

Stock Code : 2455

Visual Photonics Epitaxy Co., Ltd.

Handbook for the 2020 Annual Meeting of Shareholders

TIME : June 12, 2020

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 Presentation
- IV. Election
- V. Proposals and Discussion
- VI. Questions and Motions
- VII. Adjournment

Visual Photonics Epitaxy Co., Ltd.

Meeting Agenda

Time: 09:00a.m., June 12, 2020

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

- I. Call the Meeting to Order
- II. Chairman Address
- III. Management Presentation
 1. 2019 Business Report
 2. 2019 Audit Committee Review Report
 3. Distribution of Employee's compensation and remuneration to Directors of 2019 Profits
 4. The regulation of the Treasury Stock Buyback for Transferring Shares to the Employees (Effective on March 19, 2020)
 5. Report on the Progress of Treasury Stocks Repurchase
- IV. Election

Election of Directors
- V. Proposals and Discussion
 1. Adoption of the 2019 Business Report and Financial Statements
 2. Adoption of the Proposal for Distribution of 2019 Profits
 3. Amendment to the Rules and Procedure of Shareholders' Meetings
 4. Releasing the prohibition on new directors and its representatives from participation in competitive business
- VI. Questions and Motions
- VII. Adjournment

Management Presentations

1. The 2019 Business Report is attached as page 7~9, Appendix I.
2. The 2019 Audit Committee Review Report is attached as page 10, Appendix II.
3. Distribution of Employees' compensation and remuneration to Directors of 2019 profits.
2019 profit before income tax: NT\$706,295,627. Employees' cash compensation is NT\$56,503,650 and Directors' cash remuneration is NT\$21,188,869 which are both distributed in accordance with the Corporate Charter.
4. The Regulation of Buyback Treasury Stocks for transferring Shares to the Employees (Effective on March 19, 2020), please refer to page 11, Appendix III.
5. Implementation of Treasury Stocks Repurchase.

No. of repurchase	7th
Purpose of share repurchase	Transferring shares to employees
Types of shares repurchase	Common stock
Maximum amount of shares repurchase	\$519,555,653
Repurchase period	Mar. 20, 2020 ~ May. 19, 2020
Quantities of shares repurchase expected	5,000,000 shares
Repurchase Price Range	\$58 to \$103 The company is allowed to continue the share buyback when the share price drops below the lower limit
Quantities of shares repurchase	2,000 shares
Total value of shares repurchase	\$126,488
Note	As of the date of publication of the handbook, while the share repurchase is still in progress, the above mentioned repurchase situation is as of April 14, 2020, and the actual repurchase execution status will be reported at shareholders meeting.

Election

Proposal :

Proposed by the Board

Election of Directors

Explanation:

1. The term of Directors will be end on June 7, 2020. Accordingly, the company proposes to duly elect new Board members at this year's Annual Meeting of Shareholders.
2. According to article 15 of the Company's Corporate Charter, the company shall elect 11 directors (including 3 independent directors) based on a candidate nomination system; the shareholder should elect Directors (including independent directors) from among those listed on the slate of Director candidate. The term of each Director should be 3 years, commencing from June 12, 2020 and ending on June 11, 2023.
3. The candidate for Directors has been approved at the meeting on April 30, 2020 of the Board of Directors of the Company. The resume of the Directors (including independent directors) candidate is attached hereto as attachment (please refers as page 12, Appendix IV).
4. Its election is held accordance with the Regulation for Election of Directors.
5. Please process to elect.

Result of Election

Proposals and Discussions

Proposal 1:

Proposed by the Board

Adoption of the 2019 Business Report and Financial Statements

Explanation:

- (1) The Company's 2019 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 2019 Business Report, independent auditors' audit report and the above-mentioned Financial Statements are referred to page 7~9 Appendix I and page 13~20 Appendix V.
- (3) Please accept the aforementioned Business Report and Financial Statements.

Resolution:

Proposal 2:

Proposed by the Board

Adoption of the Proposal for Distribution of 2019 Profits

Explanation:

- (1) Please refer to the Profit Distribution Table as page 21 Appendix VI.
- (2) Please accept the aforementioned profit distribution.

Resolution:

Proposal 3:**Proposed by the Board**

Amendment to the Rules and Procedure of Shareholders' Meetings

Explanation:

- (1) In order to following the principles of the "Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies" provided by the Taiwan Stock Exchange Corporation and in consideration of the operating needs of the Company, amendments are being proposed to the Rules and Procedure of Shareholders' Meetings. The original version established on June 21, 2016 will be abolished.
- (2) Please see the proposed revision to the Rules and Procedure of Shareholders' Meetings as shown in page 22~25 Appendix VII.
- (3) Please process to discuss.

Resolution:**Proposal 4:****Proposed by the Board**

Releasing the prohibition on new Directors and its representatives from participation in competitive business

Explanation:

- (1) According to the Article 209 of ROC Company Law, 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 Annual Shareholders' Meeting.
- (2) For the newly elected Directors, it is proposed to request to release the prohibition on Directors from participation in competitive business.
- (3) The positions that Directors concurrently engage are referred to page 26 Appendix VIII.
- (4) Please process to discuss.

Resolution:

Questions and Motions

Adjournment

Appendix IV

List of Director (including independent director) candidate

Title	Name	Education	Experience/Professional qualifications	Shareholding	Juristic-person shareholder
Director	CHEN, Mao-Chang	Department of Mechanical Engineering, National Hualien Industrial Vocational Senior High School.	Chairman, Visual Photonics Epitaxy Co.,Ltd. Chairman, Hokuang Optics Co., Ltd. Chairman, Strong Way United Co.,Ltd.	2,164,216	None
Director	HUANG, Chao-Hsing	PhD, Department of Electrical Engineering, National Taiwan University.	President, Visual Photonics Epitaxy Co., Ltd. Director, Visual Photonics Epitaxy Co., Ltd.	1,426,090	None
Director	CHEN, Jian-Lian	EMBA, National Chengchi University.	Director, Visual Photonics Epitaxy Co., Ltd. Director, Hokuang Optics Co., Ltd. Director, Tainergy Tech Co., Ltd.	2,098,112	None
Director	LAI YU, Hsiu-Ming	EMBA, Swiss Business School.	Director, Visual Photonics Epitaxy Co., Ltd. Director, Sunsino Ventures Group. Director, Mentor Group. Director, Leatec Fine Ceramics Co., Ltd.	1,947,000	None
Director	Golden Top Investment Inc.	Not applicable	Supervisor, Visual Photonics Epitaxy Co., Ltd.	70,000	Not applicable
Director	Wu, Chun Yi	Master, Department of Electrical Engineering, National Taiwan University.	Vice president, MiiCs & Partners.	2,663,000	REN TAI Investment Co., LTD.
Director	YEH, Cherng-Maw	Master, Institute of the Law of the Sea, National Taiwan Ocean University.	Legal advisor, Jhih-Li Investment Co., Ltd. Director General, Ministry of Justice Investigation Bureau.		
Director	SHIH, Chih-Hsun	Electronic Engineering, Lunghwa University of Science and Technology.	Director, Control Optics Taiwan Inc. Director, Sysnix Corp.		
Independent Director	LIN, Hao-Hsiung	PhD, Electrical Engineering , National Taiwan University.	Professor, Graduate Institute of Electronic Engineering, National Taiwan University. Professor, Graduate Institute of Photonics and Optoelectronics, National Taiwan University. Professor, Department of Electrical Engineering, National Taiwan University.	0	None
Independent Director	HUANG, Moan-Sheng	Business Administration, Soochow University.	Independent Director, First Steamship Co., Ltd. Independent Director, Taiwan Wax Company Ltd. President, Bank of Kaohsiung.	0	None
Independent Director	Wang, Chia-Hsiang	EMBA, National Chengchi University. Master, Accounting, Gardner-Webb University.	Independent Director, Tainergy Tech Co., Ltd. Partner, Crowe (TW) CPA. Chairman, Pan-China International Financial Advisory Co., Ltd.	0	None

Appendix VIII

List of releasing the prohibition on new directors and its representatives from participation in competitive business

Title	Name	The essential position the director engages in
Director	CHEN, Mao-Chang	Chairman, Strong Way United Co., Ltd.
Director	CHEN, Jian-Lian	Director, Tainergy Tech Co., Ltd.
Director	LAI YU, Hsiu-Ming	Director, Sunsino Ventures Group Director, Mentor Group Director, Leatec Fine Ceramics Co., Ltd.
Director	REN TAI Investment Co., Ltd Wu, Chun Yi	Vice president, MiiCs & Partners
Director	REN TAI Investment Co., Ltd YEH, Cherng-Maw	Legal advisor, Jhih-Li Investment Co., Ltd.
Director	REN TAI Investment Co., Ltd SHIH, Chih-Hsun	Director, Control Optics Taiwan Inc. Director, Sysnix Corp.
Independent Director	HUANG, Moan-Sheng	Independent Director, First Steamship Co., Ltd. Independent Director, Taiwan Wax Company Ltd. Financial consultant, GeneTex, Inc.
Independent Director	Wang, Chia-Hsiang	Partner, Crowe(TW)CPA Independent Director, Tainergy Tech Co., Ltd. Chairman, Pan-China International Financial Advisory Co., Ltd. Chairman, R & W Asset Management Limited Director, ZAGG Taiwan Co., Ltd.