

FocalTech Systems Co., Ltd.

2020 Annual General Shareholders' Meeting Notice

A. The 2020 Annual General Shareholders' Meeting of FocalTech Systems Co., Ltd. will be convened at No.1, Gongye E. 2th Rd., Hsinchu County, Taiwan (R.O.C.), at 09:00 a.m. on June 20, 2020.

The agenda for the meeting is as follows:

1. Matters for Report
 - (1) 2019 business report
 - (2) Audit Committee's review report
2. Matters for Ratification
 - (1) Adoption of 2019 annual business report and financial statements
 - (2) Adoption of the proposal for 2019 deficit compensation
3. Matters for Discussion
 - (1) Amendment to the "Articles of Incorporation"
 - (2) Issuance of restricted stock
 - (3) Proposal for cash distribution from Additional Paid-in Capital
 - (4) To conduct capital reduction
4. Elections:

The 7th election of Directors (including independent directors).
5. Other Proposals:

To release the prohibition on Directors from participation in competitive business.
6. Extempore motions

B. The content for the “Issuance of restricted stock” could be referred to the attachment1.

C. Pursuant to Article 241 of Company Act, the Board of Directors proposed to distribute NT\$150,000,000 in cash to shareholders from the share premium in additional paid-in capital, approximately NT\$0.5 per share.

D. 1. The number of directors to be elected in this shareholders meeting: 9 directors (including 4 independent directors).

2. List of nominee candidates:

Directors: Genda Hu, James Liao, GWAA LLC (representative: Chenming Hu), GWAA LLC (representative: Han Ping Shieh), Sense Media Company Ltd. (representative: George Chang)

Independent directors: Chintay Shih, Chan-Jane Lin, Zhang Xu, Xuhui Xu.

More information relevant to the nominee candidates is posted on MOPS website: <http://mops.twse.com.tw>

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 May 20, 2020. Shareholder(s) can obtain information on the "Free proxy

disclosure & related information system” search page on <http://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 May 21, 2020 to June 17, 2020.

I. The Transfer Agency Department of CTBC BANK Co., Ltd. is the proxy tallying and verification institution for this annual general meeting.

J. These regulations should be abided and applied.

Attachment 1

- (1) In order to attract and retain the talents needed by the company, to encourage employees, enhance the centripetal force of the employees, and to create the interests of 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 "Guidelines for the Issuer to Raise and Issue Securities".
- (2) Total issuance amount: NT\$60,000,000 at par value NTD 10 per share. Total shares of issuance: 6,000,000 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 of being granted if employees are still on duty, have fulfilled the service code, and have not violated the company's labor contract, work rules or the company's employee management measures, etc., the following % of the granted shares could be vested in specific periods.

Serving 2 years after being granted: 50% of granted shares.
Serving 3 years after being granted: 25% of granted shares.
Serving 4 years after being granted: 25% of granted shares.
 4. Measures to be taken when employees fail to meet the vesting conditions or in the event of inheritance: following the processes prescribed by the issuing rules.
- (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 numbers of new shares that can be granted to employees are based on the consideration of overall contribution, special merit or other factors, and the company's operational needs and business development strategy, proposed by chairman and approved by the board of directors. Shares granted to executives

are required to be approved by the salary and compensation committee and the board of directors before the issuance.

- (5) Reasons for the issuance of restricted stocks: In order to attract and retain the talents needed by the company, to encourage employees and enhance the centripetal force of the employees, and to create the interests of the company and shareholders.
- (6) Estimated expense amount, dilution of EPS and other matters that affect shareholders' equity:
 - 1. Estimated expense amount: Based on the average closing price of the company's common stocks in April 2020, NTD \$ 31.49, the estimated expensed amount is about NT \$ 128,940,000 in total. Based on the established vesting period and vested conditions, the expensed amount allocated annually after issuance from the first year to the fifth year will be NTD \$ 21,266,000, NTD \$ 51,039,000, NTD \$ 37,608,000, NTD \$ 14,327,000 and NTD \$ 4,700,000.
 - 2. Dilution of EPS: Based on the outstanding shares of 299,969,916 shares in April 2020, the annual dilution of EPS from the first year to the fifth year after issuance will be NTD \$ 0.07, NTD \$ 0.17, NTD \$ 0.13, NTD \$ 0.05, and NTD \$ 0.02. The financial impact and dilution is minor.
- (7) If there are other undefined matters related to this issuance or amendments due to changes in the laws and regulations of the competent authority or other objective environmental factors in the future, the general meeting authorizes the board of directors to modify the issuing rules and processes in accordance with relevant regulations.