development time and costs and shorten product launch time to improve product value and competitiveness.

(5) Product Development Areas:

- A. Continue developing its standard range of 32-bit Arm® core MCUs which include functions such as LCD drivers, USB/UART/SPI/I<sup>2</sup>C/I<sup>2</sup>S communication interfaces, PWM drivers, CMOS sensors, A/D and D/A converters, comparators and operational amplifiers, etc.
- B. Development of a dedicated range of 32-bit Arm® core MCUs for image recognition, motor control, fingerprint recognition, health measurement, music synthesis. Integrating CORDIC, AES encryption and decryption functions, CRC computing, 24-bit high resolution Delta-Sigma A / D converter, multi-channel music synthesizer and other peripherals, suitable for various applications such as IoT terminal devices, fingerprint recognition, BLDC high level control, wearable devices, multimedia products and wireless applications, voice recognition, music synthesizer and other fields.
- C. Enhanced low-voltage, low-power, high-precision series of standard 8-bit Flash MCUs, including A/D and D/A converters, LCD and LED drivers, 24-bit high-resolution Delta-Sigma A/D converters, and other applications
- D. Continue to increase its range of 8-bit Flash Special Purpose MCUs for areas such as health measurement, personal care, industrial measurement, motor driving, touch switches, security systems, AIoT devices, battery management, chargers, home appliances, computer peripherals, energy storage inverters, and voice control products.
- E. Develop ICs and modules for low-power Bluetooth (BLE) RF, 5.8GHz microwave sensing, and Sub-1GHz RF applications
- F. Expand the range of power management devices to include low standby power DC-DC converters, high efficiency AC-DC converters, TWS charging box solutions, etc.
- G. Develop low-, medium-, and high-voltage three-phase motor gate driver and driver ICs; lithium battery management ICs (BMS), charger ICs; and single/dual motor BLDC motor MCUs for applications in power tools, fans, pumps, e-bikes, and scooters.
- H. The MCU for digital sensors and modules integrates AFE circuitry to develop Smart Sensor products by combining various sensor applications to expand product applications.

## 4.2 Market, Production and Sales Overview

### 4.2.1 Market Analysis

#### 1. Major Product Sales by Region:

Units: Value in NT\$ Thousands

Region \ Year	2023		2024	
	Sales	Percentage (%)	Sales	Percentage (%)
Taiwan	278,405	11	273,089	11
China/HK	1,676,980	64	1,794,542	72
Overseas	640,682	25	433,999	17
Total	2,596,067	100	2,501,630	100

#### 2. Market Share

Holtek remains focused on the development of microcontrollers (MCUs) and peripheral semiconductor devices. These product applications cover a wide range, which in addition to the 4C related fields of consumer, communication, computer and automotive, the product range also includes display driver ICs, power management ICs, radio frequency ICs, analog ICs, ASSP/ASIC MCUs, etc. Each category has its place in the market.

According to a report by market research firm Yole Group, the global microcontroller (MCU) market reached USD 28.2 billion in 2023, and is expected to grow to USD 38.8 billion by 2029, representing a compound annual growth rate (CAGR) of 5.5%.

In 2024, the Company's total MCU sales amounted to NT\$1.88 billion (approximately USD 58 million), accounting for around 0.19% of the global market share.

The Company shipped a total of 342 million MCU units in 2024, representing a 15% increase compared to 2023. However, due to intensified market competition and weakening demand, average selling prices declined, resulting in a 4% decrease in overall revenue.

Looking ahead to 2025, as inventory levels normalize and demand for personal devices gradually recovers, the global MCU market is expected to see a steady rebound.

Meanwhile, the proliferation of AI and edge computing applications in areas such as autonomous driving, smart homes, and the Internet of Things (IoT) is enhancing the need for real-time processing capabilities, thereby driving demand for high-performance MCUs. These trends are expected to further support the Company's market share expansion in the MCU segment.

#### 3. The Supply and Demand in the Market and the Future Growth

##### (1) Supply and Demand Situation

Over the past two years, the fading of pandemic-driven demand, coupled with inflation and interest rate hikes, has led to a significant decline in end-market demand. Downstream customers have adopted a more cautious inventory replenishment approach, resulting in increased inventory pressure for MCU suppliers and operational challenges.

In 2024, although end-market demand showed signs of recovery compared to 2023 and inventory levels gradually declined, uncertainties in the macroeconomic environment remained high. Moreover, the intensifying U.S.–China competition has accelerated China's push for semiconductor self-sufficiency, placing additional pressure on

Taiwanese MCU companies that rely heavily on the Chinese market.

To mitigate the potential operational impact from fluctuations in the consumer market, the Company has progressively adjusted its market and product strategies. These efforts include strengthening its presence in non-China markets and taking a customer-centric approach to service delivery.

Additionally, Holtek is committed to the development of application-specific 32-bit MCUs to address the increasing demand for high-end and more complex products. These initiatives aim to enhance the Company's overall competitiveness and better adapt to the ever-evolving market landscape.

## (2) Future Growth

According to data from Yole Group, the global microcontroller (MCU) market reached USD 28.2 billion in 2023 and is projected to grow to USD 38.8 billion by 2029, representing a compound annual growth rate (CAGR) of 5.5%. With the rise of edge AI technologies, the MCU market is expected to embrace new growth opportunities.

In the era of artificial intelligence (AI), the rapid increase in data processing demands is positioning MCUs — with their lower power consumption compared to high-performance GPUs — as key components for enabling AI applications.

In particular, the edge AI market is anticipated to experience robust growth. According to a report by Schneider Electric, computing architectures are shifting from centralized systems toward edge computing, with the share of AI workloads processed at the edge expected to increase from 5% in 2024 to 50% by 2028.

In response to these trends, the Company has launched MCU-sensor module solutions and is actively investing in edge AI computing technologies.

Leveraging the rising adoption of cloud-based AI diagnostics, the Company plans to incorporate edge computing into its home healthcare product lines. By integrating high-performance 32-bit MCUs with precision measurement sensors, the Company enables large-scale data access and real-time analysis to support more accurate disease diagnosis for users.

Looking ahead, as the AIoT era unfolds, global MCU manufacturers will face increasingly complex technological challenges. Only by leveraging advanced technologies and innovative applications will companies be able to meet the rapidly diversifying demands of the market.

## 4. Competitive edge

The IC design industry is a knowledge-intensive industry with innovation technology. The major conditions of a healthy IC design industry are in having sufficient R&D employees, computer-aided designs and test equipment.

After many years of operation, the Company has accumulated a wealth of talented employees, expertise in innovative technology development and experience in product applications. Focusing on achieving the goals of mastering core technologies, designing a wide range of products and being creative in its approach to produce embedded products with higher functionality, higher quality, lower prices to meet customers' demands targeted at the future development needs of the industry.

### (1) Focus on the Industry, Strong Management Team and Comprehensive Marketing Network

The Company is a leading professional IC design house specializing in microcontroller (MCU) development. With many years of dedication to its core

business in the semiconductor industry, the Company is supported by an experienced and highly capable management team.

Each business unit is led by industry veterans with strong technical backgrounds and extensive experience, providing the Company with a competitive edge in both market penetration and business development.

The Company has also established a comprehensive global sales and distribution network, covering Taiwan, Hong Kong, Shenzhen, Dongguan, Xiamen, Shanghai, Suzhou, Hangzhou, Nanjing, Qingdao, Beijing, Chengdu, as well as the United States, India, Northeast Asia, Southeast Asia, South America, Europe, and the Middle East.

This extensive network enables the Company to swiftly gather market intelligence, seize emerging opportunities, and provide prompt sales, after-sales service, and technical support through its domestic and international locations.

(2) Active Development of New Product Structures with Customer Recognition of Quality and Continual Improvement.

Since its establishment, Holtek has increased both the breadth and depth of its research and development activities, by continuously designing products with wide ranging new product structures. Importantly it has also made extensive patent applications in multiple countries to establish its technological leadership presence. Holtek has also obtained ISO9001 and ISO14001 quality certifications having standardized and regulated operating procedures. Holtek's product quality is consistent and highly valued by its customers. The company has designed a wide range of products and also provides its customers with a wide array of product services geared to their specific requirements. Additionally and due to its wide variety of products, Holtek can effectively greatly reduce the business cycle time for single products. In doing so, price fluctuation risks are reduced and through the use of precision instruments and equipment, personnel efficiency, product stability and reliability is much enhanced. Also, through communication between customers and the market, high-tech application ICs can be developed that are in line with market requirements. The above ensures that customers are provided with the best cooperation and service, thereby enhancing the added value of customer products and product competitiveness.

(3) R&D and Design Excellence Capabilities

The company's well qualified technical teams have accumulated many years of expertise in R&D technology. Holtek is well aware that R&D is the lifeblood of the company and a necessary component in maintaining its competitive niche. Holtek is constantly seeking improvements by investing in its human resources, recruiting outstanding design engineers, both at home and overseas. To implement this, the company invests in education and training, imparting skills and accumulating experience, division of labor and cooperation to enhance its experienced R&D teams. By continuing to develop its technological skills and introducing new technologies through strategic cooperation and industry-university cooperation, the company's product design capabilities are greatly accelerated. In response to market application needs, Holtek has established standardized and modular development technology, developed various development platforms as well as forming external alliances with professional manufacturers to improve product yield and reliability, reduce development times and reduce development costs. Together this will accelerate new product launch times to improve product added value and product competitiveness.

(4) Stable Cooperative Relationships with Outsourced OEM Manufacturers

The company has achieved operational stability ever since its establishment. Due to its



large operational scales, the company has a greater bargaining power when compared with other IC design companies and will provide a priority service with production capacity. Wafer foundries, packaging and testing companies are all well renowned domestic and foreign companies with whom Holtek maintains good relations. In addition to ensuring supply stability, they also provide greater benefits through long-term cooperation and mass production, thus providing the benefits of lower cost advantages and improved long-term competitiveness.

#### (5) Patent Threshold

Holtek ensures that its research and development results are protected by patent applications. The accumulation of numerous patents thus effectively raises the entry threshold for the industry. The continuous evolution of products along with new technologies will see new product structures being introduced. When the company has new technical innovations it will ensure that proper patent applications are made to maintain its competitive advantage.

### 5. Development Outlook Advantages, Disadvantages and Countermeasures

#### (1) Favorable Factors:

Most IC design companies operate to produce specific or professional products. Due to concentrated resources and accumulated experience, professional products have more dominant advantages here. But facing strong challenges from competitors or fluctuations within the semiconductor market, their strength and response capability is far less than those of a design house which is able to provide a wide range of different applications and meet the needs of different customer demands. Therefore, the Company aims to provide a full range of products and services to grasp the competitive advantages which are listed as follows:

##### A. Wide range of applications with further room for future product development.

Holtek's development goals are to continue to provide a wide range of ICs for diverse product applications as well as providing all-round services. Due to the increasing abundance of its own IPs and the improvement of its design capabilities, the company can quickly provide ASSP/ASIC MCUs and other highly integrated IC solutions specifically to meet the customer's specific requirements as well as providing complete reference designs. The high degree of functional integration in these IC solutions increases their competitive advantages and raises the competition barrier. The company's products therefore span a wide variety of industries, which effectively reduce market risks and creates more room for growth and flexibility, providing unlimited future development possibilities. Diversified products effectively reduce market risks.

##### B. Product Adaptability, Worldwide Reach and Establishing a Global Marketing Network

As the company's products are marketed globally, it has effectively established regional marketing centers to provide timely and localized product technical services. This allows the company to efficiently reflect market demand. Localized services include development tools, FAE, safety verification, software services, etc. Holtek's long-term distribution system has expanded globally, with its smooth marketing channels contributing to the promotion of its products and revenue expansion. The company's products have been obtained certification by major international manufacturers in the United States, Europe, Japan, and South Korea.

Holtek will continue to build upon its solid market foundation, integrate production and sales as well as actively cultivate long-term mutually beneficial supportive

relationships with its customers. It will also form alliances with upstream and downstream industries to strengthen dependence and competitiveness. In addition, and through a computerized support system, estimated sales demand, production line scheduling, inventory, outsourcing processing and other operations will effectively implement production and sales coordination. Effective product control operations can minimize costs and increase output value.

(2) Managing Unfavorable Factors:

A. Difficulties in Recruiting Professional R&D Skills

The IC design industry is a high-tech industry requiring a range of highly skilled personnel. The lifeblood of the business and the development of professional ICs lies in the expertise of research and development personnel. This requires professional staff who are capable of taking on research and development responsibilities and who have accumulated technical expertise over a long period of time. Therefore, being able to obtain and retain well qualified technical personnel has a major impact on the overall future development of the company.

Countermeasures:

- (a) The company will recruit outstanding skills and talent by cooperating with universities and colleges, regularly organizing education and training to attract R&D talent, strengthen pre-employment and on-the-job training for employees to improve the quality of our personnel as well as enhancing productivity. Improving our existing R&D capabilities will also be done through cooperation with domestic and foreign academic institutions to enhance our personnel's technical capabilities and guide new personnel to quickly integrate into our R&D operation teams.
- (b) The company will establish a competitive salary structure, provide a good working environment and promotion channels as well as implementing employee benefits, education and training opportunities to enhance our employees sense of company belonging. This will enhance employee retention and help employees to grow with the company to lay the foundation for a sustainable future development. Doing so will ensure employees are motivated and also that we are able to attract the best skills and talents to join the company.

B. Aggressive Market Competition and Generational Products Rapid Change

As the similarity between domestic and foreign products is high, this results in aggressive competition, reduced profits, shortened product life cycles and increased development costs. In addition, competition has to be faced from large European and American manufacturers which are lowering their product prices, as well as strong competition from integrated component manufacturers.

Countermeasures:

- (a) Holtek will continue its R&D and innovation activities with existing product technologies to provide chipsets with superior performance. In addition, the company will make itself aware of product trend changes and improve its product technology capabilities and product quality. Holtek will continue to design general series products as well as ASSP products to meet a wide variety of customer requirements to maintain its market competitiveness.
- (b) Improve the development environment and accumulate market information rapidly and accurately to improve the company's competitive position and reduce development costs.

- (c) In facing competition from low-price and integrated component manufacturers, Holtek intends to strengthen its customer service and supporting services to better grasp changes in end-product market demand and specifications. This will allow the company to develop products that meet customer needs with superior cost/performance ratios as well as provide faster service and complete design solutions. Holtek will also form strategic alliances with wafer foundries as well as packaging and testing manufacturers to enhance its competitiveness.

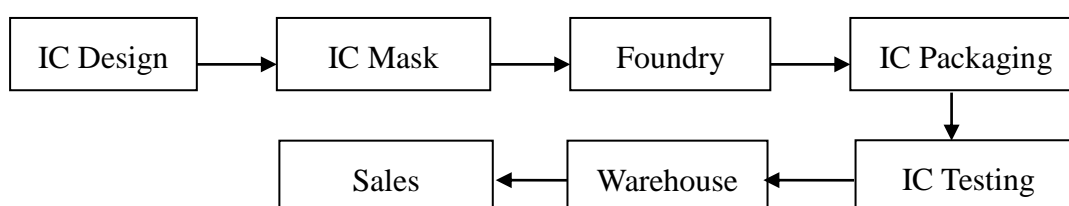
#### 4.2.2 Purposes of the Major Products and the Production Process

##### 1. Major Products and Their Main Uses

Major Products	Main Uses
MCU	Used in home appliances, health care products, vehicles, industrial instrument control, measurement, consumer electronics, touch products, communication products and computer products, etc.
Display Driver	Used in home appliances, education, musical products, instruments, home safety, alarms, health and medical equipment and automotive application display drive products, including LCD, VFD and LED, etc.
Power Management	Power management applications for a wide range of computers and consumer products, including voltage stabilisation, voltage detection, DC-DC and AC-DC conversion applications, etc.
RF IC	Used in security, anti-theft, health measurement, smart home appliances, and NFC financial cards., etc.

##### 2. The Production Process

- (1) The Company is focused in the area of IC design and marketing. The previous or backend phase of the production of products is outsourced to manufacture. The production process is shown below:



- (2) Foundry resources

The Company cooperates with well-known domestic and overseas manufacturers, such as UMC, TSMC, EPISIL, Macronix, etc., to establish long-term product development and production cooperation.

- (3) IC packaging

The Company cooperates with several manufacturers, such as Greatek, Orient, ASE, etc. to ensure packaging capacity remains adequate.

- (4) IC testing

The Company cooperates with many testing organisations such as Greatek, YTEC, etc., to provide testing technology and equipment needed to meet the full capacity.

- (5) Warehouse

- A. Main storage items:
- (a) Categories: wafers/packaged ICs/semi-finished products/materials.
  - (b) Test status: This is divided into two categories which are tested and untested.
  - (c) Availability: Divided into three categories which are good, defective and rejected products.
- B. Good warehouse planning and management and quality assurance:
- (a) Automatic warehousing operations.
  - (b) Quality maintenance of stored items.
  - (c) The management and monitoring of the movement control of goods.
  - (d) Actively tracking the turnover efficiency of goods.

#### 4.2.3 The supply of key materials

The Company provides high precision integrated circuits for which its raw materials are silicon wafers whose suppliers are well-known global manufacturers whose products have good quality and stable sources. The Company has established long-term and good cooperation relationships with UMC, TSMC, EPISIL and Macronix, to maintain the advantages of reliable wafer foundry resources and to actively seek the support of other foundries to meet the growth needs of the Company.

#### 4.2.4 If any customer in any of the previous two years with purchase (sales) amount exceeding 10% of the total purchase (sales), the name, amount and proportion to total purchase (sales) shall be specified, so shall the reasons for any change if applicable:

##### 1. Major Suppliers in the Last Two Calendar Years

Unit: Value in NT\$ thousands

Item	2023				2024				January 1, 2025 to March 31, 2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	370,062	29	None	A	338,410	30	None	A	92,505	23	None
2	B	297,028	23	None	E	285,804	25	None	E	82,686	21	None
3	C	243,557	19	None	D	210,094	19	None	D	74,113	19	None
4	D	104,242	8	None	B	104,176	9	None	B	65,382	17	None
	Others	276,888	21	None	Others	195,231	17	None	Others	79,251	20	None
	Net Total Supplies	1,291,777	100		Net Total Supplies	1,133,715	100		Net Total Supply	393,937	100	

Note 1: The names, purchase amounts, and respective percentages of suppliers accounting for more than 10% of total purchases over the past two fiscal years are disclosed. However, if contractual obligations prohibit the disclosure of supplier names, or if the counterparty is an individual and not a related party, a code may be used instead.

Reasons for the changes: In 2024, a new supplier, coded as "E", was added primarily to reduce production costs.

## 2. Major Clients in the Last Two Calendar Years

Unit: Value in NT\$ thousands

Item	2023				2024				January 1, 2025 to March 31, 2025			
	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	SIGNAL	561,937	22	(Note 2)	SIGNAL	363,607	15	(Note 2)	NEWTEK	132,991	17	(Note 2)
2	CROWN RICH	252,868	10	(Note 2)	CROWN RICH	302,628	12	(Note 2)	SIGNAL	107,442	14	(Note 2)
3	NEWTEK	64,863	2	(Note 2)	NEWTEK	154,106	6	(Note 2)	CROWN RICH	79,853	11	(Note 2)
	Others	1,716,399	66	None	Others	1,681,289	67	None	Others	440,653	58	None
	Net Sales	2,596,067	100		Net Sales	2,501,630	100		Net Sales	760,939	100	

Note 1: List of any clients accounting for 10 percent or more of the Company's total procurement (sales) amount in either of the 2 most recent fiscal years, the amounts bought from (sold to) each, the percentage of total procurement (sales) accounted for by each and an explanation of the reason for increases or decreases in the above figures. Where the company is prohibited by contract from revealing the name of a client or where a trading counterpart is an individual person who is not a related party, it may use a code in place of the actual name.

Note 2: The invested companies accounted for using equity method by the Company's subsidiaries.

Reasons for the changes:

(1) Sales to SIGNAL g decreased in 2024 compared to 2023, mainly due to elevated customer inventory levels. Customers prioritized the clearance of existing inventories, leading to a decline in order demand.

(2) Sales to CROWN RICH and NEWTEK increased in 2024 compared to 2023, primarily driven by the stabilization of customer inventory levels, which subsequently resulted in an increase in order demand.

### 4.3 Employee Information

In the last two years as of the date this report was printed, the number of employees, average working period, average age and education are shown in the table below:

2025/03/31

Year		2023	2024	January 1, 2025 to March 31, 2025
Number of employees	R&D	663	492	483
	Management	147	130	129
	Manufacturing	36	24	19
	Total	846	646	631
Average age		36.04	37.23	38.93
Average years of service (Year)		8.25	8.89	9.98
Education	PhD	0.5%	0.5%	0.5%
	Master	28.1%	28.0%	27.9%
	Bachelor	66.8%	67.2%	67.2%
	High School	4.6%	4.3%	4.4%

### 4.4 Information on the expenditures for environmental protection

In the most recent two years and up to the publication date of 2024 Annual Report, the Company has not suffered losses and punishment for environmental pollution.

### 4.5 Labor relations

#### 4.5.1 Listed below are the employee welfare, education, training, retirement systems and how they are implemented in the Company, as well as information on the agreements between the Company and various employee rights and maintenance:

##### 1. Employee welfare

###### (1) Welfare

The Company provides comprehensive amenities, including a cafeteria, employee recreation areas, fitness equipment zones, an aerobics studio, and a medical rest facility. It also offers group insurance programs and conducts regular health examinations for employees. Furthermore, professional medical staff are stationed on-site to deliver health management services and National Health Insurance support, ensuring the overall well-being of employees.

###### (2) Employee benefits:

The Employee Welfare Committee organizes a variety of activities each year, including annual employee trips, games and competitions, year-end banquets, and prize-drawing events, to promote employee welfare and engagement. In addition, the Company provides financial subsidies for birthdays, holidays, travel, weddings, funerals, childbirth, and hospitalization.

To promote employee unity and camaraderie, the Company has established a variety of recreational clubs and provides financial subsidies to support their activities. Examples include the Badminton Club, Dance Club, Diving Club, Tai Chi Club, Yoga Club, and Photography Club. Employees are encouraged to participate in these

activities during their leisure time to foster a culture of exercise, achieve work-life balance, and enhance overall quality of life.

2. Employee further study and training system:

The Company has spared effort in nurturing excellence in its professional talent. It has allocated a budget for continuing employee education. HR and training sessions have prepared training courses for each of the business groups according to the development goals of the Company and the needs of various departments so that each employee can broaden their knowledge and skills within a complete career training system:

(1) New Employee Orientation :

- A. Cultural Integration and Cultivation in the Company: The company conducts unified training for new Employees to familiarize them with the corporate culture, administrative operations, financial reimbursement and ICP introduction, quality policy, intellectual property rights, information security, and labor safety and health, and other implemented courses.
- B. Professional training: Senior engineers serve as instructors for new employees, and prepare training courses for less senior employees to help them become proficient in the required design technology.

(2) On-the-job training programs:

- A. Internal department training: each department requires engineers to participate in internal department specialty training according to their professional needs.
- B. Internal training : The Administration Management Division collects and consolidates the annual training needs submitted by department heads. Upon approval by the internally established Education and Training Committee, professional instructors are invited to conduct training courses at the Company. The programs cover a wide range of topics, including professional technical skills, management skills, quality management, environmental protection and occupational health and safety, legal and intellectual property matters, computer training, general education, as well as work-life balance courses.
- C. Online Learning Courses : An e-learning education and training platform has been established to integrate course information and facilitate data search. This platform is aimed at developing a knowledge management system to ensure the comprehensive implementation of the education and training system.
- D. External training: The Company compiles an annual training budget for each employee allowing them to obtain external professional training according to their personal plan requirements.
- E. The following shows what was implemented in terms of internal and external employee training during 2024:

	Total number of training hours	Total number of people trained
Management Training	5,450	3,639
Professional Training	995	553
Orientation Training	352	22

(3) In-service training:

Senior engineers may apply for in-service training programs at domestic universities

to enhance their professional research and development skills and management capabilities to meet the Company's future development and sustainable business needs.

(4) Self-development:

The Company cultivates the professional ability of employees to build confidence in technology and increase program management experience and teamworking. In addition, senior employees will be trained to be central Company leaders who can participate in the management training of grassroots, middle and senior managers according to the demands of their level. In this way they will improve their management ability and performance.

3. Retirement system and implementation situation:

(1) Pension contribution:

- A. The Company has established a retirement plan and a Retirement Reserve Supervisory Committee. In accordance with the Labor Standards Act and the Regulations for the Allocation and Management of the Labor Retirement Reserve Fund, 4% of the total monthly salaries of eligible employees is allocated to the retirement reserve under the old pension scheme, and the funds are deposited into a dedicated account with the Bank of Taiwan.
- B. Employees who applied for the new pension system, according to the provisions of the Labor Pension Act, allocate a monthly amount of 6% of their wages which is deposited to their individual retirement accounts.

(2) Implementation situation:

In accordance with the law and relevant regulations, the labor and management of the Company shall jointly organise a "Labor pension reserve supervision committee". Both sides shall hold quarterly meetings of the labor pension reserve supervision committee which shall be responsible for the supervision and review of the fund allocation, storage and expenditure of the retirement reserve.

4. Agreements between labor and management and various employee rights and interests protection measures:

The Company regularly holds labor meetings every quarter. Those resolutions which need to be discussed are fully communicated by both sides of labor and management and implemented after reaching a consensus. Up to the present date the relationship and interaction between both labor and management have remained excellent.

5. Code of conduct and ethics for employees:

The Company's the "Codes of Ethical Conduct of Directors' and Managers", "Employee Code" and "Rules of Integrity for the Employees" regulate the business of all employees for management or supervision. There must be no influencing of the beneficiaries, directly or indirectly, to gain improper benefit or other improper activities. The above items are within the Company's rules and new staff training materials.

6. Work environment and staff safety measures:

The Company has obtained ISO 45001:2018 Occupational Health and Safety Management System certification (valid until November 26, 2027) and has been certified by an independent third-party verification body. The scope of the management system covers employees and contractors involved in the execution of work activities at the Hsinchu Headquarters, encompassing the design, development, sales, quality inspection, and contracting of integrated circuits.

- (1) In line with the spirit of its Occupational Health and Safety Policy, the Company has



formulated and implemented various management plans, including the Occupational Health and Safety Management Plan, Hazard Communication Program, Prevention Plan for Unlawful Acts During the Performance of Duties, Prevention Plan for Illnesses Induced by Abnormal Workload, Ergonomic Hazard Prevention Plan, and Maternity Health Protection Program.

(2) Training and Education

To enhance employees' awareness of workplace safety and health, the Company regularly conducts environmental, health, and safety (EHS) training programs. These include occupational safety and health training for new hires and current employees, emergency response drills, fire safety training, and professional certification courses provided through accredited training institutions. In 2024, more than 2,450 participants attended the training programs, with a total of over 2,587.5 training hours completed.

(3) Health management

The company has professional nursing staff to manage and provide health-related services (such as health education for new hires with abnormal medical examination results, weekly health information dissemination). We regularly invite professional doctors to our company for health assessments and to host health seminars. Additionally, we commission medical institutions to conduct various annual health check-ups, emphasizing the physical and mental health of our employees.

(4) Occupational accidents

In 2024, the Company reported no cases of occupational disability incidents (including both employees and contractors) and no confirmed cases of occupational diseases as diagnosed by occupational medicine specialists. During the year, there were only four commuting traffic accidents, affecting four employees, representing 1.2% of the total workforce.

(5) The Company conducts emergency response and fire drills twice a year. In 2024, no fire incidents occurred, and no casualties were reported.

(6) Environmental Health and Safety Management

- A. In addition to the 24-hour building security personnel, security cameras are installed at all entrances and corners. Security management at night and on holidays is increased to ensure the personal safety of employees.
- B. In addition to the annual fire safety inspection conducted by an external contractor, all firefighting equipment is inspected monthly and quarterly by designated personnel, with records maintained (e.g., fire alarms, fire extinguishers).
- C. To ensure the sanitary quality of drinking water for employees, water dispensers are tested quarterly for coliform bacteria, and the water dispenser contractor performs maintenance twice a month.
- D. Daily cleaning and disinfection are carried out in the office, and 75% alcohol is provided in seated toilets to ensure workplace sanitation.
- E. Elevators : Maintenance is performed by a certified elevator company every month and every quarter according to regulations, with inspections conducted every six months as required by law.
- F. The Company conducts building public safety inspections and reporting every two years in accordance with regulatory requirements.

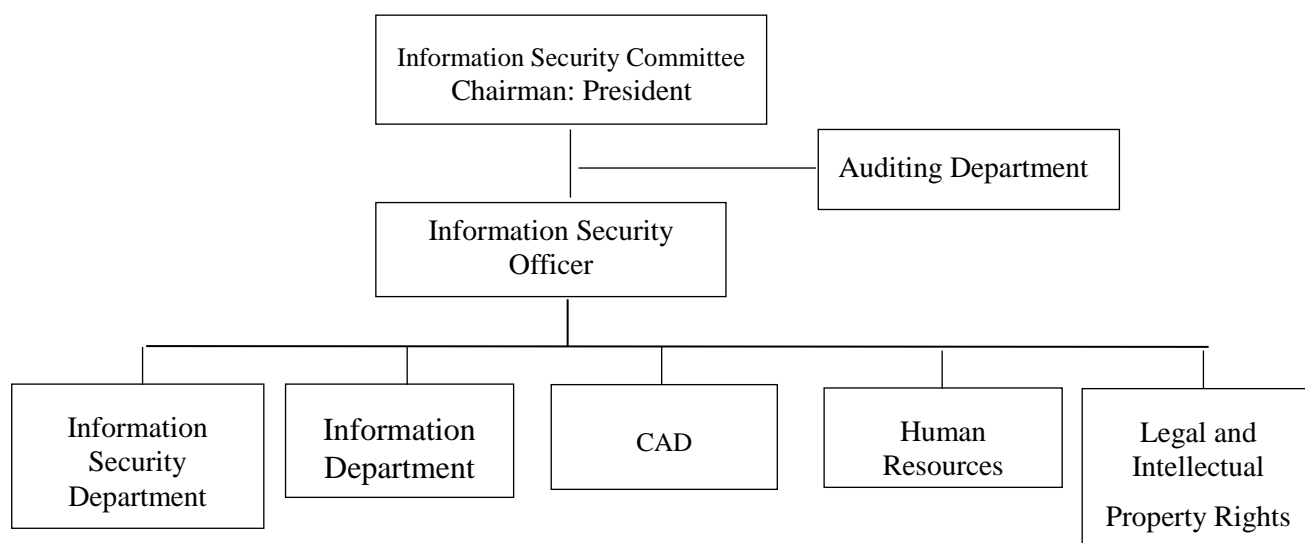
**4.5.2 List any loss sustained as a result of labor disputes in the most recent fiscal year, and during the current fiscal year up to the date of publication of the annual report, disclose an estimate of losses incurred to date or likely to be incurred in the future, and indicate mitigation measures being or to be taken. If the loss cannot be reasonably estimated, make a statement to that effect: None.**

## **4.6 Cyber Security Management**

### **4.6.1 The Company's Cyber security management framework, Cyber security policies, management plan and investments in resources for cyber security**

#### **1. Cybersecurity risk management framework**

We have established an information security committee in October 2022, The Information Security Committee is chaired by the president, and the director of the Information Integration Department serves as the information security officer. The executive members are audit, information security department, information department, CAD (IC design process development department), human resources, legal affairs and intellectual property, etc, composition. It is responsible for establishing and promoting the establishment, implementation and continuous improvement of information security policies to ensure the security of the Company's intellectual property, business secrets and internal information. The Information Security Committee holds regular meetings at least one meeting per year to review the appropriateness and effectiveness of information security policies, and continuously improves information security protection measures to reduce information security risks; and the general manager regularly reports to the Board of Directors on the effectiveness of information security implementation every year.



#### **2. Information security policies**

Our information security assets are divided into five categories: Devices, applications, network, data and users. Our information security strategy is formed to cover these five categories.

(1) Devices: Control the hardware of the Company's endpoints, and only authorized devices can be connected to the network, further reducing the risks caused by unknown devices. The operating system is updated in real time to block vulnerability attacks. The operating system is installed with anti-virus software, which can block viruses and malicious programs. We monitor the software installed on the endpoint in order to conduct inventory of software.

(2) Applications: We adopt multi-factor authentication to protect identification process. We

have incorporated the use of a Web Application Firewall (WAF) to effectively block attacks against our applications. We also establish a cluster structure to ensure application services.

- (3) Network: Remote connection requires multi-factor authentication to protect identification. We have introduced the use of a new generation of firewall to manage our applications. We have an intrusion detection system to detect attacks early. We have advanced threat detection and protection technology to prevent unknown threats.
- (4) Data: Confidential data is encrypted to prevent data leakage. Data is stored in specialized storage equipment to prevent data loss due to hardware failure. Specialized backup software and equipment are used to carry out data backup on a daily basis and retain one copy at a remote site.
- (5) Users: Divided into general employees and information personnel.
  - A. General employees: Education and training sessions for new hires to improve their information security awareness and enhance the overall defense capability. Conduct social engineering drills from time to time to enhance information security awareness, and identify those with relatively weak information security awareness for further education and training.
  - B. Information personnel: Participate in information security education and training sessions and information security conferences to enhance information security capabilities. Implement a privileged account management system to reduce risks.

Implementation of information security policy:

The Company's Information Security Policy applies to both the Company and its subsidiaries. Through three key dimensions—information and communication risk management, information security management, and information security auditing—the Company adopts the Plan-Do-Check-Act (PDCA) model to regularly review the applicability of its information security policies and protective measures, ensuring continuous improvement.

### 3. Information security-specific management plan, and the resources committed to cybersecurity management

#### (1) Information security risk and countermeasures

Information security control items	Description of risks	Response measures	Projected benefits
Equipment/Endpoint hardware	Unidentified devices connected to the network, causing information security vulnerabilities	Only authorized devices can access the corporate network	Reinforce endpoint security
Equipment/Endpoint software	The operating system is not updated in time, resulting in unpatched information security vulnerabilities	1. Delivery update and monitoring update status 2. Use tools to assess server Vulnerabilities and fix it	Reinforce endpoint security
Application/Authentication	Passwords to Apps may have been leaked or cracked	Adopt multiple-facto certification, implement WAF (Web Application Firewall), using to protect website applications by monitoring website HTTP	Reduce the possibility of the system being logged in by others

		traffic, comparing virus and malware databases, filtering suspicious traffic and denying malicious traffic from entering	
Internet/Certification	Passwords to the domain may have been leaked or cracked	Adopt multiple-factor certification, the introduction of secondary verification for external websites, and the use of mobile phone certification mechanisms to strengthen personal identification	Reduce the possibility of the system being logged in by others
Network/Control connection	Unnecessary connection services, causing the server to be attacked	Use new generation of firewall to control connection	Ensure that only essential connections are provided
Data/Confidential data	Possibility of data leakage	Adopt an encryption management system which restricts specific users to access confidential information only when they are in the company	Confidential information can only be accessed when inside the Company
Data/Loss	Data loss due to failure of storage devices	1. Local backup and offsite backup 2. Establish a cloud backup system for databases and application systems	In case of data loss, the data can be restored from the backup system
Personnel/General employees	Lack of information security awareness leading to a breach	Strengthen internal employee training and regularly announce information security-related notice to employees	Improve information security awareness to make employees become the best line of defense
Personnel/Information personnel	Unable to grasp the latest information security technology	1. Participate in external training 2. Attending SP-ISAC (Science Park Information Sharing and Analysis Center) to receive the latest information on information security via email from time to time.	Grasp the latest information security intelligence and technology

(2) Information security education and training

- A. Promotion of information security awareness: Regularly disseminate information security-related information to employees to improve their information security awareness.
- B. Information security education and training: Every new hire receives information security-related education and training when reporting to work to understand the Company's information security policies and requirements. A total of 17 person-times attended a total of 22.7 course hours in 2024.
- C. In 2024, the Company conducted its first online information security training for

distributor leaders, totaling 2.5 hours.

(3) Information security audit practices

The audit office regularly checks the implementation of information security management practices, and takes improvement measures based on the audit results to ensure the continuous and effective operation of information security management; accountants regularly conduct audits of information operations on privileged accounts and whether passwords are changed regularly. If deficiencies are found, improvements will be required and the results will be tracked.

(4) Social engineering drills

One social engineering drill was conducted, involving a total of 1,320 participants. Additional awareness campaigns and training sessions were provided to individuals who did not pass the drill to further strengthen employees' security awareness and knowledge.

#### 4.6.2 Losses Related to Cyber Security for the Most Recent Year and Up To the Publication

**Date of this Annual Report:**

In December 2024, the Holtek Cup website was subjected to a cyberattack, during which the attacker exploited an SQL injection vulnerability to obtain the administrator's account credentials. Following this incident, the Company recognized the critical importance of information security and committed to strengthening its overall cybersecurity posture. In response, we have enhanced secure programming practices in accordance with the OWASP Top 10 guidelines, actively implemented a web application firewall (WAF), and conducted regular external threat and risk assessments. Additionally, we perform phishing simulation exercises to help employees recognize and respond to common security threats. These measures ensure that the Company can respond swiftly and effectively to any security threats, thereby safeguarding both corporate and customer data.

#### 4.7 Material contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Land lease	Hsinchu Science Park Bureau, Ministry of Science and Technology	2021/01/01~2040/12/31	Lease land of self-constructed factory	Usage of self-constructed factory only
Technology licensing	Arm Limited	Contracts commence on 2007/06/25 and continue in force	Arm® Cortex®-M3 Technology licensing	Obey to any related laws or regulations
Technology licensing	Arm Limited	Contracts commence on 2013/09/24 and continue in force	Arm® Cortex®-M0+ Technology licensing	Obey to any related laws or regulations
Technology licensing	Andes Technology	2015/04/01~2025/05/21	Andestech D10 CPU Softcore Technology licensing	Obey to any related laws or regulations
Technology licensing	Arm Limited	Contracts commence on 2018/12/28 and continue in force	Arm® Cortex®-M4 with FPU and system IP products Corstone-101 Technology licensing	Obey to any related laws or regulations
Supply contract	Company A	The Company retains obligation of confidentiality.	Foundry resources	Security regulations

## V. Review of Financial Conditions, Financial Performance, and Risk Management

### 5.1 Analysis of Financial Status

Unit: NT\$ thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Current Assets	4,340,643	4,495,650	155,007	4
Property, Plant and Equipment	411,557	380,895	(30,662)	(7)
Right-of-use Assets	105,866	89,834	(16,032)	(15)
Other Assets	1,332,873	651,331	(681,542)	(51)
<b>Total Assets</b>	<b>6,190,939</b>	<b>5,617,710</b>	<b>(573,229)</b>	<b>(9)</b>
Current Liabilities	1,589,210	1,578,998	(10,212)	(1)
Non-current Liabilities	502,114	382,130	(119,984)	(24)
<b>Total Liabilities</b>	<b>2,091,324</b>	<b>1,961,128</b>	<b>(130,196)</b>	<b>(6)</b>
Ordinary share capital	2,261,682	2,261,682	0	0
Capital surplus	142,309	142,309	0	0
Retained Earnings	1,279,893	1,244,597	(35,296)	(3)
Other equity	355,914	(49,901)	(405,815)	(114)
Non-controlling interests	59,817	57,895	(1,922)	(3)
<b>Total Equity</b>	<b>4,099,615</b>	<b>3,656,582</b>	<b>(443,033)</b>	<b>(11)</b>
<p>Analysis of changes in financial ratios:</p> <ol style="list-style-type: none"> <li>1. Right-of-use assets decreased compared to the end of 2023, primarily due to amortization of right-of-use assets.</li> <li>2. Other assets decreased compared to the end of 2023, mainly due to the disposal of equity instruments measured at fair value through other comprehensive income (Shieh Yong and Unitech).</li> <li>3. Non-current liabilities decreased compared to the end of 2023, primarily due to decreases in deferred income tax liabilities and refundable deposits received.</li> <li>4. Other equity decreased compared to the end of 2023, mainly due to the disposal of equity instruments measured at fair value through other comprehensive income (Shieh Yong and Unitech).</li> <li>5. Total shareholders' equity decreased compared to the end of 2023, primarily due to the net loss incurred during the year.</li> </ol>				

## 5.2 Analysis of Operating Results

Unit: NT\$ thousands

Item \ Year	2023	2024	Difference	
			Amount	%
Net operating revenue	2,596,067	2,501,630	(94,437)	(3.64)
Operating costs	1,495,469	1,538,786	43,317	2.90
Gross profit	1,100,598	962,844	(137,754)	(12.52)
Unrealized profit (loss) from sales	(208,698)	(45,165)	163,533	(78.36)
Realized gross profit	1,309,296	1,008,009	(301,287)	(23.01)
Operating expenses	1,210,039	1,244,796	34,757	2.87
Net operating income	99,257	(236,787)	(336,044)	(338.56)
Non-operating income and expenses	(21,082)	46,073	67,155	(318.54)
Income before income tax	78,175	(190,714)	(268,889)	(343.96)
Income tax expenses (benefit)	(36,464)	(42,565)	(6,101)	16.73
Net income	114,639	(148,149)	(262,788)	(229.23)
Other comprehensive income (net of income tax)	152,678	(187,885)	(340,563)	(223.06)
Total comprehensive income	267,317	(336,034)	(603,351)	(225.71)
Total comprehensive income profit (loss) attributable to shareholders of the company	111,741	(149,555)	(261,296)	(233.84)
Total comprehensive income profit (loss) attributable to non-controlling interests	2,898	1,406	(1,492)	(51.48)
Total comprehensive income (loss) attributable to shareholders of the company	265,474	(339,335)	(604,809)	(227.82)
Total comprehensive income (loss) attributable to non-controlling interests	1,843	3,301	1,458	79.11

### Analysis of changes in financial ratios:

1. Gross profit, realized gross profit, operating income, income before tax, net income, and total comprehensive income all declined compared to 2023, mainly due to a decrease in net operating revenue and an increase in operating costs.
2. Unrealized intercompany profit in inventory increased compared to 2023, primarily because shipments from consolidated entities to investee companies were not sold to end customers, resulting in lower reversals of unrealized profits than the prior year.
3. Non-operating income increased compared to 2023, mainly due to a decrease in the share of losses recognized under the equity method from associates.
4. Income tax benefit increased compared to 2023, primarily due to a decrease in deferred income tax liabilities resulting from the repatriation of overseas investment income.
5. Other comprehensive income decreased compared to 2023, mainly due to an increase in unrealized valuation losses on equity instruments measured at fair value through other comprehensive income.

### 5.3 Analysis of Cash Flow

#### 5.3.1 Cash Flow Analysis for the Current Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash flow from fund-raising	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plan	Financing Plan
831,410	310,263	(238,669)	903,004	—	—
<p>Analysis of change in cash flow in 2024:</p> <p>(1)Operating activities: Net cash inflow from operating activities was primarily attributable to a continuous decrease in inventory levels.</p> <p>(2)Financing activities: Net cash outflow from financing activities was mainly due to the payment of cash dividends.</p>					

#### 5.3.2 Cash Flow Analysis for the Coming Year

Unit: NT\$ thousands

Cash and Cash Equivalents, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash flow from fund-raising	Cash Surplus (Deficit)	Leverage of Cash Deficit	
				Investment Plan	Financing Plan
903,004	300,000	(63,000)	1,140,004	—	—
<p>Analysis of change in cash flow in 2025:</p> <p>(1)Operating activities: It is expected that the warming of business operations and reduced inventory will lead to a net cash inflow from operating activities.</p>					

#### 5.4 Impact of the Latest Major Capital Expenditures on Financial Business: None.

#### 5.5 Main Reasons for Profits or Losses of Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year

Investment is mainly to meet the needs of the company's operation and development to establish a complete sales and technical service system. The net investment loss recognized by the equity method in 2024 is NT\$27,970 thousand.

1. The profit or loss of the reinvested company is mainly related to the amount of revenue. The Company will work to improve the revenue growth of the reinvested company and control the cost to improve its profitability.
2. Future investment plans are still based on business development needs and evaluate various investment plans at the appropriate time.



## **5.6 Risk Management Analysis**

### **5.6.1 Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finances and Future Response Measures**

1. Interest rate: The company's borrowings consist of short-term loans, so the cash flow risk from interest rate fluctuations is minimal. Additionally, the company maintains good relationships with banks, regularly evaluating potential interest rate risks. There have been no significant impacts on the company's profits or losses due to interest rate fluctuations. The cash equivalent position of the Company is mainly located in fixed deposits and bond funds and the financial institutions that the Company deals with have global records and capital so as to obtain stable and safe investment returns.
2. Foreign exchange rates: The Group's exposure to foreign currency risk arises from the translation of the foreign currency exchange gains and losses on cash and cash equivalents, accounts receivable, other receivables, and accounts payable that are denominated in foreign currency. A fluctuation in the NTD/USD and NTD/RMB exchange rate on the reporting date, with other factors remaining constant, would have increased or decreased the net income amounted to \$2,034 and \$3,684 for the years ended December 31, 2024 and 2023, respectively. In order to avoid the significant impact of foreign exchange rate fluctuations on the Company's revenue and profit, the Company has a designated finance department to monitor exchange rate movements in the foreign exchange market, to collect relevant information and to take the following specific measures:
  - (1) The Sales Division will carefully evaluate foreign exchange rate trends before offering customer quotes. It will also comprehensively consider the factors affecting exchange rate fluctuations and adopt a market-based exchange rate as the basis of sales quotation so as to reduce the impact of spot exchange rate changes on the Company's revenues and profits.
  - (2) In addition to remaining in close contact with banks and financial institutions in order to fully follow foreign exchange rate trends, the finance department will regularly review their operating strategies and risk control procedures to be able to respond to forex volatility. The Company uses foreign currency derivative contracts such as currency forwards to protect against currency exchange rate risks associated with non-NT dollar denominated currency positions.
  - (3) In adjusting to their foreign currency position according to the actual capital demand or exchange rate trends, the Company takes revenues to pay accounts payable using the same currency from multiple foreign currency accounts. This acts as a natural hedge, which is a principle of the Company's exchange strategy.
3. Inflation: The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

### **5.6.2 Policies, Main Causes of Gain or Loss and Future Response Measures with Respect to High-risk, High-leveraged Investments, Lending Funds to Other Parties, Endorsements/Guarantees, and Financial Derivatives Transactions**

1. Our company does not engage in high-risk, high-leverage investments, lending funds to others, or derivative transactions. In fiscal year 2024, in response to the operational needs of subsidiaries, our company provided endorsement guarantees for 100% owned subsidiaries. As of now, all procedures have been conducted in accordance with relevant regulations.
2. The Company has conducted the "Procedures for Lending Funds to Other Parties", the "Procedures for Endorsements/Guarantees", and "Procedures for Acquisition or Disposal of Assets and Financial Derivatives Transactions". A dedicated department has been assigned to

execute operating procedures and risk management in accordance with the aforementioned procedures for which no significant loss has occurred.

### **5.6.3 Future Research & Development Projects and Corresponding Budget**

The Company is focused in the area of MCU and peripheral ICs. To increase its product competitiveness, the Company consistently reinvests over 30% of its annual turnover in research and development, staying closely aligned with customer and market demands. It also works in close coordination with upstream and downstream manufacturers to meet customers' delivery requirements and maintain the stability of both supply and delivery.

### **5.6.4 Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales**

The Company consistently monitors any changes in local and foreign policies and makes appropriate amendments to our systems when necessary. During 2021 and as of the date of publication of this annual report, changes in related laws have not had a significant impact on our operations.

### **5.6.5 The Impact and Response to Technology Changes (including information security risks) and Industrial Transformation relating to Corporate Finance and Business.**

In the face of continuous technological advancement in the semiconductor industry, the Company not only allocates over 30% of its annual revenue as research and development expenditure, but also actively responds to the increasingly evident specialization trend within the IC design sector. The Company focuses on the research, development, and market expansion of MCU and peripheral IC products, while leveraging advanced technologies through collaboration with upstream manufacturers. This enables the Company to fully adapt to technological evolution and industry transformation, thereby contributing positively to its financial performance and business development.

We have established an information security committee, with the president servicing as the chairperson of the committee, and is composed of personnel from audit, information, human resources, legal and intellectual property and related departments. It is responsible for establishing and promoting the formulation, implementation and continuous improvement of information security policies to ensure the intellectual property, business confidentiality and internal information security. Regularly disseminate information security-related information to employees to improve their information security awareness. The Audit Office regularly inspects the implementation of information security management practices, and adopts improvement measures based on the inspection results to ensure the continuous and effective operation of the information security management.

### **5.6.6 The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company's Response Measures**

The Company retains a prudent business philosophy and maintains its existing good corporate brand image. Also, the strict internal control and crisis management mechanism has been regulated to effectively prevent any crisis from occurring to ensure the sustainable operation of the Company.

### **5.6.7 Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans**

Not Applicable.

### **5.6.8 Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans**

Not Applicable.

#### **5.6.9 Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration**

1. The Company has been in excellent operating condition since its establishment in 1998. Fabs collaborated with the Company have always provided priority giving adequate capacity during times of large scale operations. In addition, when considering risk reduction associated with any consolidation of sales or purchasing operations and considering the comprehensive factors such as production capacity, process technology, quality yield and delivery date, the Company also actively looks for alternative fab production capacity. Currently, the Company cooperates with several large fabs, packaging and testing companies. There is no over-concentration in one particular area.
2. The Company has been actively expanding niche markets for many years. Here the customer base is spread over all major global markets, including China, to fully achieve risk diversification and avoid the risk of excessive concentration of sales. In addition, the Company will strengthen credit management, require the provision of corresponding collateral, and continuously track the collection of accounts, so as to maintain stable business results.

#### **5.6.10 Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with Shareholdings of over 10%**

None

#### **5.6.11 Effects of, Risks Relating to and Response to the Changes in Management Rights**

None

#### **5.6.12 Major Law Suits, Non-Contentious Matters, or Administrative Actions involving the Directors, general manager, owners, shareholders that hold more than 10% of the equity shares, with sentence or pending on court decision, the result of which may significantly affect the shareholders' equity or stock price of the Company, the action taken in response to the aforementioned disputes, the target amount involved, the date on which the law suit started, the parties concerned, and the status as of the day this report was printed**

None

#### **5.6.13 Other Major Risks**

None

#### **5.7 Other Material Events**

None

## **VI. Other Disclosures**

### **6.1 Information on Affiliated Enterprises:**

The Company completed its affiliated enterprises disclosure before March 31, 2025. Please refer to the “Affiliated Enterprises Disclosure Section” under “Electronic Document Downloads” for individual companies on the Market Observation Post System (MOPS): [https://mopsov.twse.com.tw/mops/web/t57sb01\\_q10](https://mopsov.twse.com.tw/mops/web/t57sb01_q10)

### **6.2 Status of Private Placements of Securities in the Most Recent Year and up to the Annual Report Publication Date: None.**

### **6.3 Other Necessary Explanatory Matters: None.**

### **6.4 Disclosures Required under Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.**

**Holtek Semiconductor Inc.**

**Chairman: Wu, Chi-Yung**