

FocalTech Systems Co., Ltd.

2023 Annual Shareholders' Meeting Notice

(Summary Translation)

A. The 2023 Annual Shareholders' Meeting of FocalTech Systems Co., Ltd. will be convened at Darwin, 2F, No.1, Gongye E. 2nd Rd., Hsinchu City 300, Taiwan (R.O.C.), at 09:00 a.m. on May 30, 2023.

The agenda for the meeting is as follows:

1. Matters for Report
 - (1) 2022 business report
 - (2) Audit committee review report
2. Matters for Ratification
 - (1) Adoption of 2022 business report and financial statements
 - (2) Adoption of the proposal for distribution of 2022 profits
3. Matters for Discussion
 - (1) Issuance of restricted stocks
 - (2) Proposal for cash distribution from Additional Paid-in Capital
4. Elections
 - (1) The 8th election of Directors
5. Other Proposals:
 - (1) To release the prohibition on Directors from participation in competitive business
6. Extemporaneous motions

B. The relevant information regarding the discussion matter "Issuance of restricted stocks" could be referred to the attachment1.

C. Pursuant to Article 241 of Company Act, the Board of Directors proposed to distribute NTD108,000,000 in cash to shareholders from the share premium in additional paid-in capital, approximately NTD0.5 per share.

D. 1. The number of directors to be elected in this shareholders meeting: 8 directors (including 4 independent directors).

2. List of nominee candidates:

Directors: Genda Hu, GWAA LLC (representative: Han-Ping Shieh), Acer Inc. (representative: Jason Chen), GWAA LLC (representative: Jason Lin),

Independent directors: Chin-Tay Shih, Chan-Jane Lin, Hsing-Chien Tuan, Jim Lai.

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

E. The relevant information required to disclose by following the Article 172 of Company Act. is posted on MOPS website:

<http://mops.twse.com.tw>

F. One copy of the attendance notification form and proxy form will be attached to this meeting notice. If the shareholder plans to attend the meeting in person, please sign or stamp on the attendance notification form and carry it to the check-in desk on the day of the meeting (unnecessary to mail back first). In the case that an agent is entrusted to attend the meeting, the shareholder shall sign or stamp on the proxy form and personally fill out the name and address of the agent, and then deliver the proxy form to the Transfer Agency Department of CTBC BANK Co., Ltd. at least 5 days prior to the day of the meeting. The signed proxy form will serve as the sign-in card for agent to represent the vote at the meeting.

G. If the proxy is solicited by the shareholder(s), the Company is required to compile details on the proxy solicitation parties and disclose such information on the Securities & Futures Institute (SFI) website no later April 28, 2023. Shareholder(s) can obtain information on the "Free proxy disclosure & related information system" search page on

<https://free.sfi.org.tw>

H. Shareholders may exercise their voting rights through the STOCKVOTE platform of Taiwan Depository & Clearing Corporation (<https://www.stockvote.com.tw>) during the period from April 29, 2023 to May 27, 2023.

I. The Transfer Agency Department of CTBC BANK Co., Ltd. is the proxy

tallying and verification institution for this annual shareholders' meeting.

J. These regulations should be abided and applied.

Attachment 1

- (1) In order to attract and retain the talents needed by the company, to encourage employees, enhance the centripetal force of the employees, and to create the interests of the company and shareholders, the company plans to issue restricted stocks in accordance with the relevant provisions of Article 267 of Company Act and the " 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.