

Holtek Semiconductor Inc.

Procedures and Rules of Board of Directors Meeting

Article 1

To establish a good governance system, sound supervisory capabilities, and solid management abilities for the Company's board of directors, the Company's board of directors meeting shall be complied with f Article 26-3 of the Securities and Exchange Act.

Article 2

The Rules of Procedure for Board of Directors Meetings of the Company, unless otherwise specified in laws or Articles of Incorporation, shall be handled according to the requirements specified in these Rules.

Article 3

The board of directors shall conduct a meeting at least once every quarter. A meeting notice of the reasons for convening a board meeting shall be delivered to each director 7 days prior to the meeting. For emergency circumstances, the Board of Director may call the meeting at any time.

After obtaining the consent of the counterparty, directors may be informed via the methods of written notice, e-mail or facsimile.

The matters covered under Paragraph 1 of Article 7 of these Rules shall be listed in the meeting notice and may not be raised by an extraordinary motion except in the case of an emergency or for a legitimate reason.

Article 4

Meetings of the board of directors shall be held at the head office and during the office hours of the Company or at any other appropriate place and time convenient for the directors to attend and suitable for such a meeting.

Article 5

The designated department responsible for the board meetings of the Company shall be The Finance Division. The responsible department shall prepare a draft agenda items and sufficient meeting materials, and shall deliver such together with the notice of the meeting. If the directors consider the meeting materials to be insufficient, they may request the designated department to provide supplemental materials in advance. If a director is of the opinion that materials concerning any proposal insufficient, the board of directors may resolve to postpone the deliberation of such proposal.

Article 6

Agenda items for regular board of directors' meetings shall include at least the following:

1. Reports:

- (1) Records of the last meeting and execution status.
- (2) Reporting on important financial and business matters.
- (3) Reporting on internal audit activities.
- (4) Other important matters to be reported.

2. Discussions:

- (1) Items discussed and continued from the last meeting.
- (2) Items to be discussed at this meeting.

3. Extraordinary motions.

Article 7

The following issues shall be submitted to the Board of Directors meeting for discussion:

1. Corporate business plan.
2. Annual and second quarter financial reports that are required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA).
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Act, and an assessment of the effectiveness of the internal control system.
4. Adoption or amendment, pursuant to Article 36-1 of the Act, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, and endorsements or guarantees for others.
5. The offering, issuance, or private placement of any equity-type securities.
6. Appointment or dismissal of the head officers of finance, accounting or internal auditor
7. Donation to related parties or major donation to non-related parties. However, a public-interest donation of disaster relief for a major natural disaster may be submitted to the following board of directors meeting for retroactive recognition.
8. Other issues that shall be decided in the shareholders' meeting or raised in the Board of Directors meeting pursuant to Article 14-3 of the Securities and Exchange Act, other laws or the articles of incorporation, and major issues specified by the competent authority.

The related parties as mentioned above in Item 7 refer to the related parties specified in the Regulations Governing the Preparation of Financial Reports by Securities Issuers; major donation to non-related parties refers to a single donation or accumulated donation to the same donee in a year up to NT\$100 million or above, or up to 1% of the net operating revenues or 5% or above of the paid-up capital as disclosed in the latest annual financial report audited by a CPA. "In a year" as mentioned in the preceding paragraph shall be counted from the date when this Board meeting is convened, tracing back one year. The part that has been approved by a resolution of the Board of Directors shall not be included.

At least one independent director shall attend each meeting in person. In the case of a meeting concerning any matter required to be submitted for a resolution by the board of directors under paragraph 1, each independent director shall attend in person; if an independent director is unable to attend in person, he or she shall appoint another independent director to attend as his or her proxy. If an independent director expresses any objection or reservation about a matter, it shall be recorded in the board meeting minutes. An independent director intending to express an objection or reservation but unable to attend the meeting in person shall, unless there is some legitimate reason to do otherwise, issue a written opinion in advance, which shall be recorded in the meeting minutes.

Article 8

Principles of Authorization of the Board of Directors

When the board of directors authorizes the chairman to exercise the functions and powers of the board of directors during the adjournment of the board of directors in accordance with the provisions of the company's articles of association, except that matters that should be brought to the board of directors for discussion and related party transactions in accordance with laws and regulations or related regulations must still be resolved by the board of directors, the authorized content or The matters are as follows:

- (1) According to the company's capital needs, it has full authority to handle matters related to the loan amount and conditions of various financial institutions, and report the implementation situation to the board of directors.
- (2) Depending on the company's capital needs, handle endorsement guarantees within the amount specified in the endorsement guarantee operating procedures, and conduct transactions within the amount specified in the procedures for acquiring or disposing of assets, and report the implementation status to the board of directors.
- (3) Appointment of directors, supervisors and representatives of subsidiaries (including overseas branches).
- (4) Reorganization of the company and revision of organizational rules.
- (5) Determine the record Date of capital increase or reduction, cash dividend distribution base date, allotment or subscription base date, etc., and report the implementation status to the board of directors.

Article 9

When a meeting of the Company's Board of Directors is held, an attendance book shall be made ready for signature by directors attending the meeting and thereafter made available for future reference.

All directors shall attend Board meetings in person; if attendance in person is not possible, they may appoint another director to attend as their proxy in accordance with the Company's articles of incorporation. Attendance via video-conferencing is deemed as attendance in person.

A director that appoints another director as their proxy at a Board meeting shall in each instance issue a written proxy stating the scope of authorization with respect to the items on the agenda.

The proxy described in the preceding two paragraphs is limited to accepting the entrustment of one director only.

Article 10

The Board Meetings are convened by chairman who is also the chairman of the Board Meetings. However, the first meeting of every term of the newly elected board of directors shall be convened and presided over by the director who has received the largest number of votes in such election. If there are two or more persons with such convening rights, they shall elect from amongst themselves one person to convene and preside over the meeting.

According to the Company Law, if the board of directors is convened by more than half of the

directors themselves, the directors shall elect one of them to serve as the chairman.

When the chairman asks for leave or is unable to exercise his powers for some reason, his duty agency shall handle it in accordance with the company's articles of association.

Article 11

Depending on the subject matters of proposed resolutions, relevant personnel from the related departments of the Company or from subsidiary may be invited to be present at the meetings as non-voting members. Furthermore, CPAs, legal counsels, or other professional personnel may be invited to the meetings as non-voting members as well as to provide necessary information. These non-voting members shall be excused from voting and discussion.

Article 12

The chair of the Board meeting may call the meeting to order when the starting time has been reached and more than half of the directors are in attendance. If less than half of all directors have arrived by the time that the meeting is due to start, the chair may announce a postponement. Up to two postponements may be announced and if quorum still not reached then the chair may re-convene the meeting at another time in accordance with Article 3, Paragraph II. "All directors" as referred to in the preceding paragraph.

Article 13

A meeting of the Company's Board of Directors shall be conducted in accordance with the order of business on the agenda as specified in the meeting notice. The order may however be changed with the approval of a majority of directors present.

The chair may not declare the meeting closed without the approval of a majority of directors present at the meeting.

If at any time during the proceeding of a board of directors meeting the directors sitting at the meeting are not more than half of the directors present at the meeting, then upon motion by the directors sitting at the meeting, the chair shall declare a suspension of meeting, in which case, the preceding article shall apply mutatis mutandis.

Article 14

When the discussion of a proposal in the board meeting has reached a conclusive extent, the chairman may stop the discussion and propose that a vote be taken. To make a resolution about a motion in the meeting, if there is no objection by all present directors upon the chairman's inquiry, the motion is considered adopted. When there is an amendment or alternative proposal derived from the original proposal, the chairman shall set the sequence of the original and derived proposals to be voted on. Once one of these proposals is adopted, the others are deemed rejected, with not need to be voted on. Ballot examiners or vote recorders, when needed for the voting of a proposal, shall be designated by the chairman, but ballot examiners shall be directors. Results of the voting shall be reported on the spot, and shall be recorded in the minutes.

Unless otherwise stated in the Securities and Exchange Act or in the Company Act, a resolution on a matter at a board of directors meeting requires the approval of a majority of the directors present at the meeting. A majority of all directors must also be in attendance.

All present directors as mentioned in the two preceding paragraphs do not include the directors who shall be deprived voting rights pursuant to Paragraph 1 of Article 15.

Article 15

When directors have a conflict of interest - personally or when representing a legal entity - concerning the agenda item in a meeting, they shall give a detailed account of the conflict of interest in that meeting. If it is potentially detrimental to the Company's interest, the directors concerned shall not participate in discussion and vote, shall retreat when discussion and voting is in progress, and shall not act as a proxy of another director to exercise the voting right. If there is a director's spouse, or blood relative within the second degree of kinship, or a company that has a controlling affiliation with a director, who has interests in the matters at the meeting of the preceding paragraph, such directors shall be deemed to have a personal interest in the matter.

With respect to directors prohibited from voting in a board meeting by this preceding two paragraphs, the resolutions of the meeting shall be applied in compliance with company law.

Article 16

Minutes shall be made for the discussion in the board meetings. The minutes shall faithfully recorded the following details:

1. Session, time and venue of the meeting
2. Name of the chairman
3. Attendance of directors, including the name of directors who are present, on leave and absent.
4. Name and job title of people who attend the meeting as a non-voting member.
5. Name of the recorder of the meeting minutes
6. Announcements
7. Discussion: the method of resolution and the result for each proposal; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing; and any opinion issued in writing by an independent director under Article 12, paragraph 4.
8. Extemporaneous motions: the name of the mover; the method of resolution and the result for each motion; a summary of the comments made by directors, experts, or other persons; the name of any director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the meeting that were included in records or stated in writing.
9. Other matters required to be recorded.

With respect to resolutions adopted in a Board meeting, if any one of the following issues arises, it shall not only be recorded in the minutes, but also be announced and declared on the Market.

Observation Post System specified by the Financial Supervisory Commission, Executive Yuan within two days from the date of the Board meeting.

The attendance book of the Board meeting shall be deemed a part of the minutes, and shall be well preserved during the existence of the Company.

Minutes shall be signed and sealed by the chairman and recorder keeper of the meeting minutes. Minutes shall be sent to all directors within 20 days following the meeting, shall be filed as the Company's important documentation, and shall be well preserved during the existence of the Company. The minutes as mentioned in Paragraph 1 may be prepared and distributed in electronic form.

Article 17

The whole session of the board meetings shall be recorded in audio or video format for legal attestation. The record shall be retained for at least five years, and may be in electronic format. While litigation concerning resolutions made at a board meeting arises prior to the end of the preservation period previously mentioned, the relevant audio or video record shall be kept until the litigation ends. For meetings conducted by means of video conference, the audio and video record shall be deemed as a part of the minutes, and shall be well-stored permanently during the existence of the Company.

Article 18

In order to establish good corporate governance of the company, assist the directors to perform their duties and enhance the effectiveness of the board of directors, the company shall handle matters related to the directors' requests, unless otherwise stipulated by laws or articles of association, in accordance with the provisions of these rules.

Directors of the Company should have access to appropriate and timely information in a form and quality sufficient to enable directors to make informed decisions and to perform their duties as directors.

All directors of the Company shall have access to the assistance of a corporate governance officer to ensure compliance with board procedures and all applicable laws and regulations, and to ensure good information exchange among board members and between directors and managers.

The company's corporate governance supervisor is responsible for handling the matters requested by the directors, and shall handle them as quickly as possible within seven days based on the principle of immediately and effectively assisting the directors in performing their duties.

Article 19

These rules will come into effect on the date of issue after being approved by the board of directors, and any subsequent amendments will also come into effect after being approved by the board of directors.