Stock Code：2455

Visual Photonics Epitaxy Co., Ltd.

Handbook for the 2016
Annual Meeting of Shareholders

MEETING TIME： June 21, 2016

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

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Visual Photonics Epitaxy Co., Ltd.
Meeting Agenda

Time: 09:00a.m., June 21, 2016

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

I. Call the Meeting to Order

II. Chairman Address

III. Discussion（I）

To approve the amendments of Corporate Charter.

IV. Management Presentation

1. 2015 Business Report.
2. 2015 Supervisor's Review Report.
3. Distribution of Directors and Supervisors' compensation and Employees' Profit Sharing of 2015 Profits.

V. Proposals

1. Adoption of the 2015 Business Report and Financial Statements.
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VI. Discussion（II）

1. Proposal of Capital Reduction.
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3. Amendment to the Operational Procedures for Loaning of Company Funds.
4. Amendment to the Rules of Procedure for Shareholder Meetings.
5. Amendments of Rules for Director and Supervisor Election.

VII. Questions and Motions

VIII. Adjournment

Discussion （I）

Proposed by the Board

Proposal: Amendment to the Corporate Charter. Please process to discuss.

Explanation:

1. In order to conform to the amendments of Company Law and establishing the Audit Committee under the Securities and Exchange Act, the company hereby proposes to amend the Corporate Charter.
2. Please refer to page 20~21, Appendix V for details.
3. Please process to discuss.

Resolution:

Management Presentations

1. The 2015 Business Report is attached as page 9~11, Appendix I.

2. The 2015 Supervisor's Review Report is attached as page 12, Appendix II.

3. Distribution of directors and supervisors' compensation and employees' profit sharing of 2015. 2015 net profit: NT$776,357,517. Employees' cash profit sharing is NT$62,108,601 and directors' compensation is NT$23,290,726 which are both distributed in accordance with the amended Corporate Charter.

Proposals

1. **Proposed by the Board**

Proposal: Adoption of the 2015 Business Report and Financial Statements.

Explanation:

(1). The Company's 2015 Financial Statements including the Balance Sheet, Income Statement, Statement of Changes in Shareholders' Equity and Statement of Cash Flows were audited by independent auditors, Philine LEE and SK LIN of Pwc Taiwan.

(2). The 2015 Business Report, independent auditors' audit report and the above-mentioned Financial Statements are referred to page 9~11 Appendix I and page 13~18 Appendix III.

(3). Please accept the aforementioned Business Report and Financial Statements.

Resolution:

2. **Proposed by the Board**

Proposal: Adoption of the Proposal for Distribution of 2015 Profits.

Explanation:

(1). Please refer to the Profit Distribution Table as page 19 Appendix IV

(2). Please accept the aforementioned profit distribution.

Resolution:

Discussion （II）

1. **Proposed by the Board**

Proposal: Capital Reduction by distributing cash to shareholders.

Explanation:

(1). In order to improve the capital structure and enhance return on equity, it is proposed that the Company conduct a capital reduction by distributing cash to shareholders.

(2). The amount of the capital reduction shall be NT$616,353,060 to reduce 61,635,306 common shares, which is calculated based on the numbers of outstanding common shares totaling 246,541,224 shares. The capital reduction rate is 25%. NT$2.5 per share shall be returned on the basis of the number of shares held by each shareholder

(3). Each 1,000 shares of common stock shall be exchanged and replaced with new shares for 750 shares of the same stock on the basis of the number of shares held by each shareholder according to each shareholder's ownership as registered in the book on the record date of the capital reduction. For each fractional common share resulting from the capital reduction, the Company will pay the shareholder cash based on the NT$10, rounded down to whole NT dollar. The Chairman of the Board is hereby authorized to designate persons to purchase all of the fractional shares at the share par value.

(4). Following the capital reduction, the paid-in capital of the Company shall be NT$1,849,059,180 and outstanding share, 184,905,918 shares, share par value NT$10.

(5). No shares shall be issued in physical form and the rights and obligations of the issued share are the same with the original.

(6). The Board shall be authorized to determine the record date of the capital reduction, the capital reduction plan and the listing date of newly issued shares and other relevant matters after the Company has received the 2016 shareholder meeting and competent authority's approval.

(7). It is proposed that the Chairman of the Board is authorized with full power to take any proper actions in case the number of outstanding shares of the Company is affected as a result of the changes of capital stock.

(8). It is proposed that the Chairman of the Board is authorized with full power to take any proper actions in case there are any affection occurs as a result of the requests of competent authority, any changes of laws/regulation or any other unforeseeable situations.

(9). Please process to discuss.

Resolution:

2. **Proposed by the Board**

Proposal: Amendment to the Policies and Procedures for Financial Derivatives Transactions.

Explanation:

(1). In order to conform to the needs of commercial practice and the laws, the company hereby proposes to amend the Financials Derivatives Transactions. Please see page 6.

(2). Please process to discuss.

Resolution:

3. **Proposed by the Board**

Proposal: Amendment to the Operational Procedures for Loaning of Company Funds.

Explanation:

(1). In order to conform to the needs of commercial practice and the law, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds. Please see page 6.

(2). Please process to discuss.

Resolution:

4. **Proposed by the Board**

Proposal: Amendment to the Rules of Procedure for Shareholder Meetings.

Explanation:

(1). In order to conform to the company allows the shareholders to exercise voting rights by correspondence or electronic means and the Audit Committee established, the company hereby proposes to amend the Rules of Procedure for Shareholder Meetings.

(2). Please refer to page 22, Appendix VI.

(3). Please process to discuss.

Resolution:

5. **Proposed by the Board**

Proposal: Amendments of Rules for Director and Supervisor Election.

Explanation:

(1). It is proposed that the Rules for Director and Supervisor Election be amended in accordance with the Audit Committee established.

(2). Please refer the page 23 Appendix VII.

(3). Please process to discuss.

Resolution:

Questions and Motions

Adjournment