

Visual Photonics Epitaxy Co., Ltd.

2025 Annual General Shareholders' Meeting Minutes (Translation)

Meeting Type: Physical shareholders' meeting

Time: 9:00a.m., Wednesday, May 28, 2025

Place: No.15, Gongye 1st Rd., Pingzhen Dist., Taoyuan City 324, Taiwan.

Attending Shareholders: The total number of shares represented by shareholders attending the meeting in person or by proxy is 106,260,921 shares (including casted electronically 83,271,763 shares), representing 57.46% of the total number of issued shares of the Company.

Attendees: PwC Taiwan Lin, Se-Kai

Mountup Attorneys at Law Henry Han

Attending Directors: Chen Chien-Liang (Chairman), Chen Mao-Chang (Director), Huang Chao-Hsing (Director), Lai-Yu Hsiu-Min (Director), Yeh Sheng-Mao (Director), Liao Wan-Chuan (Director), Chang Cheng-Liang (Director), Huang Man-Sheng (Independent Director & Convener of Audit Committee), Lin Hao-Hsiung (Independent Director & Convener of Compensation Committee) and Wang Chia-Hsiang (Independent Director)

Chairman: Chen Chien-Liang

Recorder: Huang Chin-Yen

1. As the number of shares represented by attending shareholder has reached the required quorum for shareholders' meeting, the chairman declares the shareholders' meeting begins.
2. Chairperson remarks
3. Report items

Report 1: 2024 Business Report See Attachment 1

Report 2: 2024 Audit Committee's Report See Attachment 2

Report 3: Report on 2024 remuneration to employees and directors

The Company gained the earnings amounting to NT\$939,854,755 in 2024. According to the Company's Articles of Incorporation, the remuneration to employees, NT\$93,985,476 and the remuneration to directors, NT\$28,195,643, shall be paid in cash in whole.

Report 4: Regulations Governing Share Repurchase for Transfer to Employees in 2025 See Attachment 3.

Report 5: Implementation status of the Company's repurchase of its shares.

The Company's repurchase of shares in 2025 is as follows:

Date of repurchase by the Board of Directors	April 9, 2025
Purpose of repurchase	Transfer of shares to employees
Repurchase period	April 10, 2025 to June 9, 2025
Price range of repurchase	NTD 60 to NTD 150 When the Company's stock price is lower than the price range, the Company will continue to buy back its shares.
Types and number of shares to be repurchased	2,000,000 common shares
Percentage of shares repurchased to total issued shares	1.08 %
Implementation status	Not yet processed

4. Ratification and Discussion

1st Motion (proposed by the Board of Directors)

Summary: The 2024 Business Report and Financial Statements are presented for ratification.

Description:

- (1). The Company's 2024 financial statements have been audited by Lin, Se-Kai, 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 of the Meeting Handbook. For the financial statements and external auditor's report, please refer to Attachment 4 of the Meeting Handbook.
- (3). The motion is submitted for ratification.

Proceedings: There were no questions from shareholders at the shareholders' meeting.

Resolution: The voting results of the motion are shown as follows. The number of votes in favor of the motion exceeded the statutory amount, and the motion was approved. The results of the voting are as follows:

Total voting rights after deducting 1,364,698 voting rights that cannot be exercised at the time of voting : 104,896,223 shares	Results of voting			Shares of voting rights of shareholders present (%)
	Number in favor: (Voting right exercised by electronic means:	22,989,158 71,353,336	shares shares)	89.93%
	Number against: (Voting right exercised by electronic means:	0 47,032	shares shares)	0.04%
	Invalid: (Voting right exercised by electronic means:	0 0	shares shares)	0.00%
	Abstention/Did not vote: (Voting right exercised by electronic means:	0 10,506,697	shares shares)	10.01%

2nd Motion (proposed by the Board of Directors)

Summary: The 2024 earnings distribution plan is presented for ratification.

Description:

- (1). For the Company's 2024 earnings distribution plan, please refer to Attachment 5 of the Meeting Handbook.
- (2). The motion is submitted for ratification.

Proceedings: There were no questions from shareholders at the shareholders' meeting.

Resolution: The voting results of the motion are shown as follows. The number of votes in favor of the motion exceeded the statutory amount, and the motion was approved. The results of the voting are as follows:

Total voting rights after deducting 1,364,698 voting rights that cannot be exercised at the time of voting : 104,896,223 shares	Results of voting			Shares of voting rights of shareholders present (%)
	Number in favor: (Voting right exercised by electronic means:	22,989,158 71,356,851	shares (shares)	89.94%
	Number against: (Voting right exercised by electronic means:	0 46,517	shares (shares)	0.04%
	Invalid: (Voting right exercised by electronic means:	0 0	shares (shares)	0.00%
	Abstention/Did not vote: (Voting right exercised by electronic means:	0 10,503,697	shares (shares)	10.01%

3rd Motion (proposed by the Board of Directors)

Summary: Amendment of certain provision of "articles of incorporation".

Description:

- (1). Amendments in order to conform the amendments of Securities and Exchange Act.
- (2). For the comparison table of "Articles of Incorporation" before and after amendment, please refer to Attachment 6 of the Meeting Handbook.
- (3). The motion is submitted for ratification.

Proceedings: There were no questions from shareholders at the shareholders' meeting.

Resolution: The voting results of the motion are shown as follows. The number of votes in favor of the motion exceeded the statutory amount, and the motion was approved. The results of the voting are as follows:

Total voting rights after deducting 1,364,698 voting rights that cannot be exercised at the time of voting : 104,896,223 shares	Results of voting			Shares of voting rights of shareholders present (%)
	Number in favor: (Voting right exercised by electronic means:	22,989,158 71,346,135	shares (shares)	89.93%
	Number against: (Voting right exercised by electronic means:	0 53,095	shares (shares)	0.05%
	Invalid: (Voting right exercised by electronic means:	0 0	shares (shares)	0.00%
	Abstention/Did not vote: (Voting right exercised by electronic means:	0 10,507,835	shares (shares)	10.01%

5. Extemporaneous Motions :

Shareholder's question: (account number: 105856)

What is the impact of the appreciation of the New Taiwan dollar and tariffs on the company's operations?

Chairman's reply:

We do not rule out any impact from the appreciation of the New Taiwan dollar, and the management team will strengthen the company's constitution and essence.

6. Meeting Adjourned : The chairman declares the shareholders' meeting has ended. (09:12a.m of the same day)

Attachment 1

Visual Photonics Epitaxy Co., Ltd.

Business Report

I. 2024 Business Result

The 2024 net operating revenue of the Company was NT\$3.241 billion, an increase of 20.31% from last year, and the net profit of the current period was NT\$671 million, an increase of 49.05% from last year.

The comparison between the business result of 2024 and last year is as follows:

Unit: NTD thousand

	2024	2023	Increase (decrease)	Increase (decrease) by %
Operating revenue	3,241,217	2,694,104	547,113	20.31%
Operating costs	1,962,253	1,585,190	377,063	23.79%
Gross profit	1,278,964	1,108,914	170,050	15.33%
Operating expenses	557,750	566,845	(9,095)	-1.60%
Operating income	721,214	542,069	179,145	33.05%
Non-operating income and expenses	96,460	(347)	96,807	-27898.27%
Net income	671,055	450,232	220,823	49.05%

According to the report of IDC, a market research institution, the global shipment of smart phones in 2024 was 1.24 billion units, an increase of 6.4% from 2023, and the shipment of smart phones indicated a growth for six consecutive quarters. The Company's revenue also indicated a growth under the positive impacts of the inventory and demand of mobile phones returned to normal and the revenue growth of data centers and optical communication due to AI business opportunities. Looking ahead to 2025, according to the forecasts of several market research institutions, global shipments of mobile phones will recover in 2025, with a projected volume of 1.25 billion to 1.277 billion units, and a year-on-year growth rate of 1% to 3%. The Company's operation in the field of micro-electronic products will benefit from the demand for replacement of mobile phones with AI phones and edge computing, the continued growth of 5G smartphone penetration rate, and the gradual introduction of Wifi 7 into commercial routers and mobile phones. Optoelectronic products will benefit from the increasing popularity of data centers (information centers) in recent years, and operators in different sectors are now setting up their own data centers. In addition, application scenarios are increased for consumer electronics and robots, and photo development technologies are also being developed for AI glasses. All these developments and innovations will promote outstanding growth momentum for future revenues.

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, 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

The Company has implemented reduction of procurement costs for different suppliers based on their characteristics, and introduced the concept of "lean production" to eliminate possible wastes that may occur during the process. In addition, the Company also adjusts the optimal production schedule in response to changes in customer orders, continues to analyze various costs, and educates employees to consider the question on how to create the greatest output with limited resources in daily operations, in order to continue to improve the work skills and quality, and to adjust the cost structure in the factory to be competitive, thereby exceeding the competitors to form a barrier that cannot be easily surpassed by competitors.

(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) Microelectronics products: Low Knee Voltage HBT/GaAs HBT/InP HBT/GaAs PHEMT/GaN on SiC/GaN on Si/GaN on Sapphire PA, Switch, and LNA for 5G mobile phones, Wifi, and infrastructure (base stations and Small Cells).
- (2) Photoelectronic products:
 - A. PD: 25G APD, 50G PD, 100G PD, 1.9-2.6μm long wavelength PD.
 - B. LD: Application of GaAs and InP FP/DFB LD for High Power, High Speed and LiDAR applications.
 - C. VCSEL: iTOF/dTOF, Multi-Junction VCSEL, long wavelength VCSEL, backlight VCSEL, high-speed VCSEL, LiDAR application VCSEL, industrial 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 operation 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 are sold as an example, whenever a new 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, benefiting from AI business opportunities, data centers have flourished in recent years, attracting various industries to rush to build facilities, and the Company will take the opportunity 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

Looking back on 2024, the global economy was full of challenges and uncertainties, demonstrating a complex and diversified development trend. The economic performances of various countries have been significantly different from each other. The economic activities in some regions have recovered with steady growth while most countries are still facing challenges or even the risk of recession, including the continued geopolitical tensions, high inflationary pressure, and the increase in financial and political risks due to the excessive debt level in many countries. Furthermore, with the increase of trade protectionism, the global supply chain has been affected and disrupted. In the face of the increasingly digitization, greening and intellectualization of the global economy, the Company will continue to achieve the goal of improving the core competitiveness, promoting corporate sustainable development, strengthening product quality, implementing cost control, increasing delivery efficiency, and realizing the advantages of new product development. Through strengthening relationships with customers, we will improve the customer's product characteristics and advantages, and we also aim to become the priority choice of supplier for customers to engage in collaborative development of new generation of products, thereby continuing to maintain the Company's leading position as the No. 1 microwave communication arsenic epitaxy wafer manufacturer worldwide.

The pandemic has accelerated the digital transformation process, and people have developed the habit of using digital tools during the pandemic period, which also continues to exist in the post-pandemic era. As the global economy recovers, enterprises will pay more attention to changes in customer demand and actively adjust their business strategies, in order to provide products and services of higher quality. In the new market environment, the Company is at the upstream of the supply chain, and will take active measures to strengthen the supply chain management, in order to respond to market changes and to reduce the risk of supply chain interruptions. The Company also upholds the principle of retaining talents as the top priority. Through diverse recruitment channels and effective retention strategies, the Company is able to mitigate the impact of talent recruitment difficulties on the Company's operational development.

With the emerging trend of digital applications of Big Data, AI, blockchain, and Metaverse worldwide, the demand for computation, storage and networking increases dramatically, and the development of data centers (information centers) is particularly critical for future development. In recent years, the market for data centers has been booming, and the demand is over supply, driving major business operators in various sectors to actively invest in the construction of data centers, and the cloud infrastructures continue to expand. In addition, the continued evolution of AI technology, breakthrough in low latency and high-speed transmission technologies, and the innovative applications of microelectronics and optoelectronics have driven the innovative applications of microelectronics and optoelectronics. In terms of optoelectronic technology, AI data centers are able to strengthen the calculation and data transmission capacity of the high-speed optical module. Accordingly, the compound semiconductor epitaxy wafer becomes an important component in the high-speed optical modules and plays an important role in optoelectronic technology. In addition, the development of AI servers and data centers has also driven the advancement of high-performance wireless technologies such as WiFi 7, providing higher transmission efficiency and lower latency, thereby improving the performance of AI applications. In the future, with the development of AI glasses, robot sensing

technologies, and the increasing demand for high-speed transmission in industrial, medical, and smart manufacturing fields, the epitaxy technology of the optoelectronics industry is expected to continue to be benefited from such technology developments and demands, which will further secure the position of epitaxy-related technology in the AI supply chain.

The Financial Supervisory Commission (FSC) has announced the "Green and Financial Transformation Action Plan" in 2024, covering six main aspects of funding support, carbon data establishment, etc., in order to promote net-zero transformation. The Company actively responds to such policy and action plan, and aims to strengthen the information disclosure and to cultivate sustainable talents. In addition, we also cooperate with the policy based on the three main aspects of capital, data and disclosure, and to seek green financial resources while improving the carbon data management and information transparency. Furthermore, we have published the 2023 Sustainability Report on July 26, 2024. In the future, we will continue to strengthen ESG competitiveness and promote corporate sustainable development through resource integration and financial support.

The global economy for 2025 is expected to maintain a steady growth. Taiwan's economy is closely related to the global economy, and Taiwan's economic fundamental is strong. The expansion of emerging technology applications, such as AI and related electronic products, will further drive the export and investment momentum, and AI will be more widely used and deeply integrated into our daily lives, including the fields of smart homes, self-driving vehicles, biotechnology, medical industry innovation and financial services. In other words, AI will be applied in almost all fields and is expected to drive the revolutionary development for a new generation of computation and communication. Moreover, the domestic demand is also expected to increase steadily. Nevertheless, the economy in 2025 will still face numerous challenges. The new tariff measures in the US, the intensification of trade barriers around the world, and geopolitical conflicts may have a negative impact on the global economy. In the face of these challenges, the government must closely monitor the global economic situation and strictly strengthen risk management, diversify the market, and increase the ability to respond to external impacts, in order to seize opportunities and to achieve sustainable development.

Chairman: Chen Chien-Liang

General Manager: Huang Chao-Hsing

Accounting Manager: Chiang Chi-Ching

Attachment 2

Visual Photonics Epitaxy Co., Ltd.

Audit Committee's Report

The Board of Directors of the Company sent the 2024 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 Lin, Se-Kai 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 2025 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

February 27 2025

Attachment 3

Visual Photonics Epitaxy Co., Ltd.

Regulations Governing Share Repurchase for Transfer to Employees

Established on April 9, 2025

- Article 1 In order to encourage employees and improve their loyalty, the Company has established the Regulations Governing Share Repurchase for Transfer to Employees in accordance with Article 28-2, Paragraph 1, Subparagraph 1 of the Securities and Exchange Act and the “Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies” promulgated by the Financial Supervisory Commission. The transfer of shares repurchased by the Company to employees shall be governed by these Regulations, except for the matters required by applicable laws and regulations.
- (Types of shares transferred, rights, and restrictions on rights)**
- Article 2 The shares transferred to employees in this transfer are common shares. Unless otherwise provided by laws and these Regulations, the rights and obligations of the common shares are the same as those of other outstanding common shares.
- (Transfer period)**
- Article 3 The shares repurchased may be transferred to employees in one or several installments within five years from the date of repurchase in accordance with these Regulations.
- (Qualification of the assignee)**
- Article 4 All full-time employees of the Company who are still employed on the base date of subscription are qualified for the subscription right after one year of service.
- (Procedures for transfer)**
- Article 5 The number of shares that employees are entitled to subscribe shall be determined based on the position, grade, years of service and special contribution to the Company, and the number of shares that employees are entitled to subscribe shall also take into account the total number of shares repurchased by the Company on the base date of subscription and the maximum number of shares subscribed by a single employee. The actual specific subscription qualifications and subscription quantity shall be determined by the Board of Directors. However, if the list of subscribers is a managerial officer, it shall be submitted to the Remuneration Committee for review and then to the Board of Directors for resolution; if the list of subscribers is not a managerial officer, it shall be submitted to the Audit Committee for review and then to the Board of Directors for resolution.
- Article 6 Procedures for transfer of repurchased shares to employees:
1. The Board authorizes the Chairperson to determine and announce the record date, subscription standards, payment period, and other related matters.
 2. The Board of Directors authorizes the Chairperson to determine and announce the employee share subscription record date, the number of shares that may be subscribed, the subscription period and the rights and other matters in accordance with these Regulations.
 3. Statistics on the actual number of shares paid for subscription, and transfer and transfer of shares.
- (The agreed transfer price per share)**
- Article 7 The transfer price per share shall be the average actual repurchase price. If the total number of outstanding shares increases or decreases before the transfer, the transfer price may be adjusted accordingly.
- Formula for adjusting transfer price:
Adjusted Transfer Price = Actual Average Repurchase Price per Share × (Total Number of Outstanding Common Shares After Repurchase Completion ÷ Total Number of Outstanding Common Shares Before Transfer to Employees)
- (The rights and obligations transferred after the transfer)**
- Article 8 Once the shares have been transferred and registration completed, the rights and obligations of the shares shall be the same as those of other common shares, unless otherwise specified.
- (Other matters related to the rights and obligations of the Company and its employees)**
- Article 9 All applicable taxes relating to the transfer shall be duly paid by the employee prior to the completion of the transfer and registration process.
- (Others)**
- Article 10 These Regulations shall become effective upon approval by the Board of Directors and may be amended by subsequent Board resolutions.
- Article 11 These Regulations, as well as any amendments thereto, shall be reported to the shareholders at the next general shareholders’ meeting.

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, 2024 and 2023, 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 material 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, 2024 and 2023, 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 as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and generally accepted auditing standards in 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, 2024, Visual Photonics Epitaxy Co., Ltd.'s inventories and allowance for inventory valuation losses amounted to NT \$619,724 thousand and NT \$61,136 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 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 generally accepted auditing standards in 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 generally accepted auditing standards in 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.

Lin, Se-Kai

Lai, Chung-Hsi

For and on Behalf of PricewaterhouseCoopers, Taiwan

February 27, 2025

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, 2024 AND 2023

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

Assets			December 31, 2024		December 31, 2023	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 1,175,832	26	\$ 825,831	18
1170	Accounts receivable, net	6(3)	380,045	8	622,328	14
1200	Other receivables		619	-	557	-
130X	Inventories	6(4)	618,588	14	504,580	11
1410	Prepayments		108,422	2	92,126	2
11XX	Current Assets		2,283,506	50	2,045,422	45
Non-current assets						
1517	Total non-current financial assets at fair value through other comprehensive income	6(2)	7,685	-	11,860	-
1600	Property, plant and equipment	6(5) and 8	2,261,730	50	2,490,113	55
1755	Right-of-use assets	6(6)	10,534	-	12,797	-
1780	Intangible assets		8,134	-	7,387	-
1840	Deferred income tax assets		7,639	-	7,627	-
1915	Prepayments for business facilities	6(5)	3,387	-	2,131	-
1920	Guarantee deposits paid		67	-	67	-
1975	Net defined benefit asset, non-current	6(10)	245	-	296	-
15XX	Non-current assets		2,299,421	50	2,532,278	55
1XXX	Total assets		\$ 4,582,927	100	\$ 4,577,700	100

(Continued)

VISUAL PHOTONICS EPITAXY CO., LTD.

BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

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

Liabilities and Equity			Notes	December 31, 2024		December 31, 2023				
				AMOUNT	%	AMOUNT	%			
Current liabilities										
2100	Short-term borrowings	6(7)	\$	-	-	\$	100,000	2		
2130	Current contract liabilities	6(14)		9,279	-		19,671	-		
2170	Accounts payable			336,877	8		397,188	9		
2200	Other payables	6(8)		284,367	6		233,311	5		
2230	Current income tax liabilities			105,574	2		39,034	1		
2280	Current lease liabilities			3,816	-		3,755	-		
2399	Other current liabilities, others			6,787	-		6,221	-		
21XX	Current Liabilities			746,700	16		799,180	17		
Non-current liabilities										
2540	Long-term borrowings	6(9) and 8		500,000	11		700,000	16		
2570	Deferred income tax liabilities			49	-		59	-		
2580	Non-current lease liabilities			6,836	-		9,120	-		
25XX	Non-current liabilities			506,885	11		709,179	16		
2XXX	Total Liabilities			1,253,585	27		1,508,359	33		
Equity attributable to owners of parent										
	Share capital	6(11)								
3110	Ordinary shares			1,849,059	41		1,849,059	41		
	Capital surplus	6(12)								
3200	Capital surplus			16,736	-		16,736	-		
	Retained earnings	6(13)								
3310	Legal reserve			740,374	16		695,356	15		
3320	Special reserve			38,140	1		-	-		
3350	Unappropriated retained earnings			727,348	16		546,330	12		
	Other equity interest									
3400	Other equity interest		(42,315)	(1)	(38,140)	(1)
3XXX	Total equity			3,329,342	73		3,069,341	67		
Significant commitments and contingent liabilities							9			
Significant events after the balance sheet date							11			
3X2X	Total liabilities and equity		\$	4,582,927	100	\$	4,577,700	100		

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023

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

			Year ended December 31			
			2024		2023	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(14)		\$ 3,241,217	100	\$ 2,694,104	100
5000 Operating costs	6(4)(17)(18)		(1,962,253)	(61)	(1,585,190)	(59)
5900 Net operating margin			<u>1,278,964</u>	<u>39</u>	<u>1,108,914</u>	<u>41</u>
Operating expenses	6(17)(18)					
6100 Selling expenses			(12,702)	-	(10,921)	-
6200 General and administrative expenses			(156,355)	(5)	(128,435)	(5)
6300 Research and development expenses			(388,693)	(12)	(427,489)	(16)
6450 Expected credit loss	12(2)		<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
6000 Total operating expenses			(557,750)	(17)	(566,845)	(21)
6900 Operating profit			<u>721,214</u>	<u>22</u>	<u>542,069</u>	<u>20</u>
Non-operating income and expenses						
7100 Interest income			24,958	1	15,576	1
7010 Other income			9,934	-	975	-
7020 Other gains and losses	6(15)		72,915	2	(3,758)	-
7050 Finance costs	6(16)		(11,347)	-	(13,140)	(1)
7000 Total non-operating income and expenses			<u>96,460</u>	<u>3</u>	<u>(347)</u>	<u>-</u>
7900 Profit (loss) before income tax			817,674	25	541,722	20
7950 Income tax expense	6(19)		(146,619)	(4)	(91,490)	(3)
8200 Profit (loss) for the period			<u>\$ 671,055</u>	<u>21</u>	<u>\$ 450,232</u>	<u>17</u>
8311 (Losses) gains on remeasurements of defined benefit plans	6(10)		(\$ 108)	-	(\$ 71)	-
8316 Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income			(4,175)	-	(38,140)	(2)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(19)		<u>22</u>	<u>-</u>	<u>14</u>	<u>-</u>
8300 Total other comprehensive (loss) income for the year			(\$ 4,261)	-	(\$ 38,197)	(2)
8500 Total comprehensive income for the period			<u>\$ 666,794</u>	<u>21</u>	<u>\$ 412,035</u>	<u>15</u>
9750 Total basic earnings per share	6(20)		<u>\$ 3.63</u>		<u>\$ 2.43</u>	
9850 Total diluted earnings per share	6(20)		<u>\$ 3.62</u>		<u>\$ 2.43</u>	

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	Capital Reserves			Retained Earnings		Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Total equity
		Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	
<u>2023</u>								
Balance at January 1, 2023		\$ 1,849,059	\$ 10,229	\$ 6,507	\$ 640,926	\$ -	\$ 575,869	\$ 3,082,590
Profit for the period		-	-	-	-	-	450,232	450,232
Other comprehensive income		-	-	-	-	-	(57)	(38,140)
Total comprehensive income		-	-	-	-	-	450,175	412,035
Appropriation and distribution 6(13) of retained earnings								
Legal reserve		-	-	-	54,430	-	(54,430)	-
Cash dividends		-	-	-	-	-	(425,284)	(425,284)
Balance at June 30, 2023		<u>\$ 1,849,059</u>	<u>\$ 10,229</u>	<u>\$ 6,507</u>	<u>\$ 695,356</u>	<u>\$ -</u>	<u>\$ 546,330</u>	<u>\$ 3,069,341</u>
<u>2024</u>								
Balance at January 1, 2024		\$ 1,849,059	\$ 10,229	\$ 6,507	\$ 695,356	\$ -	\$ 546,330	\$ 3,069,341
Profit for the period		-	-	-	-	-	671,055	671,055
Other comprehensive income		-	-	-	-	-	(86)	(4,175)
Total comprehensive income		-	-	-	-	-	670,969	666,794
Appropriation and distribution 6(13) of retained earnings								
Legal reserve		-	-	-	45,018	-	(45,018)	-
Special reserve		-	-	-	-	38,140	(38,140)	-
Cash dividends		-	-	-	-	-	(406,793)	(406,793)
Balance at June 30, 2024		<u>\$ 1,849,059</u>	<u>\$ 10,229</u>	<u>\$ 6,507</u>	<u>\$ 740,374</u>	<u>\$ 38,140</u>	<u>\$ 727,348</u>	<u>\$ 3,329,342</u>

VISUAL PHOTONICS EPITAXY CO., LTD.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

		Year ended December 31	
	Notes	2024	2023
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 817,674	\$ 541,722
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation expense (including right-of-use assets)	6(5)(6)(17)	285,987	282,386
Amortization expense	6(17)	2,214	1,652
Interest expense	6(16)	11,347	13,140
Interest income	(	24,958)	(15,576)
Unrealized foreign exchange (profit) loss	(	21,585)	9,452
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		-	2,641
Accounts receivable		242,283	(333,789)
Other receivables	(	62)	406
Inventories	(	114,008)	(17,973)
Prepayments	(	16,296)	(3,796)
Other non-current liabilities	(	57)	(59)
Changes in operating liabilities			
Current contract liabilities	(	10,392)	(3,025)
Accounts payable	(	60,311)	221,214
Other payables		39,882	(44,429)
Other current liabilities, others		566	495
Cash inflow generated from operations		1,152,284	654,461
Interest received		24,958	15,576
Interest paid	(	11,347)	(13,140)
Income taxes paid	(	80,079)	(84,734)
Net cash flows from operating activities		1,085,816	572,163
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(21)	(40,369)	(71,120)
Acquisition of intangible assets	(	2,961)	(2,901)
Decrease(Increase) in prepayments for business facilities	(	3,387)	2,789
Net cash flows used in investing activities	(	46,717)	(71,232)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings	6(22)	(100,000)	(100,000)
Proceeds from long-term debt	6(22)	1,900,000	2,590,000
Repayments of long-term debt	6(22)	(2,100,000)	(2,480,000)
Payments of lease liabilities	6(22)	(3,890)	(3,313)
Cash dividends paid	6(13)	(406,793)	(425,284)
Net cash flows used in financing activities	(	710,683)	(418,597)
Effect of exchange rate changes on cash and cash equivalents		21,585	(9,452)
Net increase in cash and cash equivalents		350,001	72,882
Cash and cash equivalents at beginning of year	6(1)	825,831	752,949
Cash and cash equivalents at end of year	6(1)	\$ 1,175,832	\$ 825,831

Attachment 5

Visual Photonics Epitaxy Co., Ltd.
Statement of Earning Allocation
2024

Unit: NT\$	
Item	Amount
Undistributed earnings at the beginning of the period	\$ 56,379,740
Less: Adjustment of retained earnings for 2024	86,221
Undistributed earnings after adjustment	\$ 56,293,519
Plus: Profit and loss for 2024	671,054,811
Less: Provision for legal reserve	67,096,859
Less: Provision for special reserves	4,175,000
Distributable earnings	\$ 656,076,471
Distribution	
Shareholder dividends-cash (NT\$3.20 per share)	\$ 591,698,938
Undistributed earnings at the end of the period	\$ 64,377,533

Description:

- (1) The adjustment of retained earnings for 2024 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 2024 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 2024 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-Ching

Attachment 6

Visual Photonics Epitaxy Co., Ltd.

Comparison Table of “Articles of Incorporation” Before and After Amendments

Article	Before Amendments	After Amendments	Description
Article 21	<p>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.</p> <p>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.</p> <p>Employee compensation and directors’ remuneration distribution proposal shall be submitted to the shareholders' meeting for reporting.</p>	<p>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.</p> <p><u>In the amount of employee remuneration as mentioned in the preceding paragraph, no less than 20% of the amount shall be distributed as remuneration to the frontline employees.</u></p> <p>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.</p> <p>Employee compensation and directors’ remuneration distribution proposal shall be submitted to the shareholders' meeting for reporting.</p>	Amendments to related laws
Article 23	<p>These Articles were enacted on November 1, 1996.</p> <p style="text-align: center;">⋮</p> <p>20th amendments hereto were made on June 8, 2022.</p>	<p>These Articles were enacted on November 1, 1996.</p> <p style="text-align: center;">⋮</p> <p>20th amendments hereto were made on June 8, 2022.</p> <p><u>21th amendments hereto were made on May 28, 2025.</u></p>	Add revision date and number