

Stock code: 2455

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

## **2023 Annual General Meeting Meeting Handbook**

Date: June 7, 2023

Address: No. 15, Gongye 1<sup>st</sup> Road, Pingzhen District, Taoyuan City

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**Visual Photonics Epitaxy Co., Ltd.**  
**2023 Annual General Meeting**  
**Meeting Procedure**

- I. Call the meeting to order
- II. Chairperson remarks
- III. Report items
- IV. Election
- V. Ratification and Discussion
- VI. Extemporary Motions
- VII. Meeting Adjourned

**Visual Photonics Epitaxy Co., Ltd.**  
**2023 Annual General Meeting Agenda**

Time: June 7, 2023 (Wednesday), 9:00AM

Address: No. 15, Gongye 1<sup>st</sup> Road, Pingzhen District, Taoyuan City

Method for convening the meeting: Convened in a tangible form.

- I. Call the meeting to order (Report on the number of shares represented by shareholders present at the meeting)
- II. Chairperson remarks
- III. Report items
  1. 2022 Business Report
  2. 2022 Audit Committee's Report
  3. Report on 2022 remuneration to employees and directors
- IV. Election
  - Re-election of the whole directors
- V. Ratification and Discussion
  1. Ratification of the 2022 Business Report and Financial Statements
  2. Ratification of the 2022 earnings distribution plan
  3. Termination of non-competition restrictions on new directors and their representatives
- VI. Extemporary Motions
- VII. Meeting Adjourned

## **Report items**

- I. For the 2022 Business Report, please refer to Attachment 1 on Pages 7~11 of the Meeting Handbook for resolution.
- II. For the 2022 Audit Committee's Report, please refer to Attachment 2 on Page 12 of the Meeting Handbook for resolution.
- III. Please refer to the report on 2022 remuneration to employees and directors for resolution.

The Company gained the earnings amounting to NT\$749,979,815 in 2022. According to the Company's Articles of Incorporation, the remuneration to employees, NT\$59,998,386 and the remuneration to directors, NT\$22,499,394, shall be paid in cash in whole.

## **Election**

Summary: the motion for re-election of the whole directors is proposed. (Proposed by the Board of Directors)

Description:

1. The term of office held by the Company's existing director will expire on June 11, 2023. A re-election of directors is scheduled to be held at this annual general meeting.
2. According to Article 15 of the Company's Articles of Incorporation, the Company shall appoint 11 directors (including 3 independent directors), who shall be elected by the shareholders from the list of director (including independent director) candidates via the candidate nomination system and shall take the term of office for 3 years from June 7, 2023 to June 6, 2026. The original directors' term of office shall terminate at the end of this annual general meeting.
3. The name of director (including independent director) candidates was already passed per resolution of the Board of Directors on April 27, 2023. For the name of director (including independent director) candidates, please refer to Attachment 3 on Page 13 of the Meeting Handbook.
4. The re-election shall be conducted in accordance with the "Regulations Governing Election of Directors."
5. Please proceed with the election accordingly.

Election results:

## **Ratification and Discussion**

1st Motion (proposed by the Board of Directors)

Summary: The 2022 Business Report and Financial Statements are presented for ratification.

Description:

1. The Company's 2022 financial statements have been audited by Chou, Hsiao-Tzu, CPA and Lai, Chung-Hsi, CPA of PwC Taiwan and an audit report with unqualified opinion has been issued. The same, together with the business report, were also submitted to the Audit Committee for review. The Audit Committee also issued the report in writing accordingly.
2. For the business report, please refer to Attachment 1 on Pages 7~11 of the Meeting Handbook. For the financial statements and external auditor's report, please refer to Attachment 4 on Pages 14~23 of the Meeting Handbook.
3. The motion is submitted for ratification.

Resolution:

2nd Motion (proposed by the Board of Directors)

Summary: The 2022 earnings distribution plan is presented for ratification.

Description:

1. For the Company's 2022 earnings distribution plan, please refer to Attachment 5 on Page 24 of the Meeting Handbook.
2. The motion is submitted for ratification.

Resolution:

3rd Motion (proposed by the Board of Directors)

Summary: the motion for termination of non-competition restrictions on new directors and their representatives is presented for discussion.

Description:

1. According to Article 209 of the Company Act, "a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."

2. In order to rely on the expertise and related experience of the Company's directors, the motion for termination of the non-competition restriction on directors elected at 2023 annual general meeting and their representatives is submitted to the shareholders' meeting for approval pursuant to laws.
3. For the statement of termination of non-competition restrictions on new directors (including independent directors) and their representatives, please refer to Attachment 6 on Page 25 of the Meeting Handbook.
4. The motion is submitted for discussion.

Resolution:

## **Extemporaneous Motions**

**Meeting adjourned**



## Attachment 1

### Visual Photonics Epitaxy Co., Ltd.

### Business Report



#### I. Business Results 2022

The Company's net operating revenue was NT\$2.603 billion, a decrease by 27.85% from the previous year. The net income was NT\$545 million, a decrease by 36.30% from the previous year.

The comparison of operating results 2022 and 2021:

Unit: NTD thousand

	2022	2021	Increase (decrease)	Increase (decrease) by %
Operating revenue	2,603,629	3,608,521	(1,004,892)	-27.85%
Operating costs	1,514,622	2,088,808	(574,186)	-27.49%
Gross profit	1,089,007	1,519,713	(430,706)	-28.34%
Operating expenses	509,057	463,194	45,863	9.90%
Operating income	579,950	1,056,519	(476,569)	-45.11%
Non-operating income and expenses	87,533	(3,842)	91,375	-2378.32%
Net income	544,728	855,081	(310,353)	-36.30%

According to the TRENDFORCE report, the shipment of smartphones in 2021 was 1.207 billion pcs, a decrease by 9.5% from 2021. The Company's operating revenue declined primarily due to the rise in energy price resulting from by the Russia-Ukraine War, persistent lift rates by various countries in order to suppress inflation, and shutdown of supply chain caused by the lockout policy adopted in China. The consumption power declined sharply and, therefore, the inventories of the end customers kept staying high. Looking forward to 2023, the Company's operations will be benefited by the industrial trends, such as a growing penetration rate of 5G smart phones, Wifi6e/Wifi7 becoming the mainstream Wifi technology specifications and the continuing implementation of photoelectronics into the consumable AR/VR and automotive sensor programs.

#### II. Outline of the business plan

##### 1. Marketing plan

- (1) Improve the strength of the Company's products in technology, quality and mass production; increase the existing customers' procurement from the Company and develop potential high-growth markets and customers at the same time; raise the Company's market share and publicity in the industry by thinking about the market trend, satisfying customers' needs and helping customers with differentiation to improve their competitiveness.
- (2) Participate in the Design-in at the beginning of new product R&D at the customer end

pro-actively to become the specifications maker and expand the gap with competitors, strengthen the competitiveness of products with leading technology and thus deepen the relationship with customers.

- (3) Deepen the relationship with customers with technical services; adopt the product differentiated orientation policy based on the customers' need for design and process; help customers improve the product differentiation and process stability to form the sound partnership with the customer end.

## 2. Production and operating plan

### (1) Cost reduction

Execute the plan to reduce the procurement cost subject to the suppliers' characteristics; implement the concept about Lean Production to eliminate the waste potentially arising in the procedure; adjust the optimum production scheduling in response to changes in the order placed by customers; continue to analyze various costs, train colleagues to think about how to create the maximum output with limited resources in the routine operating activities to keep improving the work literacy; adjust the factory premises to be the most competitive cost structure transcending competitors, as the threshold that competitors are unlikely to reach.

### (2) Quality improvement

Intensify colleagues' awareness toward quality by virtue of continuing education and training; keep improving the quality level, in order to practice the strategy to develop customers thoroughly with stable quality and build the competitive strengths of products by cutting the costs to be incurred by defective quality.

## 3. R&D plan

- (1) Microelectronic products: low Knee Voltage HBT/GaAs HBT/InP HBT/GaAs PHEMT/GaN on SiC/GaN on Si/GaN on Sapphire applied to PA, Switch and LNA of 5G mobile phones, Wifi and Infrastructure (Base Station and Small Cell).

- (2) Photoelectronic products:

- A. PD: 25G APD、50G PD、1.9-2.6 $\mu$ m long wavelength PD.
- B. LD: Application of GaAs and InP FP/DFB LD for High Power, High Speed and LiDAR.
- C. VCSEL: iTOF/dTOF, Multi-Junction VCSEL, long-wavelength VCSEL, back-light VCSEL, high-speed VCSEL, LiDAR applied to VCSEL.

## 4. Financial Plan

Continue to improve the cost structure and increase the gross margin; cut various operating expenses; assess the foreign exchange risk; increase the turnover of various assets; strictly assess the effect of fund utilization and control cash outflows; accelerate the cash inflows accumulated from operating activities; improve the cash holdings and efficiency of asset utilization; insofar as the Company's normal operations and stable profit policy remain unaffected, cover the capital requirement with the cash inflow from operating activities as much as possible, in order to cut the funding cost and improve the profitability; make good use of the low-interest financial trend;

borrow loans adequately; review the adequacy of capital scale; increase the ROE. Strive for the feasibility of various R&D credits pro-actively to reduce tax and increase EPS.

### III. Future development strategies

The competition is fierce in each industry. Taking the wireless communication industry in which the Company's microelectronic products fall as an example, whenever any flagship model is launched, it is the time to re-set the competition trend in this industry. Therefore, the Company has to join the technology R&D of the next generation product specifications together with customers at the very beginning of the R&D, in order to strive for the chance to be the winner of the terminal product specifications and ensure that the Company's materials may be applied to each best-selling mobile phone, tablet and wearable device series and various innovative devices and infrastructure. Improving the characteristics of materials and yield rate, ensuring the product quality and keeping cutting costs down would be the key to maintain the long-term competitiveness in the industry. Based on the partnership in R&D, the Company helps customers shorten the time spent in R&D and strive for the opportunity to have the customers' products get the Design-Win from mobile phone manufacturers. Only if the Company becomes the first largest supplier, the Company may disperse the operating risk effectively and stand in the invincible position. In the era of 5G, IoT and Internet of Vehicles, the Company will introduce resources, work with customers to layout for the 5G mobile phones, base stations, small cells and Wifi6/Wifi7-related new products and structures.

The Company will expand the width of optical communication customers, accelerate R&D of the new light sensor products and customers' certification, as the development strategy for photoelectronic products. The Company will also increase the photoelectronic products and customer portfolio to drive the growth of operating revenue and profit, cause the product portfolio and customer structure to develop toward a stabler orientation and thus create more diversified business opportunities. Meanwhile, the Company takes the chance to develop its business when the penetration rate of sensing elements in electronic consumables and LiDAR is increasing significantly, accelerate the R&D of application, certification and mass production of InP and GaAs new products, improve the yield rate and expand the productivity to raise the market share in a timely manner to block the competitors.

The digital transformation is underway. Various forward-looking technologies are emerging and complementing each other. The new high-tech product innovation speed is beyond the ordinary people's imagination. At this moment, many industrial giants and venture capitalists are focusing on the creation of new products which most of people have not yet found are needed by them. In consideration of the excellent characteristics of compound semiconductors, it will inevitably be applied by specific new high-tech products. The Company, as a compound semiconductor epitaxy fab, will act open-mindedly and introduce resources in a timely manner and closely work with the existing and potential customers for early layout arrangement. Meanwhile, the Company will make good use of its experience in the R&D of various microelectronic and photoelectronic products for over two decades, control the characteristics of compound semiconductor materials, 6-inch epitaxy mass production capacity and also ensure the quality to be outstanding and everlasting and have cost

awareness to build a threshold that competitors are not likely to reach.

#### IV. Effect of external competition, laws and regulations and overall business environment

Recalling 2022, the global political and economic bad news kept emerging. The Russia-Ukraine War resulted in an increase in energy price. Meanwhile, the lift rates applied by various countries to suppress the inflation and shutdown of supply chain caused by the lockdown policy adopted in China disrupted the entire consumer market demand. The only way for the Company to cope with such situation would be strengthening its basic skills and the Company will continue to improve its advantages in quality, cost, delivery term and R&D of new products. The Company will also deepen the relationship with customers and make every endeavor to improve the advantages in customer product characteristics based on its strength in R&D, in order to become the best partner of customers in the joint-development of the next generation products at the customer end and also the major customers' largest supplier, so that the Company may rank 1st place firmly among the world's microwave communication GaAs epitaxy plant.

The epidemic has driven the accelerated digital transformation of the global economy. As people need to work and study from home, the digital products and services, such as online shopping and games, are well received extensively. The digital transformation not only changes people's lifestyle but also poses huge impacts to the development of enterprises and industries. In order to mitigate the impact posed by the epidemic, the business model is adjusted to cause the failure to supply goods timely and interrupted logistic system that might result in repeated order placement. The Company, as an upstream dealer in the supply chain, will continue to judge whether or not any bullwhip effect of the supply chain emerges and adjust the Company's internal production and marketing strategies flexibly from time to time, in order to respond to the rapid changes in the market. The changes in production layout also drive the booming local manufacturing in Taiwan. Industrial parks and science parks have successively suffered the problem about labor shortage. The Company insists on training talents as the first priority and utilizes the diversified recruitment channels including campus recruitment and academe-industry cooperation plans pro-actively to mitigate the difficulty in talent recruitment that might affect the Company's development and operations.

In recent years, AR (Augmented Reality) and VR (Virtual Reality) technologies have developed rapidly in various fields, especially in the fields of games, entertainment, education, medical care and commerce. For example, some educational organizations start to apply the technologies to improve students' learning experience, *e.g.*, VR simulation laboratories and historical scenes, etc.. Further, AR may be applied to enhance students' visual experience, *e.g.*, projection of 3D models in reality through the AR technology, so that students may understand the disciplinary knowledge more directly. Its application in the medical care field is also becoming more and more extensive. For example, the VR technology may be used to help patients relieve pain and anxiety and to guide a surgery. The fields of games and entertainment are always the main application scenes of AR and VR technologies. In recent years, the AR and VR games have kept improving in quality and quantity. For example, the games "Pokémon GO" and "Beat Saber" are identified as very successful AR and VR games. The application

of AR and VR technologies in the field of commerce has become extensive increasingly, e.g., realization of virtual fitting rooms and virtual furniture layout through the AR technology and application of the VR technology to virtual exhibitions and virtual meetings. The Company is a member of the AR and VR supply chain. The application of AR and VR technologies shows a very broad outlook. Given the increasingly improving technologies and the increasing demand in various fields, the AR and VR technologies will be applied in more diversified and in-depth manners.

The “Sustainable Development Roadmap” promulgated by FSC in March 2022 is primarily prepared in response to the government’s 2050 net-zero target, which sets forth the schedule for disclosure of information about GHG accounting by a TWSE/TPEX-listed company, in order to help enterprises meet and define the carbon reduction targets. Meanwhile, in response to the government’s carbon reduction plan, it links the supply chain through TWSE/TPEX-listed companies, in order to achieve the corporate sustainability. The Company, as the upstream dealer in the international leading brands’ supply China, has associated the ESG practices with its internal regulations. The Company completed the 2021 Sustainability Report in December 2022 and posted it on the Company’s official website on January 10, 2023.

Looking forward to 2023, the overall economic environment and trend might be affected by multiple factors. The possible conditions are stated as following:

1. Sluggish global economic growth: given the sluggish global economic growth, many countries might experience some economic sluggishness. Under such circumstances, enterprises are likely to choose to tighten expenditure, while consumers might reduce their expenditure in consumption. As a result, this will pose negative impacts to the entire economy.
2. Currency foreign exchange rate fluctuations: given the fluctuation in the foreign exchange rate for various countries’ currencies, enterprises and consumers might have to deal with more uncertain factors. The foreign exchange rate fluctuation might pose some effects to import/export and then to the entire economy.
3. Investment environment: changes in the investment environment could pose a significant impact to the overall economy. Unstable policies, geopolitical risks and economic system reforms could pose an impact to the investment decision making.
4. Technological progress: technological progress could produce some positive effect on the overall economy. As the technologies, such as AI, IoT and blockchain, keep developing, new challenges and opportunities might emerge in multiple industries.

In conclusion, the overall economic environment and trend might need to deal with many challenges and opportunities in 2023. The government and enterprises need to respond to such situation proactively and realize the sustainable development through innovation and reform.

Chairman: Chen Chien-Diang



General Manager: Huang Chao-Hsing



Accounting Manager: Chiang Chi-Chung



**Attachment 2**

**Visual Photonics Epitaxy Co., Ltd.**  
Audit Committee's Report

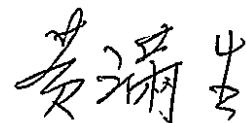
The Board of Directors of the Company sent the 2022 business report, an earnings distribution proposal and the financial statements (including balance sheets, statements of comprehensive income, statements of changes in equity and statements of cash flow) audited and certified by Chou, Hsiao-Tzu and Lai, Chung-Hsi, CPAs at PwC Taiwan, to the Audit Committee. The committee has completed the review of said documents and found no discrepancies therein and hereby issued a report in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please proceed to review it.

To

The 2023 Annual General Meeting of Visual Photonics Epitaxy Co., Ltd.

Audit Committee of Visual Photonics Epitaxy Co., Ltd.

Convener of the Audit Committee: Huang Man-Sheng



March 16 2023

### Attachment 3

#### Name List of Director (including Independent Director) Candidates

Title	Name	Education	Work experience/professional qualifications	Shareholding	Name of juristic person represented by him
Director	Chen Chien-Liang	M.B.A., National Chengchi University	Chairman, Visual Photonics Epitaxy Co., Ltd.; Director, Tainergy Tech. Co., Ltd.	2,098,112 shares	None
Director	Chen Mao-Chang	Mechanical Engineering, National Hualien Senior High School	Chairman, Visual Photonics Epitaxy Co., Ltd.; Chairman, Strongway United Co., Ltd.; Director, Taiwan Carbon Tech. Co., Ltd.	2,066,216 shares	None
Director	Huang Chao-Hsing	Doctor in Electrical Engineering, National Taiwan University	President and Director, Visual Photonics Epitaxy Co., Ltd.	1,406,090 shares	None
Director	Lai-Yu Hsiu-Min	EMBA, Swiss Business School	Director, Visual Photonics Epitaxy Co., Ltd.; Director, Mender International Co., Ltd.; Supervisor, Cosmos Cosmetics International Co., Ltd; Supervisor, Gimyo Foods Co., Ltd.	1,750,000 shares	None
Director	Shang-Jin Investment Co., Ltd.	Not applicable	Director of the current Board of Director and Supervisor of 7th Board of Director of Visual Photonics Epitaxy Co., Ltd.	800,000 shares	Not applicable
Director	Yeh Sheng-Mao	National Taiwan Ocean University, Graduate Institute of the Law of the Sea;	Advisor, Zhi Li Investment Co., Ltd.; Director-General, Investigation Bureau, Ministry of Justice		
Director	Chen Chien-Ting	National Taiwan University. EMBA	Director, Celxpert Energy Corporation; Corporate director representative, Ascent Development Co., Ltd.	3,113,000 shares	Ren Tai Investment Co., Ltd.
Director	Shih Chih-Hsun	Department of Electrical Engineering, Lunghwa University of Science and Technology	Director, Control Optics Taiwan Inc.; Supervisor, Sysnix Co., Ltd.		
Independent Director	Huang Man-Sheng	Department of Business Administration, Soochow University.	Independent Director, Taiwan Wax Company Ltd.; President, Bank of Kaohsiung	0 share	None
Independent Director	Lin Hao-Hsiung	Doctor in Electrical Engineering, National Taiwan University.	Professor, Graduate Institute of Electronics Engineering, Graduate Institute of Photonics and Optoelectronics. National Taiwan University, College of Electrical Engineering and Information Technology and Department of Electrical Engineering, National Taiwan University	0 share	None
Independent Director	Wang Chia-Hsiang	M.B.A., National Chengchi University Gardner-Webb University, Master of Accountancy	Independent Director, Tainergy Tech. Co., Ltd.; Associate and Director, Crowe LLP; Chairman, R&W Asset Management Limited; Corporate director representative, Zagg Taiwan Co., Ltd.	0 share	None

## Attachment 4

### INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of VISUAL PHOTONICS EPITAXY CO., LTD.

#### ***Opinion***

We have audited the accompanying balance sheets of Visual Photonics Epitaxy Co., Ltd. as at December 31, 2022 and 2021, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Visual Photonics Epitaxy Co., Ltd. as at December 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

#### ***Basis for opinion***

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### ***Key audit matters***

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for Visual Photonics Epitaxy Co., Ltd.'s financial statements of the current period are stated as follows:

#### **Appropriateness of cut-off of warehouse operating revenue**

##### Description



For accounting policy of revenue recognition, please refer to Note 4(22).

The types of sale is separated into direct delivery from factory and warehouse operating revenue. The warehouse operating revenue involves shipping the goods to the warehouse in the USA or others first, then customer pick-up the goods. When the control of goods are transferred, and revenue is recognized. Visual Photonics Epitaxy Co., Ltd.'s revenue is recognized in accordance with statements provided by sales customers or online shipping system information.

Due to the multi-location of the warehouses and the different frequency of each custodian providing their statements, the revenue recognition procedure is complex and involves reconciliation of mutual payments. Visual Photonics Epitaxy Co., Ltd.'s daily transaction quantity is voluminous and the transaction amount around the balance sheet date is significant to the financial statements, therefore, we determined that the appropriateness of cut-off of warehouse operating revenue as one of the key audit matters for this fiscal year.

#### How our audit addressed the matter

Our key audit procedures performed in respect to the above matter included:

1. Obtained an understanding and tested the timing of sales revenue recognition procedures between Visual Photonics Epitaxy Co., Ltd. and the customers to verify the effectiveness of the internal control for warehouse operating revenue recognition.
2. Performed cut-off test on the transactions of warehouse operating revenue around the period of balance sheet date, including verifying the supporting documents of warehouse custodian, the movement of accounted inventory, and related records of cost of goods sold generated to evaluate the timing appropriateness of warehouse operating revenue recognition.
3. Performed confirmation or physical inventory count observation to confirm the inventory quantities and agreed the results to accounting records. In addition, inspected the reason for the difference between the confirmation replies or physical inventory count observation and accounting records and tested the reconciling items made by management in order to confirm whether the significant differences have been adjusted.

#### **Valuation of inventory**

##### Description

For description of accounting policy on inventory valuation, please refer to Note 4(10). For accounting estimates and assumption uncertainty in relation to inventory valuation, please refer to Note 5(2). For description of allowance for inventory valuation losses, please refer to Note 6(4).

As of December 31, 2022, Visual Photonics Epitaxy Co., Ltd.'s inventories and allowance for inventory valuation losses amounted to NT \$543,743 thousand and NT \$57,136 thousand, respectively.

Visual Photonics Epitaxy Co., Ltd.'s inventories are mainly optoelectronics semiconductor Epi wafer products. Since the industry involves rapidly changing technology and are affected by the communications industry, there is higher risk of incurring inventory valuation losses. Visual Photonics Epitaxy Co., Ltd.'s inventories are measured at the lower of cost and net realisable value,

if the price change does not have the expected net realizable value, it may affect the net realizable value estimation result of the inventory evaluation.

Visual Photonics Epitaxy Co., Ltd.'s determination of net realisable value for obsolete or slow-moving inventories involves subjective judgement resulting in a high degree of estimation uncertainty. Considering the inventories and the allowance for inventory valuation losses are material to its financial statements, we determined that the estimates of the allowance for inventory valuation losses as one of the key audit matters for this fiscal year.

#### How our audit addressed the matter

Our key audit procedures performed in respect to the above matter included:

1. Assessed the reasonableness and the consistency of provision policies on allowance for inventory valuation losses and procedures based on our understanding of Visual Photonics Epitaxy Co., Ltd.'s operation and industry, including the classification of inventory for determining net realizable value.
2. Obtained an understanding of the Visual Photonics Epitaxy Co., Ltd.'s warehousing control procedures. Reviewed annual physical inventory count plan and participated in the annual inventory count event in order to assess the classification of obsolete inventory and effectiveness of obsolete inventory internal control.
3. Selected samples to check the inventory clearance and historical data of inventory discount in order to evaluate the reasonableness of allowance of inventory valuation losses.
4. Tested the appropriateness of the estimated basis that Visual Photonics Epitaxy Co., Ltd. adopted to evaluate net realizable value, selected a sample of individual inventory data like inventory selling and accuracy of purchase price, and recalculate and evaluate the reasonableness of allowance for inventory valuation losses which were determined by management.

#### ***Responsibilities of management and those charged with governance for the financial statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

### ***Auditor's responsibilities for the audit of the financial statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chou, Hsiao-Tzu

Lai, Chung-Hsi

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 16, 2023

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The accompanying financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

VISUAL PHOTONICS EPITAXY CO., LTD.  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current assets</b>						
1100	Cash and cash equivalents	6(1)	\$ 752,949	17	\$ 1,210,205	25
1150	Notes receivable, net	6(3)	2,641	-	416	-
1170	Accounts receivable, net	6(3)	288,539	7	584,451	12
1200	Other receivables		963	-	637	-
130X	Inventories	6(4)	486,607	11	415,469	8
1410	Prepayments		88,330	2	91,055	2
11XX	<b>Current Assets</b>		<u>1,620,029</u>	<u>37</u>	<u>2,302,233</u>	<u>47</u>
<b>Non-current assets</b>						
1517	Total non-current financial assets at fair value through other comprehensive income	6(2)	50,000	1	-	-
1600	Property, plant and equipment	6(5) and 8	2,711,998	62	2,405,171	50
1755	Right-of-use assets	6(6)	9,940	-	535	-
1780	Intangible assets		6,138	-	5,327	-
1840	Deferred income tax assets	6(19)	8,424	-	8,533	-
1915	Prepayments for business facilities	6(5)	5,064	-	127,942	3
1920	Guarantee deposits paid		67	-	67	-
1975	Net defined benefit asset, non-current	6(10)	308	-	777	-
15XX	<b>Non-current assets</b>		<u>2,791,939</u>	<u>63</u>	<u>2,548,352</u>	<u>53</u>
1XXX	<b>Total assets</b>		<u>\$ 4,411,968</u>	<u>100</u>	<u>\$ 4,850,585</u>	<u>100</u>

(Continued)

VISUAL PHOTONICS EPITAXY CO., LTD.  
BALANCE SHEETS  
DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity	Notes	December 31, 2022		December 31, 2021		
		AMOUNT	%	AMOUNT	%	
<b>Current liabilities</b>						
2100	Short-term borrowings	6(7)	\$ 200,000	5	\$ 480,000	10
2130	Current contract liabilities	6(14)	22,696	-	18,416	-
2170	Accounts payable		175,974	4	372,493	8
2200	Other payables	6(8)	291,869	7	356,083	7
2230	Current income tax liabilities	6(19)	33,086	1	139,530	3
2280	Current lease liabilities		2,814	-	378	-
2399	Other current liabilities, others		5,726	-	5,447	-
21XX	<b>Current Liabilities</b>		<u>732,165</u>	<u>17</u>	<u>1,372,347</u>	<u>28</u>
<b>Non-current liabilities</b>						
2540	Long-term borrowings	6(9) and 8	590,000	13	200,000	4
2570	Deferred income tax liabilities	6(19)	62	-	164	-
2580	Non-current lease liabilities		7,151	-	160	-
25XX	<b>Non-current liabilities</b>		<u>597,213</u>	<u>13</u>	<u>200,324</u>	<u>4</u>
2XXX	<b>Total Liabilities</b>		<u>1,329,378</u>	<u>30</u>	<u>1,572,671</u>	<u>32</u>
<b>Equity attributable to owners of parent</b>						
Share capital						
3110	Ordinary shares	6(11)	1,849,059	42	1,849,059	38
Capital surplus						
3200	Capital surplus	6(12)	16,736	-	16,736	-
Retained earnings						
3310	Legal reserve	6(13)	640,926	15	555,416	12
3350	Unappropriated retained earnings		575,869	13	856,703	18
3XXX	<b>Total equity</b>		<u>3,082,590</u>	<u>70</u>	<u>3,277,914</u>	<u>68</u>
Significant commitments and contingent liabilities						
9						
liabilities						
Significant events after the balance sheet date						
11						
date						
3X2X	<b>Total liabilities and equity</b>		<u>\$ 4,411,968</u>	<u>100</u>	<u>\$ 4,850,585</u>	<u>100</u>

VISUAL PHOTONICS EPITAXY CO., LTD.  
STATEMENTS OF COMPREHENSIVE INCOME  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Items	Notes	Year ended December 31			
			2022		2021	
			AMOUNT	%	AMOUNT	%
4000	Sales revenue	6(14)	\$ 2,603,629	100	\$ 3,608,521	100
5000	Operating costs	6(4)(17)(18)	( 1,514,622)	( 58)	( 2,088,808)	( 58)
5900	Net operating margin		<u>1,089,007</u>	<u>42</u>	<u>1,519,713</u>	<u>42</u>
	Operating expenses	6(17)(18)				
6100	Selling expenses		( 19,436)	( 1)	( 19,552)	( 1)
6200	General and administrative expenses		( 131,608)	( 5)	( 161,981)	( 4)
6300	Research and development expenses		( 358,013)	( 14)	( 281,661)	( 8)
6000	Total operating expenses		( 509,057)	( 20)	( 463,194)	( 13)
6900	Operating profit		<u>579,950</u>	<u>22</u>	<u>1,056,519</u>	<u>29</u>
	Non-operating income and expenses					
7100	Interest income		4,503	-	1,572	-
7010	Other income		6,425	1	4,930	-
7020	Other gains and losses	6(15)	83,230	3	( 3,667)	-
7050	Finance costs	6(16)	( 6,625)	-	( 6,677)	-
7000	Total non-operating income and expenses		<u>87,533</u>	<u>4</u>	<u>( 3,842)</u>	<u>-</u>
7900	<b>Profit (loss) before income tax</b>		<u>667,483</u>	<u>26</u>	<u>1,052,677</u>	<u>29</u>
7950	Income tax expense	6(19)	( 122,755)	( 5)	( 197,596)	( 5)
8200	<b>Profit (loss) for the period</b>		<u>\$ 544,728</u>	<u>21</u>	<u>\$ 855,081</u>	<u>24</u>
8311	(Losses) gains on remeasurements of defined benefit plans	6(10)	( \$ 535)	-	\$ 26	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)	<u>107</u>	<u>-</u>	<u>( 6)</u>	<u>-</u>
8300	<b>Total other comprehensive (loss) income for the year</b>		<u>( \$ 428)</u>	<u>-</u>	<u>\$ 20</u>	<u>-</u>
8500	<b>Total comprehensive income for the period</b>		<u>\$ 544,300</u>	<u>21</u>	<u>\$ 855,101</u>	<u>24</u>
9750	Total basic earnings per share	6(20)	<u>\$ 2.95</u>		<u>\$ 4.62</u>	
9850	Total diluted earnings per share	6(20)	<u>\$ 2.93</u>		<u>\$ 4.60</u>	

VISUAL PHOTONICS EPITAXY CO., LTD.  
STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Share capital - common stock	Capital Reserves		Retained Earnings		Total equity
			Additional paid-in capital	Treasury stock transactions	Legal reserve	Unappropriated retained earnings	
<u>2021</u>							
Balance at January 1, 2021		\$ 1,849,059	\$ 10,229	\$ 6,507	\$ 502,110	\$ 533,814	\$ 2,901,719
Profit for the period		-	-	-	-	855,081	855,081
Other comprehensive income		-	-	-	-	20	20
Total comprehensive income		-	-	-	-	855,101	855,101
Appropriation and distribution of retained earnings	6(13)						
Legal reserve		-	-	-	53,306	( 53,306 )	-
Cash dividends		-	-	-	-	( 478,906 )	( 478,906 )
Balance at December 31, 2021		\$ 1,849,059	\$ 10,229	\$ 6,507	\$ 555,416	\$ 856,703	\$ 3,277,914
<u>2022</u>							
Balance at January 1, 2022		\$ 1,849,059	\$ 10,229	\$ 6,507	\$ 555,416	\$ 856,703	\$ 3,277,914
Profit for the period		-	-	-	-	544,728	544,728
Other comprehensive income		-	-	-	-	( 428 )	( 428 )
Total comprehensive loss		-	-	-	-	544,300	544,300
Appropriation and distribution of retained earnings	6(13)						
Legal reserve		-	-	-	85,510	( 85,510 )	-
Cash dividends		-	-	-	-	( 739,624 )	( 739,624 )
Balance at December 31, 2022		\$ 1,849,059	\$ 10,229	\$ 6,507	\$ 640,926	\$ 575,869	\$ 3,082,590



VISUAL PHOTONICS EPITAXY CO., LTD.  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2022 AND 2021

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Year ended December 31	
		2022	2021
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>			
Profit before tax		\$ 667,483	\$ 1,052,677
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(5)(6)(17)	241,866	270,977
Amortization expense	6(17)	1,405	1,340
Interest expense	6(16)	6,625	6,677
Interest income		( 4,503 )	( 1,572 )
Unrealized foreign exchange profit		( 1,135 )	( 15,735 )
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		( 2,225 )	16
Accounts receivable		295,912	( 120,969 )
Other receivables		( 326 )	2,058
Inventories		( 71,138 )	( 43,173 )
Prepayments		2,725	( 24,008 )
Other non-current liabilities		( 66 )	2
Changes in operating liabilities			
Current contract liabilities		4,280	1,057
Accounts payable		( 196,519 )	55,061
Other payables		( 69,938 )	125,956
Other current liabilities, others		279	22
Cash inflow generated from operations		874,725	1,310,386
Interest received		4,503	1,572
Interest paid		( 6,625 )	( 6,677 )
Income taxes paid		( 229,085 )	( 126,756 )
Net cash flows from operating activities		<u>643,518</u>	<u>1,178,525</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>			
Acquisition of property, plant and equipment	6(21)	( 412,818 )	( 346,894 )
Acquisition of intangible assets		( 2,216 )	( 2,557 )
Acquisition of financial assets at fair value through other comprehensive income		( 50,000 )	-
Increase in prepayments for business facilities		( 5,064 )	( 120,410 )
Net cash flows used in investing activities		<u>( 470,098 )</u>	<u>( 469,861 )</u>
<b><u>CASH FLOWS FROM FINANCING ACTIVITIES</u></b>			
(Decrease) increase in short-term borrowings	6(22)	( 280,000 )	100,000
Proceeds from long-term debt	6(22)	1,630,000	1,280,000
Repayments of long-term debt	6(22)	( 1,240,000 )	( 1,480,000 )
Payments of lease liabilities	6(22)	( 2,187 )	( 1,644 )
Cash dividends paid	6(13)	( 739,624 )	( 478,906 )
Net cash flows used in financing activities		<u>( 631,811 )</u>	<u>( 580,550 )</u>
Effect of exchange rate changes on cash and cash equivalents		1,135	15,735
Net (decrease) increase in cash and cash equivalents		( 457,256 )	143,849
Cash and cash equivalents at beginning of year	6(1)	1,210,205	1,066,356
Cash and cash equivalents at end of year	6(1)	<u>\$ 752,949</u>	<u>\$ 1,210,205</u>

Attachment 5

Visual Photonics Epitaxy Co., Ltd.  
Statement of Earning Allocation

2022

Unit: NT\$

Item	Amount
Undistributed earnings at the beginning of the period	\$ 31,569,547
Less: Adjustment of retained earnings for 2022	428,194
Undistributed earnings after adjustment	\$ 31,141,353
Plus: Profit and loss for 2022	544,727,131
Less: Provision for legal reserve	54,429,894
Distributable earnings	\$ 521,438,590
Distribution	
Shareholder dividends-cash (NT\$2.30 per share)	\$ 425,283,611
Undistributed earnings at the end of the period	\$ 96,154,979

Description:

- (1) The adjustment of retained earnings for 2022 refers to the actuarial gains on defined benefit plan and income tax related to elements of other comprehensive income.
- (2) It is proposed to authorize the Chairman of the Board to set the record dates for dividends payment and distribution of cash dividends once the motion for distribution of cash dividends is resolved at the annual general meeting.
- (3) In the event that the dividend payment ratio is changed due to any subsequent changes to the number of outstanding shares caused by changes in the Company's capital stock, it is proposed to authorize the Chairman of Board to deal with the situation with full power.
- (4) According to Ministry of Finance letter under Tai-Cai-Shui No. 871941343 dated April 30, 1998, the earning allocation shall apply the specific identification method. Under the Company's earning allocation policy, the earnings 2022 shall be allocated as the first priority. In the event of any deficits, the distributable earnings accumulated in the past years shall be allocated under the first-in first-out policy, subject to the order of the year in which the earnings are generated.
- (5) The Company's motion for the 2022 earning allocation adopts the principle that the amount of cash dividends will be rounded off to the nearest dollar and fractional amounts of less than NT\$1 will be summed up and allocated based on the size of decimals in descending order and shareholders' account number in ascending order until the total amount of cash dividends is allocated.

Chairman: Chen Chien-Liang



General Manager: Huang Chao-Hsing



Accounting Manager: Chiang Chi-Chung



**Attachment 6****Statement of Termination of Non-Competition Restrictions on New Directors and Their Representatives**

Title	Name	Any position(s) concurrently held
Director	Chen Chien-Liang	Director, Tainergy Tech. Co., Ltd.
Director	Chen Mao-Chang	Chairman of Board, Strong Way United Co., Ltd. Director, Taiwan Carbon Tech. Co., Ltd.
Director	Lai-Yu Hsiu-Min	Director, Mender International Co., Ltd. Supervisor, Cosmos Cosmetics International Co., Ltd. Supervisor, Gimyo Foods Co., Ltd.
Director	Ren Tai Investment Co., Ltd. Representative: Yeh Sheng-Mao	Director, Laurel Cosmos Corporation Advisor, Zhi Li Investment Co., Ltd.
Director	Ren Tai Investment Co., Ltd. Representative: Chen Chien-Ting	Director, Celxpert Energy Corporation Corporate director representative, Ascent Development Co., Ltd.
Director	Ren Tai Investment Co., Ltd. Representative: Shih Chih-Hsun	Director, Control Optics Taiwan Inc. Supervisor, Sysnix Co., Ltd.
Independent director	Huang Man-Sheng	Independent Director, Taiwan Wax Company, Ltd. Advisor of Financial Dept., Genetex International Corporation
Independent director	Wang Chia-Hsiang	Associate and Director, Crowe LLP Independent Director, Tainergy Tech Co., Ltd. Chairman of Board, R&W Asset Management Limited Corporate director representative, Zagg, Taiwan Co., Ltd.

## Appendix 1

# Visual Photonics Epitaxy Co., Ltd. Articles of Incorporation

## Chapter I. General Provisions

- Article 1 The Company is organized in accordance with the Company Act, and named as “全新光電科技股份有限公司” and “Visual Photonics Epitaxy Co., Ltd” in English.
- Article 2 The Company's business activities comprise the following:
1. CC01080 Electronics Components Manufacturing
  2. F119010 Wholesale of Electronic Materials
  3. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval is not allowed.
- Article 2-1 If necessary, the Company may make endorsements/guarantees for others, in accordance with the “Procedures for Making of Endorsements and Guarantees.”
- Article 2-2 The Company may invest in another company and be exempted from the restriction about total investment no more than 40% of the paid-in capital under Article 13 of the Company Act, subject to the approval of the Board of Directors.
- Article 3 The Company's headquarters is located in Taoyuan City. The Company may set up branch companies at home or abroad subject to resolutions by the Board of Directors and approval of the competent authority, if necessary.
- Article 4 The Company shall make announcements, if any, in the manner referred to in Article 28 of the Company Act.

## Chapter II. Shares

- Article 5 The Company's authorized capital amounts to NT\$3 billion, divided into 300 million shares at NT\$10 per share, issued at different time.
- NT\$150 million out of the total capital referred to in Paragraph 1 is retained, divided into 15 million shares at NT\$10 per share, in order to respond to the exercise of stock options by the holders of stock warrants issued by the Company (including employee stock warrants, stock warrants attached to corporate bonds, and other stock warrants issued pursuant to laws), if any. The Board of Directors is authorized to resolve that said shares may be issued at different times.
- Article 6 Deleted.
- Article 7 The Company issues its shares to registered owners only. Share certificates are issued with the signatures or authorized seals of directors representing the Company, subject to certification by the bank which is competent to certify shares under the laws.
- The Company may issue shares exempted from the requirements about printing of stock certificates and shall register the shares with the centralized securities depository institutions.
- Article 7-1 The Company's shareholders service may be performed in accordance with the “Regulations Governing the Administration of Shareholder Services of Public Companies” promulgated by the competent authority.
- Article 8 Registration for the transfer of stocks in the roster of shareholders, if any, shall be suspended within 60 days before an annual general meeting, within 30 days before a special shareholders' meeting, or within 5 days before the record date decided by the Company for distribution of dividends and bonuses or other benefits.

## Chapter III. Shareholders' Meeting

- Article 9 The shareholders' meeting is classified into two types, the annual general meeting and the special shareholders' meeting. The annual general meeting shall be convened once per year within six months after the end of each fiscal year. The special shareholders' meeting shall be convened according to the laws whenever necessary.
- A shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.
- Article 9-1 A notice specifying the date, time, venue and reasons of a shareholders' meeting shall be given to each shareholder before 30 days in the case of an annual general meeting, and before 15 days in the case of a special shareholders' meeting.
- The notice to be given under the preceding paragraph may be affected by means of electronic transmission with the prior consent of the recipients. The notice of the shareholders' meeting referred to in the preceding paragraph to be given to shareholders who own less than 1,000 shares of nominal stocks may be given in the form of a public announcement.
- Article 10 Any shareholder who is unable to attend a shareholders' meeting in person may appoint a proxy to attend the meeting on behalf of him/her by presenting a power of attorney printed by the Company indicating the scope of power, sealed or signed, in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies" promulgated by the competent authority in charge of securities.
- Article 11 A shareholder shall be entitled to one vote for each share held, except the shares which meet any of the following circumstances:
1. Preferred shares without voting rights or restricted voting right under the subparagraph 3 of Article 157 of the Company Act;
  2. Shares without voting rights defined under Paragraph 2 of Article 179 of the Company Act.
- Article 12 Resolutions at a shareholders' meeting shall, unless otherwise provided for in the related laws, be adopted subject to approval by a majority of the shareholders present at a shareholders' meeting attended by the shareholders representing a majority of the total outstanding shares.
- Article 13 A shareholders' meeting shall be presided over by the Chairman, if it is convened by the Board of Directors. When the Chairman is absent, the Chairman shall designate one director to act on his/her behalf. Where the Chairman does not make such a designation, the directors shall select from among themselves one person to serve as chairperson. For the shareholders' meeting that is convened by any person with the power to convene the meeting other than the Board of Directors, the person shall serve as the chairperson. If there are two or more persons with the power to convene the meeting at the same time, one shall be appointed among themselves to preside over the meeting.
- Article 14 Resolutions adopted by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be affixed with the signature or seal of the chairperson and distributed to all shareholders within twenty days after the meeting. The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement.

#### **Chapter IV. Directors and Audit Committee**

- Article 15 The Company shall have 9~11 directors with a term of office of three years, who shall be elected by the shareholders from the list of candidates for director via a candidate nomination system and they shall be eligible for re-election. In the event of any vacancies in the board of directors, the relevant requirements provided under the Company Act shall apply.
- According to Article 14-2 of the Securities and Exchange Act, the Company shall appoint 3 independent directors or more from the directors referred to in the preceding paragraph.
- The independent directors' exercise of job duty and other compliance matters shall be

governed by the related laws and regulations.

Article 15-1 The Company establishes the Audit Committee pursuant to Article 14-4 of the Securities and Exchange Act. The Committee shall consist of the whole independent directors, one of whom shall serve as the convener and at least one of whom shall be specialized in accounting or finance.

Article 15-2 Deleted.

Article 16 The Board of Directors shall consist of the Company's directors. The Chairman shall be elected among and from the directors by a majority of the directors present at a meeting of the Board of Directors at which at least two-third of directors are present. The Chairman shall represent the Company externally.

The Company may appoint one Vice Chairman, who shall be elected by a majority of the directors present at a meeting of the Board of Directors at which at least two-third of directors are present.

Where the Chairman takes leave or cannot perform his/her duties with causes, the deputy shall be designated in the manner referred to in Article 208 of the Company Act.

The notice for a meeting of the Board of Directors shall set forth the causes thereof and be sent to each director within 7 days prior to the meeting, provided that the meeting may be convened at any time, in the case of emergencies. The convening of the meeting may be notified to each director, in writing or via email or fax.

Resolutions at a meeting of the Board of Directors shall, unless otherwise provided for in the Company Act, be adopted subject to approval by a majority of the directors present at the meeting attended by a majority of the total directors.

Directors shall attend meetings of the Board of Directors in person. If a director who cannot attend the meeting for some reason wishes to appoint another director to attend the meeting on behalf of him/her, he/she may do so by issuing a power of attorney specifying the scope of authority with reference to the subjects to be discussed at the meeting. Notwithstanding, a director may accept the appointment to act as the proxy of one other director only. The director who attends the meeting by means of visual communication network shall be deemed to have attended the meeting in person.

Article 17 Deleted.

Article 18 The Board of Directors is authorized to decide the remuneration to directors subject to the rate generally adopted by the peers in the same industry at home and abroad.

The Company may purchase the liability insurance for its directors and important officers.

### **Chapter V. Managers**

Article 19 The Company may appoint one President and several vice-presidents, who shall handle the Company's business per resolution of the Board of Directors. The appointment and discharge of the President shall be subject to approval of a majority of all the directors. The appointment and discharge of vice-presidents shall be subject to approval of the Chairman of Board upon request by the President pursuant to laws and reported to the Board of Directors.

### **Chapter VI. Accounting**

Article 20 At the end of each fiscal year, the Board of Directors shall prepare (1) the business report, (2) financial statements and (3) earnings distribution plan or loss compensation plan and submit them to an annual general meeting for ratification pursuant to legal procedures.

Article 21 If the Company makes a profit for the year, it shall allocate 5% to 15% of the profit as employee compensation and no more than 3% as directors' remuneration. However, when the Company still has cumulative deficit, it shall reserve an amount to compensate for it first and then appropriate amounts as employee compensation and directors' remuneration in accordance with the aforementioned percentages.

Employee compensation is decided by the Board of Directors to be paid in stock or cash via resolution and the recipients may include employees of subsidiaries who meet certain criteria. Employee compensation and directors' remuneration distribution proposal shall be submitted to the shareholders' meeting for reporting.

Article 21-1 If there is a net income after tax in the current period based on the annual financial statements, the Company shall compensate the cumulative deficit first and then set aside 10% of the balance as a legal reserve in accordance with the law unless the legal reserve has reached the amount of the Company's total paid-in capital. After the Company has appropriated or reversed a special reserve in accordance with the law or the regulations of the competent authority, the Board of Directors shall draw up a distribution proposal based on the balance along with the cumulative undistributed earnings from the previous years and submit it to the shareholders' meeting for resolution.

The Company's current development is in the growth stage in the industry and will have plans to expand production and require funds in the next few years. To stabilize our position in the market, the Company, based on the long-term capital needs and continuous expansion of capital scale, will adjust and distribute dividends according to the profitability, to maintain the steady growth of earnings per share. Cash dividends shall not be less than 10% of the dividends distributed to shareholders in the year. Regarding the actual percentage, the Board of Directors is authorized to draw up a distribution proposal based on the Company's capital condition and capital budget and submit it to the shareholders' meeting for approval.

Article 22 Any matters not covered herein shall be governed by the Company act and other related laws.

Article 23 These Articles were enacted on November 1, 1996.  
1st amendments hereto were made on May 11, 1998.  
2nd amendments hereto were made on October 9, 1998.  
3rd amendments hereto were made on January 28, 2000.  
4th amendments hereto were made on June 22, 2000.  
5th amendments hereto were made on March 13, 2001.  
6th amendments hereto were made on May 30, 2002.  
7th amendments hereto were made on June 6, 2003.  
8th amendments hereto were made on June 15, 2004.  
9th amendments hereto were made on June 10, 2005.  
10th amendments hereto were made on June 14, 2006.  
11th amendments hereto were made on June 19, 2008.  
12th amendments hereto were made on June 16, 2009.  
13th amendments hereto were made on June 17, 2010.  
14th amendments hereto were made on June 10, 2011.  
15th amendments hereto were made on June 27, 2012.  
16th amendments hereto were made on June 12, 2014.  
17th amendments hereto were made on June 9, 2015.  
18th amendments hereto were made on June 21, 2016.  
19th amendments hereto were made on June 8, 2017.  
20th amendments hereto were made on June 8, 2022.

Visual Photonics Epitaxy Co., Ltd.

Chairman: Chen Chien-Liang



## Appendix 2

Name of Document: Parliamentary Rules for Shareholders' Meetings

Prepared on June 12, 2020

Prepared by the Financial Division

Version: A

Page No.: 1/4

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Article 1 The Rules to be followed by the Company are enacted in accordance with Article 5 of the Corporate Governance Best Practice Principles for TWSE/TPEX- Listed Companies to assist the Company in establishing sound corporate governance systems and robust supervision functions and strengthen the management mechanism.

Article 2 The rules of procedures for shareholders' meetings of the Company, except as otherwise provided by laws, regulations or the Articles of Incorporation, shall be as provided in these Rules.

Article 3 Unless otherwise provided by law or regulation, shareholders' meetings of the Company shall be convened by the Board of Directors.

The Company shall prepare electronic versions of the annual general meeting notice and power of attorney, and the origins of and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation or the election or dismissal of directors and upload them to the Market Observation Post System (MOPS) thirty days before the date of an annual general meeting or fifteen days before the date of a special meeting. The Company shall prepare electronic versions of the annual general meeting agenda and supplemental meeting materials and upload them to the MOPS twenty-one days before the date of the annual general meeting or fifteen days before the date of the special meeting. Within fifteen days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The reasons for convening a meeting shall be specified in the meeting notice and public announcement. With the consent of the addressee, the meeting notice may be given in an electronic form.

Matters pertaining to election or discharge of directors, alteration of the Articles of Incorporation, reduction of capital, application for the approval of ceasing its status as a public company, approval of competing with the company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, dissolution, merger, spin-off, or any matters as set forth in Paragraph I, Article 185 of the Company Act shall be itemized in the causes or subjects to be described and the essential contents shall be explained in the notice to convene a meeting of shareholders, and shall not be brought up as extemporaneous motions; the essential contents may be posted on the website designated by the competent authority in charge of securities affairs or the Company, and such website shall be indicated in the above notice.

Where re-election of all directors as well as their inauguration date is stated in the notice of the reasons for convening the shareholders' meeting, after the completion of the re-election in said meeting such inauguration date may not be altered by any extemporaneous motion or otherwise in the same meeting.

Shareholder(s) holding one percent (1%) or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at an annual general shareholders' meeting, provided that only one matter shall be allowed in each single proposal and in case a proposal contains more than one matter, such proposal shall not be included in the agenda, provided a shareholder's proposal for urging the Company to promote public



interests or fulfill its social responsibilities may still be included in the agenda by the Board of Directors. Additionally, when the circumstances of any subparagraph of Paragraph 4 of Article 172-1 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda.

Prior to the book closure date before an annual general meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically and the location and time period for their submission and the period for submission of shareholder proposals may not be less than 10 days.

Any proposal submitted by a shareholder is limited to 300 words and no proposal containing more than 300 words will be included in the meeting agenda. The shareholder making the proposal shall be present in person or by proxy at the annual general meeting and take part in discussion of the proposal.

Prior to the date for issuance of notice of an annual general meeting, the Company shall inform the shareholders who submit proposals of the proposal screening results, and shall list in the meeting notice the proposals that conform to the provisions of this article. With regard to the proposals submitted by shareholders but not included as motions at the meeting, the cause of exclusion of such proposals and explanation shall be made by the Board of Directors at the annual general meeting to be convened.

Article 4 Shareholders may appoint proxies to attend shareholders' meetings on their behalf by completing the Company's power of attorney and specifying the scope of delegated authority. Each shareholder may issue one power of attorney and delegate one proxy only. All power of attorney must be received by the Company at least 5 days before the shareholders' meeting. In cases where multiple power of attorney are issued, the one that arrives first shall prevail. However, this excludes situations where the shareholder has issued a proper declaration to withdraw the previous proxy arrangement.

After a power of attorney has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two business days before the meeting date. If the cancellation notice is submitted after the due date, votes cast at the meeting by the proxy shall prevail.

Article 5 The venue for a shareholders' meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the place and time of the meeting.

Article 6 The Company shall specify in its meeting notices the time during which attendance registrations of shareholders will be accepted, the place to register for attendance and any other important matters.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders or their proxies (hereinafter referred to as the "shareholders") shall attend the shareholders' meetings based on the attendance pass, sign-in cards, or other certificates of attendance. The Company may not arbitrarily add requirements for other documents beyond those showing eligibility to attend presented by shareholders. Solicitors soliciting power of attorneys shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

Shareholders who attend the shareholders' meeting shall be given a copy of the meeting handbook, annual report, attendance pass, opinion slip, agenda ballots and any information relevant to the meeting. Additional ballots shall be prepared if director election is also being held during the meeting.

Where the shareholder is a government agency or juristic person, more than one representative may attend shareholders' meetings on behalf of it. Juristic persons that have been designated as proxy attendants can only appoint one representative to attend the shareholders' meeting.

Article 7 If a shareholders' meeting is convened by the Board of Directors, the meeting shall be presided over by the Chairman. When the Chairman is on leave or for any reason unable to exercise the powers of the chairperson, the Chairman shall appoint the Vice Chairman to act as the chairperson. If no Vice Chairman is appointed or the Vice Chairman is also on leave or for any reason unable to exercise the power of the chairperson, the Chairman shall appoint one of the managing directors to act as the chairperson. If no managing director is appointed, the Chairman shall appoint one director to act as the chairperson. If the Chairman does not make such a designation, the managing directors, or directors, shall select from among themselves one person to serve as the chairperson.

When a managing director, or director, serves as the chairperson, as referred to in the preceding paragraph, the managing director, or director, shall be one who has held that position for 6 months or more and who understands the financial and business conditions of the Company. The same shall apply, if the chairperson is a juristic person director's representative.

It is advisable that shareholders' meetings convened by the Board of Directors be presided over by the Chairman in person and attended by a majority of the directors and at least one member of each functional committee on behalf of the committee. The attendance shall be recorded in the meeting minutes.

For the shareholders' meeting that is convened by any person with the power to convene the meeting other than the Board of Directors, the person shall serve as the chairperson. If there are two or more persons with the power to convene the meeting at the same time, one shall be appointed from among themselves to preside over the meeting.

The Company may appoint its attorneys-at-law, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity.

Article 8 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the meeting and the voting and vote counting procedures.

The recorded materials referred to in the preceding paragraph shall be retained for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 9 Attendance during shareholders' meetings shall be calculated based on number of shares held. The number of shares in attendance shall be calculated according to the shares indicated by the attendance book and sign-in cards handed in, plus the number of shares whose voting rights are exercised by correspondence or electronically.

The chairperson shall call the meeting to order at the appointed meeting time, provided, however, that if the total amount of shares represented at the meeting do not exceed one-half of the total number of the issued shares, the chairperson may postpone the meeting, and the postponement of the meeting shall be limited to two times and the total time postponed shall not exceed one hour. If the quorum is not met after two postponements and the attending shareholders still represent less than one-third of the total number of issued shares, the chairperson shall declare the meeting adjourned.

If the quorum is not met after two postponements, but the attending shareholders represent one-third or more of the total number of issued shares, a tentative resolution may be adopted pursuant to Paragraph 1 of Article 175 of the Company Act. This tentative resolution shall then be communicated to every shareholder and another shareholders' meeting shall be held within one month.

If the number of shares represented accumulate to more than half of all outstanding shares as the meeting progresses, the chairperson may propose the tentative resolutions for final vote according to Article 174 of the Company Act.

Article 10 If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate motion in the agenda (including extemporaneous motions and amendments to the original motions set out in the agenda). The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of a shareholders' meeting.

The above rule also applies if the shareholders' meeting is convened by any authorized party other than the Board of Directors.

Before the parliamentary procedure is accomplished in accordance with the agenda (including extemporaneous motions) as stated in the preceding two paragraphs, the chairperson cannot announce for the adjournment of the meeting unless with the resolution rendered by the shareholders. If the chairperson declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chairperson in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

The chairperson shall allow ample opportunity during the meeting for explanation and discussion of proposals and of amendments or extemporaneous motions put forward by the shareholders. When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

- Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.
- A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed to have not spoken. When the contents of the speech do not correspond to the subject given on the speaker's slip, the spoken contents shall prevail.
- Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.
- When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chairperson and the shareholder that has the floor. The chairperson shall stop any violation.
- When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.
- After an attending shareholder has spoken, the chairperson may respond in person or direct relevant personnel to respond.
- Article 12 Voting at shareholders' meetings shall be calculated based on the number of shares held.
- With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.
- When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the interests of the Company, that shareholder may not vote on that item and may not exercise voting rights as proxy for any other shareholder.
- The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.
- With the exception of a trust enterprise or a shareholder services agent approved by the competent authority in charge of securities, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy may not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.
- Article 13. A shareholder shall be entitled to one vote for each share held, except when the shares are RSAs or are deemed non-voting shares under Paragraph 2, Article 179 of the Company Act.
- When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means and may adopt exercise of voting rights by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the special motions and amendments to original proposals of that meeting. Therefore, it is advisable that the Company avoid the

submission of extemporaneous motions and amendments to original proposals.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company before two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, unless the shareholder has issued a proper declaration to withdraw said intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, before two business days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders' meeting proposals or elections shall be conducted in public at the place of the shareholders' meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 14. The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company and the voting results shall be announced on-site immediately, including the names of those elected as directors and the number of votes with which they were elected.

The ballots for the election referred to in the preceding paragraph shall be kept in proper custody for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

- Article 15 Resolutions adopted by a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be affixed with the signature or seal of the chairperson and distributed to all shareholders within twenty days after the meeting. The minutes may be produced and distributed in an electronic form.
- The Company may distribute the meeting minutes referred to in the preceding paragraph by means of a public announcement made through the MOPS.
- The meeting minutes shall accurately record the year, month, day and place of the meeting, the chairperson's full name, the methods by which resolutions were adopted and a summary of the deliberations and their voting results (including the number of voting rights) and disclose the number of voting rights won by each candidate in the event of an election of directors. The minutes shall be retained for the duration of the existence of the Company.
- Article 16 On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation and the number of shares represented by proxies and shall make an express disclosure of the same at the place of the shareholders' meeting.
- If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation (or Taipei Exchange) regulations, the Company shall upload the contents of such resolution to the MOPS within the prescribed time period.
- Article 17 Staff handling administrative affairs of a shareholders' meeting shall wear identification cards or arm bands.
- The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- At the place of a shareholders meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chairperson may prevent the shareholder from so doing.
- When a shareholder violates the rules of procedure, defies the chairperson's correction, obstructs the proceedings and refuses to heed calls to stop, the chairperson may direct the proctors or security personnel to escort the shareholder from the meeting.
- Article 18 When a meeting is in progress, the chairperson may announce a break based on time considerations. If a force majeure event occurs, the chairperson may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed.
- If the meeting venue is no longer available for continued use and not all of the items (including extemporaneous motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.
- A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.
- Article 19 The Rules shall be enforced upon approval of a shareholders' meeting. The same shall apply where the Rules are amended.

## Appendix 3

Name of Document: Regulations Governing Election of Directors

Prepared on June 21, 2016

Prepared by the Financial Division

Version: E

Page No.: 1/1

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- Article 1 Except as otherwise provided by laws and regulations or by the Company's Articles of Incorporation, elections of directors shall be conducted in accordance with the Regulations.
- Article 2 The uni-nominal cumulative voting method shall be used for election of the directors of the Company. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 3 The Company's directors shall be elected by shareholders from the name list of director candidates. Subject to the quota prescribed by the Articles of Incorporation, a candidate to whom the ballots cast represent a prevailing number of votes shall be deemed a director elected.
- The election of independent directors and the other directors shall be consolidated, provided that the quota of the elected shall be counted separately.
- When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chairperson drawing lots on behalf of any person not in attendance.
- Article 4 All of the shareholders recorded in the Company's roster of shareholders have the right to elect or to be elected. A juristic person shareholder's appointment of representative, if any, shall be requested in writing in advance.
- Article 5 The ballots shall be produced by the Board of Directors, affixed with the Company's official seal and numbered in the order of the shareholder account number or attendance card number, which shall also specify the number of votes vested in the given shareholder.
- Article 6 If a candidate is a shareholder, a voter must enter the candidate's name and shareholder account number in the "candidate" column of the ballot. In the case of a non-shareholder, the voter shall enter the candidate's full name and ID No..
- However, when the candidate is a government or juristic person shareholder, the name of the government or juristic person shareholder and its representative shall be entered in the column. When there are multiple representatives, the name of each representative shall be entered.
- Article 7 Before the election process is commenced, the chairperson shall assign a certain number of ballot scrutinizer(s) and vote counters to implement related job duties. The scrutinizer(s) shall be a shareholder (shareholders) of the Company.
- Article 8 A ballot is invalid under any of the following circumstances:
1. The ballot is not that prescribed herein.
  2. Blank ballots are casted into the ballot box, or the ballot fails to specify the required conditions prescribed under Article 5 and Article 6 herein.
  3. Two or more candidates are specified on the same ballot.
  4. Other words are entered in addition to the candidate's name and his/her shareholder account number or ID No..
  5. The candidate whose name is entered in the ballot is a shareholder, but the candidate's name and shareholder account number do not match those given in the roster of shareholders, or the candidate whose name is entered in the ballot is a non-shareholder and a cross-check shows that the candidate's name and ID No. do not match.

6. The writing is unclear and altered and becomes indecipherable.
7. The candidate's name or account name entered in the ballot is identical with another shareholder's but no shareholder account number (ID No.) is provided in the ballot to identify such individual.
8. Ballots are not cast into the ballot box.

- Article 9 The mission of the ballot scrutinizer(s) is specified as follows:
1. Open and check the ballot box in public before the ballot casting.
  2. Monitor the order on the site and monitor any negligence or illegality in voting.
  3. Check the number of ballots at the end of ballot casting.
  4. Check whether or not there is any invalid ballot.
  5. Supervise the number of voting rights vested in the candidates recorded by the vote counter.
- Article 10 A ballot box shall be prepared by the Board of Directors and shall be opened and checked in public by the ballot scrutinizer(s) before the ballot casting.
- Article 11 Upon completion of the ballot casting process, the ballots shall be opened on the site and the chairperson shall announce the outcome of the elections on the site.
- Article 12 Any matters not covered herein shall be governed by the Company Act and related laws and regulations.
- Article 13. The Regulations shall be enforced upon approval of a shareholders' meeting. The same shall apply where the Regulations are amended.



## Appendix 4

### Visual Photonics Epitaxy Co., Ltd.

#### 2023 Annual General Meeting

#### Directors' Shareholdings

- I. The Company's paid-in capital amounts to NT\$1,849,059,180, and a total of 184,905,918 shares are issued.
- II. According to Article 26 of the Securities and Exchange Act, the minimum number of shares to be held by the whole directors shall total 11,094,355 shares. (Note)
- III. The number of shares held by directors, individually and in aggregation, as recorded in the roster of shareholders until the date of book closure at the shareholders' meeting (April 9, 2023) is shown as follows: (in line with the percentage prescribed in Article 26 of the Securities and Exchange Act)

Title	Name	Shareholding	Shareholdings
Chairman	Chen Chien-Liang	2,098,112	1.13%
Director	Chen Mao-Chang	2,066,216	1.12%
Director	Ren Tai Investment Co., Ltd. Representative: Yeh Sheng-Mao Representative: Chen Chien-Ting Representative: Shih Chih-Hsun	3,113,000	1.68%
Director	Huang Chao-Hsing	1,406,090	0.76%
Director	Lai-Yu Hsiu-Min	1,750,000	0.95%
Director	Shang-Jin Investment Co., Ltd.	800,000	0.43%
Independent director	Huang Man-Sheng	0	0.00%
Independent director	Lin Hao-Hsiung	0	0.00%
Independent director	Wang Chia-Hsiang	0	0.00%
Total		11,233,418	6.07%

Note: According to Article 2 of the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratio at Public Companies," if more than two independent directors are elected, the shareholding ratio of all directors that is calculated proportionally will be reduced to 80%.