

Handbook for 2023 Annual Shareholders' Meeting (Translation)

Method of Convening the Meeting : Physical shareholders' meeting
Time: May 30, 2023 9:00AM
Location: Darwin, 2F, No.1, Gongye E. 2nd Rd.,
Hsinchu City 300, Taiwan (R.O.C.)



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Meeting Agenda

Meeting Agenda for 2023 Annual Shareholders' Meeting

Time : 9:00 AM May 30, 2023

Method of Convening the Meeting : Physical shareholders' meeting

Location : Darwin, 2F, No.1, Gongye E. 2nd Rd., Hsinchu City 300, Taiwan (R.O.C.)

1. Attendance: shareholders and equity representatives.
2. Chairman: Chairman Genda Hu
3. Announce the start of the meeting (report the number of shares attended)
4. Chairman's speech
5. Matters for Report
 - (1) 2022 business report
 - (2) Audit committee review report
6. Matters for Ratification
 - (1) Adoption of 2022 business report and financial statements
 - (2) Adoption of the proposal for distribution of 2022 profits
7. Matters for Discussion
 - (1) Issuance of restricted stocks
 - (2) Proposal for cash distribution from Additional Paid-in Capital
8. Elections
 - (1) The 8th election of Directors
9. Other Proposals:
 - (1) To release the prohibition on Directors from participation in competitive business
10. Extemporaneous Motions
11. Adjournment

Matters for Report

Report item (1)

Subject: 2022 Business Report

Descriptions: 2022 Business Report is attached on page 10~12, Attachment 1.

Report item (2)

Subject: Audit Committee Review Report

Descriptions: Audit Committee Review Report is attached on page 13, Attachment 2.

Matters for Ratification

Ratification item (1):

[Proposed by the Board]

Subject: Adoption of the 2022 Business Report and Financial Statements

Descriptions:

- (1) FocalTech 2022 business report and financial statements had been approved by the Board and the financial statements were audited by independent auditors Mr. Yu-Hong Kuo and Mr. Chih-Ming Shao of Deloitte & Touche.
- (2) 2022 business report, independent auditor report and financial statements are attached on page 10~12, Attachment 1 and attached on page 14~31, Attachment 3.

Resolution:

Ratification item (2):

[Proposed by the Board]

Subject: Adoption of the proposal for distribution of 2022 profits

Descriptions:

- (1) Undistributed earnings in the beginning of 2022 was NTD2,101,583,420. Net loss after tax of 2022 was NTD 1,912,038,385. Add the remeasurement of defined benefit plans NTD 6,866,493, withdraw the dividend of the restricted stocks into retained earnings NTD 434,030 and return the special surplus reserve NTD211,479,163 according to the law. Undistributed earnings in the end of 2022 was NTD408,324,721. Considering the company's future operations, it is proposed not to distribute dividends.
- (2) 2022 Profit Distribution Table is attached on page 32, Attachment 4.

Resolution:

Matters for Discussion

Discussion item (1):

[Proposed by the Board]

Subject: Discussion for the issuance of restricted stocks

Descriptions:

- (1) 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, 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: NTD60,000,000 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 when employees are granted restricted stocks, they have to fulfill the service code, and should not violate the company's labor contract, work rules or the company's employee management measures, etc. One third of granted shares can be vested after every one year of employment, total for three years.
 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 audit committee and by the board of directors. Shares granted to executives and directors with employee capacity are required to be approved by the salary and compensation committee and the board of directors.
- (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 March 2023, NTD76.9, the estimated expensed amount is about NT401,400 thousand in total. Based on the established vesting period and vested conditions, the expensed amount allocated annually after issuance from the first year to the fourth year will be NT183,975 thousand, NT144,950 thousand, NT 61,325 thousand and NT11,150 thousand.
 2. Dilution of EPS: Based on the outstanding shares of 216,157,049 shares in March 2023, the annual dilution of EPS from the first year to the fourth year after issuance will be NTD0.85, NTD0.67, NTD0.28, and NTD0.05. The financial impact and dilution is minor, and has no significant impact on shareholders' equity.
- (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, it is proposed that the shareholders' meeting could authorize the board of directors full power to amend.
- (8) The issuing rules and processes of restricted stocks are attached on page 33~36, as attachment 5.

Resolution:

Discussion item (2):

[Proposed by the Board]

Subject: Discussion for Cash Distribution from Additional Paid-in Capital

Descriptions:

- (1) In accordance with Article 241 of Company Act, the additional paid-in capital of NTD108,000,000, which comes from the premium over the par value when issuing, is proposed to distribute based on the register book of shareholders on the distribution base date, approximately NTD0.5 per share.
- (2) The cash allotted to each shareholder will be paid up to the unit of NTD (abandoned less than 1 NTD), and the total amount of the round down will be recognized as Company's other income
- (3) After the shareholders' meeting approval, it is proposed to authorize the chairman to set the base date, payment date, and follow-up related matters.

- (4) It is proposed that the shareholders' meeting could authorize the chairman's full power to adjust the payment rate per share due to repurchase or repossession of company shares, cancellation of share capital or other factors that would affect the outstanding shares.

Resolution:

Elections:

Election item (1):

[Proposed by the Board]

Subject: The 8th election of Directors

Descriptions:

- (1) The term of office of the 7th director is from June 20, 2020 to June 19, 2023, and the 8th director election will be held on the 2023 shareholder's meeting.
- (2) In accordance with Article 16 and 16-1 of the Articles of Incorporation, 8 directors (including 4 independent directors) shall be elected from the nomination of candidates. The term of office shall be three years, from May 30, 2023 to May 29, 2026
- (3) The list of director candidates was approved by the board of directors on April 7, 2023, candidates' education, background and experience, other relevant information, and rationale for nomination of independent director who has served for three consecutive terms or more, please refer to page 37~40, as Attachment 6.
- (4) Rules for Election of Directors is attached on page 60~61, as appendix 2.

Election results:

Other Proposals

Other item (1):

[Proposed by the Board]

Subject: To release the prohibition on Directors from participation in competitive business

Descriptions:

- (1) In accordance with Article 209 of Company Act, a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the shareholders' meeting the essential contents of such an act and secure its approval.
- (2) As the director candidate of the Company, it is proposed to release the prohibition on Directors to act as the Directors or managers in other company with similar or same business scope as the company, due to business needs, without compromising the interests of the company.
- (3) The list to be released is attached on page 41~43, as attachment 7.

Resolution:

Extemporary Motions

Adjournment

Attachment

Attachment 1

FocalTech Systems Co., Ltd. 2022 Business Report

Looking back on 2022, with the ‘pandemic bonus’ slowing, the Russo-Ukrainian War, high inflation, and other causes, the global economy entered a period of consolidation. In addition, the rapid rise of the US Consumer Price Index (CPI) caused the Federal Reserve (the Fed) to raise interest rates with an aim to curb inflation, which in turn affected the public’s purchasing power. With end-user demand weak, our customer orders shrank in number or were delayed, resulting in widespread excess inventories in downstream manufacturers. Consequently, inventory reductions became a major issue for all manufacturers; the industry faced unprecedented headwinds. Despite the turbulent times, FocalTech has not lost our direction in business operations. With timely responses in business strategy, long-term commitments to technology development, and years of deep-rooted customer relationships, FocalTech has been able to adjust quickly and minimize impacts during this challenging year.

As a result of the sharp downturn in demand in 2022, FocalTech’s annual revenue decreased a significant by 41% from the previous year, to NT\$12.95 billion. Due to the combination of high inventories and competitive pricing in the market, the net realizable value of some products was lower than cost and there were signs of inactive inventory. After thorough evaluation and judgment by the Company’s management team and the CPAs, and in accordance with IFRS 2, FocalTech recorded a loss of NT\$2.497 billion in Q3 2022 for inventory write-down and inactive inventory, resulting in a decline in gross profit margin to 9.9% and a gross profit of NT\$1.280 billion for the year 2022. Profitability also turned from 2021’s high point to a loss, with a net loss for 2022 of NT\$1.93 billion, or NT\$9.39 per share. In addition to the abovementioned inventory write-down and loss arising from inactive inventory, we also coordinated with customers and suppliers to revise some of the terms of our long-term agreements (LTAs). This will help to accelerate the speed of future inventory reductions, and improve both operational efficiency and financial health. This will be followed by releasing new products, allowing our overall operations to maintain growth momentum.

Although FocalTech's 2022 operational performance was not outstanding, we continued to invest in product development. Especially in our role as a key global supplier of human-machine interfaces for mobile devices, we continued to work on a variety of innovative technology applications and developments to enhance our R&D strengths. FocalTech spent NT\$2.54 billion on R&D in 2022, up more than 5% from 2021 and accounting for 19.6% of annual revenue. In 2022, FocalTech also applied for 49 new patents and obtained 70 patent certifications, continuing to uphold the realization of innovation and R&D value through practical action. Additionally, in order to recruit more top talents while enhancing current employees’ sense of belonging and cohesion,

FocalTech purchased and moved in to our newly-purchased office building in Zhubei City's Chang Yih Hi-Tech Industrial Park in June 2022. Not only will this provide a more comfortable working environment for employees, but it will head off headaches from traffic congestion in Hsinchu Science Park and further enhance the efficiency of communication and R&D among employees.

In terms of product and technology deployment, FocalTech continues to develop the display, touch, and fingerprint product markets, staying on top of market trends and launching new products. With the development trends of display panels in mobile devices focusing on high screen-to-body ratios, low latency, and high refresh rates, FocalTech's products with inset screens and high refresh rates entered mass production in 2022 and were adopted by a large number of customers. With the number of AMOLED panels used in mobile devices increasing year by year, FocalTech's advanced AMOLED Integrated Driver Controller (IDC) technology has also been adopted by top-tier brands in smart wearable products. With the advantages of both low power consumption and high resolutions, FocalTech solves customers' pain points such as battery life and screen sleep modes. By providing the industry's most functional and new cost-saving solutions, we have won market praise. In the future, we look forward to extending our technologies to cellphone applications through our R&D and customer introduction experience. FocalTech has been working for many years in the field of automotive electronics; our products have won recognition and been introduced by many international manufacturers. With the explosive growth of electric vehicles and increased demand for in-vehicle display panels driven by smarter automobiles, drivers and touch controllers required for vehicles are also growing exponentially. In response to this market trend, we continue to develop products for automotive applications. In 2022, FocalTech's shipments of in-vehicle products were nearly double compared to the previous year, reaching nearly 6 million units (equivalent to 4 million vehicles). This is expected to continue growing in 2023 as well.

In addition to breakthroughs in display panel technology, we at FocalTech also maintain our leading position in touch products. With continuous innovation in technology, we continue to launch new AMOLED products. FocalTech also achieved excellent performance in high value-added applications, such as high-end medium and large sizes products in the commercial, automotive, and industrial control markets, as well as new applications for the IoT in 2022. FocalTech will continue to introduce products with excellent price-performance ratios to maintain our leadership position in the touch industry.

After years of hard work in developing fingerprint products, FocalTech has gradually attained good results. With the mass production of fingerprint products in end-user markets by top-tier cellphone and computer brands, our annual shipment volume has been increasing year by year. Furthermore, Microsoft started to enhance the security level of their biometric devices in 2022, creating a new opportunity for a fingerprint product supplier to re-connect with a wide variety of brand manufacturers. With years of research

on high-security fingerprint recognition modules and experience in developing lightweight, high-recognition-rate algorithms, FocalTech is taking the performance of fingerprint recognition to the next level. As the technology matures and the cost decreases, the demand for fingerprint recognition solutions is gradually expanding into areas that require locks such as smart door locks and luggage. Therefore, FocalTech will conduct R&D aimed at this trend to meet the design needs of end product applications.

Looking ahead to 2023, although the macro-environment will still be affected by inflationary pressure, international geopolitical conflicts and other disruptions, with cyclical market inventory reductions and cellphone replacements, the market is expected to gradually shift back to the growth track. Cellphone manufacturers are also putting out a new generation of foldable cellphones; driven by improved specifications and more competitive prices, there is an opportunity for some wind to be put in the sails of a market that had been slumping due to inflation. We are confident that FocalTech will continue to advance in line with market trends and seize business opportunities. Through our long-term relationships with customers, we will continue to optimize cost structures in our existing product areas to enhance operational efficiency and profitability. Additionally, by introducing new products, we will balance our resources for more revenue and profitability, which will drive further improvement in overall operations. We expect far better performance in 2023 than in the previous year. More importantly, FocalTech will continue to uphold our core beliefs as a leading human-machine interface solution provider by bringing greater value to human-machine interface solution products, continuing to accumulate technology and intellectual property rights, maintaining our leading position in the industry, and continuing to create maximum value for shareholders in appreciation of their long term support and care.

Chairman and President:



Accountant Officer:



Attachment 2

**FocalTech Systems Co., Ltd.
Audit Committee' Review Report**

The Board of Directors has prepared the 2022 Business Report, Financial Statements, and proposal for earnings distribution of the Company. The CPA firm of Deloitte & Touche was appointed to audit the Company's Financial Statements and has issued an audit report accordingly. The Business Report, Financial Statements, and proposal for earnings distribution have been reviewed by the Audit Committee of the Company and determined to be correct and accurate. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To

2023 Regular Shareholders Meeting, FocalTech Systems Co., Ltd.



Chairperson of Audit Committee: Chan-Jane Lin
April 7, 2023

Attachment 3

Independent Auditors' Report and Consolidated/Unconsolidated Financial Statements

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
FocalTech Systems Co., Ltd.

Opinion

We have audited the accompanying financial statements of FocalTech Systems Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2022 and 2021, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, 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.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of 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, 2022. 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 matters for the Company's financial statements for the year ended December 31, 2022 are stated as follows:

Sales Revenue

The sales revenue of Integrated Driver Controller is the main indicator of financial and business performance evaluated by investors and the management. It possibly exists the pressure to achieve the financial target, and it might result in the risk of the occurrence of sales revenue. Therefore, the sales revenue of Integrated Driver Controller is considered as a key audit matter for the financial year ended December 31, 2022.

Refer to Notes 4 and 22 for the accounting policy, accounting estimation and disclosure information. Our audit procedures related to the abovementioned Key Audit Matters included the following:

1. We evaluated the design of internal control related to sales and collection cycle and the implement of the internal control.
2. We obtained customer ranking list in 2022, and analyze the differences of customers and its sales

amount.

3. We analyzed if the sales quantities, sales revenue and gross margin by products existed material exception.
4. We sampled purchase orders, shipping documents bills of lading, and collection records in revenue breakdown to ensure the occurrence of sales revenue.

Valuation of Inventory

Due to high market demand fluctuation and rapid technological development, the inventories may turn obsolete or have a lower net realizable value which may result in inventories being impaired. The Company has performed impairment assessment on inventories through evaluation of aging and net realizable value of inventories quarterly. The management has practiced their professional judgement in estimating the possible loss on impairment based on the sales performance of each product. Therefore, inventory valuation is considered as a key audit matter for the financial year ended December 31, 2022.

Refer to Notes 4 and 11 for the accounting policy, accounting estimation and disclosure information. Our audit procedures related to the abovementioned Key Audit Matters included the following:

1. We obtained an understanding of the Company's accounting policies and procedures on the assessment of impairment through analyzing the net realizable value calculation report and inventory aging report prepared by the management. We have inspected the supporting documents of recent selling price, and re-calculated the net realizable value of inventory to ensure its accuracy and reasonableness of the management's estimation on impairment loss.
2. We obtained an understanding of the Company's judgement on the estimation of impairment loss for obsolete items information and discussed recent sales performance and the reasonableness on the estimates of inventory devaluation in the future. We also performed inspection on recent sales to evaluate the reasonableness of the impairment loss provided on obsolete stock.

Responsibilities of Corporate Management and Governance Hierarchy 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 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 level 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 members of the Audit Committee) is 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 Standards on Auditing of 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 Standards on Auditing of 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.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

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 for the years ended December 31, 2022 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 audit resulting in this independent auditors' report are Yu-Hong Kuo and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 23, 2023

FOCALTECH SYSTEMS CO., LTD.
BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 4 and 6)	\$ 3,113,907	17	\$ 5,073,919	21
Financial assets at fair value through profit or loss -current (Note 4 and 7)	-	-	119,218	1
Accounts receivables, net (Note 4 and 9)	922,393	5	2,910,667	12
Inventories (Note 4 and 10)	4,109,927	23	2,654,159	11
Other financial assets (Note 4 and 8)	184,260	1	3,086,830	13
Other current assets (Note 24 and 30)	<u>126,136</u>	<u>1</u>	<u>213,550</u>	<u>1</u>
Total current assets	<u>8,456,623</u>	<u>47</u>	<u>14,058,343</u>	<u>59</u>
NON-CURRENT ASSETS				
Financial asset at fair value through profit or loss - non-current (Note 4 and 7)	325,460	2	284,271	1
Investments accounted for using equity method (Note 4 and 11)	3,694,408	20	4,050,456	17
Property, plant and equipment (Note 4 and 12)	1,254,558	7	1,197,523	5
Goodwill (Notes 4 and 13)	1,237,268	7	1,237,268	6
Other intangible assets (Notes 4 and 14)	58,006	-	44,181	-
Deferred income tax assets (Notes 4 and 24)	301,072	2	4,857	-
Refundable deposits(Notes 15)	2,648,946	15	2,826,852	12
Other non-current assets	<u>2,486</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-current assets	<u>9,522,204</u>	<u>53</u>	<u>9,645,408</u>	<u>41</u>
TOTAL	<u>\$ 17,978,827</u>	<u>100</u>	<u>\$ 23,703,751</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 1,400,000	8	\$ -	-
Accounts payables (Note 17 and 30)	1,225,732	7	2,824,379	12
Other payables (Note 18)	589,688	3	416,425	2
Current tax liabilities (Note 4 and 24)	327,127	2	1,366,072	6
Current position of long-term borrowings (Note 16)	25,000	-	-	-
Other current liabilities(Note 22 and 30)	<u>44,756</u>	<u>-</u>	<u>211,959</u>	<u>1</u>
Total current liabilities	<u>3,612,303</u>	<u>20</u>	<u>4,818,835</u>	<u>21</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 16)	961,840	6	786,400	3
Deferred tax liabilities (Notes 4 and 24)	216,757	1	51,584	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	13,560	-	22,140	-
Guarantee deposits received (Notes 20)	4,342,936	24	4,388,290	19
Other non-current liabilities	<u>-</u>	<u>-</u>	<u>10,400</u>	<u>-</u>
Total non-current liabilities	<u>5,535,093</u>	<u>31</u>	<u>5,259,254</u>	<u>22</u>
Total liabilities	<u>9,147,396</u>	<u>51</u>	<u>10,078,089</u>	<u>43</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 , 21 and 26)				
Share capital				
Ordinary shares	<u>2,161,107</u>	<u>12</u>	<u>2,162,367</u>	<u>9</u>
Capital surplus				
Additional paid-in capital	4,753,839	27	4,737,390	20
Treasury shares	125,381	1	79,917	-
Employee share options	62,305	-	65,873	-
Restricted stock for employees	1,066,015	6	1,145,555	5
Employee share options - expired	<u>34,448</u>	<u>-</u>	<u>34,134</u>	<u>-</u>
Total capital surplus	<u>6,041,988</u>	<u>34</u>	<u>6,062,869</u>	<u>25</u>
Retained earnings				
Legal reserve	712,562	4	101,230	-
Special reserve	211,479	1	122,316	1
Undistributed earnings	<u>196,847</u>	<u>1</u>	<u>6,202,079</u>	<u>26</u>
Total retained earnings	<u>1,120,888</u>	<u>6</u>	<u>6,425,625</u>	<u>27</u>
Other equity	<u>(296,495)</u>	<u>(2)</u>	<u>(1,025,199)</u>	<u>(4)</u>
Treasury shares	<u>(196,057)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Total equity	<u>8,831,431</u>	<u>49</u>	<u>13,625,662</u>	<u>57</u>
TOTAL	<u>\$ 17,978,827</u>	<u>100</u>	<u>\$ 23,703,751</u>	<u>100</u>

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

FOCALTECH SYSTEMS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
REVENUE (Note 4 and 22)	\$ 9,642,718	100	\$ 18,335,785	100
COSTS OF SALES (Notes 4,10, 23 and 30)	<u>(9,069,529)</u>	<u>(94)</u>	<u>(8,831,939)</u>	<u>(48)</u>
GROSS PROFIT	<u>573,189</u>	<u>6</u>	<u>9,503,846</u>	<u>52</u>
OPERATING EXPENSES (Notes 23, 26, 27 and 30)				
Selling and marketing expenses	(197,124)	(2)	(199,670)	(1)
General and administrative expenses	(333,874)	(4)	(325,796)	(2)
Research and development expenses	<u>(1,571,102)</u>	<u>(16)</u>	<u>(1,247,606)</u>	<u>(7)</u>
Total operating expenses	<u>(2,102,100)</u>	<u>(22)</u>	<u>(1,773,072)</u>	<u>(12)</u>
OPERATIONS (LOSS) INCOME	<u>(1,528,911)</u>	<u>(16)</u>	<u>7,730,774</u>	<u>42</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 23)	(21,132)	-	(8,130)	-
Share of loss of subsidiaries and joint ventures(Note4)	(794,020)	(8)	(649,268)	(4)
Interest income (Note 4)	59,007	-	9,364	-
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4)	(81,318)	(1)	87,748	1
Other gains and losses, net	126,363	1	373,371	2
Gain (loss) on foreign currency exchange (Note 4)	<u>353,987</u>	<u>4</u>	<u>(67,933)</u>	<u>-</u>
Total non-operating income and expenses	<u>(357,113)</u>	<u>(4)</u>	<u>(254,848)</u>	<u>(1)</u>
(LOSS) INCOME BEFORE INCOME TAX	(1,886,024)	(20)	7,475,926	41
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(26,015)</u>	<u>-</u>	<u>(1,362,991)</u>	<u>(8)</u>
NET (LOSS) INCOME	<u>(1,912,039)</u>	<u>(20)</u>	<u>6,112,935</u>	<u>33</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Notes 4 and 19)	7,985	-	751	-
Income tax related to items that will not be reclassified subsequently to profit or loss (Notes 4 and 24)	<u>(1,117)</u>	<u>-</u>	<u>(105)</u>	<u>-</u>
	<u>6,868</u>	<u>-</u>	<u>646</u>	<u>-</u>

(Continued)

FOCALTECH SYSTEMS CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Share of other comprehensive loss of subsidiaries (Notes 4)	\$ 250,813	3	\$ (89,163)	-
Total other comprehensive income (loss), net of income tax	257,681	3	(88,517)	-
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$(1,654,358)</u>	<u>(17)</u>	<u>\$ 6,024,418</u>	<u>33</u>
(LOSS) EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ (9.39)</u>		<u>\$ 30.23</u>	
Diluted			<u>\$ 28.62</u>	

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

(Concluded)

FOCALTECH SYSTEMS CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Share Capital		Retained Earnings			Other Equity				Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences from Translating Financial Statement of Foreign Operations	Unrealized Gains(losses) on Financial Assets at Fair Value through Other comprehensive income	Unearned employee compensation	Treasury Shares	
BALANCE, JANUARY 1, 2021	\$ 2,103,532	\$ 4,843,642	\$ -	\$ -	\$ 1,012,301	\$ (125,038)	\$ 2,722	\$ -	\$ (24,316)	\$ 7,812,843
Appropriation of 2020 earnings										
Legal reserve	-	-	101,230	-	(101,230)	-	-	-	-	-
Special reserve	-	-	-	122,316	(122,316)	-	-	-	-	-
Cash dividends	-	-	-	-	(700,000)	-	-	-	-	(700,000)
Net income for the year ended December 31, 2021	-	-	-	-	6,112,935	-	-	-	-	6,112,935
Other comprehensive loss for the year ended December 31, 2021 ,net of income tax	-	-	-	-	646	(86,610)	(2,553)	-	-	(88,517)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	-	6,113,581	(86,610)	(2,553)	-	-	6,024,418
Compensation cost of employee share options	-	66,351	-	-	-	-	-	-	-	66,351
Treasury shares transferred to employees	-	1,947	-	-	-	-	-	-	23,945	25,892
Treasury shares retired	(119)	(252)	-	-	-	-	-	-	371	-
Changes in ownership interests in subsidiaries	-	-	-	-	(257)	-	-	-	-	(257)
Issuance of ordinary shares from exercise of employee share options	3,764	5,626	-	-	-	-	-	-	-	9,390
Issuance of restricted stock for employees	55,190	1,145,555	-	-	-	-	-	(1,145,555)	-	55,190
Compensation cost of restricted stock of employees	-	-	-	-	-	-	-	331,835	-	331,835
BALANCE AT DECEMBER 31, 2021	2,162,367	6,062,869	101,230	122,316	6,202,079	(211,648)	169	(813,720)	-	13,625,662
Appropriation of 2021 earnings										
Legal reserve	-	-	611,332	-	(611,332)	-	-	-	-	-
Special reserve	-	-	-	89,163	(89,163)	-	-	-	-	-
Cash dividends	-	-	-	-	(3,400,000)	-	-	-	-	(3,400,000)
Net loss for the year ended December 31, 2022	-	-	-	-	(1,912,039)	-	-	-	-	(1,912,039)
Other comprehensive income for the year ended December 31, 2022 ,net of income tax	-	-	-	-	6,868	264,120	(13,307)	-	-	257,681
Total comprehensive loss for the year ended December 31, 2022	-	-	-	-	(1,905,171)	264,120	(13,307)	-	-	(1,654,358)
Compensation cost of employee share options	-	46,258	-	-	-	-	-	-	-	46,258
Treasury shares acquired	-	-	-	-	-	-	-	-	(507,621)	(507,621)
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	311,564	311,564
Retirement of restricted stock employees	(3,880)	(79,540)	-	-	-	-	-	79,540	-	(3,880)
Issuance of ordinary shares from exercise of employee share options	2,620	12,401	-	-	-	-	-	-	-	15,021
Unvested restricted stock to employees refund cash dividends	-	-	-	-	434	-	-	-	-	434
Compensation cost of restricted stock of employees	-	-	-	-	-	-	-	398,351	-	398,351
BALANCE AT DECEMBER 31, 2022	\$ 2,161,107	\$ 6,041,988	\$ 712,562	\$ 211,479	\$ 196,847	\$ 52,472	\$ (13,138)	\$ (335,829)	\$ (196,057)	\$ 8,831,431

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

FOCALTECH SYSTEMS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax from continuing operation	\$(1,886,024)	\$ 7,475,926
Adjustments for:		
Depreciation expenses	43,502	18,470
Amortization expenses	71,170	15,317
Loss (gain) on financial assets and liabilities at fair value through profit or loss	81,318	(87,748)
Finance costs	21,132	8,130
Interest income	(59,007)	(9,364)
Compensation cost of employee share options	15,304	27,008
Share of loss of subsidiaries and joint ventures	794,020	649,268
Gain on disposal of property plant and equipment	(1,143)	-
Gain on disposal of investments	(97,765)	(183,272)
Loss (reversal gain) on write-down of inventories	2,018,719	(319,202)
Compensation cost of restricted stock to employees	242,146	204,457
Changes in operating assets and liabilities		
Increase in financial assets mandatorily classified as at fair value through profit or loss	94,476	(35,330)
Accounts receivables	1,988,274	(1,465,481)
Inventories	(3,474,487)	(1,119,676)
Other current assets	91,537	(50,351)
Accounts payables	(1,598,647)	888,080
Other payables	173,263	76,869
Other current liabilities	(168,327)	(148,964)
Other non-current liabilities	(10,400)	-
Net defined benefit liabilities	(595)	(475)
Cash generated from operations	(1,661,534)	5,943,662
Interest paid	(20,008)	(8,122)
Income tax paid	(1,201,208)	(45,595)
Net cash (outflow) inflow from operating activities	<u>(2,882,750)</u>	<u>5,889,945</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of investments accounted for using equity method	-	(85,350)
Purchase of property, plant and equipment	(107,079)	(1,200,767)
Disposal of property, plant and equipment	7,685	-
Decrease (increase) in refundable deposits	177,906	(2,681,248)
Acquisition of intangible assets	(71,091)	-
Increase in other non-current assets	(2,486)	-
Decrease (increase) in other financial assets	2,902,570	(2,915,950)
Interest received	45,069	8,037
Net cash inflow from (outflow) investing activities	<u>2,952,574</u>	<u>(6,875,278)</u>

(Continued)

FOCALTECH SYSTEMS CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	\$ 1,400,000	\$ (480,000)
Increase in long-term borrowings	200,000	786,840
(Decrease) increase in guarantee deposits received	(45,354)	3,906,014
Cash dividends paid	(3,400,000)	(700,000)
Proceeds from issuance ordinary shares under employee share options	15,021	9,390
Treasury shares acquired	(507,621)	-
Treasury shares transferred to employees	311,564	25,892
Issuance of restricted stock for employees	-	55,190
Retirement of restricted stock employees	(3,880)	-
Unvested restricted stock employees refund cash dividends	<u>434</u>	<u>-</u>
Net cash (outflow) inflow from financing activities	<u>(2,029,836)</u>	<u>3,603,326</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,960,012)	2,617,993
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>5,073,919</u>	<u>2,455,926</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,113,907</u>	<u>\$ 5,073,919</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Shareholders
FocalTech Systems Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of FocalTech Systems Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 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 the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2022 are stated as follows:

Sales Revenue

The sales revenue of Integrated Driver Controller is the main indicator of financial and business performance evaluated by investors and the management. It possibly exists the pressure to achieve the financial target, and it might result in the risk of the occurrence of sales revenue. Therefore, the sales revenue of Integrated Driver Controller is considered as a key audit matter for the financial year ended December 31, 2022.

Refer to Notes 4 and 23 for the accounting policy, accounting estimation and disclosure information. Our audit procedures related to the abovementioned Key Audit Matters included the following:

1. We evaluated the design of internal control related to sales and collection cycle and the implement of the internal control.
2. We obtained customer ranking list in 2022, and analyze the differences of customers and its sales amount.
3. We analyzed if the sales quantities, sales revenue and gross margin by products existed material exception.
4. We sampled purchase orders, shipping documents bills of lading, and collection records in revenue breakdown to ensure the occurrence of sales revenue.

Valuation of Inventory

Due to high market demand fluctuation and rapid technological development, the inventories may turn obsolete or have a lower net realizable value which may result in inventories being impaired. The Group has performed impairment assessment on inventories through evaluation of aging and net realizable value of inventories quarterly. The management has practiced their professional judgement in estimating the possible loss on impairment based on the sales performance of each product. Therefore, inventory valuation is considered as a key audit matter for the financial year ended December 31, 2022.

Refer to Notes 4 and 11 for the accounting policy, accounting estimation and disclosure information.

Our audit procedures related to the abovementioned Key Audit Matters included the following:

1. We obtained an understanding of the Group's accounting policies and procedures on the assessment of impairment through analyzing the net realizable value calculation report and inventory aging report prepared by the management. We have inspected the supporting documents of recent selling price, and re-calculated the net realizable value of inventory to ensure its accuracy and reasonableness of the management's estimation on impairment loss.
2. We obtained an understanding of the Group's judgement on the estimation of impairment loss for obsolete items information and discussed recent sales performance and the reasonableness on the estimates of inventory devaluation in the future. We also performed inspection on recent sales to evaluate the reasonableness of the impairment loss provided on obsolete stock.

Other Matter

We have also audited the parent company only financial statements of FocalTech Systems Co., Ltd. as of and for the years ended December 31, 2022 and 2021 on which we have issued an unmodified opinion.

Responsibilities of Corporate Management and Governance Hierarchy for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management level is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, (including members of the Audit Committee) is responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Standards on Auditing of 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 consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of 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 consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements for the year ended December 31, 2022 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 audit resulting in this independent auditors' report are Yu-Hong Kuo and Chih-Ming Shao.

Deloitte & Touche
Taipei, Taiwan
Republic of China
February 23, 2023

FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	2022		2021	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Note 4 and 6)	\$ 5,674,470	27	\$ 6,456,988	26
Financial assets at fair value through profit or loss - current (Note 4 and 7)	-	-	119,218	1
Financial assets at fair value through other comprehensive income - current (Note 4 and 8)	-	-	55,590	-
Accounts receivables, net (Note 4 and 10)	1,148,471	6	3,255,081	13
Inventories (Note 4 and 11)	5,753,731	28	3,822,218	15
Other financial assets (Note 4 and 9)	517,464	2	3,879,862	15
Other current assets (Note 25)	<u>258,794</u>	<u>1</u>	<u>536,459</u>	<u>2</u>
Total current assets	<u>13,352,930</u>	<u>64</u>	<u>18,125,416</u>	<u>72</u>
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Note 4 and 7)	467,143	2	412,779	1
Financial assets at fair value through other comprehensive income - non-current (Note 4 and 8)	179,137	1	178,404	1
Property, plant and equipment (Note 4 and 13)	2,514,208	12	2,468,605	10
Goodwill (Notes 4 and 14)	1,237,268	6	1,237,268	5
Other intangible assets (Note 4 and 15)	60,549	-	47,228	-
Deferred tax assets (Note 4 and 25)	306,129	2	9,914	-
Refundable deposits (Note 16)	2,654,474	13	2,841,745	11
Other non-current assets (Note 32)	<u>25,347</u>	<u>-</u>	<u>10,575</u>	<u>-</u>
Total non-current assets	<u>7,444,255</u>	<u>36</u>	<u>7,206,518</u>	<u>28</u>
TOTAL	<u>\$ 20,797,185</u>	<u>100</u>	<u>\$ 25,331,934</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	\$ 3,070,806	15	\$ 301,712	1
Accounts payables (Note 18)	929,492	4	2,620,160	10
Other payables (Note 19)	1,653,776	8	1,596,958	6
Current tax liabilities (Notes 4 and 25)	629,303	3	1,786,309	7
Current position of long-term borrowings (Note 17)	25,000	-	-	-
Other current liabilities (Notes 23)	<u>81,038</u>	<u>-</u>	<u>110,356</u>	<u>1</u>
Total current liabilities	<u>6,389,415</u>	<u>30</u>	<u>6,415,495</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Long-term borrowings (Note 17)	961,840	5	786,840	3
Deferred tax liabilities (Note 4 and 25)	216,757	1	51,584	-
Net defined benefit liabilities-non-current (Note 4 and 20)	13,560	-	22,140	-
Guarantee deposits received (Note 21)	4,369,353	21	4,397,513	18
Other non-current liabilities	<u>-</u>	<u>-</u>	<u>10,400</u>	<u>-</u>
Total non-current liabilities	<u>5,561,510</u>	<u>27</u>	<u>5,268,477</u>	<u>21</u>
Total liabilities	<u>11,950,925</u>	<u>57</u>	<u>11,683,972</u>	<u>46</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT (Notes 4, 22 and 27)				
Share capital				
Ordinary shares	<u>2,161,107</u>	<u>11</u>	<u>2,162,367</u>	<u>9</u>
Capital surplus				
Additional paid-in capital	4,753,839	23	4,737,390	19
Treasury shares	125,381	1	79,917	-
Employee stock options	62,305	-	65,873	-
Restricted stock for employees	1,066,015	5	1,145,555	5
Employee share options – expired	<u>34,448</u>	<u>-</u>	<u>34,134</u>	<u>-</u>
Total capital surplus	<u>6,041,988</u>	<u>29</u>	<u>6,062,869</u>	<u>24</u>
Retained earnings				
Legal reserve	712,562	3	101,230	-
Special reserve	211,479	1	122,316	-
Undistributed earnings	<u>196,847</u>	<u>1</u>	<u>6,202,079</u>	<u>25</u>
Total retained earnings	<u>1,120,888</u>	<u>5</u>	<u>6,425,625</u>	<u>25</u>
Other equity	<u>(296,495)</u>	<u>(1)</u>	<u>(1,025,199)</u>	<u>(4)</u>
Treasury shares	<u>(196,057)</u>	<u>(1)</u>	<u>-</u>	<u>-</u>
Equity attributable to owners of the parent	<u>8,831,431</u>	<u>43</u>	<u>13,625,662</u>	<u>54</u>
NON-CONTROLLING INTERESTS (Note 22)	<u>14,829</u>	<u>-</u>	<u>22,300</u>	<u>-</u>
Total equity	<u>8,846,260</u>	<u>43</u>	<u>13,647,962</u>	<u>54</u>
TOTAL	<u>\$ 20,797,185</u>	<u>100</u>	<u>\$ 25,331,934</u>	<u>100</u>

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

FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

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

	2022		2021	
	Amount	%	Amount	%
REVENUE (Note 4 and 23)	\$ 12,949,902	100	\$ 21,991,497	100
COSTS OF SALES (Notes 4,11 and 24)	<u>(11,667,224)</u>	<u>(90)</u>	<u>(11,262,098)</u>	<u>(51)</u>
GROSS PROFIT	<u>1,282,678</u>	<u>10</u>	<u>10,729,399</u>	<u>49</u>
OPERATING EXPENSES (Notes 24, 27,28 and 31)				
Selling and marketing expenses	(492,636)	(4)	(555,675)	(2)
General and administrative expenses	(546,775)	(4)	(633,984)	(3)
Research and development expenses	<u>(2,536,509)</u>	<u>(20)</u>	<u>(2,409,274)</u>	<u>(11)</u>
Total operating expenses	<u>(3,575,920)</u>	<u>(28)</u>	<u>(3,598,933)</u>	<u>(16)</u>
OPERATING (LOSS) INCOME	<u>(2,293,242)</u>	<u>(18)</u>	<u>7,130,466</u>	<u>33</u>
NON-OPERATING INCOME AND EXPENSES				
Finance costs (Note 24)	(51,492)	-	(12,680)	-
Interest income (Note 4)	93,996	1	31,307	-
(Loss) gain on financial assets and liabilities at fair value through profit or loss (Notes 4)	(81,306)	(1)	83,103	-
Other gains and losses, net	207,675	2	428,564	2
Gain (loss) on foreign exchange(Notes 4)	<u>263,752</u>	<u>2</u>	<u>(57,690)</u>	<u>-</u>
Total non-operating income and expenses	<u>432,625</u>	<u>4</u>	<u>472,604</u>	<u>2</u>
(LOSS) INCOME BEFORE INCOME TAX	(1,860,617)	(14)	7,603,070	35
INCOME TAX EXPENSE (Notes 4 and 25)	<u>(68,278)</u>	<u>(1)</u>	<u>(1,506,220)</u>	<u>(7)</u>
NET (LOSS) INCOME	<u>(1,928,895)</u>	<u>(15)</u>	<u>6,096,850</u>	<u>28</u>
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans(Notes 4 and 20)	7,985	-	751	-
Income tax related to items that will not be reclassified subsequently to profit or loss(Notes 4 and 25)	<u>(1,117)</u>	<u>-</u>	<u>(105)</u>	<u>-</u>
	<u>6,868</u>	<u>-</u>	<u>646</u>	<u>-</u>

(Continued)

	<u>2022</u>		<u>2021</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences from translating the financial statements of foreign operations (Notes 4)	\$ 273,505	2	\$ (89,858)	(1)
Unrealized loss from debt instrument investments measured at fair value through other comprehensive income (Notes 4)	<u>(13,307)</u>	<u>-</u>	<u>(2,553)</u>	<u>-</u>
	<u>260,198</u>	<u>2</u>	<u>(92,411)</u>	<u>(1)</u>
Total other comprehensive income (loss), net of income tax	<u>267,066</u>	<u>2</u>	<u>(91,765)</u>	<u>(1)</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE YEAR	<u>\$ (1,661,829)</u>	<u>(13)</u>	<u>\$ 6,005,085</u>	<u>27</u>
NET (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,912,039)	(15)	\$ 6,112,935	28
Non-controlling interests	<u>(16,856)</u>	<u>-</u>	<u>(16,085)</u>	<u>-</u>
	<u>\$ (1,928,895)</u>	<u>(15)</u>	<u>\$ 6,096,850</u>	<u>28</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ (1,654,358)	(13)	\$ 6,024,418	27
Non-controlling interests	<u>(7,471)</u>	<u>-</u>	<u>(19,333)</u>	<u>-</u>
	<u>\$ (1,661,829)</u>	<u>(13)</u>	<u>\$ 6,005,085</u>	<u>27</u>
(LOSS) EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ (9.39)</u>		<u>\$ 30.23</u>	
Diluted			<u>\$ 28.62</u>	

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

(Concluded)

FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Parent											
	Share Capital		Retained Earnings			Other Equity				Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Undistributed Earnings	Exchange Differences from Translating the Financial Statement of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value through Other Comprehensive Income	Unearned employee compensation	Treasury Shares			
BALANCE, JANUARY 1, 2021	\$ 2,103,532	\$ 4,843,642	\$ -	\$ -	\$ 1,012,301	\$ (125,038)	\$ 2,722	\$ -	\$ (24,316)	\$ 7,812,843	\$ (1,383)	\$ 7,811,460
Appropriation of 2020 earnings												
Legal reserve	-	-	101,230	-	(101,230)	-	-	-	-	-	-	-
Special reserve	-	-	-	122,316	(122,316)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(700,000)	-	-	-	-	(700,000)	-	(700,000)
Net income for the years ended December 31, 2021	-	-	-	-	6,112,935	-	-	-	-	6,112,935	(16,085)	6,096,850
Other comprehensive income (loss) for the years ended December 31, 2021, net of income tax	-	-	-	-	646	(86,610)	(2,553)	-	-	(88,517)	(3,248)	(91,765)
Total comprehensive income (loss) for the years ended December 31, 2021	-	-	-	-	6,113,581	(86,610)	(2,553)	-	-	6,024,418	(19,333)	6,005,085
Compensation cost of employee share options	-	66,351	-	-	-	-	-	-	-	66,351	-	66,351
Treasury shares transferred to employees	-	1,947	-	-	-	-	-	-	23,945	25,892	-	25,892
Treasury shares retired	(119)	(252)	-	-	-	-	-	-	371	-	-	-
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	-	42,759	42,759
Changes in ownership interests in subsidiaries	-	-	-	-	(257)	-	-	-	-	(257)	257	-
Issuance of ordinary shares from exercise of employee share options	3,764	5,626	-	-	-	-	-	-	-	9,390	-	9,390
Issuance of restricted stock employees	55,190	1,145,555	-	-	-	-	-	(1,145,555)	-	55,190	-	55,190
Compensation cost of restricted stock to employees	-	-	-	-	-	-	-	331,835	-	331,835	-	331,835
BALANCE, DECEMBER 31, 2021	2,162,367	6,062,869	101,230	122,316	6,202,079	(211,648)	169	(813,720)	-	13,625,662	22,300	13,647,962
Appropriation of 2021 earnings												
Legal reserve	-	-	611,332	-	(611,332)	-	-	-	-	-	-	-
Special reserve	-	-	-	89,163	(89,163)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(3,400,000)	-	-	-	-	(3,400,000)	-	(3,400,000)
Net loss for the years ended December 31, 2022	-	-	-	-	(1,912,039)	-	-	-	-	(1,912,039)	(16,856)	(1,928,895)
Other comprehensive income (loss) for the years ended December 31, 2022, net of income tax	-	-	-	-	6,868	264,120	(13,307)	-	-	257,681	9,385	267,066
Total comprehensive income (loss) for the years ended December 31, 2022	-	-	-	-	(1,905,171)	264,120	(13,307)	-	-	(1,654,358)	(7,471)	(1,661,829)
Compensation cost of employee share options	-	46,258	-	-	-	-	-	-	-	46,258	-	46,258
Treasury shares acquired	-	-	-	-	-	-	-	-	(507,621)	(507,621)	-	(507,621)
Treasury shares transferred to employees	-	-	-	-	-	-	-	-	311,564	311,564	-	311,564
Retirement of restricted stock employees	(3,880)	(79,540)	-	-	-	-	-	79,540	-	(3,880)	-	(3,880)
Issuance of ordinary shares from exercise of employee share options	2,620	12,401	-	-	-	-	-	-	-	15,021	-	15,021
Unvested restricted stock to employees refund cash dividends	-	-	-	-	434	-	-	-	-	434	-	434
Compensation cost of restricted stock to employees	-	-	-	-	-	-	-	398,351	-	398,351	-	398,351
BALANCE, DECEMBER 31, 2022	\$ 2,161,107	\$ 6,041,988	\$ 712,562	\$ 211,479	\$ 196,847	\$ 52,472	\$ (13,138)	\$ (335,829)	\$ (196,057)	\$ 8,831,431	\$ 14,829	\$ 8,846,260

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

FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss) income before income tax	\$ (1,860,617)	\$ 7,603,070
Adjustments for:		
Depreciation expenses	119,936	86,494
Amortization expenses	71,724	15,955
Net loss (gain) on financial assets at fair value through profit or loss	81,306	(83,103)
Finance costs	51,492	12,680
Interest income	(93,996)	(31,307)
Compensation cost of employee share options	46,258	66,351
Loss (gain) on disposal of property plant and equipment	(460)	318
Gain on disposal of investments	(97,765)	(183,272)
Loss (reversal gain) on write-down of inventories	2,254,749	(259,552)
Unrealized loss on foreign exchange	128,450	(31,157)
Compensation cost of restricted stock to employees	398,351	331,835
Changes in operating assets and liabilities		
Financial assets mandatorily measured at fair value through profit or loss		
loss	95,352	(34,762)
Accounts receivables	2,112,803	(1,624,336)
Inventories	(4,169,905)	(1,814,888)
Other current assets	294,424	(354,559)
Accounts payables	(1,696,410)	893,835
Other payables	(51,028)	581,523
Other current liabilities	(32,505)	(119,053)
Other non-current liabilities	(10,400)	-
Net defined benefit liabilities	(595)	(475)
Cash (used) generated from operations	(2,358,836)	5,055,597
Interest paid	(50,368)	(12,673)
Income tax paid	(1,395,084)	(70,372)
Net cash (outflow) inflow from operating activities	<u>(3,804,288)</u>	<u>4,972,552</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial asset at fair value through other comprehensive income	59,609	-
Acquisition of property, plant and equipment	(151,888)	(1,241,028)
Disposal of property, plant and equipment	7,695	-
Decrease (increase) in refundable deposits	188,079	(2,669,759)
Acquisition of intangible assets	(71,091)	-
Decrease (increase) in other financial assets	3,429,086	(2,520,040)
(Increase) decrease in other non-current assets	(14,739)	851
Interest received	80,082	36,430
Net cash inflow (outflow) from investing activities	<u>3,526,833</u>	<u>(6,393,546)</u>

(Continued)

FOCALTECH SYSTEMS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	\$ 2,772,193	\$ (221,693)
Increase in long-term borrowings	200,000	786,840
(Decrease) increase in guarantee deposits	(28,207)	3,907,208
Dividends paid to owners of the Company	(3,400,000)	(700,000)
Exercise of employee share options	15,021	9,390
Treasury shares acquired	(507,621)	-
Treasury shares transferred to employees	311,564	25,892
Increase in non-controlling interests	-	42,759
Issuance of restricted stock employees	-	55,190
Retirement of restricted stock employees	(3,880)	-
Unvested restricted stock employees refund cash dividends	<u>434</u>	<u>-</u>
Net cash (outflow) inflow financing activities	<u>(640,496)</u>	<u>3,905,586</u>
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	<u>135,433</u>	<u>(39,286)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(782,518)	2,445,306
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>6,456,988</u>	<u>4,011,682</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 5,674,470</u>	<u>\$ 6,456,988</u>

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

(Concluded)

Attachment 4

FocalTech 2022 Profit Distribution Table

Unit: NTD

Item	Amount
Undistributed Earnings in the beginning of the year	2,101,583,420
Plus: Remeasurement of defined benefit plans for this period	6,866,493
Plus: Withdrawing dividend of restricted stocks into retained earnings	434,030
Plus: Returned the special surplus reserve	211,479,163
Minus: Net Loss of 2022	(1,912,038,385)
Earnings available for distribution	408,324,721
Distribution Items:	
Dividend to common shareholders	0
Unappropriated retained earnings	408,324,721

Chairman:



CEO:



Accountant Officer:



Attachment 5

Rules and Processes of 2023 1st Restricted Stocks Issuance

1. The Purpose of Issuance:

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, 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. Declaration and issuance period:

The declaration shall be processed once or many times within one year from the date of the resolution of the shareholders' meeting. The shares could be issued once or many times within two years from the arrival of the approval notice of from the Financial Supervision and Administration Commission (hereinafter referred to as the competent authority). The actual date of issue is determined by the chairman.

3. Qualification requirements for employees and a grant amount:

(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 audit committee and by the board of directors. Shares granted to executives and directors with employee capacity are required to be approved by the salary and compensation committee and the board of directors.

(3) The upper limit to issue to a single employee should follow the rules defined in Regulations Governing the Offering and Issuance of Securities by Securities Issuers. Once the rules or regulations are updated, the upper limit shall follow thereafter.

4. Total issuance amount: NTD60,000,000 at par value NTD10 per share. Total shares of issuance: 6,000,000 common shares.

5. Issue Condition:

(1) Issue price: NTD10 per share

(2) Type: common stock of the company.

- (3) Vesting conditions: From the date when employees are granted restricted stocks, they have to fulfill the service code, and should not violate the company's labor contract, work rules or the company's employee management measures, etc. One third of granted shares can be vested after every one year of employment, total for three years.
6. Restrictions on shares before vesting conditions:
- (1) Before the vested conditions stipulated in the preceding article are fulfilled, employees shall not be allowed to sell, pledge, transfer, gift to others, set, or dispose.
 - (2) The new shares issued before vested, the attendance, proposal, speech, voting and voting rights in the shareholders' meeting shall be the same as the ordinary shares issued by the company and shall be subject to trust. The custody contract or the company's other custody methods shall be implemented.
 - (3) Before the shares vested, the dividends (form the earnings or the additional paid-in capital) in share or in cash could be allotted to employees in the current year, not subject to the same restrictions as the unvested shares.
 - (4) New restrict shares issued by the company to the employees with Chinese nationality shall immediately be delivered to the trust institution designated by the company as the trust for custody of the trust. Until the conditions are met, the trust and custody shall be continuously kept. For those issued to employees with other nationalities, share shall be put in the appointed custody bank.
7. Treatment to shares could not meet the vesting conditions:
In the event that the acquired conditions are not met, the allocated shares will be purchased by the company at the original issue price and cancelled.
8. Processes to employees' voluntary resignation, dismissal, leave without pay, retirement, severance, death, etc .:
- (1) Voluntary resignation, dismissal, and severance: When employees voluntarily quit or are terminated or lay off, those shares could not meet the provisions set forth in Article 5 would be purchased by the Company at the original issue price and cancelled.
 - (2) Leave without pay: employees who have been allocated new restricted shares and have been approved by the company to apply for suspension of pay due to childcare, injuries, etc., and the restricted shares vesting periods shall exclude the actual suspension period.
 - (3) Retirement: Until the retirement effective date, for those shares could not meet the vested conditions set forth in Article 5, the company will purchase them back at the original issue price and cancel them.

- (4) General death: Until the date of death, for those shares could not meet the vested conditions set forth in Article 5, the company will purchase them back at the original issue price and cancel them.
- (5) Persons with disabilities or deaths due to duty and job execution: If the deaths are due to or related to duty and job execution, all the granted shares shall be deemed to have fulfilled all vested conditions. For the deceased, the heirs shall complete the statutory necessary procedures and provide relevant supporting documents in accordance with the Civil Law Inheritance Code and the "Public Issuing Companies' Stock Handling Guidelines" and other provisions to be able to apply for the shares they should inherit.
- (6) Transfer staff: Due to the company's operational needs, for the employees transferred within company and its affiliates, rights and obligations of the restricted shares are not affected by the transfer.

9. Taxes: The shares allocated by employees in accordance with these Measures and the related taxation shall be handled in accordance with the tax laws of the Republic of China at that time.

10. Confidentiality and restrictions:

- (1) After being allocated new restricted shares in accordance with these measures, employees shall strictly follow company's confidentiality regulations, and shall not inquire about others or disclose the personal content and quantity of the granted shares. The company has the right to buy its shares at the original issue price and cancel the new shares that have not yet achieved the vesting conditions when employees violate the confidentiality rules.
- (2) After an employee is allocated new restricted shares in accordance with these Measures, in the event of a violation of the company's labor contract, work rules, or the company's employee management regulations, the company has the right to use the original issue price to buy back and cancel the shares.

11. Detailed Implementation Rules: The relevant procedures and detailed operation time schedule for processing the grant list, related documents and obtaining the signature of employees who are assigned for restricted shares shall be completed and defined by the responsible department. The following notifications to process these procedures will be delivered to employees separately.

12. Other important agreed matters:

- (1) These rules shall be approved by more than two-thirds of the directors of the board of directors with more than two-thirds of the directors present and

become effective after the approval by the competent authority. The chairman of the board of directors is authorized to revise these rules first due to the regulation changes, and then the revision should be sent to the board of directors for approval retroactively.

- (2) New shares issued by the company that restrict the rights of employees are handled in the form of stock trust custody, and the company or a person designated by the company acts as an agent on behalf of all assigned employees trust affairs.
- (3) If there are any unresolved matters in these measures, unless otherwise provided by laws and regulations, the board of directors or its authorized persons shall be authorized to amend or implement them in accordance with relevant laws and regulations.

Attachment 6

The list of candidates for directors (including independent directors)

Name Position (Gender)	Shares owned on April 1, 2023	Educational qualifications	Background and Experience	Present Position
Genda Hu Director (Male)	1,308,192	Ph.D. in Electrical Engineering, Princeton University	<ul style="list-style-type: none"> ● IEEE Fellow ● Has served in American IBM, PMC-Sierra, Cypress ● Vice President of R & D and Marketing Department of TSMC ● Head of ERSO in ITRI ● Secretariat of Taiwan Semiconductor Industry Association 	<ul style="list-style-type: none"> ● Chairman、President、CEO of FocalTech Systems Co., Ltd. ● Chairman/Director/President/CEO, FocalTech Group Subsidiaries ● Manager, GWAA LLC
GWAA LLC Representative: Han-Ping Shieh Director (Male)	4,158,691	Ph.D., Department of Electrical and Computer Engineering, Carnegie Mellon University, USA	<ul style="list-style-type: none"> ● IEEE/OSA/SID fellow ● Vice-President of University System of Taiwan ● Vice President of National Chiao Tung University ● Dean of College of Electrical and Electrical Engineering, National Chiao Tung University ● Chairman of Society for Information Display ● Professor of DI+DOP, National Chiao Tung University ● Researcher of Research Center, American IBM T J Watson 	<ul style="list-style-type: none"> ● Lifetime Chair Professor of National Chiao Tung University ● Outside Director of Silicon Motion Technology Corporation ● Independent Director of Key Ware Electronics Co., Ltd. ● Independent Director of Dynapack International Technology Corporation ● Director of Ta Liang Technology Co., Ltd. ● Director of Coretronic Co., Ltd.
Acer Inc. Representative: Jason Chen Director (Male)	8,732,688	MS in Business Administration, Missouri Columbia University	<ul style="list-style-type: none"> ● Corporate President and CEO, Acer ● Senior Vice President of Worldwide Sales and Marketing, TSMC ● Vice President of Corporate Development, TSMC ● Corporate Vice President of Sales and Marketing Group, Intel 	<ul style="list-style-type: none"> ● Chairman & CEO, Acer ● Chairman, Mu-Jin Investment Co., Ltd ● Chairman, Mu-Shi Investment Co., Ltd. ● Independent Director, Powerchip Semiconductor Manufacturing Corporation ● Chairman/Director, Acer Group Subsidiaries
GWAA LLC Representative: Jason Lin Director (Male)	4,158,691	MSEE, University of California, Santa Barbara	<ul style="list-style-type: none"> ● President of Philips Semiconductor Display IC BU ● President of IC Media Co., Ltd. ● Executive Vice President of Altek Co., Ltd. 	<ul style="list-style-type: none"> ● Senior Vice President of FocalTech Systems Co., Ltd.
Chin-Tay Shih Independent Director (Male)	0	Ph.D. in Electrical Engineering, Princeton University	<ul style="list-style-type: none"> ● Chairman of the III ● Dean of the Industrial Technology Research Institute ● Dean, School of Science and Technology Management, 	<ul style="list-style-type: none"> ● Independent Director of Vanguard International Semiconductor Corporation ● Independent Director of

Name Position (Gender)	Shares owned on April 1, 2023	Educational qualifications	Background and Experience	Present Position
			National Tsinghua University <ul style="list-style-type: none"> ● Chairman of Asia Pacific Intellectual Property Association ● Chairman of Monte Jade science & Technology Association of Taiwan ● Chairman of Chinese Institute of Engineers ● Chairman of Taiwan Semiconductor Industry Association ● Managing Director of Taiwan Electrical and Electronic Manufacturers' Association ● Chairman of Chinese Society for Management of Technology ● Chairman of Service Science Society of Taiwan ● CEO of Sun Yun-Suan Foundation ● Professor, School of Science and Technology Management, National Tsinghua University 	Sercomm Corporation <ul style="list-style-type: none"> ● Independent Director of Taiwan Powder Technologies Co., Ltd. ● Supervisor of TEN Incubation Corporation ● Director of Qualife System Technology Corp.
Chan-Jane Lin Independent Director (Female)	0	PhD in Accounting, University of Maryland	<ul style="list-style-type: none"> ● Independent Director of Fubon Financial Holding Co., Ltd. ● Independent Director of Fubon Life Insurance Co., Ltd. ● Independent Director of Fubon Securities Co., Ltd. ● Acting Dean and Deputy Dean, School of Management, National Taiwan University ● Director of Department of Accounting, National Taiwan University ● Director of School of Professional Education and Continuing Studies, National Taiwan University 	<ul style="list-style-type: none"> ● Professor, Department of Accounting, National Taiwan University ● Independent Director of Advantech Co., Ltd. ● Supervisor of Securities and Futures Investors Protection Center
Hsing-Chien Tuan Independent Director (Male)	0	Ph.D., Electrical Engineering, Stanford University	<ul style="list-style-type: none"> ● Chairman/President of Innolux Corporation ● President of Unipac Optoelectronics Corp. ● R & D manager of Xerox Palo Alto Research Center 	<ul style="list-style-type: none"> ● Honorary Chairman and Advisor of Innolux Corporation
Jim Lai Independent Director (Male)	0	Master of Electrical Engineering, University of California, Santa Barbara	<ul style="list-style-type: none"> ● Co-founder of ASICtronics Solutions (San Jose, CA) ● Manager of ASIC Business Unit ● Director of Design Service Division of TSMC North 	<ul style="list-style-type: none"> ● Chairman of Skymizer Taiwan Inc. ● Independent Director of Truelight Corporation ● Independent Director of Silicon Optronics, Inc.

Name Position (Gender)	Shares owned on April 1, 2023	Educational qualifications	Background and Experience	Present Position
			America <ul style="list-style-type: none"> ● Director of New Customer Business Division of TSMC North America ● President of Global Unichip Corp 	<ul style="list-style-type: none"> ● Independent Director of Andes Technology Corporation ● Independent member of Remuneration Committee of FocalTech Systems Co., Ltd. ● Director of GIGA Solution Tech Co., Ltd. ● Director of Wolley, Inc.(CA Inc.) ● Consultant of Global Unichip Corp. ● Consultant of M31 Technology Corp. ● Consultant of Xconn Technologies

Rationale for nomination of independent director who has served for three consecutive terms or more

Name	Rationale
Chin-Tay Shih	Dr. Shih currently serves as the convener of the Compensation Committee, and has extensive experience and expertise in both the semiconductor industry and academia. FocalTech needs his insight and industry-academia experience to guide FocalTech and provide opinions on the operation of the board. The board believes Dr. Shih continues to possess the requisite independence of judgement and action, and has not formed such associations with management (or others) as may compromise his ability to exercise his impartial judgement or act without bias in the best interests of the company. Therefore, the board of directors decide to continue to nominate Dr. Shih as the independent director.
Chan-Jane Lin	Dr. Lin currently serves as the convener of the Audit Committee, and has a very high level of expertise in finance and accounting, FocalTech needs her insight and industry-academia experience to guide FocalTech and provide opinions on the operation of the board. The board believes Dr. Lin continues to possess the requisite independence of judgement and action, and has not formed such associations with management (or others) as may compromise his ability to exercise his impartial judgement or act without bias in the best interests of the company. Therefore, the board of directors decide to continue to nominate Dr. Lin as the independent director.

Attachment 7

**The list of releasing the prohibition on Directors from participation
in competitive business**

Position Name	Item	Company	Present Position
Director Genda Hu	1.	GWAA LLC	Manager
	2.	FocalTech Corporation, Ltd.	CEO、Director、 President、Secretary、 Chairman、President
	3.	FocalTech Systems, Inc.	CEO、Director、 President、Secretary
	4.	FocalTech Systems, Ltd.	CEO、Director、 President、Secretary、 Chairman
	5.	FocalTech Electronics, Ltd.	Director
	6.	FocalTech Electronics Co., Ltd.	Chairman
	7.	FocalTech Systems (Shenzhen) Co., Ltd.	Director, President, CEO
	8.	FocalTech Electronics (Shenzhen) Co., Ltd.	Director, President
	9.	FocalTech Electronics (Shanghai) Co., Ltd.	Director, President
	10.	FocalTech Electronics (Shanghai) Co., Ltd. Beijing Branch	Director, President
	11.	FocalTech Smart Sensors, Ltd.	Director
Director GWAA LLC Representative: Han-Ping Shieh	1.	Silicon Motion Technology Corporation	Outside Director
	2.	Key Ware Electronics Co., Ltd	Independent Director
	3.	Dynapack International Technology Corporation	Independent Director
	4.	Ta Liang Technology Co., Ltd.	Director
	5.	Coretronic Co., Ltd.	Director
Director Acer Inc. Representative: Jason Chen	1.	Acer Incorporated	Chairman & CEO
	2.	Mu-Jin Investment Co., Ltd.	Chairman
	3.	Mu-Shi Investment Co., Ltd.	Chairman
	4.	Powerchip Semiconductor Manufacturing Corporation	Independent Director
	5.	ACER BEING COMMUNICATION INC.	Chairman
	6.	Acer ITS Inc.	Chairman
	7.	Acer AI Cloud Inc.	Chairman
	8.	Acer BeingWare Holding Inc.	Chairman
	9.	Acer e-Enabling Service Business Inc.	Chairman

Position Name	Item	Company	Present Position
	10.	Weblink International Inc.	Chairman
	11.	XPLOVA INC.	Chairman
	12.	Acer Digital Service Co.	Chairman
	13.	Cross Century Investment Limited	Chairman
	14.	Acer Asset Management Incorporated	Chairman
	15.	Acer Beverage Incorporated	Chairman
	16.	Beijing Altos Computing Ltd	Director
	17.	Altos Computing Inc.	Director
	18.	Acer (Chongqing) Ltd.	Director
	19.	Acer Being Signage Inc.	Director
	20.	AcerPure Inc.	Director
	21.	Acer Gadget Inc.	Director
	22.	Acer Medical Inc.	Director
	23.	Acer Cloud Technology (Taiwan) Inc.	Director
	24.	Acer Computer (Shanghai) Ltd.	Director
	25.	Acer Cloud Technology (Chongqing) Ltd.	Director
	26.	PECER BIO-MEDICAL TECHNOLOGY INCORPORATED	Director
	27.	AOPEN INC.	Director
	28.	Acer China Venture Corp	Director
	29.	MPS Energy Inc.	Director
	30.	Acer Gaming Inc.	Director
	31.	Protrade Applied Materials Corp.	Director
	32.	Acer America Corporation	Director
	33.	Acer American Holdings Corp.	Director
	34.	Acer Asia Pacific Sdn Bhd	Director
	35.	Acer Cloud Technology Inc.	Director
	36.	Acer Computer (Far East) Limited	Director
	37.	Acer Europe SA	Director
	38.	Acer European Holdings SA	Director
	39.	Acer Holdings International, Incorporated	Director
	40.	DropZone (Hong Kong) Limited	Director
	41.	DropZone Holding Limited	Director
	42.	Acer SoftCapital Incorporated	Director
	43.	Boardwalk Capital Holdings Limited	Director
Independent Director	1.	Vanguard International Semiconductor Corporation	Independent Director

Position Name	Item	Company	Present Position
Chin-Tay Shih	2.	Sercomm Corporation	Independent Director
	3.	Taiwan Powder Technologies Co., Ltd.	Independent Director
	4.	TEN Incubation Corporation	Supervisor
	5.	Qualife System Technology Corp.	Director
Independent Director Chan-Jane Lin	1.	Advantech Co., Ltd.	Independent Director
Independent Director Hsing-Chien Tuan	1.	Innolux Corporation	Honorary Chairman and Advisor
Independent Director Jim Lai	1.	Skymizer Taiwan Inc.	Chairman
	2.	Truelight Corporation	Independent Director
	3.	Silicon Optronics, Inc.	Independent Director
	4.	Andes Technology Corporation	Independent Director
	5.	GIGA Solution Tech Co., Ltd.	Director
	6.	Wolley, Inc.(CA Inc.)	Director
	7.	Global Unichip Corp.	Consultant
	8.	M31 Technology Corp.	Consultant
	9.	Xconn Technologies	Consultant

Appendix 1

Rules of Procedure for Shareholders' Meeting

Approved by the Shareholders' Meeting on June 9, 2022

Article 1 To establish a good governance system, sound supervisory capabilities, and strong management capabilities for the Company's shareholders' meetings, and pursuant to the relevant provisions of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the Company adopts these Rules.

Article 2 The Company's procedural rules for shareholders' meetings shall, except as otherwise provided by law, regulations, or the Company's Articles of Incorporation, be as provided in these Rules.

Article 3 (Convening shareholders' meetings and notices regarding shareholders' meetings)

Except where otherwise provided by law or regulations, the Company's shareholders' meetings shall be convened by the Board of Directors.

Changes in the manner of convening a shareholders' meeting must be made via resolutions of the Board of Directors, and shall be made no later than mailing of the shareholders' meeting notice.

The Company shall prepare electronic versions of the notice of shareholders' meeting; proxy forms; and reasons for and explanatory materials relating to all proposals, including proposals for ratification, matters for deliberation, and the election/dismissal of directors, and shall upload said materials to the Market Observation Post System (MOPS) at least 30 days before the date of a regular shareholders' meeting and at least 15 days before the date of a special shareholders' meeting. The Company shall also prepare electronic versions of the shareholders' meeting agenda book and the supplemental meeting materials and upload them to the MOPS at least 21 days before the date of a regular shareholders' meeting and at least 15 days before the date of a special shareholders' meeting. However, in the case of a TWSE or TPEX listed company with paid-in capital reaching NT\$10 billion or more as of the last day of the most recent fiscal year, or in which the aggregate shareholding percentage of foreign investors and Mainland Chinese investors reached 30% or more as recorded in the shareholders' register at the time of holding of the regular shareholders' meeting in the most recent

fiscal year, it shall upload the aforesaid electronic file by 30 days prior to the day on which the regular shareholders' meeting is to be held. In addition, at least 15 days before the date of the shareholders' meeting, the Company shall also have prepared the shareholders' meeting agenda and supplemental meeting materials and made them available for review by shareholders at any time. The meeting agenda book and supplemental materials shall also be displayed at the Company and the professional shareholder services agent designated thereby.

The Company shall make the meeting agenda book and supplemental meeting materials in the preceding paragraph available to shareholders for review in the following manner on the date of the shareholders' meeting:

1. For in-person shareholders' meetings, these materials shall be distributed on-site at the meeting.
2. For hybrid shareholders' meetings, these materials shall be distributed on-site at the meeting and electronic files shall be shared on the virtual meeting platform.
3. For virtual-only shareholders' meeting, electronic files shall be shared on the virtual meeting platform.

The reasons for convening a shareholders' meeting shall be specified in the notice of meeting and public announcement. With the consent of the addressee, the notice of meeting may be given in electronic form.

Election or dismissal of directors, amendments to the Company's Articles of Incorporation, reduction of capital, application for the approval of ceasing the Company's status as a public company, approval of competing with the Company by directors, surplus profit distributed in the form of new shares, reserve distributed in the form of new shares, the dissolution, merger, or demerger of the Company, or any matter under Article 185, Paragraph 1 of the Company Act, Articles 26-1 and 43-6 of the Securities and Exchange Act, or Articles 56-1 and 60-2 of the Regulations Governing the Offering and Issuance of Securities by Securities Issuers shall be set out in the notice of the reasons for convening the shareholders' meeting. None of the above matters may be raised as an extemporary motion.

Where both re-election of all directors and their inauguration dates are stated in the notice of the reasons for convening the shareholders' meeting,

after the completion of the re-election in said meeting, such inauguration dates may not be altered by any extemporary motion or otherwise in the same meeting.

A shareholder holding one percent or more of the total number of issued shares may submit a proposal to the Company for discussion at a regular shareholders' meeting. The number of matters proposed is limited to one only, and no proposal containing more than one matter shall be included in the meeting agenda. When the circumstances of any Subparagraph of Article 172-1, Paragraph 4 of the Company Act apply to a proposal put forward by a shareholder, the Board of Directors may exclude it from the agenda. A shareholder may propose a recommendation for urging the Company to promote public interests or fulfill its social responsibilities, provided that procedurally the number of matters proposed is limited to one only in accordance with Article 172-1 of the Company Act, and no proposal containing more than one matter shall be included in the meeting agenda.

Prior to the book closure date before a regular shareholders' meeting is held, the Company shall publicly announce its acceptance of shareholder proposals in writing or electronically, and the location and time period for their submission; the period for submission of shareholder proposals shall not be less than 10 days.

Shareholder-submitted proposals are limited to 300 words, and no proposal containing more than 300 words shall be included in the meeting agenda. The shareholder making the proposal shall be present, in person or by proxy, at the regular shareholders' meeting and shall take part in discussion of the proposal.

The Company shall, prior to preparing and delivering the shareholders' meeting notice, inform, by a notice, all the proposal submitting shareholders of the proposal screening results, and shall list in the shareholders' meeting notice the proposals conforming to the requirements set out in this Article. With regard to the proposals submitted by shareholders but not included in the agenda of the meeting, the cause of exclusion of such proposals and explanation shall be made by the board of directors at the shareholders' meeting to be convened.

Article 4 For each shareholders' meeting, a shareholder may appoint a proxy to attend the meeting by providing the proxy form issued by the Company and stating the scope of the proxy's authorization.

A shareholder may issue only one proxy form and appoint only one proxy for any given shareholders' meeting, and shall deliver the proxy form to the Company five days before the date of the shareholders' meeting. When duplicate proxy forms are delivered, the one received earliest shall prevail, unless a declaration is made to cancel the previous proxy appointment.

After a proxy form has been delivered to the Company, if the shareholder intends to attend the meeting in person or to exercise voting rights by correspondence or electronically, a written notice of proxy cancellation shall be submitted to the Company two days before the date of the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

If, after a proxy form is delivered to the Company, a shareholder wishes to attend the shareholders' meeting online, a written notice of proxy cancellation shall be submitted to the Company two days before the date of the shareholders' meeting. If the cancellation notice is submitted after that time, votes cast at the meeting by the proxy shall prevail.

Article 5 (Principles for determining the venue and time of a shareholders' meeting)

The venue for a shareholders' meeting shall be the Company's premises, or a place easily accessible to shareholders and suitable for a shareholders' meeting. The meeting shall begin no earlier than 9 a.m. and no later than 3 p.m. Full consideration shall be given to the opinions of the independent directors with respect to the venue and time of the meeting.

The restrictions on the venue of the meeting shall not apply when the Company convenes a virtual-only shareholders' meeting.

Article 6 (Preparation of attendance books and other documents)

The time during which attendance registrations for shareholders, solicitors and proxies (collectively referred to as "shareholders") will be accepted shall be at least 30 minutes prior to the time the meeting starts. The place at which attendance registrations are accepted shall be clearly marked, and a sufficient number of competent personnel shall be assigned to handle the registrations. For virtual shareholders' meetings, shareholders may begin to register on the virtual meeting platform 30

minutes before the meeting starts. Shareholders completing registration shall be deemed to have attended the shareholders' meeting in person.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The Company shall furnish attending shareholders with the meeting agenda book, annual report, attendance card, speaker's slips, voting slips, and other meeting materials. Where there is an election of directors, pre-printed ballots shall also be furnished.

Shareholders shall attend shareholders' meetings through attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

When a juristic person is a shareholder, it may be represented by more than one representative at a shareholders' meeting. When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall register with the Company two days before the date of the shareholders' meeting.

In the event of a virtual shareholders' meeting, the Company shall upload the meeting agenda book, annual report, and other meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and shall make this information available until the end of the meeting.

Article 6-1 (Convening virtual shareholders' meetings and particulars to be included in shareholders' meeting notices)

To convene a virtual shareholders' meeting, the Company shall include the following particulars in the shareholders' meeting notice:

1. How shareholders shall attend the virtual meeting and exercise their rights.
2. Actions to be taken if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events. This shall cover, at a minimum, the following particulars:
 - (1) The time to which the meeting shall be postponed or from which time the meeting shall resume if the above obstruction continues

and cannot be resolved, and the date to which the meeting shall be postponed or on which the meeting will resume.

- (2) Shareholders who have not registered to attend an affected virtual shareholders' meeting shall not attend the postponed or resumed session.
 - (3) In the event of a hybrid shareholders' meeting, when the virtual meeting cannot be continued, if, after deducting those represented by shareholders attending the virtual shareholders' meeting online, the total number of shares represented at the meeting meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue. The shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, and the shareholders attending the virtual meeting online shall be deemed to have abstained from voting on all proposals on that shareholders' meeting agenda.
 - (4) Measures to be taken if the outcome of all proposals have been announced but extemporary motions have not yet been proceeded with.
3. When the Company convenes a virtual-only shareholders' meeting, it furthermore shall specify appropriate alternative measures available to shareholders who have difficulty taking part in a virtual shareholders' meeting.

Article 7 (The chair and non-voting participants of a shareholders' meeting)

If a shareholders' meeting is convened by the Board of Directors, the meeting shall be chaired by the chairperson of the Board. When the chairperson of the Board is on leave or for any reason unable to exercise the powers of the chairperson, the chairperson shall appoint one of the directors to act as chair. Where the chairperson does not make such a designation, the directors shall select from among themselves one person to serve as chair.

If a shareholders' meeting is convened by a party with the power to convene that is not the Board of Directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

The Company may appoint its attorneys, certified public accountants, and related persons retained by it to attend a shareholders' meeting in a non-voting capacity, and to answer related questions during the proceedings.

Article 8 (Documentation of a shareholders' meeting via audio or video)

The Company shall make an uninterrupted audio and video recording of the shareholders' meeting, from the beginning to end, and shall retain the recording for at least one year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

For a virtual shareholders' meeting, the Company shall keep records of shareholder registration, sign-in, check-in, questions raised, votes cast, and results of votes counted by the Company, and shall make continuous and uninterrupted audio and video records of the proceedings of the virtual meeting, from beginning to end.

The information and audio and video recordings in the preceding paragraph shall be properly kept by the Company during the entirety of its existence, and the Company shall provide copies of the audio and video recordings to the party appointed to handle matters of the virtual meeting for retention.

Article 9 Attendance at shareholders' meetings shall be calculated based on numbers of shares. The number of shares in attendance shall be calculated in accordance with the shares indicated by the attendance book and sign-in cards handed in, and the shares checked in on the virtual meeting platform, plus the number of shares whose voting rights are exercised via correspondence or electronically.

The chair shall call the meeting to order at the appointed meeting time and disclose information concerning the number of non-voting shares and number of shares represented by shareholders attending the meeting.

However, when the attending shareholders do not represent a majority of the total number of issued shares, the chair may announce a postponement; there shall be 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 and the attending shareholders still represent less than one third of the total number of issued shares, the chair shall declare the meeting adjourned. In the event of a virtual shareholders' meeting, the

Company shall also declare the meeting adjourned on the virtual meeting platform.

If the quorum is not met after two postponements as referred to in the preceding paragraph, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be adopted in accordance with Article 175, Paragraph 1 of the Company Act; all shareholders shall be notified of the tentative resolution and another shareholders' meeting shall be convened within one month. In the event of a virtual shareholders' meeting, shareholders wishing to attend the meeting online shall re-register to the Company in accordance with Article 6.

When, prior to the conclusion of a meeting, the attending shareholders reach a majority of the total number of issued shares, the chair may resubmit the tentative resolution for a vote by the shareholders' meeting in accordance with Article 174 of the Company Act.

Article 10 (Proposal Discussion)

If a shareholders' meeting is convened by the Board of Directors, the meeting agenda shall be set by the Board of Directors. Votes shall be cast on each separate proposal in the agenda (including extemporaneous motions and amendments to the original proposals set out in the agenda). 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 deliberation on the meeting agenda of the preceding two paragraphs (including extemporaneous motions), except by a resolution of the shareholders' meeting. If the chair declares the meeting adjourned in violation of the rules of procedure, the other members of the Board of Directors shall promptly assist the attending shareholders in electing a new chair in accordance with statutory procedures, by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

When the chair is of the opinion that a proposal, its amendments, or extemporaneous motions put forward by the shareholders have been

discussed sufficiently to put such to a vote, the chair may announce the discussion closed, call for a vote, and schedule sufficient time for voting.

Article 11 (Shareholder speeches)

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

A shareholder in attendance who has submitted a speaker's slip but does not actually speak shall be deemed not to have spoken. When the content of the speech does not correspond to the subject given on the speaker's slip, the spoken content shall prevail.

Shareholders are allowed to speak or raise a question regarding the matters on the agenda only after all the matters on the agenda have been read out or reported by the chair or his/her/its appointee. A shareholder may not speak more than twice, and a single speech may not exceed five minutes. However, with the consent of the chair, a shareholder may extend the speech for five minutes; such an extension may be granted only once.

The time and number of speeches made by shareholders in response to each of the motions for recognition and discussion of the matters listed on the agenda and to each of the proposals put forward in the extemporary motion procedure shall be subject to the rules specified in the preceding paragraph.

The time and number of questions raised and speeches made by shareholders regarding motions that are not listed as matters on the agenda during the proceedings of extemporary motions shall be subject to the rules specified in paragraph 1.

If a shareholder's speech violates the rules stipulated in the preceding paragraph or exceeds the scope of the agenda item, the chair may terminate the speech.

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 violations.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so 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.

Where a virtual shareholders' meeting is convened, shareholders attending the virtual meeting online may raise questions in writing at the virtual meeting platform, from the time the chair declares the meeting open until the chair declares the meeting adjourned. No more than two questions for the same proposal may be raised. Each question shall contain no more than 200 words. The regulations in paragraphs 1 to 8 do not apply.

Article 12 (Calculation of voting shares and recusal system)

Voting at a shareholders' meeting shall be calculated based on the number of shares.

With respect to resolutions of shareholders' meetings, the number of shares held by a shareholder with no voting rights shall not be calculated as part of the total number of issued shares.

When a shareholder is an interested party in relation to an agenda item, and there is the likelihood that such a relationship would prejudice the Company's interests, that shareholder shall not vote on that item, nor shall they exercise voting rights as proxy for any other shareholder.

The number of shares for which voting rights may not be exercised under the preceding paragraph shall not be calculated as part of the voting rights represented by attending shareholders.

With the exception of a trust enterprise or a shareholder services agent approved by the competent securities authority, when one person is concurrently appointed as proxy by two or more shareholders, the voting rights represented by that proxy shall not exceed three percent of the voting rights represented by the total number of issued shares. If that percentage is exceeded, the voting rights in excess of that percentage shall not be included in the calculation.

Article 13 A shareholder shall be entitled to one vote for each share held, except when the shares are restricted shares or are deemed to be non-voting shares under Article 179, Paragraph 2 of the Company Act.

When the Company holds a shareholders' meeting, it shall adopt exercise of voting rights by electronic means or by correspondence. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders' meeting notice. A shareholder exercising voting rights by correspondence or electronic

means shall be deemed to have attended the meeting in person, but to have waived his/her/its rights with respect to the extemporaneous motions and amendments to original proposals of that meeting.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to the Company two days before the date of the shareholders' meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders' meeting in person or online, a written declaration of intent to retract the voting rights already exercised under the preceding paragraph shall be made known to the Company, by the same means by which the voting rights were exercised, two days before the date of the shareholders' meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail. When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail. Except as otherwise provided in the Company Act and in 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.

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 shall then be deemed rejected, and no further voting shall be required.

Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chair, provided that all monitoring personnel shall be the shareholders of the Company.

Vote counting shall be conducted in public at the place of the shareholders' meeting. The results of the voting shall be announced on-site at the meeting, and a record made of the vote.

When the Company convenes a virtual shareholders' meeting, after the chair declares the meeting open, shareholders attending the meeting online shall cast votes on proposals and elections on the virtual meeting platform before the chair announces that the voting session has ended, or they shall be deemed to have abstained from voting.

In the event of a virtual shareholders' meeting, votes shall be counted at once after the chair announces the voting session ends, and results of votes and elections shall be announced immediately.

When the Company convenes a hybrid shareholders' meeting, if shareholders who have registered to attend the meeting online in accordance with Article 6 decide to attend the in-person shareholders' meeting in person, they shall revoke their registration two days before the shareholders' meeting in the same manner as they registered. If their registration is not revoked within the time limit, they may only attend the shareholders' meeting online.

When shareholders exercise voting rights via correspondence or electronic means, unless they have withdrawn the declaration of intent and attended the shareholders' meeting online, except for extemporary motions, they shall not exercise voting rights on the original proposals, make any amendments to the original proposals, nor exercise voting rights on amendments to the original proposal.

Article 14 (Matters related to election)

The election of directors at a shareholders' meeting shall be held in accordance with the applicable election and appointment rules adopted by the Company, and the voting results shall be announced on-site immediately, including the names of those elected as directors and the numbers of votes with which they were elected, as well as the names of directors not elected and number of votes they received.

The ballots for elections referred to in the preceding paragraph shall be sealed with the signatures of the monitoring personnel and kept in proper custody for at least one year. If, however, a shareholder files a lawsuit in accordance with Article 189 of the Company Act, the ballots shall be retained until the conclusion of the litigation.

Article 15 Matters relating to the resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed by the chair of the meeting, and a copy distributed to each

shareholder within 20 days after the conclusion of the meeting. The meeting minutes may be produced and distributed in electronic form. The Company may distribute the meeting minutes of the preceding paragraph by means of a public announcement made through the MOPS. The meeting minutes shall accurately record the year, month, day, and venue of the meeting, the chair's full name, the methods by which resolutions were adopted, and a summary of the deliberations and their voting results (including the number of voting rights), and, in the event of an election of directors, the number of voting rights won by each candidate shall also be disclosed. The minutes shall be retained for the duration of the existence of the Company.

Where a virtual shareholders' meeting is convened, in addition to the particulars to be included in the meeting minutes as described in the preceding paragraph, the start time and end time of the shareholders' meeting, how the meeting is convened, the chair's and secretary's full name, and actions to be taken in the event of disruption to the virtual meeting platform or participation in the meeting online due to natural disasters, accidents or other force majeure events, and how issues are dealt with shall also be included in the minutes.

When convening a virtual-only shareholders' meeting, other than compliance with the requirements in the preceding paragraph, the Company shall specify in the meeting minutes the alternative measures available to shareholders who have difficulties in attending a virtual-only shareholders' meeting online.

Article 16 (Public disclosure)

On the day of a shareholders' meeting, the Company shall compile in the prescribed format a statistical statement of the number of shares obtained by solicitors through solicitation, the number of shares represented by proxies, and the number of shares represented by shareholders attending the meeting by correspondence or electronic means, and shall make an express disclosure of the same at the venue of the shareholders' meeting. In the event a virtual shareholders' meeting, the Company shall upload the above meeting materials to the virtual meeting platform at least 30 minutes before the meeting starts, and make this information available until the end of the meeting.

During the Company's virtual shareholders' meeting, when the meeting is called to order, the total number of shares represented by the attending shareholders shall be disclosed on the virtual meeting platform. The same shall apply whenever the total number of shares represented by the attending shareholders is calculated and a new tally of votes is released during the meeting.

If matters put to a resolution at a shareholders' meeting constitute material information under applicable laws or regulations or under Taiwan Stock Exchange Corporation regulations, the Company shall upload the content of such resolution to the MOPS within the prescribed time period.

Article 17 (Maintaining order at the meeting place)

Staff handling administrative affairs for a shareholders' meeting shall wear identification cards or arm bands.

The chair may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor".

At the place of a shareholders' meeting, if a shareholder attempts to speak through any device other than the public address equipment set up by the Company, the chair may prevent the shareholder from so doing.

When a shareholder violates the Rules of Procedure and defies the chair's correction, obstructing the proceedings and refusing to heed calls to stop, the chair may direct the proctors or security personnel to escort the shareholder from the meeting.

Article 18 (Recess and resumption of a shareholders' meeting)

When a meeting is in progress, the chair may announce a break based on considerations of time. 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.

If the meeting venue is no longer available for continued use and not all of the items (including extemporaneous motions) on the meeting agenda have been addressed, the shareholders' meeting may adopt a resolution to resume the meeting at another venue.

A resolution may be adopted at a shareholders' meeting to defer or resume the meeting within five days in accordance with Article 182 of the Company Act.

Article 19 (Disclosure of information at virtual meetings)

In the event of a virtual shareholders' meeting, the Company shall in accordance with the regulations disclose real-time voting and election results immediately after the end of the voting session on the virtual meeting platform, and this disclosure shall continue at least 15 minutes after the chair has announced the meeting adjourned.

Article 20 (Location of the chair and secretary of virtual-only shareholders' meeting)

When the Company convenes a virtual-only shareholders' meeting, both the chair and secretary shall be in the same location, and the chair shall announce said location's address when the meeting is called to order.

Article 21 (Handling of disconnection)

In the event of a virtual shareholders' meeting, if the virtual meeting platform or participation in the virtual meeting is obstructed due to natural disasters, accidents, or other force majeure events before the chair has announced the meeting adjourned, and the obstruction continues for 30 minutes or longer, the meeting shall be postponed to or resumed on another date within five days, in which case Article 182 of the Company Act shall not apply.

For a meeting to be postponed or resumed as described in the preceding paragraph, shareholders who have not registered to participate in the affected shareholders' meeting online shall not attend the postponed or resumed session.

When a company postpones or reconvenes a meeting under paragraph 1, shareholders who registered to take part by video conferencing in the originally scheduled shareholders' meeting and completed sign-in, but do not participate in the postponed or reconvened meeting, the number of shares represented by them and voting rights and election rights exercised by them shall be counted toward the total number of shares, number of voting rights and number of election rights of shareholders represented at the postponed or reconvened meeting.

During a postponed or resumed session of a shareholders' meeting held under the paragraph 1, no further discussion or resolution is required for proposals for which votes have been cast and counted and results have been announced, or list of elected directors.

When the Company convenes a hybrid shareholders' meeting, and the virtual meeting cannot continue as described in paragraph 1, if the total number of shares represented at the meeting, after deducting those represented by shareholders attending the virtual shareholders' meeting online, still meets the minimum legal requirement for a shareholders' meeting, then the shareholders' meeting shall continue, and no postponement or resumption thereof under paragraph 1 is required.

Under the circumstances where a meeting should continue as in the preceding paragraph, the shares represented by shareholders attending the virtual meeting online shall be counted towards the total number of shares represented by shareholders present at the meeting, provided these shareholders shall be deemed to have abstained from voting on all proposals on that shareholders' meeting agenda.

When postponing or resuming a meeting in accordance with paragraph 1, the Company shall handle the preparatory work based on the date of the original shareholders' meeting in accordance with the requirements listed under Article 44-20, Paragraph 7 of the Regulations Governing the Administration of Shareholder Services of Public Companies.

For dates and periods set forth under Article 12, second half, and Article 13, Paragraph 3 of the Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies, and Article 44-5, Paragraph 2, Article 44-15, and Article 44-17, Paragraph 1 of the Regulations Governing the Administration of Shareholder Services of Public Companies, the Company shall handle such a matter based on the date of the shareholders' meeting that is postponed or resumed under paragraph 1.

Article 22 (Handling of digital divide)

When convening a virtual-only shareholders' meeting, the Company shall provide appropriate alternative measures available to shareholders with difficulties in attending a virtual shareholders' meeting online.

Article 23 This rule will be implemented after approval by the shareholders' meeting and the amendment will follow the same procedure.

Appendix 2

Rules for Election of Directors

Article 1

Unless otherwise provided for in the Company Act or the Articles of Incorporation of the Company, the Directors of the Company shall be elected in accordance with the Rules specified herein.

Article 2

Election of Directors of the Company shall be held at the shareholders' meeting.

Article 3

The election of the Company's Directors shall be conducted in accordance with Article 192-1 of the Company Act under the system of nomination of candidates.

Article 4

In the election of Directors of the Company, the single recorded cumulative voting system is implemented. Each share shall have voting rights equivalent to the number of seats to be elected, and such voting rights can be combined to vote for one person, or be divided to vote for several persons.

Article 5

The board of directors shall prepare the same number of electoral votes as the number of directors to be elected, add their weights, and distribute the shareholders present at the shareholders' meeting. Elector's name could be replaced by the attendance card number printed on the voting paper.

Article 6

The directors of the company shall calculate the voting rights of independent directors and non-independent directors separately according to the Articles of Incorporation of the Company. Those with the same weight will be drawn by lot, and those who are not present will be drawn by the chairman.

Article 7

Before the start of the election, the chairman shall designate a number of scrutineers and tellers to perform various related duties. The scrutineers shall have shareholder status. The ballot box is prepared by the board of directors, and it is opened for inspection by the scrutineers before the vote.

Article 8

If the elector is a shareholder, the elector must fill in the elector's account name and shareholder account number in the electoral column of the ballot paper. However,

if the legal person shareholder is the elected person, the name of the elected person in the electoral vote shall be filled with the name of the legal person, and the name of the legal person and its representative may also be filled in. When there are several representatives, the name of the representative should be added separately.

Article 9

Ballots shall be deemed void in either one of the following conditions:

- (1). Ballots not used by following rules ;
- (2). Those who put a blank ballot into the ballot box
- (3). The ballot that are blurred or unrecognizable due to alteration.
- (4). If the candidate is a shareholder of the Company, the name or shareholder's number of the candidate filled in the ballot is inconsistent with the shareholders' register; if the candidate is not a shareholder of the Company, the name or identity document number of the candidate filled in the ballot is incorrect;
- (5). In addition to the account name (name) or shareholder account number (identity document number) of the candidate, write other characters.
- (6). If the name of the elected candidate is the same as that of other shareholders, but the shareholder account number or identity document number is not filled in for identification.

Article 10

The ballots should be calculated during the meeting right after the vote casting and the results of the election should be announced by the Chairman at the meeting.

Article 11

The elected director shall be notified by the company of the election.

Article 12

The Rules and any revision thereof shall become effective after approval at the shareholder's meeting.

These rules are implemented after approval by the shareholders' meeting on June 16, 2006. The first revision was at the shareholders meeting on June 06, 2008. The second amendment was held on June 13, 2012. The third amendment was held on June 22, 2016.

Appendix 3

Articles of Incorporation for FocalTech

Section I General Provisions

Article 1 The Company shall be incorporated as a limited liability company with shares defined by the Company Act and its name shall be “FocalTech Systems Co., Ltd.”.

Article 2 The scope of business of the Company shall be as follow:
1. CC01080 Electronic component manufacturing
2. I301010 Information Software Services
3. IG02010 Research and Development Service
4. I501010 Product Design
5. F219010 Retail Sale of Electronic Materials
6. F401010 International Trade
7. I301020 Data Processing Services
8. ZZ99999 All business activities that are not prohibited or restricted by law, except those that are subject to special approval

Article 3 The Company shall have its head office in Hsinchu County and, if necessary, may set up branches domestically or overseas after the approval its Board of Directors and the authority.

Article 4 Public notices of the Company shall be made in accordance with Article 28 of the Company Act.

Section II Shares

Article 5 The total capital amount of the Company shall be five billion New Taiwan Dollars accounting for five hundred million shares, at a par value of Ten New Taiwan Dollars (NT\$10) per share. The Board of Directors is authorized to issue the unissued shares in installments

Article 5-1 If the company intends to issue employee stock options at a share price lower than the market price (net book value per share), it shall comply with the provisions of Article 56-1 and 76 of the Code of Dealing with the Offering and Issuance of Securities of the Issuer. After being resolved by the shareholders' meeting, the shares could be issued.

Article 5-2 If the company intends to transfer the shares of the company to the

employees at the price lower than the average actual purchase price, it shall comply with the provisions of Article 10-1 and Article 13 of the Measures for Buying Back Stocks of the Company by the Listed and OTC company. The approval by 2/3 of the more than 50% of the attending voting shares in the latest shareholders' meeting is required.

Article 5-3 The employees in subordinate companies are eligible for the transfer of treasury shares, allotment of new shares, the issue of employee stock options and the restriction shares with particular requirements, which are authorized to the board of directors to define.

Article 6 The share certificate of the Company shall be all name registered share certificates and shall be signed by, and affixed with the seals or signed by representative directors of the Company, and issued after duly authentication pursuant to the law. The Company can also issue shares by registering or wiring into account books based on related regulations, rather printing physical shares.

Article 7 The company's stock handling operations, besides the provisions of laws and securities regulations, also shall be in accordance with the "Standards for the Issuance of Stocks of Public Share Issuing Companies". When the relevant laws and regulations are changed, they shall be executed at any time after the change.

Article 8 Registration for transfer of shares shall all be suspended 60 days before the convocation of any ordinary shareholders' meeting, 30 days before the convocation of extraordinary shareholders' meeting, or 5 days before the record day for distribution of dividend, interest and bonus or any other benefit as scheduled by the Company.

Section III Shareholder Meeting

Article 9 The shareholders' meeting is divided into two, ordinary meetings and temporary meetings, the regular meeting shall be convened by the board of directors within six months after the end of each fiscal year; the convening of the temporary meeting shall be conducted in accordance with the relevant laws and regulations of the Republic of China. For the shareholders' meeting convening, shall notify the shareholders and announce the date, place and convening of the meeting before 30 days for ordinary meetings and 15 days for temporary meetings. For a shareholder holding a registered stock of

less than one thousand shares, the notice could be done by announcing.

Article 9-1 Shareholders who hold 1 per cent of the total number of issued shares at the time when the company convened a regular meeting of shareholders could submit no more than one shareholder meeting proposal to the company in writing. Any proposal more than one shall not be included in the shareholders meeting. The operations are handled in accordance with Company Act and related regulations.

Article 10 Resolutions of the shareholders' meeting may be processed in writing or electronically. Except specified by the provisions of Company Act, the resolution should be made by the agreement of more than half of the attending voting shares, which are more than half of the issued shares.

Article 10-1 The shareholders' meeting of the Company can be held via video conference or through other methods as announced by the central competent authority.

Article 11 When the shareholders are unable to attend the shareholders' meeting, according to Article 177 of Company Act, the power of attorney shall specify the scope of authorization and entrust the agent to attend the meeting. The power of attorney shall reach the company five days before the meeting.
The method of entrusting the shareholders to attend shall be handled in accordance with the provisions of the "Provisional Regulations on the Use of Public Companies to Attend Shareholders' Meetings" issued by the competent authority, besides to the provisions of Company Act.

Article 12 Each share has one voting right except for the case defined in Article 179 of Company Act.

Article 13 When the shareholder meeting is held, the Company chairman shall be the meeting chairman. In the absence of the chairman of the board of directors, the chairman shall appoint one director to act as the agent. If not, the directors shall elect one director to represent. If the meeting is not convened by the board of directors, the meeting chairman could be the convener. When there are two or more concentrators, one of them should be elected to be the meeting chairman.

Article 14 The resolutions of the shareholders' meeting shall be made into meeting records, signed or sealed by the chairman, and the minutes shall be distributed to the shareholders within 20 days after the meeting. The distribution of the records shall be announced in the form of an announcement. The period of record of the minutes of the proceedings and proceedings, attendance at the shareholders' signature book or attendance card, and power of attorney attendance shall be subject to the provisions of Article 183 of Company Act.

Article 15 When the company's shares are proposed not to be traded publicly, this shall be subject to the resolution of the shareholders' meeting, and this provision will not be changed during the listing period.

Section IV Directors and Audit Committee

Article 16 The company has 7 to 9 directors, and adopts the nomination system for candidates and is elected by the shareholders' meeting with the ability to act for a term of three years. If a representative of a legal person shareholder is elected as a director, the legal person may be reassigned at any time, but only to supplement the original term. The company may with the approval of relevant laws and regulations, purchase liability insurance for directors by resolution of the board of directors, so as to reduce the risk of directors being sued by shareholders or other related parties for performing their duties according to law.

Article 16-1 The number of independent directors shall not be less than three, and shall not be less than one-fifth of the number of directors. The candidate nomination system shall be used. The shareholders' meeting shall elect the list of candidates for independent directors. The professional qualifications of the independent directors referred to in the preceding paragraph, restrictions on shareholding and part-time work, nomination methods, and other compliance matters shall be handled in accordance with the relevant provisions of the competent securities authority.

Article 16-2 When the directors of the company perform the duties of the company, regardless of the operating profit and loss of the company, the compensation may be paid and the remuneration is authorized by the board of directors considering the normal level of the industry.

- Article 16-3 In accordance with the provisions of Article 14-4 of the Securities and Exchange Act, the company sets up an audit committee and the audit committee is responsible for executing the company's law, securities trading law and other laws and regulations stipulating the authority of the supervisor. The audit committee shall consist of all independent directors, the number of whom shall be no less than three, one of which shall be the convener, and at least one shall have accounting or financial expertise. The resolution of the audit committee shall have the agreement of more than one-half of all members.
- Article 17 When the missing amount of directors is up to one-third, the board of directors shall convene a shareholders meeting to elect new Board members within sixty days.
- Article 18 When the term of office of the director is expired but not till the re-election, except as otherwise provided in Company Act, he or she shall extend his or her duties until the re-election.
- Article 19 The Chairman shall be elected by more than 2/3 majority in the Board meeting with at least half members attending. The Chairman conducts all company affairs in accordance with laws, regulations, shareholders' meetings and board resolutions.
- Article 20 Except as otherwise provided in Company Act, the board of directors shall be convened in accordance with the provisions of Company Act. When the board of directors meets at the meeting, the directors should attend in person unless they are otherwise required by Company Act. When the directors are unable to attend in person, they will produce a power of attorney, list the scope of the authorization for the cause of the meeting, and appoint other directors to represent the board of directors. The director acts as an agent for other directors to attend the board of directors, but limited by the commission of one person.
- Article 20-1 The convening of the board of directors shall be notified to all directors by written, E-mail or fax seven days ago. The Board meeting could be called at any time in an emergency by notify in writing, by e-mail or by fax.
- Article 21 The chairman of the board represents the company. If the chairman

leave or other reasons that makes him cannot exercise authority, the chairman of the board of directors shall appoint one person to act as the agent. In the absence of such designation, the deputy shall be elected by the directors.

Article 22 Matters to be resolved by the board of directors shall be made into records and shall be signed or sealed by the chairman. Within 20 days after the meeting, the records will be distributed to all directors. The records of the board meeting shall notice the proceedings of the board of directors, the attendance of the board of directors shall be recorded. The agent's power of attorney attendance will be handled in accordance with Article 207 of Company Act.

Article 23 The Board of Directors shall have the following functions and responsibilities:

1. Decision on business policy
2. Validation of the budget
3. Prepare financial statements to report shareholders' meeting.
4. Amend the proposed articles of association.
5. Execute resolutions of the shareholders meeting.
6. Validation of the main contract.
7. Propose a Ratification for surplus distribution or loss provision.
8. Ratifications for capital increase or reduction.
9. Employment of key staff.
10. The organization rules and business rules formulation
11. Other duties defined by laws and shareholder meeting resolutions

Section V Managers and staff

Article 24 The company may have the position of the manager, whose appointment, dismissal and remuneration are in accordance with Article 29 of Company Act.

Article 24-1 The Company may, subject to the relevant laws and regulations, obtain resolutions from the board of directors and purchase liability insurance for the managers to reduce the risk of the managers being prosecuted by shareholders or other related parties for performing their duties according to law.

Article 25 The company may hire important staffs based on Board resolutions in accordance with the provisions of Article 24 of the Articles of Incorporation.

Section VI Accounting

Article 26 The Board of Directors shall prepare after the close of each accounting fiscal year for the Company (1) Business Report, (2) Financial Statements, (3) Ratification of Distribution of Profit or Making Up of Loss, etc. and submit the same to the general shareholders meeting for acceptance.

Article 26-1 If the If the company makes a profit in the year, it should extract no less than 1% for the employee's remuneration, and be resolute by the board of directors whether to distribute it by stock or cash. The object must be employees who meet certain conditions, and the conditions are authorized by the board of directors to resolute. The company can base on the profit amount, and let the board of directors resolute the director's remuneration which is less than 1.5%. The employee's compensation and the directors' compensation shall be reported to the shareholders' meeting. However, when the company still has accumulated losses, it should retain the amount of compensation in advance, and then provide employees' compensation and directors' compensation according to the proportion of the preceding paragraph.

Article 27 If the Company has earnings annually, the payments to tax liability and the compensation of the accumulated deficit should be done first. Then 10% of the rest amount should be extracted to the legal reserve. If the legal reserve has reached the amount of paid-in capital of the company, this extraction may not be required. In addition, the special reserve shall be reversed or reserved, according to the law or operating requirements. The remaining amount plus the year beginning undistributed retained earnings is available for distribution in terms of cash or shares, which is proposed by the Board of Directors, and is required to be approved by the shareholders' meeting. The company's dividend policy is based on the current and future development plans, considering the investment environment, capital needs and domestic and international competition, and taking into account the interests of shareholders, etc., the annual earning is not less than 10% of the annual dividend distribution dividends. When

distributing dividends to shareholders, it can be cash or stock, in which the cash dividend is not less than 10% of the total dividend, but the cash dividend of less than NT\$0.5 per share will not be issued.

- Article 28 The company may endorse the external endorsement and may, depending on the needs of the business, lend the funds to others. Its operating methods are determined by the board of directors according to law.
- Article 29 The total amount of the company's investment is not subject to the limit of 40 percent of the paid-in capital of Company Act in Article 13.
- Article 30 The company's organization rules and operation procedures are set by the board of directors.
- Article 30-1 For matters not regulated in this statute, shall be handled in accordance with the provisions of Company Act and other statutes.
- Article 31 This Article was established on December 15, 2005. The first amendment was made on January 19, 2006. The second amendment was made on March 28, 2006. The third amendment was made on October 5, 2006. The fourth amendment was made on May 10, 2007. The fifth amendment was made on June 6, 2008. The sixth amendment was made on June 16, 2009. The seventh amendment was made on June 15, 2011. The eighth amendment was made on June 13, 2012. The ninth amendment was made on June 18, 2013. The tenth amendment was made on June 30, 2014. The eleventh amendment was made on January 5, 2015. The twelfth amendment was made on June 10, 2015. The thirteenth amendment was made on June 22, 2016, the fourteenth Amendment on June 20, 2019, the fifteenth Amendment on June 20, 2020, and the sixteenth Amendment on August 19, 2021, and the seventeenth Amendment on June 9, 2022.

Appendix 4

FocalTech Directors' Shareholding Status

Record Date: April 1, 2023

Position	Name	Gender	Shareholding Status	
			Number of shares	Shareholding Ratio
Chairman	Genda Hu	Male	1,308,192	0.61%
Director	GWAA LLC Representative Person : Han-Ping Shieh	Male	4,158,691	1.92%
Director	GWAA LLC Representative Person : Chenming Hu	Male		
Director	Acer Inc. Representative: Jason Chen	Male	8,732,688	4.04%
Independent Director	Chin-Tay Shih	Male	0	0%
Independent Director	Chan-Jane Lin	Female	0	0%
Independent Director	Chang Xu	Male	0	0%
Independent Director	Xu-Hui Xu	Male	0	0%
Total of All Directors			14,199,571	6.57%

Note:

1. Total shares issued: 216,157,049 common shares.
2. Minimum number of shares that all directors should hold in total is 12,000,000 shares on April 1, 2023
3. The number of shares held by individual and all directors are listed above summarized from the shareholders' register on the date of suspension of transfer, which fulfills the requirement of Article 26 of the Securities Exchange Act.