

Stock code : 2455

# **Visual Photonics Epitaxy Co., Ltd.**

## **Handbook for the 2019 Annual Meeting of Shareholders**

**TIME :** June 12, 2019

**Venue :** No.16, Gongye 1st Rd., Pingzhen Dist., Taoyuan City 324, Taiwan

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# **Visual Photonics Epitaxy Co., Ltd.**

## **Meeting Procedure**

- I. Call the Meeting to Order
- II. Chairman Address
- III. Management Presentations
- IV. Proposals
- V. Discussions and Election
- VI. Questions and Motions
- VII. Adjournment

# Visual Photonics Epitaxy Co., Ltd.

## Meeting Agenda

**Time:** 09:00a.m., June 12, 2019

**Venue:** No.16, Gongye 1st Rd., Pingzhen Dist., Taoyuan City 324, Taiwan

- I. Call the Meeting to Order
- II. Chairman Address
- III. Management Presentations
  1. 2018 Business Report.
  2. 2018 Audit Committee Review Report.
  3. Distribution of Employee's compensation and remuneration to Directors of 2018 Profits.
  4. Report on the Progress of Treasury Stocks Repurchase.
  5. Amendment to the "Regulations for Transferring Treasury Stocks to Employees".
- IV. Proposals
  1. Adoption of the 2018 Business Report and Financial Statements.
  2. Adoption of the Proposal for Distribution of 2018 Profits.
- V. Discussions and Election
  1. The proposal for a cash distribution from capital surplus.
  2. Amendment to the "Operational procedures for Acquisition and Disposal of Assets".
  3. Amendment to the "Procedures for Lending Funds to Other Parties" and "Operational Procedures for Endorsements and Guarantees" .
  4. Proposal for by-election of one independent director.
  5. Releasing the prohibition on new director from participation in competitive business.
- VI. Questions and Motions
- VII. Adjournment

## Management Presentations

1. The 2018 Business Report is attached as page 8~10, Appendix I.
2. The 2018 Audit Committee Review Report is attached as page 11, Appendix II.
3. Distribution of Employees' compensation and remuneration to Directors of 2018 profits.  
2018 profit before income tax: NT\$549,639,589. Employees' cash compensation is NT\$43,971,167 and Directors' cash remuneration is NT\$16,489,188 which are both distributed in accordance with the Corporate Charter.

4. Implementation of Treasury Stocks Repurchase.

The company completed a share repurchase program in 2018:

Date of Board resolution	Sep 18, 2018
Purpose of share repurchase	Transferring shares to employees
Number of shares repurchase	5,000,000 shares
Repurchase period	Sep. 19, 2018 ~ Nov. 16, 2018
Repurchase Price Range	\$68 to \$128 The company is allowed to continue the share buyback when the share price drops below the lower limit
Types and Quantities of shares repurchase	Common stock 3,864,000 shares
Total value of shares repurchase	\$241,470,692
Number of shares retired and resold	Transferring 1,300,000 shares to employees in Jan. 28, 2019 Transferring 2,564,000 shares to employees in Mar. 27, 2019
Number of total treasury stock holdings	0 shares
Number of shares repurchase as a percentage of total outstanding shares	0%

5. Amendment of the "Regulations for Transferring Treasury Stocks to Employees", please refer to page 12, Appendix III.

# Proposals

## 1. ( Proposed by the Board )

**Proposal:** Adoption of the 2018 Business Report and Financial Statements

**Explanation:**

- (1). The Company's 2018 Financial Statements including the Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity and Statement of Cash Flows were audited by independent auditors, Chou, Hsiao-Tzu and Lee, Hsiu-Ling of PwC Taiwan.
- (2). The 2018 Business Report, independent auditors' audit report and the above-mentioned Financial Statements are referred to page 8~10 Appendix I and page 13~20 Appendix IV.
- (3). Please accept the aforementioned Business Report and Financial Statements.

**Resolution:**

## 2. ( Proposed by the Board )

**Proposal:** Adoption of the Proposal for Distribution of 2018 Profits

**Explanation:**

- (1). Profits of 2018 total NT\$369,811,836 which is calculated based on the outstanding common shares 182,341,918 of Mar. 7, 2019 ( Treasury stock 2,564,000 shares are not included) will be distributed to shareholders' which is authorized by the Board of Directors. Each common stock will be entitled to a cash dividend of NT\$2.02812299.
- (2). If the total amount of outstanding common shares changes, the distribution ratio for the cash dividend needs to be adjusted, the Chairman of the Board of Directors will be authorized by the general shareholders' meeting to make the adjustments.
- (3). Please refer to the Profit Distribution Table as page 21 Appendix V.
- (4). Please accept the aforementioned profit distribution.

**Resolution:**

# Discussions and Election

## 1. (Proposed by the Board)

**Proposal:** The proposal for a cash distribution from capital surplus

**Explanation:**

- (1). The Company proposed a cash distribution of NT\$92,452,959 from the capital surplus. The distribution will be NT\$0.50703075 per share to shareholders recorded on the ex-dividend base day.
- (2). The cash distribution from capital surplus shall be based on share ratio and rounded off to the integer. Fractional dividend amounts that are less than NT\$1 shall be summed up and recognized as other income of the Company.
- (3). If the total amount of outstanding common shares changes, the distribution ratio for the cash dividend needs to be adjusted, the Board of Directors will be authorized by the general shareholders' meeting to make the adjustments.
- (4). The Board of Directors are authorized to set the ex-dividend date and dividend payment date once resolved at the general shareholders' meeting.
- (5). Please process to discuss.

**Resolution:**

## 2. (Proposed by the Board)

**Proposal:** Amendment to the "Operational procedures for Acquisition and Disposal of Assets"

**Explanation:**

- (1). Amendment to the "Operational procedures for Acquisition and Disposal of Assets" which is accordance with the regulation by establishment of the Audit Committees and the Document No.1070341072, Nov. 26, 2018, issued by FSC.
- (2). Please refer to page 22~29, Appendix VI.
- (3). Please process to discuss.

**Resolution:**

### 3. (Proposed by the Board)

**Proposal :** Amendment to the “Procedures for Lending Funds to Other Parties” and “Operational Procedures for Endorsements and Guarantees”

**Explanation:**

- (1). Amendment to the “Procedures for Lending Funds to Other Parties” and “Operational Procedures for Endorsements and Guarantees” which is accordance with the regulation by establishment of the Audit Committees and the Document No.1080304826, Mar 7, 2019, issued by FSC.
- (2). Please refer to page 30~32, Appendix VII~VIII.
- (3). Please process to discuss.

**Resolution:**

### 4. (Proposed by the Board)

**Proposal :** Proposal for by-election of one independent director

**Explanation:**

- (1). Mr. KUO, Woody, Independent Director of the Company has resigned on Apr. 30, 2018. In accordance with Article 14-2 of the Securities and Exchange Act and the Company’s Corporate Charter, a by-election for one independent director shall be held in this shareholders’ meeting.
- (2). The term of this Independent Director is from June 12, 2019 to June 07, 2020.
- (3). The election of directors at the Company adopts a candidate nomination system according to the Company’s Corporate Charter. The candidate Chia-Hsiang Wang has been examined and approved at the meeting on Mar 7, 2019 of the Board of Directors of the Company. The candidate’s experience and other related information is as follows:

Title	Name	Major degree and experience
Independent director	Chia-Hsiang Wang	National Chengchi University EMBA
		Gardner-Webb University, Master of Accountancy
		Crowe (TW) CPAs / Partners
		Pan-China International Financial Advisory Co., Ltd./General manager

(4). Its election is held accordance with the Regulation for Election of Directors.

(5). Please process to elect.

### **Result of Election**

### **5. ( Proposed by the Board )**

**Proposal** : Releasing the prohibition on new directors from participation in competitive business

#### **Explanation:**

- (1). According to the Article 209 of Company Act, a Director who acts for himself or on behalf of another person that is within the scope of the company's business shall secure approval for such at the general shareholders' meeting.
- (2). For the newly elected Director, it is proposed to request to release the prohibition on Director from participation in competitive business. The positions that Director concurrently engage in is as follows:

Title	Name	The essential position the director engages in
Independent director	Chia-Hsiang Wang	Pan-China International Financial Advisory Co., Ltd./Chairman
		Tainergy Tech Co., Ltd /Independent Director
		ZAGG Taiwan Co., Ltd /Director

(3). Please process to discuss.

#### **Resolution:**

## **Questions and Motions**

## **Adjournment**