

FocalTech Systems Co., Ltd.

2025 Annual Shareholders' Meeting Notice

(Summary Translation)

A. The 2025 Annual Shareholders' Meeting of FocalTech Systems Co., Ltd. will be convened at 11F-1, No. 23, Huanke 1st Rd., Zhubei City, Hsinchu County, Taiwan (R.O.C.), at 09:00 a.m. on May 26, 2025.

The agenda for the meeting is as follows:

1. Matters for Report

- (1) 2024 business report
- (2) Audit committee's review report
- (3) Report of 2024 Employees and Directors Compensation Distributions
- (4) Status report of the company's share buyback program

2. Matters for Ratification

- (1) Adoption of 2024 business report and financial statements
- (2) Adoption of the proposal for distribution of 2024 profits

3. Matters for Discussion

- (1) Amendment to the "Articles of Incorporation"
- (2) Amendment to the "Rules of Procedure for Shareholders' Meeting"
- (3) Issuance of Restricted Stock Awards
- (4) To conduct the private placement of common shares

4. Extemporaneous motions

B. The proposal for distribution of 2024 profits: Total amount NTD378,000,000 of cash dividends to shareholders, approximately NTD1.72 per share.

C. The relevant information regarding the discussion matter "Issuance of Restricted Stock Awards" could be referred to the attachment 1.

D. The relevant information regarding the discussion matter "To conduct the private placement of common shares" could be referred to the

attachment 2.

- E. The relevant information required to disclose by following the Article 172 of Company Act. is posted on MOPS website:
<http://mops.twse.com.tw>
- F. One copy of the attendance notification form and proxy form will be attached to this meeting notice. If the shareholder plans to attend the meeting in person, please sign or stamp on the attendance notification form and carry it to the check-in desk on the day of the meeting (unnecessary to mail back first). In the case that an agent is entrusted to attend the meeting, the shareholder shall sign or stamp on the proxy form and personally fill out the name and address of the agent, and then deliver the proxy form to the Transfer Agency Department of CTBC BANK Co., Ltd. at least 5 days prior to the day of the meeting. The signed proxy form will serve as the sign-in card for agent to represent the vote at the meeting.
- G. If the proxy is solicited by the shareholder(s), the Company is required to compile details on the proxy solicitation parties and disclose such information on the Securities & Futures Institute (SFI) website no later April 25, 2025. Shareholder(s) can obtain information on the "Free proxy disclosure & related information system" search page on <https://free.sfi.org.tw>
- H. Shareholders may exercise their voting rights through the STOCKVOTE platform of Taiwan Depository & Clearing Corporation (<https://www.stockvote.com.tw>) during the period from April 26, 2025 to May 23, 2025.
- I. The Transfer Agency Department of CTBC BANK Co., Ltd. is the proxy tallying and verification institution for this annual shareholders' meeting.
- J. These regulations should be abided and applied.

Attachment 1

Subject: Issuance of restricted stock awards

Descriptions:

- (1) In order to attract and retain the talents needed by the company, motivate employees, enhance employee cohesion, and create benefits for the company and shareholders, the company plans to issue restricted stocks in accordance with the relevant provisions of Article 267 of Company Act and the " Regulations Governing the Offering and Issuance of Securities by Securities Issuers ".
- (2) Total issuance amount: NTD30,000,000 at par value NTD 10 per share. Total shares of issuance: 3,000,000 common shares.
- (3) Issue Condition:
 1. Issue price: NTD 10 per share
 2. Type: common stock of the company.
 3. Vesting conditions: From the date when employees are granted restricted stocks, if the employees abide by the service code and do not violate the company's labor contract, work rules and regulations or employee management system, the company will grant the employee one-third of the shares for every year of service, which will be vested in three years.
 4. After employees allocated or subscribed restricted stocks, if the vesting conditions are not met or inheritance occurs, they should be handled in accordance with the issuance regulations formulated by the company.
- (4) Eligible employees and shares to grant:
 1. Full-time employees of the company and the full-time employees of domestic and foreign subsidiaries that directly or indirectly held more than 50% of the voting shares by the company are eligible.
 2. The actual number of new shares granted to employees in accordance with these regulations will be determined based on factors such as seniority, position, work performance, overall contribution, special achievements or other factors,

and will take into account the company's operating needs and business development strategies. It will be proposed by the Chairman and submitted to the Audit Committee and the Board of Directors for approval; however, for executive and director who serve as employee, the number of new shares shall be submitted to the Remuneration Committee and the Board of Directors for approval.

(5) Reasons for the issuance of restricted stocks:

In order to attract and retain the talents needed by the company, motivate employees, enhance employee cohesion, and create benefits for the company and shareholders.

(6) Amounts that may be expensed, dilution of the company's earnings per share, and other matters affecting shareholders' equity:

1. Estimated expense amount: Based on the average closing price of the company's common stocks in January 2025, NT\$76.3, the estimated expensed amount is approximately NT\$198,900 thousand in total. Based on the established vesting period and vested conditions, the expensed amount allocated each year after issuance from the first year to the fourth year will be NT\$30,388 thousand, NT\$104,975 thousand, NT\$ 46,962 thousand and NT\$16,575 thousand.
2. Dilution of EPS: Based on the outstanding shares of 219,270,949 shares in January 2025, the annual dilution of EPS from the first year to the fourth year after issuance will be NT\$0.14, NT\$0.48, NT\$0.21, and NT\$0.08. The dilution of the Company's EPS is limited and has no significant impact on shareholders' equity.

(7) If there are other matters not covered in this case, such as changes in the laws and regulations of the competent authorities in the future or changes in other objective environmental factors that require amendments, the shareholders' meeting is requested to authorize the board of directors to handle them with full authority.

Attachment 2

Subject: To conduct the private placement of common shares

Descriptions:

- (1) For the Company's long-term operational development, the company plans to introduce strategic investors to jointly develop products or expand business operations. In accordance with Article 43-6 of the Securities and Exchange Act, the Company intends to conduct cash capital increase through private placement of common shares, and issues no more than 40,000,000 shares, at par value NT\$ 10 per share. It will be conducted 1 to 3 times within one year from the date of resolution of the shareholders' meeting.
- (2) Basis and rationality of price setting for the private placement:
 1. The price of the private placement shares shall be no less than 80% of the higher of the following two reference prices:
 - A. The simple average closing price of the common shares for either 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction.
 - B. The simple average closing price of the common shares for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction.
 2. The actual issue price of the common shares in this private placement will be determined with reference to the Company's operating conditions, future prospects, the restriction that the shares cannot be freely transferred for three years, and the recent stock price. The price will be determined in accordance with the " Directions for Public Companies Conducting Private Placements of Securities" and the provisions of current laws and regulations. Therefore, the setting of the private placement price should be reasonable.

(3) Method of selecting specific persons for private placement:

1. The private placement parties are limited to specific persons as defined in Article 43-6 of the Securities and Exchange Act, and must be strategic investors. They can contribute the Company's long-term development and benefits.
2. Purpose, Necessity, and Expected Benefits of Selecting Strategic Investors:

For the Company's long-term operational development, the Company intends to introduce strategic investors for joint product development or business expansion. They will enhance operational performance, strengthen the financial structure, improve overall competitiveness, and create the interests of shareholders.

3. No investors have been finalized at this stage.

(4) Necessity for Conducting Private Placement:

1. Reason for conducting non-public offering:

The Company plans to introduce strategic investors to improve its future competitiveness. Private placement securities are subject to the regulation that they cannot be freely transferred within three years, which can ensure the long-term cooperative relationship between the Company and its strategic investment partners. Therefore, the Company intends to raise funds from specific persons through private placement to improve the timeliness and flexibility of this fund raising.

2. The purpose of funds from private placements and the expected benefits:

The number of the private placement of common shares will issue no more than 40,000,000 shares and it will be conducted 1 to 3 times within one year from the date of resolution of the shareholders' meeting. All funds are used to purchase materials, increase working capital, payback bank loans, or other needs for its future development. The plan will enhance the company's competitiveness, strengthen the shareholders structure and upgrade operating efficiency, and create the interests of shareholders.

- (5) The rights and obligations of the private placement of common shares are the same as those of the Company's outstanding common shares. However, in accordance with Article 43-8 of the Securities and Exchange Act, unless otherwise specified, the shares may not be traded within three years from the delivery or transfer date. After the three-year period, the Company will apply for public issuance and listing in accordance with relevant laws and regulations.
- (6) The important contents of the private placement plan, except the private placement pricing ratio, including issue shares, price, terms, timing, fundraising amount, investor selection, and other relevant matters. In the event of changes due to amendments in laws and regulations, instructions from competent authorities, or objective environmental changes, it is proposed that the shareholders' meeting authorize the Board of Directors to determine and adjust such matters based on market conditions and the Company's operational needs, and to fully handle all related matters in accordance with applicable regulations, and authorize the chairman to sign all contracts and documents related to the private placement of common shares on behalf of the company.