

Stock No.: 6789



# **VisEra Technologies Company Ltd.**

## Handbook for the 2021 Annual Meeting of Shareholders

June 22, 2021

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

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# VisEra Technologies Company Ltd.

## Procedure for the 2021 Annual Shareholders' Meeting

- I. Chairperson Remarks
- II. Report Items
- III. Matters for Ratification
- IV. Extemporaneous Motions
- V. Adjournment

# VisEra Technologies Company Ltd.

## Agenda of the 2021 Annual Shareholders' Meeting

Time: 09:30 a.m., June 22, 2021

Location: Einstein Hall, Science Park Life Hub, 2F, No. 1, Gongye E. 2nd Rd.,  
Hsinchu Science Park, Hsinchu City.

Attendance: All shareholders and equity representatives

Chairperson: Chairman Robert Kuan

- I. Chairman Remarks
- II. Report Items
  - (I) To report the business of 2020
  - (II) Audit Committee's Review Report
  - (III) To report 2020 employees' profit sharing bonus
- III. Matters for Ratification
  - (I) To accept 2020 Business Report and Financial Statements
  - (II) To approve the Proposal for Distribution of 2020 Profits
- IV. Extemporary Motions
- V. Adjournment

## **Report Items**

I. To report the business of 2020

Explanation: Please refer to Attachment 1 on page 5-6 of the Handbook for the 2020 Business Report.

II. Audit Committee's Review Report.

Explanation: Please refer to Attachment 2 on page 7 of the Handbook for the Audit Committee's Review Report.

III. To report 2020 employees' profit sharing bonus

Explanation: Employees' profit sharing bonus for 2020 was NTD 418,108,983, in cash, which proposal was approved by the Board of Directors on March 12, 2021.

## **Matters for Ratification**

I. To accept 2020 Business Report and Financial Statements (Proposed by the Board of Directors).

Explanation: (1) The 2020 Financial Statements of the Company, including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows, were audited by Shang-Chih Lin and Ming-Yuan Chung, CPA of Deloitte & Touche.

(2) Please refer to Attachment 1 on page 5-6 and Attachment 3 on page 8-15 of the Handbook for the 2020 Business Report, Independent Auditors' Report and aforementioned financial statements.

II. To approve the Proposal for Distribution of 2020 Profits (Proposed by the Board of Directors).

Explanation:

- (1) The Company's distributable retained earnings for 2020 were NTD 1,881,490,423, NTD 582,306,238 of which are to be appropriated as cash dividends for common shares. The Company has issued 291,153,119 shares of common stock, so the cash dividends for each share is NTD 2.
- (2) Please refer to Attachment 4 on page 16 of the Handbook for the 2020 Earnings Distribution Table.
- (3) Upon the approval of the cash dividends of NTD 582,306,238 by the annual meeting of shareholders, it is proposed that the Board of Directors resolve the ex-dividend date and other relevant issues. The dividends are distributed based on the number of shares held by shareholders recorded on the shareholders' list on the ex-dividend date with cash dividends of NTD 2 per share. The unit of the cash dividend is the dollar (decimals shall be rounded down to the dollar). The total amount rounded off is calculated as other revenue of the Company.
- (4) Where the earning distribution ratio as set forth in the preceding paragraph is required to be adjusted due to the amendments to the laws or regulations or adjustment by the competent authority, or by the change in the number of outstanding shares affected by share repurchase by the Company or issuance of new shares from the exercise of employee stock option certificates, it is proposed that the Board of Directors adjust the distribution ratio and related matters.

## **Extemporary Motions**

## **Adjournment**

## 2020 Business Report

In 2020, the COVID-19 pandemic has caused a global economic decline. According to an IMF research report, the global economic growth rate declined by 3.5% compared to the previous year. A report from the market research institution TrendForce also indicated that the global smartphone output volume under the pandemic declined by 11% compared to the previous year. However, the rapid development of 5G network contributes to the trend of switching to 5G smartphones. The increase in the number of cameras on smartphones, high resolution camera modules, and the increase in the demand in in-display fingerprint recognition all lead to a steady growth of image sensor and biometric sensor markets.

In response to the growth of market demand and the development of advanced processing technology, VisEra continues to invest in processing equipment to increase productivity. In 2020, the overall 200 mm equivalent output volume increased by 100% compared to the previous year, and the most advanced 0.7  $\mu\text{m}$  pixel size image sensor and multiple rise light sensor have entered mass production. The development of sub-millimeter lens processing technology has been completed, and the customer testing production project has been initiated.

### Financial Performance

The Company's revenues in 2020 were NTD 6.946 billion, an increase of 105% compared to the NTD 3.396 billion in the previous year; the profit after tax was NTD 2.091 billion, an increase of 241% compared to the NTD 614 million in the previous year. The earnings per share were NTD 7.18. The Company's gross margin in 2020 was 45%, an increase of 11% compared to the 34% in the previous year; the operating margin was 37%, an increase of 16% compared to the 21% in the previous year. The net profit margin was 30%, an increase of 12% compared to the 18% in the previous year.

### Technology Development

On top of the development on applications of optical sensors as well as the development trend of sensor miniaturization, the processing technology for 0.6  $\mu\text{m}$  pixel size image sensors is expected complete development and enter mass production in 2021. The Company also invests in the research and development of processing for 100 megapixels or higher to provide customers with more advanced and high quality image sensors. Meanwhile, the Company also invests in: 1) optical elements in 3D sensing modules that provide miniaturization solutions for components required by customers; 2) research and development of high price-performance ratio and customized multiple rise ambient light sensor processing that meets the diverse customer demands for ambient light sensors; 3) development of under-display camera modules to meet the trend of full-view smartphones.

### Future Outlook

When looking forward to 2021, the COVID-19 pandemic may gradually ease due to the distribution of coronavirus vaccines. In addition, all governments continue to carry out economic support measures and political uncertainties in the United States and Europe are reduced. Economic growth will clearly

surge on a global scale. Moreover, the rapid development of 5G and wide adaptation of its application on products will boost the overall sales of mobile devices. To cope with market demand, the Company continues to develop and optimize optical sensor technology as well as increase productivity in order to improve competitively in the market and create higher values for customers and shareholders.

We wish you good health and good luck.

VisEra Technologies Company Ltd.



**[Attachment 2]**

## **Audit Committee's Review Report**

The Board of Directors prepared the 2020 Business Report, Financial Statements, and earning distribution proposal of the Company. The Financial Statements have been audited by the CPA of Deloitte & Touche, who presented the independent auditors' report. After audit, the Audit Committee believes the aforementioned Business Report, Financial Statements and earnings distribution proposal are prepared in good faith. Therefore, the Audit Committee's Review Report is so generated pursuant to the Securities and Exchange Act and the Company Act.

VisEra Technologies Company Ltd.

Convener of the Audit Committee: Laura Huang

March 12, 2021

## INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders  
VisEra Technologies Company Ltd.

### Opinion

We have audited the accompanying financial statements of VisEra Technologies Company Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' 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 Accountant of 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 judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter of the Company's financial statements for the year ended December 31, 2020 is stated as follows:

#### Contract Assets and Revenue Recognition

The majority of the Company's revenue is generated from color filter and optical coating, which are manufactured according to the customized specifications agreed in the contractual agreement. The customers have obtained control over the products during manufacturing process. As such, revenue and contract assets are recognized over time in accordance with the requirements under paragraph 35(b) of IFRS 15. Refer to Notes 4, 5 and 17 to the accompanying financial statements for the details of the accounting policies related to the contract assets and revenue recognition. The Company recognizes contract assets and revenue at the end of each

month based on progress towards completion. Since the abovementioned process involves estimates and manual controls, there is a risk that contract assets and revenue may not be recognized correctly. Thus, the Company's contract assets and revenue recognition was identified as a key audit matter.

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

1. We obtained an understanding and tested the effectiveness of the design and implementation of key internal controls over contract assets and revenue recognition.
2. We obtained an understanding and assessed the reasonableness of the Company's assumption and policy over contract assets and revenue recognition.
3. We verified the reasonableness of documents for evaluating progress towards completion.

### **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 Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, 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.

### **Auditors' 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 auditors' 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 auditing standards generally accepted 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 auditing standards generally accepted in the Republic of China, we exercise professional judgment 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 auditors' 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 auditors' 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.

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 for the year ended December 31, 2020, and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audits resulting in this independent auditors' report are Shang-Chih Lin and Ming-Yuan Chung.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 12, 2021

#### Notice to Readers

*The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.*

# VISERA TECHNOLOGIES COMPANY LTD.

## BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2020		December 31, 2019		LIABILITIES AND EQUITY	December 31, 2020		December 31, 2019	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>CURRENT ASSETS</b>					<b>CURRENT LIABILITIES</b>				
Cash and cash equivalents (Note 6)	\$ 2,537,344	22	\$ 3,271,167	52	Financial liabilities at fair value through profit or loss - current (Note 7)	\$ 29	-	\$ 4	-
Financial assets at fair value through profit or loss - current (Note 7)	9,128	-	8,158	-	Contract liabilities - current (Note 17)	5,823	-	2,539	-
Contract assets - current (Notes 5, 17 and 25)	137,376	1	101,665	1	Accounts payable (Note 25)	199,739	2	130,386	2
Accounts receivable, net (Notes 5 and 8)	730,474	6	545,093	9	Lease liabilities - current (Note 11)	75,325	1	68,742	1
Accounts receivable from related parties (Notes 5, 8 and 25)	188,516	2	121,572	2	Accrued profit sharing bonus to employees (Note 18)	418,109	3	122,754	2
Other receivables	28,760	-	10,052	-	Payables to equipment suppliers	560,277	5	165,433	2
Other receivables from related parties (Note 25)	1,643	-	2,722	-	Current tax liabilities (Note 19)	438,674	4	105,498	2
Inventories (Note 9)	85,450	1	57,103	1	Accrued expenses and other current liabilities (Notes 14, 17 and 25)	527,274	4	373,522	6
Prepayments and other current assets	48,316	-	43,968	1					
Total current assets	3,767,007	32	4,161,500	66	Total current liabilities	2,225,250	19	968,878	15
<b>NON-CURRENT ASSETS</b>					<b>NON-CURRENT LIABILITIES</b>				
Property, plant and equipment (Notes 5 and 10)	7,617,347	65	1,867,080	30	Long-term borrowings (Note 13)	1,967,611	17	-	-
Right-of-use assets (Note 11)	319,065	3	221,221	3	Deferred tax liabilities (Note 19)	11,399	-	10,788	-
Intangible assets (Note 12)	9,096	-	10,252	-	Lease liabilities - non-current (Note 11)	247,215	2	152,807	3
Deferred tax assets (Note 19)	36,763	-	42,466	1	Deferred revenue - non-current (Note 13)	32,389	-	-	-
Other non-current assets (Note 26)	22,490	-	19,958	-	Guarantee deposits (Note 25)	5,069	-	4,532	-
Total non-current assets	8,004,761	68	2,160,977	34	Total non-current liabilities	2,263,683	19	168,127	3
					Total liabilities	4,488,933	38	1,137,005	18
					<b>EQUITY (Note 16)</b>				
TOTAL	\$ 11,771,768	100	\$ 6,322,477	100	Capital stock	2,911,531	25	2,911,531	46
					Capital surplus	703,493	6	696,675	11
					Retained earnings				
					Appropriated as legal reserve	785,581	7	724,197	11
					Unappropriated earnings	2,882,230	24	853,069	14
						3,667,811	31	1,577,266	25
					Total equity	7,282,835	62	5,185,472	82
					TOTAL	\$ 11,771,768	100	\$ 6,322,477	100

The accompanying notes are an integral part of the financial statements.

## VISERA TECHNOLOGIES COMPANY LTD.

### STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 5, 17 and 25)	\$ 6,946,349	100	\$ 3,395,724	100
OPERATING COSTS (Notes 9, 18 and 25)	<u>3,835,451</u>	<u>55</u>	<u>2,248,382</u>	<u>66</u>
GROSS PROFIT	<u>3,110,898</u>	<u>45</u>	<u>1,147,342</u>	<u>34</u>
OPERATING EXPENSES (Notes 18 and 25)				
Sales and marketing	59,148	1	42,058	1
General and administrative	161,236	2	90,636	3
Research and development	<u>366,794</u>	<u>5</u>	<u>346,489</u>	<u>10</u>
Total operating expenses	<u>587,178</u>	<u>8</u>	<u>479,183</u>	<u>14</u>
OTHER OPERATING INCOME AND EXPENSES, NET (Notes 10, 18 and 25)	<u>32,720</u>	<u>-</u>	<u>50,533</u>	<u>1</u>
PROFIT FROM OPERATIONS	<u>2,556,440</u>	<u>37</u>	<u>718,692</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 25)				
Interest income	12,477	-	20,825	1
Other income	566	-	20,688	1
Other gains and losses	48,194	1	9,557	-
Foreign exchange loss, net	(57,105)	(1)	(21,435)	(1)
Finance costs	<u>(5,221)</u>	<u>-</u>	<u>(4,955)</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,089)</u>	<u>-</u>	<u>24,680</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	2,555,351	37	743,372	22
INCOME TAX EXPENSE (Note 19)	<u>464,806</u>	<u>7</u>	<u>129,531</u>	<u>4</u>
NET INCOME	<u>2,090,545</u>	<u>30</u>	<u>613,841</u>	<u>18</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 2,090,545</u>	<u>30</u>	<u>\$ 613,841</u>	<u>18</u>
EARNINGS PER SHARE (Note 20)				
Basic earnings per share	<u>\$ 7.18</u>		<u>\$ 2.11</u>	
Diluted earnings per share	<u>\$ 6.77</u>		<u>\$ 2.06</u>	

The accompanying notes are an integral part of the financial statements.

**VISERA TECHNOLOGIES COMPANY LTD.**

**STATEMENTS OF CHANGES IN EQUITY**  
**(In Thousands of New Taiwan Dollars)**

	<u>Capital Stock - Common Stock</u>		<u>Capital Surplus</u>	<u>Retained Earnings</u>			<u>Total Equity</u>
	<u>Stock (In Thousands)</u>	<u>Amount</u>		<u>Legal Reserve</u>	<u>Unappropriated Earnings</u>	<u>Total</u>	
BALANCE, JANUARY 1, 2019	291,153	\$ 2,911,531	\$ 693,757	\$ 682,969	\$ 862,762	\$ 1,545,731	\$ 5,151,019
Appropriation of earnings							
Legal reserve	-	-	-	41,228	(41,228)	-	-
Cash dividends	-	-	-	-	(582,306)	(582,306)	(582,306)
Donation from shareholders	-	-	100	-	-	-	100
Compensation cost of employee share options	-	-	2,818	-	-	-	2,818
Net profit and total comprehensive income for the year ended December 31, 2019	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>613,841</u>	<u>613,841</u>	<u>613,841</u>
BALANCE, DECEMBER 31, 2019	291,153	2,911,531	696,675	724,197	853,069	1,577,266	5,185,472
Appropriation of earnings							
Legal reserve	-	-	-	61,384	(61,384)	-	-
Donation from shareholders	-	-	205	-	-	-	205
Compensation cost of employee share options	-	-	6,613	-	-	-	6,613
Net profit and total comprehensive income for the year ended December 31, 2020	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,090,545</u>	<u>2,090,545</u>	<u>2,090,545</u>
BALANCE, DECEMBER 31, 2020	<u>291,153</u>	<u>\$ 2,911,531</u>	<u>\$ 703,493</u>	<u>\$ 785,581</u>	<u>\$ 2,882,230</u>	<u>\$ 3,667,811</u>	<u>\$ 7,282,835</u>

The accompanying notes are an integral part of the financial statements.

# VISERA TECHNOLOGIES COMPANY LTD.

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 2,555,351	\$ 743,372
Adjustments for:		
Depreciation expense	754,300	579,367
Amortization expense	6,166	7,588
Finance costs	5,221	4,955
Interest income	(12,477)	(20,825)
Compensation cost of employee share options	6,613	2,818
Gain on disposal of property, plant and equipment, net	(428)	-
Impairment loss recognized on property, plant and equipment	10,159	-
Foreign exchange loss, net	(7,316)	(975)
Changes in operating assets and liabilities:		
Financial instruments at fair value through profit or loss	(945)	(7,789)
Contract assets	(35,711)	(49,195)
Accounts receivable, net	(185,381)	(139,133)
Receivables from related parties, net	(66,944)	(18,339)
Other receivables	(23,089)	(3,837)
Other receivables from related parties	1,079	611
Inventories	(28,347)	(20,953)
Prepayments and other current assets	(4,348)	(17,847)
Contract liabilities	3,284	279
Accounts payable	69,353	22,443
Accrued profit sharing bonus to employees	295,355	60,912
Accrued expenses and other current liabilities	153,984	16,059
Cash generated from operations	3,495,879	1,159,511
Income taxes paid	(125,316)	(100,810)
Net cash generated from operating activities	<u>3,370,563</u>	<u>1,058,701</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment	(6,036,898)	(763,756)
Proceeds from disposal of property, plant and equipment	3,238	-
Increase in refundable deposits	(118)	-
Decrease in refundable deposits	148	58
Payments for intangible assets	(5,010)	(4,140)
Increase in other current assets	(2,562)	(17,796)
Decrease in other current assets	-	14,443
Interest received	16,858	20,855
Net cash used in investing activities	<u>(6,024,344)</u>	<u>(750,336)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Guarantee deposits received	1,151	710
Guarantee deposits refunded	(614)	(23)
Repayment of the principal portion of lease liabilities	(75,331)	(73,336)
Proceeds from long-term borrowings	2,000,000	-

(Continued)



# VISERA TECHNOLOGIES COMPANY LTD.

## STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

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	2020	2019
Cash dividends	\$ -	\$ (582,306)
Interest paid	(5,453)	(4,926)
Donation from shareholders	<u>205</u>	<u>100</u>
Net cash generated from (used) in financing activities	<u>1,919,958</u>	<u>(659,781)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(733,823)	(351,416)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,271,167</u>	<u>3,622,583</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,537,344</u>	<u>\$ 3,271,167</u>

The accompanying notes are an integral part of the financial statements.

(Concluded)

**VisEra Technologies Company Ltd.**  
**2020 Earnings Distribution Table**

	<b>Unit: NTD</b>
<b>2020 Net Income</b>	<b>2,090,544,915</b>
Less:	
- Appropriated 10% legal reserve	(209,054,492)
<b>2020 Available for Distribution Retained Earnings</b>	<b>1,881,490,423</b>
Plus:	
- Unappropriated retained earnings of previous years	791,684,557
<b>Retained Earnings Available for Distribution as of December 31, 2020</b>	<b>2,673,174,980</b>
<b>Distribution Items:</b>	
- Common share cash dividend (NTD 2 per share)	(582,306,238)
<b>Unappropriated Retained Earnings</b>	<b>2,090,868,742</b>

## **Rules of Procedure for Shareholder Meetings**

- Article 1 Shareholder meetings of the Company shall be conducted in accordance with these Rules of Procedure. Matters not specified in the Rules shall be conducted in accordance with related laws and regulations.
- Article 2 Attending shareholders shall hand in a sign-in card in lieu of signing in. The number of shares in attendance shall be calculated based on the sign-in cards handed in.
- Article 3 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 9:00 a.m. and no later than 3:00 p.m.
- Article 4 If a shareholder meeting is convened by the Board of Directors, the meeting shall be chaired by the Chairman of the Board. When the Chairman is on leave or for any reason unable to exercise the powers of the Chairman, the another director shall act in place of the Chairman as the chairperson of the meeting in accordance with Article 208 of the Company Act.
- If a shareholder meeting is convened by a party with power to convene other than the Board of Directors, the convening party shall chair the meeting.
- Article 5 The Company may appoint its attorneys, certified public accountants, or related persons to attend the meeting in a non-voting capacity.
- Staff handling administrative affairs of a shareholders meeting shall wear identification cards or armbands.
- Article 6 The shareholders meeting shall have uninterrupted recording of audio and video, and such recording shall be retained for at least one year.

Article 7 The chair shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement, provided that no more than two such postponements, for a combined total of no more than one hour, may be made. 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 the Company Act. The tentative resolution shall be conducted in accordance with the Company Act.

When, prior to conclusion of the meeting, the attending shareholders represent a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders meeting pursuant to the Company Act.

Article 8 If a shareholder meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

The provisions of the preceding paragraph apply *mutatis mutandis* to a shareholders meeting convened by a party with the power to convene that is not the Board of Directors.

The chair may not declare the meeting adjourned prior to completion of deliberations on the meeting agenda of the preceding two paragraphs (including extraordinary motions), except by a resolution of the shareholders meeting.

After the meeting is adjourned, shareholders shall not elect another chair and resume the meeting at the same venue or a different venue. If the chair declares the adjournment of the meeting in violation of these Rules, a new

chair of the meeting may be elected by a resolution to be adopted by a majority of the voting rights represented by the attending shareholders, to continue the meeting.

Article 9 Attending shareholders are obliged to abide by the meeting rules and resolutions, and maintain the order at the venue.

Article 10 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

Article 11 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, their shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chair.

Except with the consent of the chair, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed five minutes. If the shareholder's speech violates this Section or exceeds the scope of the agenda item, the chair may terminate the speech.

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 content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

When an attending shareholder is speaking, other shareholders may not speak or interrupt unless they have sought and obtained the consent of the chair and the shareholder that has the floor; the chair shall stop any violation.

When a juristic person shareholder appoints two or more representatives to attend the meeting, only one of the representatives appointed may speak on the same proposal.

After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 12 When the chair deems that a proposal has been discussed sufficiently to put it to a vote, the chair may announce the discussion closed and call for a vote.

Article 13 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be shareholders of the Company. The result of a vote shall be announced on-site at the meeting and be recorded accordingly.

Article 14 Unless otherwise provided in the Company Act and 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. If the chair solicits and receives no dissent, the motion is deemed passed, with the same effect as a resolution by vote. According to the regulations of the competent authorities, after Company's shares have been listed on the Taiwan Stock Exchange (TWSE), the Company's shareholders may exercise the voting rights at a shareholder meeting by way of electronic transmission. A shareholder who exercises their voting rights by way of electronic transmission shall be deemed to have attended the shareholders meeting in person, and the relevant matters shall be conducted in accordance with applicable laws and regulations.

Article 15 When a meeting is in progress, the chair may announce a break based on time considerations. If a force majeure event occurs, the chair may rule the meeting temporarily suspended and announce a time when, in view of the circumstances, the meeting will be resumed or to defer and resume the meeting within five days in accordance with the resolution adopted by the shareholders meeting with no notice and announcement needed.

Article 16 When there is an amendment or an alternative to a proposal, the chair 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.

Article 17 The chair may direct proctors or security guards to help maintain order at the meeting place. Such disciplinary officers or security guards shall wear armbands bearing the word “Proctor.”.

Article 18 These Rules shall take effect after having been submitted to and approved by a shareholders meeting. Subsequent amendments thereto shall be effected in the same manner. .

Article 19 These Rules were stipulated on June 5, 2009. The first amendment was made on June 19, 2020, and the second amendment was made on March 4, 2021.

## Articles of Incorporation

### Chapter 1 General Principles

- Article 1 The Company is incorporated in accordance with the Company Act and is named 采鈺科技股份有限公司; the English name of the Company is VisEra Technologies Company Ltd.
- Article 2 The scope of business of the Company is as follows:  
1. CC01080 Electronic parts and components manufacture.  
2. I501010 Product design.  
3. F401010 International trade.  
Research, design, development, manufacture, and sale of:  
(1) Color Filter  
(2) Image sensing components and modules  
(3) LED components and modules  
(4) Packaging and testing of the above products  
Import and export trade business related to the Company's business.
- Article 3 The Company is headquartered in the Hsinchu Science Park, and may establish branches abroad if necessary, subject to the resolution of the Board of Directors and approval of the competent authority.
- Article 4 The total amount of investments in other companies by the Company may exceed 40% of its own paid-in capital. The Board of Directors is authorized to make operational decisions for such investments.
- Article 4-1 The Company may provide guarantee to other companies.

### Chapter 2 Shares

- Article 5 The total capital amount of the Company is four billion New Taiwan Dollars, divided into four hundred million shares, at ten New Taiwan Dollars each and may be issued in installments. The Company may issue employee stock options. Among the aforementioned total capital stock, 20,000,000 shares should be reserved for issuing employee stock options.
- Article 6 The Company is exempted from issuing any share certificate. In the event the Company issues share certificates, such certificates shall be registered and



issued in accordance with the Company Act of the Republic of China and other relevant laws and regulations.

### **Chapter 3 Shareholders' Meetings**

- Article 7 Share assignment/transfer shall be recorded in accordance with Article 165 of the Company Act and other relevant laws and regulations.
- Article 8 Shareholders' meetings of the Company are of two types, regular meetings and special meetings. Regular meetings shall be convened at least once every year within six months after the end of each fiscal year, while special meetings shall be convened whenever necessary.
- Article 9 Unless otherwise provided in the Company Act, each share of stock shall be entitled to one vote.
- Article 10 If a shareholder is unable to attend a shareholders' meeting, he/she may appoint a proxy to attend it and exercise his/her rights in accordance with Article 177 of the Company Act.
- Article 10-1 After listing of stocks on TWSE, shareholders of the Company may also exercise voting rights via an electronic voting system pursuant to regulations by the competent authority. A shareholder who exercises his/her/its voting rights via an electronic voting system shall be deemed as attending the shareholders' meeting in person, while related matters shall be conducted in accordance with the laws and regulations.

### **Chapter 4 Directors**

- Article 11 The Company shall have five to seven directors who shall be elected from among the persons with disposing capacity by the shareholders' meeting. The term of office of a director shall be three years and shall be eligible for re-election. The aforesaid Board of Directors must have at least three Independent Directors. Election of directors shall be conducted in accordance with Article 192-1 of the Company Act where the system of candidate nomination shall be adopted. The relevant implementations shall be governed by the Company Act, Securities and Exchange Act, and other relevant laws and regulations.
- Article 12 In case no election of new directors is effected after the expiry of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their

office. However, the competent authority may, ex officio, order the Company to elect new directors within a given time limit. If no re-election is effected after expiry of the given time limit, the directors shall be discharged ipso facto from such expiration date.

Article 13 The Board of Directors shall be formed by elected directors. The directors shall elect a Chairman of the Board from among themselves by a majority vote at a meeting attended by over two-thirds of the directors.

Article 13-1 The Company shall establish an audit committee. The Company may also establish other functional committees in accordance with the laws and regulations.

Article 14 Unless otherwise provided in the Company Act, the Chairman of the Board shall be the chairman of shareholders' meetings and meetings of the Board of Directors, and shall represent the Company. In case the Chairman is absent or otherwise cannot perform his/her duty for any reason, his/her proxy shall be appointed in accordance with Article 208 of the Company Act.

Article 15 Save for the first meeting of each term of the Board of Directors which shall be convened by the director who received the ballots representing the largest number of votes at the election of directors, meetings of the Board of Directors shall be convened by the Chairman of the Board pursuant to the Company Act. Unless otherwise provided in the Company Act, each director shall attend the meeting of the Board of Directors in person. A Director may appoint other directors as proxy to attend the meetings of the Board of Directors on his/her behalf with a written proxy, stating therein the scope of authority with reference to the subjects to be discussed at the meeting. A director may only be appointed to act as a proxy by one other director. Resolutions at meetings of the Board of Directors shall be made in accordance with the Company Act.

Article 15-1 The Board of Directors is authorized to determine the remuneration for the Chairman and directors based on the extent of their participation in the business operations and the level of contribution to the Company and with reference to the international or domestic industrial standards.

### **Chapter 5 Managers**

Article 16 The Company may have managers whose appointment, discharge and remuneration shall be decided in accordance with Article 29 of the Company Act.

## **Chapter 6 Accounting**

Article 17 After the end of each fiscal year, the Board of Directors shall prepare the business report, financial statements, and proposal concerning the distribution of earnings or covering of losses and submit the same to the regular shareholders' meeting for acceptance.

Article 18 The Company shall not pay dividends or bonuses to shareholders when there are no earnings. For distribution of earnings, the Company shall first estimate and reserve the taxes to be paid, the losses to be covered, and the legal reserve to be set aside which will be 10% of such earnings after including items other than the net profit after tax in the undistributed surplus earnings for the year; however, this restriction does not apply if the accumulated legal reserve has reached the amount of the Company's paid-in capital. Then the Company set aside a special reserve in accordance with the laws and regulations or as requested by the authorities in charge.

Before paying dividends or bonuses to shareholders, the Company shall set aside not more than 2% of its profits of the period for which the Company distributes the earnings as remuneration to its directors and not less than 1% as profit sharing bonuses to its employees; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses. Employees' profit sharing bonuses are resolved by a majority vote at a meeting of Board of Directors attended by at least two-thirds of the total number of directors and shall be reported to the shareholders' meeting.

After the Company set aside the reserve pursuant to paragraphs 1 and 2 of this Article, in case of any balance left over, together with the retained earnings from previous years, the Board of Directors shall prepare a surplus earnings distribution proposal and submit the same to the shareholders' meeting for review and approval by a resolution for distributing the dividends and bonuses.

Earnings may be distributed in total after taking into consideration the financial, business and operational factors. Earnings of the Company may be distributed by way of cash dividend and/or stock dividend and preferably by way of cash dividend. Distribution of earnings may also be made by way of stock dividend, provided however, the ratio for stock dividend shall not exceed 50% of total dividend distributed.

In case there are no earnings for distribution, or the earnings are far less than the actual earnings previously distributed by the Company, or considering the financial, business or operational factors of the Company, the Company may allocate a portion or all of its reserves for distribution in accordance with

relevant laws or regulations or the orders of the competent authorities. When the reserves are to be distributed in cash, the distribution may be approved by the Board of Directors in accordance with Article 241 of the Company Act and reported to the shareholders' meeting, instead of being submitted to the shareholders' meeting for acceptance.

### **Chapter 7 Supplementary Provisions**

Article 19 These Articles of Incorporation is effective upon the approval for registration. Any matters not provided in these Articles of Incorporation shall be conducted in accordance with the Company Act and other relevant laws and regulations.

Article 20 These Articles of Incorporation were resolved on November 19, 2003. The first amendment was made on June 10, 2005, the second amendment was made on May 26, 2006, the third amendment was made on October 13, 2006, the fourth amendment was made on June 11, 2008, the fifth amendment was made on June 5, 2009, the sixth amendment was made on June 29, 2016, the seventh amendment was made on June 19, 2020, and the eighth amendment was made on March 4, 2021.

Shareholding of All Directors

Title	Name	No. of shares held
Director/Chairman	Taiwan Semiconductor Manufacturing Co., Ltd. Representative: Robert Kuan	213,619,000 shares
Directors	Taiwan Semiconductor Manufacturing Co., Ltd. Representative: George Liu	
Directors	Taiwan Semiconductor Manufacturing Co., Ltd. Representative: Diane Kao	
Independent Director	Laura Huang	0 shares
Independent Director	Emma Chang	0 shares
Independent Director	Peng-Heng Chang	0 shares
Total		213,619,000 shares

Note: 1. The total number of outstanding shares of the Company between the book closure date of the shareholder meeting and April 24, 2021, is 291,153,119.

2. The minimum required combined shareholding of all directors: 15,000,000 shares.  
(5%)