



**Stock code: 2369**

Website of Taiwan Stock Exchange  
Market Observation Post System:

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

<https://www.lingsen.com.tw>

# LINGSEN PRECISION INDUSTRIES, LTD.

## 2022 ANNUAL GENERAL SHAREHOLDERS' MEETING

### Meeting Agenda

#### 【Translation】

MEETING TYPE : PHYSICAL SHAREHOLDERS' MEETING.

TIME: JUNE 10 (FRIDAY), 2022 AT 9:00AM

LOCATION OF MEETING: 5F, NO.5-1, SOUTH 2<sup>nd</sup> ROAD, TANZI DIST. TAICHUNG CITY, TAIWAN.

#### ---Disclaimer---

THIS IS A TRANSLATION OF THE AGENDA FOR THE 2022 ANNUAL GENERAL SHAREHOLDERS' MEETING OF LINGSEN PRECISION INDUSTRIES, LTD. THE TRANSLATION IS INTENDED FOR REFERENCE ONLY. IF THERE IS ANY DISCREPANCY BETWEEN THE ENGLISH VERSION AND CHINESE VERSION, THE CHINESE VERSION SHALL PREVAIL.

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# **Lingsen Precision Industries, Ltd. Procedure for the 2022 Annual Meeting of Shareholders**

- 1、 Call the Meeting to Order**
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**Lingsen Precision Industries, Ltd.**  
**Year 2022**  
**Agenda of Annual Meeting of Shareholders**

1. Meeting type: Physical shareholders' meeting.
2. Time: June 10, 2022 (Friday) at 9:00am
3. Location of meeting: 5F, NO.5-1, South 2<sup>nd</sup> Road, Tanzi Dist. Taichung City, Taiwan.
4. Chairman's Address
5. Reported Matters
  - (1) 2021 Business Report.
  - (2) Report by Audit Committee on the examination of 2021 financial statements.
  - (3) Report on the condition of the company's endorsement and guarantees for other company.
  - (4) 2021 remuneration for employees and directors.
  - (5) Report on the amendments to the company's "Code of Corporate Social Responsibility".
  - (6) Report on the amendments to the company's "Procedures for Share Buy-back and Transfer to Employees".
  - (7) Other matters to be reported.
6. Acknowledge Matters
  - (1) Acknowledge of 2021 business report and financial statements. (Proposed by board)
  - (2) Acknowledge of 2021 earning distribution. (Proposed by board)
7. Matters for Discussion
  - (1) Discussion of amendments to the company's "Articles of Incorporation." (Proposed by board)
  - (2) Discussion of amendments to the company's "Procedures for Acquisition and Disposal of Assets." (Proposed by board)
  - (3) Discussion of amendments to the company's "The Rules of Procedure for Shareholders' Meetings." (Proposed by board)
8. Matters for Election
  - (1) To elect the company's 20th term of directors. (Proposed by board)
9. Other Proposals
  - (1) Discussion to approve the lifting of non-competition restrictions on directors. (Proposed by board)
10. Extempore Motions
11. Adjournment

# Reported Matters

**Item 1:** 2021 Business Report.

**Explanation:** Please refer to the attachment.

## **Business Report**

### **(I) Operating principle and implementation**

The Company's essential philosophy is being innovative and creative, honest and practical, and excellence sharing. The major operating principles are as follows:

- i. Improving service quality, strengthen the communication with customers and build up a balanced relationship with the customers.
- ii. Improving the existing manufacturing process, innovating new manufacturing process, improve the quality and reduce costs to create profits, proactively.
- iii. Continuously innovating product development and available in diverse products package manufacturing process to meet the customers' needs.
- iv. Improving internal operation efficiency and enhance the quality for employee's operation.
- v. Strengthening the function of information systems to improve manufacturing and inspecting the automatic operation.
- vi. Introducing 5S activities to optimize the working environment to avoid occupational accident and reduce wastage.
- vii. Continuously enhancing the educational training to train the talent to assists the company's sustainable management and development.

### **(II) Result of Business Plan**

In 2021, the vigorous economic activities and increasing customer orders, stay-at-home economy, 5G Communication, which have driven the overall growth of the company's operating results. The current results reveal that the company has solid performance by expanding production capacity in a cost-competitive manner and flexibly adjust its production capacity and secure its supply chains to meet customers' demand.

The company's revenue in 2021 reached an all-time high, a year-on-year growth of 40.2%. 2021 revenue totaled NTD 6.49 billion, with 18.9% gross margin rate and 12.5% operating margin rate. Profit attributable to the parent company was NTD 0.87 billion or an earnings per share of NTD 2.35.

Facing many uncertainties and challenges in the market and in the supply chain, the company's performance demonstrated its indefatigable efforts and the ability to adapt to changes which the company has built up over a long period of time. Based on the Company's core assembly capabilities, the company will grasp opportunity that arise from the industry's structural changes and continues its advancement of value enhancement for its customers.

(Amount Expressed in Thousands of New Taiwan Dollars)

Items	Year 2021		Year 2020		Annual growth rate YoY	
	\$	%	\$	%	\$	%
Operating revenue	6,489,676	100.0	4,628,930	100.0	1,860,746	40.2
Gross profit	1,228,099	18.9	368,155	8.0	859,944	233.6
Operating expenses	416,144	6.4	332,300	7.2	83,844	25.2
Net operating income	811,955	12.5	35,855	0.8	776,100	2,164.6
Total non-operating income and expenses	145,081		(184,685)			
Net profit after tax	873,849		(164,343)			

(III) 2021 Budget Implementation Status

The company did not prepare financial forecasting of 2021.

(IV) Financial Revenue and Expenditure Status and Profitability Capacity Analysis

Item analyzed		Year 2021	Year 2020
Financial Structure	Debt Ratio (%)	30.31	27.77
	Ratio of Long-term capital to property, plant and equipment(%)	225.20	205.49
Solvency	Current Ratio (%)	225.39	218.25
	Quick Ratio (%)	169.06	183.78
Profitability	Return On Assets (%)	11.55	-2.19
	Return On Equity (%)	16.18	-3.26
	Ratio of Operating Income to paid-in capital (%)	21.36	0.94
	Ratio of Pre-tax Income to paid-in capital (%)	25.17	-3.91
	Profit Margin (%)	13.46	-3.55
	EPS (NT\$)	2.35	-0.44

(V) Research and Development Status

(Amount Expressed in Thousands of New Taiwan Dollars)

Year	Year 2021	Year 2020	Year 2019
Research & Development Expense	143,554	138,918	150,091
Ratio of R&D Expense to operating revenue (%)	2.21	3.00	3.88

Chairman: Shu-Chyuan Yeh

Manager: Tse-Sung Tsai

Accounting Supervisor: Ming-Wei Lai

**Item 2:** Report by Audit Committee on the examination of 2021 financial statements.

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

The Board of Directors has prepared and submitted to us the Company's 2021 Business Report, Financial Statements and proposal for earning distribution. The Financial Statements have been audited, certified and issued an audit report by Shu-Chin Chiang and Ting-Chien Su of Deloitte & Touche CPA. The Business Report, Financial Statements and proposal for earning distribution have been reviewed and determined to be correct and accurate by the Audit Committee members. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

**Lingsen Precision Industries, Ltd.**

Chairman of the Audit Committee: Feng-Hsien Shih

March 17, 2022



**Item 3:** Report on the condition of the company's endorsement and guarantees for other company.

**Explanation:** the Company's endorsement and guarantee amount for other company as of December 31, 2021 is as follows:

(Amount Expressed in Thousands)

Guaranteed Party		Quota	Amount Actually used
Name	Nature of relationship		
Ningbo Liyuan Technology Co.,Ltd.	Second-tier Subsidiary	NTD138,400 ( USD5,000 )	NTD110,720 ( USD4,000 )
Total		NTD138,400	NTD110,720
Remark:			
1. The amount of endorsement and guarantee provided to each guaranteed party shall not exceed 15% of the Company's net worth as stated in its latest financial statement.			
2. The total endorsement and guarantee amount provided shall not exceed 30% of the Company's net worth as stated in its latest financial statement.			

**Item 4:** 2021 remuneration for employees and directors.

**Explanation:** 1. According to Article 31-1 of the Company's Articles of Incorporation, if the Company gains profit at the end of the fiscal year, it shall allocate not less than 10% for employee's compensation and not more than 2% for directors' compensation.

2. The Board of Directors approved the proposal of 2021 remuneration for employees and directors. Both the remuneration for employees and directors will be distributed in cash.

The total amount of the remuneration for directors is NT\$21,750,832, or 2%.

The total amount of the remuneration for employees is NT\$108,754,163, or 10%.

**Item 5:** Report on the amendments to the company's "Code of Corporate Social Responsibility"

**Explanation:** 1. In accordance with Letter No. 1100024173 of Taiwan Stock Exchange issued on December 7, 2021, the company is proposed to make amendments to the "Code of Corporate Social Responsibility" and renamed as "Code of Sustainable Development".

2. The comparison table for the "Code of Corporate Social Responsibility" . (Please refer to page 37- 41 for details).

**Item 6:** Report on the amendments to the company's "Procedures for Share Buy-back and Transfer to Employees".

**Explanation:** The company is proposed to make amendments to the "Procedures of Share Buy-back and Transfer to Employee for year 2021" . The comparison table please refer to page 42 for details.

**Item 7:** Other matters to be reported

**Explanation:** Handling of the shareholder proposals in the regular shareholders meeting:

1. According to Article 172-1 of the Company Act, shareholders who hold more than 1% of the total number of issued shares may submit a proposal in the annual general shareholders' meeting, but are limited to one proposal within 300 words.
2. The Company accepted shareholders' proposal in writing for the 2021 regular shareholders meeting between March 25, 2022 and April 6, 2022. It has been announced at the Market Observation Post System in accordance with the law.
3. The Company did not receive any proposal from shareholders.

# Acknowledged Matters

## Item 1(Proposed by board)

**Proposal:** Acknowledge of 2021 business report and financial statements.

**Explanation:**

1. The board of directors prepared the stand-alone and consolidated financial statements 2021 (please refer to page 17-36), which were audited by Accountants Shu-Chin Chiang and Ting-Chien Su from the Deloitte Touche Tohmatsu Limited.

2. The business report (please refer to page 4-5), stand-alone and consolidated financial statements have been reviewed by the Audit Committee, and an audit report was issued.

**Resolution:**

## **Item 2(Proposed by board)**

**Proposal:** Acknowledge of 2021 earning distribution.

**Explanation:** 1. The 2021 earning distribution table is compiled as follows in accordance with Company Act and the company's "Articles of Incorporation". It has been resolved by the board of directors and examined by the Audit Committee with an issued audit report on March 17, 2022.

2. The unappropriated earnings of prior years is NT\$0, after adding up the 2021 net profit after tax of NT\$873,849,558 and remeasurement of defined benefit plans of NT\$38,975,766. The amount of net profit after tax for the period and the amount adjusted to the current year's undistributed earnings is NT\$912,825,324. After deducting the 10% legal reserve of NT\$91,282,532 and adding up special reserve reversal of NT\$69,384,576, therefore the total amount of earnings available for distribution is NT\$890,927,368. It is hereby proposed to distribute cash dividends to shareholders of NT\$490,000,000.

Lingsen Precision Industries, Ltd.  
Earning Distribution Table  
Year 2021

		Unit: NTD\$
<b>Unappropriated retained earnings of prior years</b>		<b>0</b>
Plus : 2021 net profit after tax	873,849,558	
Plus : 2021 remeasurement of defined benefit plans	38,975,766	
The amount of net profit after tax for the period and the amount adjusted to the current year's undistributed earnings		912,825,324
Minus: 10% legal reserve		(91,282,532)
Plus : special reserve reversal		69,684,576
<b>Earnings Available for Distribution</b>		<b><u>890,927,368</u></b>
<b>Items for Distribution:</b>		
Cash Dividends to Shareholders		<u>490,000,000</u>
<b>Unappropriated retained earnings</b>		<b><u>400,927,368</u></b>

- Note:
1. Legal reserve: NT\$912,825,324 \* 10% = NT\$91,282,532
  2. Total common shares issued on April 12, 2022: 380,102,344 shares. In the event of any change in the number of outstanding shares, the dividend ratio must be adjusted. It is proposed to fully authorize the board of directors to adjust the dividend ratio and to proceed on the relevant matters. °
  3. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the board of directors be authorized to resolve the ex-right date, and other relevant issues.
  4. The earnings of the most recent year will be distributed first at this time.
  5. The dividend will be paid in cash with calculation rounded down to the nearest NT\$1 (any amount below NT\$1 will be discarded). The remaining fraction will be adjusted from the decimal point to the smallest and the Shareholder's number from front to back, until it matches the total cash dividend.

Chairman: Shu-Chyuan Yeh

Manager: Tse-Sung Tsai

Accounting Supervisor: Ming-Wei Lai

**Resolution:**

# Matters for discussion

## Item 1(Proposed by board)

**Proposal:** Discussion of amendments to the company's "Articles of Incorporation."

- Explanation:**
1. In accordance with Article 172-2 of the Company Act and due to business needs, the company is proposed to make amendments to the "Articles of Incorporation." Added the shareholders' meeting can be held by means of visual communication network.
  2. The comparison table for the "Articles of Incorporation." (Please refer to page 43 for details).

**Resolution:**

## Item 2(Proposed by board)

**Proposal:** Discussion of amendments to the company's "Procedures for Acquisition and Disposal of Assets".

- Explanation:**
1. In accordance with Letter No. 1110380465 issued by Financial Supervisory Commission on January 28, 2022 and due to business needs, the company is proposed to make amendments to the "Procedures for the Acquisition or Disposal of Assets."
  2. The comparison table for the "Procedures for the Acquisition and Disposal of Assets." (Please refer to page 44-48 for details).

**Resolution:**

**Item 3(Proposed by board)**

**Proposal:** Discussion of amendments to the company's "The Rules of Procedure for Shareholders' Meeting."

**Explanation:** 1. In order to conform the needs of commercial practice or the amendments to related laws, the company is proposed to make amendments to "The Rules of Procedure for Shareholders Meetings." Added relevant matters for the convening visual communication shareholders meeting.

2. The comparison table for the "The Rules of Procedure for Shareholders Meetings." ( Please refer to page 49-50 for details)

**Resolution:**

# Matters for Election

## Item 1(Proposed by board)

**Proposal:** To elect the company's 20th term of directors.

- Explanation:**
1. The company's Articles of Incorporation state that the company's board of directors shall appoint seven to nine directors, of which at least three must be independent directors.
  2. Upon the expiry of the directors' terms of office, the board of directors resolved that nine directors (including three independent directors) will be elected at this annual shareholders' meeting. The term of office for directors to be elected shall be three years, commencing on June 10, 2022 and expiring on June 9, 2025.
  3. The election of the directors adopts a candidate nomination system as specified in Article 192-1 of the Company Law. The shareholders shall elect the directors from among the nominees listed in the list of director (including independent director) candidates, whose education and professional qualifications, past work experience and relevant information, are attached hereto as page 51-53.
  4. Please Vote.

## Voting Results:



# Other Proposals

## Item 1(Proposed by board)

**Proposal:** Discussion to approve the lifting of non-competition restrictions on directors.

- Explanation:**
1. As stated in paragraph 1 of Article 209 of the 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 meeting of shareholders the essential contents of such an act and secure its approval.
  2. If the Company's new-elected directors invest in or operate in the same or similar business scope of the company and act as directors or managers of the company's reinvestment, it is proposed to the shareholders' meeting for approval in accordance with the law to release the directors from non-competition restrictions, without prejudice to the interests of the company.
  3. The table of the non-competition status of the directors :

Title	Name	Hold a concurrent position in other company	
		Company Name	Title
Director	Shu-Hsun Yeh	Panther Technology Co., Ltd. Sooner Power Semiconductor Co., Ltd. Nexus Material Corporation	Chairman Chairman and General Manager Chairman
Director	Tse-Sung Tsai	Panther Technology Co., Ltd. Sooner Power Semiconductor Co., Ltd. Nexus Material Corporation	Representative of the corporate director Representative of the corporate director Representative of the corporate director
Director	Shu- Hsun Yeh	Panther Technology Co., Ltd. Sooner Power Semiconductor Co., Ltd. Nexus Material Corporation	Representative of the corporate director Representative of the corporate director. Directors
Director	Sheunn-Ching Yang	JMC ELECTRONICS CO., Ltd.	Independent director
Independent Director	Feng-Hsien Shih	ETREND Hightech Corp.	Directors

**Resolution:**

## **Extempore Motions**

## **Adjournment**

# Appendix

## Independent Auditors' Report

To the Board of Directors and Shareholders of Lingsen Precision Industries, Ltd.

### Audit opinions

We have audited the accompanying parent company only financial statements of Lingsen Precision Industries, Ltd. (the "Company"), which comprise the unconsolidated balance sheets as of December 31, 2021 and 2020, and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying unconsolidated financial statements present fairly, in all material respects, the unconsolidated financial position of the Company as of December 31, 2021 and 2020, and its unconsolidated financial performance and its unconsolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the R.O.C.. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Unconsolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Company in accordance with the Code of Ethics and perform other obligations of such Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

The key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the unconsolidated financial statements of the Company for the year ended December 31, 2021. These matters were addressed in the context of our audit of the unconsolidated 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 unconsolidated financial statements for the year ended December 31, 2021 are stated as follows:

Authenticity of service revenue recognition

The main source of revenue of the Company relies on the service revenue from various wafer and integrated circuit packaging and testing services; therefore, the service revenue is determined to be the main indicator for the management to evaluate the business performance, and its recognition authenticity has a material impact on the overall financial statements. Accordingly, the authenticity of the recognition of specific customer service revenue is listed as the key audit matter. For revenue recognition related accounting policy, please refer to Notes 4 and 20 of the unconsolidated financial statements.

We summarize the main audit procedures executed for the aforementioned matters of the current year as follows:

1. Understand and assess the internal control design related to the audit and risk in the product sales and payment collection cycle and conduct a test on its effectiveness.
2. Inspect and obtain samples from the account sales of specific customers, and inspect relevant documents of delivery orders and sales invoices, and also verify whether the payment collection subjects are consistent with the delivery subjects, and also perform letter issuance for customers of service revenue, in order to verify the authenticity of the service revenue.

### **Responsibilities of Management and Those Charged with Governance for the Unconsolidated Financial Statements**

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

In preparing the unconsolidated financial statements, management is also responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the Audit Committee, are responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibilities for the Audit of the unconsolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the unconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the R.O.C. will always detect a material misstatement when it exists in the unconsolidated financial statements. Misstatements can arise from fraud or error. Misstatements 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 the unconsolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the unconsolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
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 ability of the Company to continue as a going concern. In case where we consider that such events or circumstances have a material uncertainty, then relevant disclosure of the unconsolidated financial statements are required to be provided in our audit report to allow users of unconsolidated financial statements to be aware of such events or circumstances, 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 auditor's report. However, future events or conditions may cause Lingsen Precision Industries, Ltd. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including relevant notes, and whether the unconsolidated 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 the entity of the Company, and express an opinion on unconsolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the Company. 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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significant in the audit of the Company's 2021 unconsolidated

financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte Taiwan

CPA Shu-Ching Chiang

CPA Ting-Chien Su

Financial Supervisory Commission  
Approval Document No.  
Jin-Guan-Zheng-Shen-Zi No. 1000028068

Financial Supervisory Commission Approval  
Document No.  
Jin-Guan-Zheng-Shen-Zi No. 1070323246

March 17, 2022

Lingsen Precision Industries, Ltd.  
Parent Company Only Balance Sheets  
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,212,698	14	\$ 1,084,329	16
1140	Contract assets - current (Notes 4 and 21)	135,659	2	114,509	2
1170	Accounts receivable (Notes 4, 8, 20 and 26)	1,439,848	17	1,098,847	16
1200	Other receivables (Notes 4 and 9)	180,659	2	237,007	3
1220	Current tax assets (Notes 4 and 22)	210	-	514	-
1310	Inventories (Notes 4 and 10)	657,624	8	284,720	4
1470	Other current assets (Notes 4, 14, 26 and 27)	331,692	4	190,835	3
11XX	Total current assets	<u>3,958,390</u>	<u>47</u>	<u>3,010,761</u>	<u>44</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 7)	9,982	-	8,457	-
1550	Investment accounted for using the equity method (Notes 4 and 11)	938,874	11	829,935	12
1600	Property, plant and equipment (Notes 4, 12 and 27)	2,949,761	35	2,661,865	39
1755	Right-of-use assets (Notes 4 and 13)	150,220	2	155,098	2
1840	Deferred tax assets (Notes 4, 5 and 22)	23,008	1	89,751	1
1915	Prepayments for facilities	350,718	4	91,957	2
1920	Refundable deposits (Note 4)	324	-	241	-
1975	Net defined benefit assets - non-current (Notes 4 and 18)	12,009	-	-	-
1990	Other non-current assets	5,839	-	1,292	-
15XX	Total non-current assets	<u>4,440,735</u>	<u>53</u>	<u>3,838,596</u>	<u>56</u>
1XXX	Total assets	<u>\$ 8,399,125</u>	<u>100</u>	<u>\$ 6,849,357</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current Liabilities</b>				
2100	Short-term bank borrowings (Notes 15)	\$ 194,118	2	\$ 134,759	2
2170	Accounts payable	479,409	6	310,405	5
2200	Other payables (Notes 16 and 26)	693,056	8	446,678	6
2230	Deferred tax liabilities (Notes 4 and 22)	26,506	-	-	-
2250	Liability reserve - current (Notes 4 and 17)	3,980	-	19,450	-
2280	Lease liabilities - current (Notes 4 and 13)	4,420	-	4,386	-
2320	Long-term borrowings due in one year (Notes 15 and 27)	290,814	4	417,600	6
2399	Other current liabilities	63,888	1	46,168	1
21XX	Total current liabilities	<u>1,756,191</u>	<u>21</u>	<u>1,379,446</u>	<u>20</u>
	<b>Non-current liabilities</b>				
2540	Long-term banks borrowings (Notes 15 and 27)	589,886	7	314,000	5
2570	Deferred tax liabilities (Notes 4 and 22)	784	-	1,156	-
2580	Lease liabilities - non-current (Notes 4 and 13)	147,364	2	151,784	2
2640	Net defined benefit liabilities - non-current (Notes 4 and 18)	-	-	54,241	1
2645	Deposits received	51,822	-	1,822	-
25XX	Total non-current liabilities	<u>789,856</u>	<u>9</u>	<u>523,003</u>	<u>8</u>
2XXX	Total Liabilities	<u>2,546,047</u>	<u>30</u>	<u>1,902,449</u>	<u>28</u>
	<b>Equity</b>				
3110	Common share capital	3,801,023	45	3,801,023	56
3200	Capital surplus	1,250,011	15	1,384,604	20
	Retained earnings				
3320	Special reserve	160,419	2	192,020	3
3350	Unappropriated earnings (accumulated deficit)	912,825	11	( 166,267 )	( 3 )
3400	Other equities	( 71,372 )	( 1 )	( 64,644 )	( 1 )
3500	Treasury shares	( 199,828 )	( 2 )	( 199,828 )	( 3 )
3XXX	Total equity	<u>5,853,078</u>	<u>70</u>	<u>4,946,908</u>	<u>72</u>
	Total liabilities and equities	<u>\$ 8,399,125</u>	<u>100</u>	<u>\$ 6,849,357</u>	<u>100</u>

The accompanying notes are an integral part of the unconsolidated financial report

Lingsen Precision Industries, Ltd.  
Parent Company Only Statements of Comprehensive Income  
For the Years from January 1 to December 31, 2021 and 2020

Unit: Expressed in NT\$ thousand; except  
(loss) earnings per share expressed in NT\$

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 20 and 26)	\$ 6,489,676	100	\$ 4,628,930	100
5000	Operating costs (Notes 10, 21 and 26)	<u>5,261,577</u>	<u>81</u>	<u>4,260,775</u>	<u>92</u>
5900	Gross profit	<u>1,228,099</u>	<u>19</u>	<u>368,155</u>	<u>8</u>
	Operating expenses (Notes 21 and 26)				
6100	Selling and marketing expenses	63,671	1	50,968	1
6200	General and administrative expenses	208,454	3	142,056	3
6300	Research and development expenses	143,554	2	138,918	3
6450	Expected credit impairment losses (Notes 4 and 8)	<u>465</u>	<u>-</u>	<u>358</u>	<u>-</u>
6000	Total operating expenses	<u>416,144</u>	<u>6</u>	<u>332,300</u>	<u>7</u>
6900	Operating profit	<u>811,955</u>	<u>13</u>	<u>35,855</u>	<u>1</u>
	Non-operating income and expenses (Note 4)				
7100	Interest income	3,297	-	5,694	-
7110	Rental income (Note 26)	13,477	-	14,342	-
7130	Dividend income	1,205	-	909	-
7190	Other income (Note 26)	29,795	1	47,886	1
7210	Gains on disposal of property, plant and equipment	1,829	-	490	-
7230	Net gain on foreign exchange	14,943	-	3,482	-
7510	Interest expenses	( 8,647 )	-	( 9,480 )	-
7775	Share of loss from subsidiaries and associated companies using the equity method	<u>89,182</u>	<u>1</u>	<u>( 248,008 )</u>	<u>( 5 )</u>
7000	Total non-operating incomes and expenses	<u>145,081</u>	<u>2</u>	<u>( 184,685 )</u>	<u>( 4 )</u>

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Code		2021		2020	
		Amount	%	Amount	%
7900	Net profit (loss) before income tax	\$ 957,036	15	(\$ 148,830)	( 3)
7950	Income tax expenses (Notes 4 and 22)	( 83,187)	( 2)	( 15,513)	-
8200	Net profit (loss) for the year	<u>873,849</u>	<u>13</u>	<u>( 164,343)</u>	<u>( 3)</u>
	Other comprehensive income (loss) (Note 4)				
8310	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (Note 18)	48,720	1	1,828	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	1,525	-	1,352	-
8330	Share of other comprehensive profits/losses of subsidiaries and associated companies accounted for using equity method	( 5,797)	-	6,102	-
8349	Income tax related to items that will not be reclassified subsequently (Note 22)	( 9,744)	-	( 366)	-
		<u>34,704</u>	<u>1</u>	<u>8,916</u>	<u>-</u>
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	( 2,456)	-	( 139)	-
8300	Other comprehensive income of the year (net amount after tax)	<u>32,248</u>	<u>1</u>	<u>8,777</u>	<u>-</u>
8500	Total comprehensive income (loss) for the year	<u>\$ 906,097</u>	<u>14</u>	<u>(\$ 155,566)</u>	<u>( 3)</u>
	Earnings (losses) per share (Note 23)				
9750	Basic	<u>\$ 2.35</u>		<u>(\$ 0.44)</u>	
9850	Diluted	<u>\$ 2.32</u>		<u>(\$ 0.44)</u>	

The accompanying notes are an integral part of the unconsolidated financial report

Lingsen Precision Industries, Ltd.  
Parent Company Only Statement of Changes in Equity  
For the Years from January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code		Common share capital (Note 19)	Capital surplus (Note 19)	Retained earnings (Note 19)			Other equity items (Note 4)		Treasury shares (Note 19)	Total equity
				Legal reserve	Special reserve	Undistributed earnings (losses to be covered) (Note 4)	Exchange differences on translation of the financial statements of foreign operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other comprehensive income		
A1	Balance at January 1, 2020	\$ 3,801,023	\$ 1,451,696	\$ 359,085	\$ 226,856	(\$ 461,077)	(\$ 22,033)	(\$ 52,425)	(\$ 176,415)	\$ 5,126,710
	2019 Deficit Compensation									
B13	Legal reserve deficit compensation	-	-	( 359,085)	-	359,085	-	-	-	-
B17	Reversal of special reserve	-	-	-	( 34,836)	34,836	-	-	-	-
	Other change of capital surplus:									
C3	Change due to receipt of gifts	-	64	-	-	-	-	-	-	64
C11	Covering loss from capital surplus	-	( 67,156)	-	-	67,156	-	-	-	-
D1	2020 net loss	-	-	-	-	( 164,343)	-	-	-	( 164,343)
D3	Other comprehensive income (loss) for 2020	-	-	-	-	1,462	( 139)	7,454	-	8,777
D5	Total comprehensive income (loss) for 2020	-	-	-	-	( 162,881)	( 139)	7,454	-	( 155,566)
L1	Buy-back of treasury shares (Note 19)	-	-	-	-	-	-	-	( 23,413)	( 23,413)
M7	Change in ownership interests in subsidiaries	-	-	-	-	( 887)	-	-	-	( 887)
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	( 2,499)	-	2,499	-	-
Z1	Balance, December 31, 2020	3,801,023	1,384,604	-	192,020	( 166,267)	( 22,172)	( 42,472)	( 199,828)	4,946,908
	2020 Deficit compensation									
B17	Reversal of special reserve	-	-	-	( 31,601)	31,601	-	-	-	-
	Other change of capital surplus:									
C3	Change due to receipt of gifts	-	73	-	-	-	-	-	-	73
C11	Covering loss from capital surplus	-	( 134,666)	-	-	134,666	-	-	-	-
D1	2021 Net profit	-	-	-	-	873,849	-	-	-	873,849
D3	Other comprehensive income (loss) in 2021	-	-	-	-	38,976	( 2,456)	( 4,272)	-	32,248
D5	Total comprehensive income of 2021	-	-	-	-	912,825	( 2,456)	( 4,272)	-	906,097
Z1	Balance, December 31, 2021	\$ 3,801,023	\$ 1,250,011	\$ -	\$ 160,419	\$ 912,825	(\$ 24,628)	(\$ 46,744)	(\$ 199,828)	\$ 5,853,078

The accompanying notes are an integral part of the unconsolidated financial report

Lingsen Precision Industries, Ltd.

Parent Company Only Statement of Cash Flows

For the Years from January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code		2021	2020
	Cash flows from operating activities		
A10000	Net profit (loss) before tax for the year	\$ 957,036	(\$ 148,830)
	Income/expenses items		
A20100	Depreciation expense	584,787	668,151
A20300	Expected credit impairment losses	465	358
A20900	Interest expenses	8,647	9,480
A21200	Interest income	( 3,297)	( 5,694)
A21300	Dividend income	( 1,205)	( 909)
A22400	Share of loss (profit) from subsidiaries and associated companies using the equity method	( 89,182)	248,008
A22500	Gains on disposal of property, plant and equipment	( 1,829)	( 490)
A23800	Loss for market price decline and obsolete and slow-moving inventories.	6,020	1,653
A24100	Net gain on foreign exchange	( 3,659)	( 2,789)
A29900	Amortization of prepayments	1,952	1,480
A32200	Provision (reversal) for liabilities	( 15,470)	7,072
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 21,150)	( 33,948)
A31130	Notes receivable	-	36
A31150	Accounts receivable	( 342,267)	( 211,560)
A31180	Other receivables	62,719	72,312
A31200	Inventories	( 378,924)	( 61,691)
A31240	Other current assets	( 147,230)	( 45,963)
A32150	Accounts payable	171,193	47,346
A32180	Other payables	237,916	52,627
A32230	Other current liabilities	17,720	( 57,253)
A32240	Net defined benefit liability	( <u>17,530</u> )	( <u>21,287</u> )
A33000	Cash provided by operating activities	1,026,712	518,109
A33100	Interest received	3,299	5,964
A33300	Interest paid	( 7,406)	( 8,458)
A33500	Income tax returned	<u>250</u>	<u>15,541</u>
AAAA	Net cash inflow from operating activities	<u>1,022,855</u>	<u>531,156</u>

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Code		2021	2020
	Cash flows from investing activities		
B02200	Net cash outflow for obtaining subsidiaries	(\$ 28,010)	(\$ 308,170)
B02700	Purchase of property, plant and equipment	( 771,136)	( 132,995)
B02800	Proceeds from disposal of property, plant and equipment	5,002	5,901
B03700	Increase in refundable deposits	( 83)	( 7)
B06700	Increase in other non-current assets	( 6,499)	( 844)
B07100	Increase in prepaid equipment amount	( 349,090)	( 89,496)
B07600	Dividends received	<u>1,205</u>	<u>909</u>
BBBB	Net cash outflow from investment activities	<u>( 1,148,611)</u>	<u>( 524,702)</u>
	Cash flows from financing activities		
C00100	Increase in short-term bank borrowings	1,133,187	524,328
C00200	Decrease in short-term bank borrowings	( 1,072,721)	( 575,868)
C01600	Proceeds from long-term bank borrowings	616,700	-
C01700	Repayments of long-term bank borrowings	( 467,600)	( 345,600)
C03000	Increase in guarantee deposits	50,000	909
C04020	Repaid principal of lease liabilities	( 5,514)	( 5,557)
C04900	Buy-back of treasury shares	-	( 23,413)
C09900	Uncollected overdue dividends	<u>73</u>	<u>64</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>254,125</u>	<u>( 425,137)</u>
EEEE	Increase (decrease) of cash and cash equivalents for the year	128,369	( 418,683)
E00100	Beginning cash and cash equivalents of the year	<u>1,084,329</u>	<u>1,503,012</u>
E00200	End cash and cash equivalents of the year	<u>\$1,212,698</u>	<u>\$1,084,329</u>

The accompanying notes are an integral part of the unconsolidated financial report

## **Independent Auditors' Report**

To the Board of Directors and Shareholders of Lingsen Precision Industries, Ltd.

### **Audit opinions**

We have audited the accompanying consolidated financial statements of Lingsen Precision Industries, Ltd. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the 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, 2021 and 2020, 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 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 Regulation Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the R.O.C.. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics and perform other obligations of such Code. 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 of the Group for the year 2021. 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.

The key audit matters for the Group's consolidated financial statements for the year 2021 are

stated as follows:

#### Authenticity of service revenue recognition

The main source of revenue of the Group relies on the service revenue from the various wafer and integrated circuit packaging and testing services; therefore, the service revenue is determined to be the main indicator for the management to evaluate the business performance, and its recognition authenticity has a material impact on the overall financial statements. Accordingly, the authenticity of the recognition of specific customer service revenue is listed as the key audit matter. For revenue recognition related accounting policy, please refer to Notes 4 and 21 of the consolidated financial statements.

We summarize the main audit procedures executed for the aforementioned matters of the current year as follows:

1. Understand and assess the internal control design related to the audit and risk in the product sales and payment collection cycle and conduct a test on its effectiveness.
2. Inspect and obtain samples from the account sales of specific customers, and inspect relevant documents of delivery orders and sales invoices, and also verify whether the payment collection subjects are consistent with the delivery subjects, and also perform letter issuance for customers of service revenue, in order to verify the authenticity of the service revenue.

#### **Other Matters**

Lingsen Precision Industries, Ltd. has prepared the parent company only financial statements for 2021 and 2020, to which we have also issued an independent auditor's report with unqualified opinion along with the section on other matters and provided for reference.

#### **Responsibilities of Management Level and Those Charged with Governance 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 R.O.C., 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, the responsibilities of the management include 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 the audit committee, are responsible for overseeing the Group's financial reporting process.

#### **Auditor's 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. The term of "reasonable assurance" refers to high level of assurance. Nevertheless, the audit performed according to the Generally Accepted Auditing Standards cannot guarantee the discovery of material misstatement in the financial statements. Misstatements can arise from fraud or error. Misstatements 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 the consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and adopt appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to be used as the basis for the 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 a necessary understanding of internal control concerning the inspection in order to design appropriate inspection procedures that are appropriate for the time being. The purpose, however, is not to effectively express opinions on the internal control of the Group.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management level.
4. According to the audit evidence obtained, evaluate the appropriateness of the continuous operation accounting basis and whether events or circumstances possibly generating material concerns on the continuous operation ability of the Group have significant uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. Nevertheless, future events or circumstances may cause the Group to have no ability for continuous operation.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, 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 for the financial information of individual entities of the Group and provide opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit on the Group and are responsible for preparing the opinion for the Group.

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 the governance units with statements that we have complied with relevant matters that may reasonably be thought to bear on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

Deloitte Taiwan

CPA Shu-Ching Chiang

CPA Ting-Chien Su

Financial Supervisory Commission  
Approval Document No.  
Jin-Guan-Zheng-Shen-Zi No. 1000028068

Financial Supervisory Commission Approval  
Document No.  
Jin-Guan-Zheng-Shen-Zi No. 1070323246

March 17, 2022



Lingsen Precision Industries, Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2021		December 31, 2020	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,646,990	17	\$ 1,373,024	18
1140	Contract assets - current (Notes 4 and 21)	150,260	2	126,485	2
1150	Notes receivable (Notes 4 and 21)	5,593	-	9,386	-
1170	Accounts receivable (Notes 4, 8 and 21)	1,744,380	18	1,311,023	17
1200	Other receivables (Notes 4 and 9)	243,361	3	304,193	4
1220	Current tax assets (Notes 4 and 23)	210	-	3,081	-
1310	Inventories (Notes 4 and 10)	689,909	7	336,114	4
1470	Other current assets (Notes 4, 15 and 28)	352,747	4	224,834	3
11XX	Total current assets	<u>4,833,450</u>	<u>51</u>	<u>3,688,140</u>	<u>48</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive income- non-current (Note 4 and 7)	34,709	1	38,981	1
1550	Investment accounted for using the equity method (Notes 4 and 12)	-	-	-	-
1600	Property, plant and equipment (Notes 4, 13 and 28)	3,984,904	42	3,491,550	46
1755	Right-of-use assets (Notes 4 and 14)	154,244	2	164,801	2
1840	Deferred tax assets (Notes 4, 5 and 23)	28,600	-	91,305	1
1915	Prepayments for facilities	356,707	4	157,529	2
1920	Refundable deposits (Note 4)	1,018	-	935	-
1975	Net defined benefit assets - non-current (Notes 4 and 19)	12,009	-	-	-
1990	Other non-current assets	19,139	-	12,019	-
15XX	Total non-current assets	<u>4,591,330</u>	<u>49</u>	<u>3,957,120</u>	<u>52</u>
1XXX	Total assets	<u>\$ 9,424,780</u>	<u>100</u>	<u>\$ 7,645,260</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current Liabilities</b>				
2100	Short-term bank borrowings (Notes 4 and 16)	\$ 304,838	3	\$ 248,679	3
2150	Notes payable	23,699	-	-	-
2170	Accounts payable	491,184	5	332,380	4
2200	Other payables (Note 17)	886,595	9	582,873	8
2230	Deferred tax liabilities (Notes 4 and 23)	51,330	1	807	-
2250	Liability reserve - current (Notes 4 and 18)	3,980	-	19,450	-
2280	Lease liabilities - current (Notes 4 and 14)	5,027	-	5,494	-
2320	Long-term borrowings due in one year (Notes 4, 16 and 28)	360,830	4	486,287	7
2399	Other current liabilities	68,372	1	48,716	1
21XX	Total current liabilities	<u>2,195,855</u>	<u>23</u>	<u>1,724,686</u>	<u>23</u>
	<b>Non-current liabilities</b>				
2540	Long-term banks borrowings (Notes 4, 16 and 28)	931,461	10	577,589	7
2570	Deferred tax liabilities (Notes 4 and 23)	804	-	1,156	-
2580	Lease liabilities - non-current (Notes 4 and 14)	147,411	2	152,251	2
2640	Net defined benefit liabilities - non-current (Notes 4 and 19)	-	-	54,241	1
2645	Deposits received	51,822	-	1,822	-
25XX	Total non-current liabilities	<u>1,131,498</u>	<u>12</u>	<u>787,059</u>	<u>10</u>
2XXX	Total Liabilities	<u>3,327,353</u>	<u>35</u>	<u>2,511,745</u>	<u>33</u>
	<b>Equity attributable to owners of the company</b>				
3110	Common share capital	3,801,023	40	3,801,023	50
3200	Capital surplus	1,250,011	13	1,384,604	18
	Retained earnings				
3320	Special reserve	160,419	2	192,020	2
3350	Unappropriated earnings (accumulated deficit)	912,825	10	( 166,267 )	( 2 )
3400	Other equities	( 71,372 )	( 1 )	( 64,644 )	( 1 )
3500	Treasury shares	( 199,828 )	( 2 )	( 199,828 )	( 2 )
31XX	Total equity attributable to owners of the Company	<u>5,853,078</u>	<u>62</u>	<u>4,946,908</u>	<u>65</u>
36XX	Non-controlling interests	<u>244,349</u>	<u>3</u>	<u>186,607</u>	<u>2</u>
3XXX	Total equity	<u>6,097,427</u>	<u>65</u>	<u>5,133,515</u>	<u>67</u>
	Total liabilities and equities	<u>\$ 9,424,780</u>	<u>100</u>	<u>\$ 7,645,260</u>	<u>100</u>

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

Lingsen Precision Industries, Ltd. and Subsidiaries  
Statement of Comprehensive Income  
For the Years from January 1 to December 31, 2021 and 2020

Unit: Expressed in NT\$ thousand; except  
(loss) earnings per share expressed in NT\$

Code		2021		2020	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 21)	\$ 7,733,302	100	\$ 5,457,586	100
5000	Operating costs (Notes 10 and 22)	<u>6,258,406</u>	<u>81</u>	<u>5,158,502</u>	<u>95</u>
5900	Gross profit	<u>1,474,896</u>	<u>19</u>	<u>299,084</u>	<u>5</u>
	Operating expenses (Note 22)				
6100	Selling and marketing expenses	70,345	1	54,894	1
6200	General and administrative expenses	338,281	5	240,974	4
6300	Research and development expenses	176,579	2	166,697	3
6450	Expected credit impairment losses (Notes 4 and 8)	<u>388</u>	<u>-</u>	<u>49</u>	<u>-</u>
6000	Total operating expenses	<u>585,593</u>	<u>8</u>	<u>462,614</u>	<u>8</u>
6900	Net operating profit (loss)	<u>889,303</u>	<u>11</u>	( <u>163,530</u> )	( <u>3</u> )
	Non-operating income and expenses (Note 4)				
7100	Interest income	3,978	-	6,821	-
7110	Rental income (Note 14)	20,882	-	18,906	-
7130	Dividend income	7,198	-	1,165	-
7190	Other income	32,024	-	52,855	1
7210	Gains from disposal of property, plant, and equipment	54,462	1	484	-
7230	Net gain on foreign exchange	13,927	-	3,361	-
7273	Property, plant and equipment gain on reversal of impairment	42,417	1	-	-
7510	Interest expenses	( 15,743 )	-	( 18,563 )	-
7590	Miscellaneous expenses	( 657 )	-	( 459 )	-
7670	Impairment loss	( <u>12,000</u> )	<u>-</u>	( <u>47,456</u> )	( <u>1</u> )
7000	Total non-operating incomes and expenses	<u>146,488</u>	<u>2</u>	<u>17,114</u>	<u>-</u>
7900	Net profit (loss) before income tax	1,035,791	13	( 146,416 )	( 3 )
7950	Income tax expenses (Notes 4 and 23)	( <u>104,200</u> )	( <u>1</u> )	( <u>16,724</u> )	<u>-</u>
8200	Net profit (loss) for the year	<u>931,591</u>	<u>12</u>	( <u>163,140</u> )	( <u>3</u> )

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Code		2021		2020	
		Amount	%	Amount	%
	Other comprehensive income (loss) (Note 4)				
8310	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (Note 19)	\$ 48,720	-	\$ 1,828	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 4,272 )	-	7,454	-
8349	Income tax related to items that will not be reclassified subsequently (Note 23)	( 9,744 )	-	( 366 )	-
		<u>34,704</u>	-	<u>8,916</u>	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	( 2,456 )	-	( 139 )	-
8300	Other comprehensive income of the year (Net income after tax)	<u>32,248</u>	-	<u>8,777</u>	-
8500	Total comprehensive income (loss) for the year	<u>\$ 963,839</u>	<u>12</u>	<u>( \$ 154,363 )</u>	<u>( 3 )</u>
	Net profit (loss) attributable to:				
8610	Owners of the company	\$ 873,849	11	( \$ 164,343 )	( 3 )
8620	Non-controlling interests	<u>57,742</u>	<u>1</u>	<u>1,203</u>	-
8600		<u>\$ 931,591</u>	<u>12</u>	<u>( \$ 163,140 )</u>	<u>( 3 )</u>
	Total comprehensive income attributable to:				
8710	Owners of the company	\$ 906,097	11	( \$ 155,566 )	( 3 )
8720	Non-controlling interests	<u>57,742</u>	<u>1</u>	<u>1,203</u>	-
8700		<u>\$ 963,839</u>	<u>12</u>	<u>( \$ 154,363 )</u>	<u>( 3 )</u>
	Earnings (losses) per share (Note 24)				
9750	Basic	<u>\$ 2.35</u>		<u>( \$ 0.44 )</u>	
9850	Diluted	<u>\$ 2.32</u>		<u>( \$ 0.44 )</u>	

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

Lingsen Precision Industries, Ltd. and Subsidiaries  
Consolidated Statement of Changes in Equity  
For the Years from January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

		Equity attributable to owners of the company										
		Retained earnings (Note 20)			Other equity items (Note 4)							
Code		Common share capital (Note 20)	Capital surplus (Note 20)	Legal reserve	Special reserve	Undistributed earnings (losses to be covered) (Notes 4 and 7)	Exchange differences on translation of the financial statements of foreign operations	Unrealized Valuation Gain/(Loss) on Financial Assets at Fair Value Through Other comprehensive income	Treasury shares (Note 20)	Total	Non-controlling interests (Note 20)	Total equity
A1	Balance at January 1, 2020	\$ 3,801,023	\$ 1,451,696	\$ 359,085	\$ 226,856	( \$ 461,077 )	( \$ 22,033 )	( \$ 52,425 )	( \$ 176,415 )	\$ 5,126,710	\$ 184,517	\$ 5,311,227
	2019 Deficit Compensation											
B13	Legal reserve deficit compensation	-	-	( 359,085 )	-	359,085	-	-	-	-	-	-
B17	Reversal of special reserve	-	-	-	( 34,836 )	34,836	-	-	-	-	-	-
	Other change of capital surplus:											
C3	Change due to receipt of gifts	-	64	-	-	-	-	-	-	64	-	64
C11	Covering loss from capital surplus	-	( 67,156 )	-	-	67,156	-	-	-	-	-	-
D1	Net profit (loss) in 2020	-	-	-	-	( 164,343 )	-	-	-	( 164,343 )	1,203	( 163,140 )
D3	Other comprehensive income (loss) for 2020	-	-	-	-	1,462	( 139 )	7,454	-	8,777	-	8,777
D5	Total comprehensive income (loss) for 2020	-	-	-	-	( 162,881 )	( 139 )	7,454	-	( 155,566 )	1,203	( 154,363 )
L1	Buy-back of treasury shares (Note 20)	-	-	-	-	-	-	-	( 23,413 )	( 23,413 )	-	( 23,413 )
M7	Change in ownership interests in subsidiaries	-	-	-	-	( 887 )	-	-	-	( 887 )	887	-
Q1	Disposal of investments in equity instruments designated as at fair value through other comprehensive income	-	-	-	-	( 2,499 )	-	2,499	-	-	-	-
Z1	Balance, December 31, 2020	3,801,023	1,384,604	-	192,020	( 166,267 )	( 22,172 )	( 42,472 )	( 199,828 )	4,946,908	186,607	5,133,515
	2020 Deficit compensation											
B17	Reversal of special reserve	-	-	-	( 31,601 )	31,601	-	-	-	-	-	-
	Other change of capital surplus:											
C3	Change due to receipt of gifts	-	73	-	-	-	-	-	-	73	-	73
C11	Covering loss from capital surplus	-	( 134,666 )	-	-	134,666	-	-	-	-	-	-
D1	2021 Net profit	-	-	-	-	873,849	-	-	-	873,849	57,742	931,591
D3	Other comprehensive income (loss) for 2021	-	-	-	-	38,976	( 2,456 )	( 4,272 )	-	32,248	-	32,248
D5	Total comprehensive income of 2021	-	-	-	-	912,825	( 2,456 )	( 4,272 )	-	906,097	57,742	963,839
Z1	Balance, December 31, 2021	\$ 3,801,023	\$ 1,250,011	\$ -	\$ 160,419	\$ 912,825	( \$ 24,628 )	( \$ 46,744 )	( \$ 199,828 )	\$ 5,853,078	\$ 244,349	\$ 6,097,427

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

Lingsen Precision Industries, Ltd. and Subsidiaries

Statement of Cash Flows

For the Years from January 1 to December 31, 2021 and 2020

Unit: In Thousands of New Taiwan Dollars

Code		2021	2020
	Cash flows from operating activities		
A10000	Net profit (loss) before tax for the year	\$1,035,791	(\$ 146,416)
	<b>Income/expenses items</b>		
A20100	Depreciation expense	762,262	824,680
A20300	Expected credit impairment losses	388	49
A20900	Interest expenses	15,743	18,563
A21200	Interest income	( 3,978)	( 6,821)
A21300	Dividend income	( 7,198)	( 1,165)
A22500	Gains on disposal of property, plant and equipment	( 54,462)	( 484)
A23800	Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery)	( 39,380)	44,673
A23800	Impairment loss (reversal gain) on disposal and discard of property, plant and equipment	( 42,417)	47,456
A24100	Unrealized foreign currency exchange net profit	( 4,939)	( 7,850)
A29900	Amortization of prepayments	7,398	4,941
A29900	Other losses	12,000	-
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	( 23,839)	( 35,593)
A31130	Notes receivable	3,781	( 2,377)
A31150	Accounts receivable	( 435,223)	( 229,426)
A31180	Other receivables	59,541	64,099
A31200	Inventories	( 314,539)	( 35,065)
A31240	Other current assets	( 139,950)	( 40,177)
A32130	Notes payable	23,699	-
A32150	Accounts payable	161,093	53,064
A32180	Other payables	271,221	55,985
A32200	Provision (reversal) for liabilities	( 15,470)	7,072
A32230	Other current liabilities	19,658	( 56,518)
A32240	Net defined benefit liability	( 17,530)	( 21,287)
A33000	Cash provided by operating activities	1,273,650	537,403
A33100	Interest received	3,884	7,388
A33300	Interest paid	( 14,403)	( 17,919)
A33500	Income tax returned	1,801	15,394
AAAA	Net cash inflow from operating activities	<u>1,264,932</u>	<u>542,266</u>

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Code		2021	2020
	Cash flows from investing activities		
B02700	Purchase of property, plant and equipment	(\$1,057,572)	(\$ 307,696)
B02800	Proceeds from disposal of property, plant and equipment	98,439	5,901
B03700	Increase in refundable deposits	( 85)	( 7)
B06700	Increase in other non-current assets	( 14,523)	( 9,835)
B07100	Increase in prepaid equipment amount	( 355,079)	( 123,707)
B07600	Dividends received	<u>7,198</u>	<u>1,165</u>
BBBB	Net cash outflow from investment activities	( <u>1,321,622</u> )	( <u>434,179</u> )
	Cash flows from financing activities		
C00100	Increase in short-term bank borrowings	1,230,613	1,561,937
C00200	Decrease in short-term bank borrowings	( 1,171,050)	( 1,734,745)
C01600	Proceeds from long-term bank borrowings	772,700	169,500
C01700	Repayments of long-term bank borrowings	( 544,286)	( 407,934)
C03000	Increase in guarantee deposits	50,000	909
C04020	Repaid principal of lease liabilities	( 6,824)	( 6,831)
C04900	Buy-back of treasury shares	-	( 23,413)
C09900	Uncollected overdue dividends	<u>73</u>	<u>64</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>331,226</u>	( <u>440,513</u> )
DDDD	Effect of exchange rate changes on cash and cash equivalents	( <u>570</u> )	<u>660</u>
EEEE	Increase (decrease) of cash and cash equivalents for the year	273,966	( 331,766)
E00100	Beginning cash and cash equivalents of the year	<u>1,373,024</u>	<u>1,704,790</u>
E00200	End cash and cash equivalents of the year	<u>\$1,646,990</u>	<u>\$1,373,024</u>

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

**Lingsen Precision Industries, Limited.**  
**Comparison table for the “Code of Corporate Social Responsibility.” before and after the amendment**  
**(renamed as “Code of Sustainable Development.”)**

Article NO.	Amended Article	Original Article	Note
Title	Lingsen Precision Industries, Limited. (“The Company”) <u>Code of Sustainable Development</u>	Lingsen Precision Industries, Limited. (“The Company”) <u>Code of Corporate Social Responsibility</u>	Conform to the amendments to related regulations and business needs.
1	<p>The Company in order to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company adopt the <u>Sustainable Development Best Practice</u>” to be followed.</p> <p>The Company is advised to promulgate their own Code in accordance with the Principles to manage their economic, environmental and social risks and impact.</p> <p>The Code apply to the companies, including the entire operations of each such company and its business group.</p>	<p>The Company in order to fulfill corporate social responsibility initiatives and to promote economic, environmental, and social advancement for purposes of sustainable development, the Company adopt the “<u>Corporate Social Responsibility Best Practice</u>” to be followed.</p> <p>The Company is advised to promulgate their own Code in accordance with the Principles to manage their economic, environmental and social risks and impact.</p> <p>The Code apply to the companies, including the entire operations of each such company and its business group.</p>	Conform to the amendments to related regulations and business needs.
2	The Company actively fulfill its <u>sustainable development</u> in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on <u>sustainable development</u> .	The Company actively fulfill its <u>corporate social responsibility</u> in the course of its business operations so as to follow international development trends and to contribute to the economic development of the country, to improve the quality of life of employees, the community and society by acting as responsible corporate citizens, and to enhance competitive edges built on <u>corporate social responsibility</u> .	Conform to the amendments to related regulations and business needs.
3	In <u>promoting sustainable development</u> initiatives, the company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.	In <u>fulfilling corporate social responsibility</u> initiatives, the company shall, in its corporate management guidelines and business operations, give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance.	Conform to the amendments to related regulations and business needs.

Article NO.	Amended Article	Original Article	Note
4	<p>To implement <u>sustainable development</u> initiatives, the Company is advised to follow the principles below:</p> <ol style="list-style-type: none"> <li>1. Exercise corporate governance.</li> <li>2. Foster a sustainable environment.</li> <li>3. Preserve public welfare.</li> <li>4. Enhance disclosure of <u>sustainable development</u> information.</li> </ol>	<p>To implement <u>corporate social responsibility</u> initiatives, the Company is advised to follow the principles below:</p> <ol style="list-style-type: none"> <li>1. Exercise corporate governance.</li> <li>2. Foster a sustainable environment.</li> <li>3. Preserve public welfare.</li> <li>4. Enhance disclosure of <u>corporate social responsibility</u> information.</li> </ol>	<p>Conform to the amendments to related regulations and business needs.</p>
5	<p>The Company shall take into consideration the correlation between the development of domestic and international <u>sustainable development</u> principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u> programs, which shall be approved by the board of directors.</p> <p>When a shareholder proposes a motion involving <u>sustainable development</u>, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.</p>	<p>The Company shall take into consideration the correlation between the development of domestic and international <u>corporate social responsibility</u> principles and corporate core business operations, and the effect of the operation of individual companies and of their respective business groups as a whole on stakeholders, in establishing their policies, systems or relevant management guidelines, and concrete promotion plans for <u>corporate social responsibility</u> programs, which shall be approved by the board of directors and <u>then reported to the shareholders meeting</u>.</p> <p>When a shareholder proposes a motion involving <u>corporate social responsibility</u>, the company's board of directors is advised to review and consider including it in the shareholders meeting agenda.</p>	<p>Conform to the amendments to related regulations and business needs.</p>
6	<p>The directors of the Company shall exercise the due care of good administrators to urge the company to perform its <u>sustainable development</u> initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its <u>sustainable development</u>.</p> <p>The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's <u>promotion</u> of its <u>sustainable development</u> initiatives:</p> <ol style="list-style-type: none"> <li>1. Identifying the company's <u>sustainable development</u> mission or vision, and declaring its <u>sustainable development</u> policy, systems or relevant management guidelines;</li> <li>2. Making <u>sustainable development</u> the guiding principle of the company's operations and development, and ratifying concrete</li> </ol>	<p>The directors of the Company shall exercise the due care of good administrators to urge the company to perform its <u>corporate social responsibility</u> initiatives, examine the results of the implementation thereof from time to time and continually make adjustments so as to ensure the thorough implementation of its <u>corporate social responsibility policies</u>.</p> <p>The board of directors of the Company is advised to give full consideration to the interests of stakeholders, including the following matters, in the company's <u>performance</u> of its <u>corporate social responsibility</u> initiatives:</p> <ol style="list-style-type: none"> <li>1. Identifying the company's <u>corporate social responsibility</u> mission or vision, and declaring its corporate social responsibility policy, systems or relevant management guidelines;</li> <li>2. Making <u>corporate social responsibility</u> the guiding principle of the company's operations and development, and ratifying concrete</li> </ol>	<p>Conform to the amendments to related regulations and business needs.</p>



Article NO.	Amended Article	Original Article	Note
	<p>promotional plans for <u>sustainable development</u> initiatives; and 3 Enhancing the timeliness and accuracy of the disclosure of <u>sustainable development</u> information.</p> <p>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	<p>promotional plans for corporate social responsibility initiatives; and 3 Enhancing the timeliness and accuracy of the disclosure of <u>corporate social responsibility</u> information.</p> <p>The board of directors shall appoint executive-level positions with responsibility for economic, environmental, and social issues resulting from the business operations, and to report the status of the handling to the board of directors. The handling procedures and the responsible person for each relevant issue shall be concrete and clear.</p>	
7	<p>For the purpose of managing <u>sustainable development</u> initiatives, the company is advised to establish a concurrently dedicated unit to be in charge of proposing and enforcing the <u>sustainable development</u> policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.</p> <p>The company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</p> <p>The company is advised that the employee performance evaluation system be combined with <u>sustainable development</u> policies, and that a clear and effective incentive and discipline system be established.</p>	<p>For the purpose of managing <u>corporate social responsibility</u> initiatives, the company is advised to establish a concurrently dedicated unit to be in charge of proposing and enforcing the <u>corporate social responsibility</u> policies, systems, or relevant management guidelines, and concrete promotional plans and to report on the same to the board of directors on a periodic basis.</p> <p>The company is advised to adopt reasonable remuneration policies, to ensure that remuneration arrangements support the strategic aims of the organization, and align with the interests of stakeholders.</p> <p>The company is advised that the employee performance evaluation system be combined with <u>corporate social responsibility</u> policies, and that a clear and effective incentive and discipline system be established.</p>	Conform to the amendments to related regulations and business needs.
8	<p>The company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important <u>sustainable development</u> issues which they are concerned about.</p>	<p>The company shall, based on respect for the rights and interests of stakeholders, identify stakeholders of the company, and establish a designated section for stakeholders on the company website; understand the reasonable expectations and demands of stakeholders through proper communication with them, and adequately respond to the important <u>corporate social responsibility</u> issues which they are concerned about.</p>	Conform to the amendments to related regulations and business needs.

Article NO.	Amended Article	Original Article	Note
11	The company is advised to, on a regular basis, organize education and training on the <u>promotion of sustainable development</u> initiatives, including promotion of the matters prescribed in paragraph 2 of article 6.	The company is advised to, on a regular basis, organize education and training on the <u>implementation of corporate social responsibility</u> initiatives, including promotion of the matters prescribed in paragraph 2 of article 6.	Conform to the amendments to related regulations and business needs.
Chapter5	Enhancing Disclosure of <u>sustainable Development</u> Information	Enhancing Disclosure of <u>Corporate Social Responsibility</u> Information	
27	<p>The company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to their <u>sustainable development</u> initiatives to improve information transparency.</p> <p>Relevant information relating to <u>sustainable development</u> which the company shall disclose includes:</p> <ol style="list-style-type: none"> <li>1.The policy, systems or relevant management guidelines, and concrete promotion plans for <u>sustainable development</u> initiatives, as resolved by the board of directors.</li> <li>2.The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.</li> <li>3.Goals and measures for realizing the <u>sustainable development</u> initiatives established by the companies, and performance in implementation.</li> <li>4.Major stakeholders and their concerns.</li> <li>5.Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</li> <li>6.Other information relating to <u>sustainable development</u> initiatives.</li> </ol>	<p>The company shall disclose information according to relevant laws, regulations and the Corporate Governance Best Practice Principles for TWSE/GTSM listed Companies and shall fully disclose relevant and reliable information relating to their <u>corporate social responsibility</u> initiatives to improve information transparency.</p> <p>Relevant information relating to <u>corporate social responsibility</u> which the company shall disclose includes:</p> <ol style="list-style-type: none"> <li>1.The policy, systems or relevant management guidelines, and concrete promotion plans for <u>corporate social responsibility</u> initiatives, as resolved by the board of directors.</li> <li>2.The risks and the impact on the corporate operations and financial condition arising from exercising corporate governance, fostering a sustainable environment and preserving social public welfare.</li> <li>3.Goals and measures for realizing the <u>corporate social responsibility</u> initiatives established by the companies, and performance in implementation.</li> <li>4.Major stakeholders and their concerns.</li> <li>5.Disclosure of information on major suppliers' management and performance with respect to major environmental and social issues.</li> <li>6.Other information relating to <u>corporate social responsibility</u> initiatives.</li> </ol>	Conform to the amendments to related regulations and business needs.
28	<p>The company shall adopt internationally widely recognized standards or guidelines when producing <u>sustainable development</u> reports, to disclose the status of their implementation of the <u>sustainable development</u> policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:</p> <ol style="list-style-type: none"> <li>1.The policy, system, or relevant management guidelines and</li> </ol>	<p>The company shall adopt internationally widely recognized standards or guidelines when producing <u>corporate social responsibility</u> reports, to disclose the status of their implementation of the <u>corporate social responsibility</u> policy. It also is advisable to obtain a third-party assurance or verification for reports to enhance the reliability of the information in the reports. The reports are advised to include:</p> <ol style="list-style-type: none"> <li>1.The policy, system, or relevant management guidelines and</li> </ol>	Conform to the amendments to related regulations and business needs.

Article NO.	Amended Article	Original Article	Note
	<p>concrete promotion plans for implementing <u>sustainable development</u> initiatives.</p> <p>2.Major stakeholders and their concerns.</p> <p>3.Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>4.Future improvements and goals.</p>	<p>concrete promotion plans for implementing <u>corporate social responsibility</u> initiatives.</p> <p>2.Major stakeholders and their concerns.</p> <p>3.Results and a review of the exercising of corporate governance, fostering of a sustainable environment, preservation of public welfare and promotion of economic development.</p> <p>4.Future improvements and goals.</p>	
29	<p>The company shall at all times monitor the development of domestic and foreign <u>sustainable development</u> standards and the change of business environment so as to examine and improve their established <u>sustainable development</u> framework and to obtain better results from the <u>promotion</u> of the <u>sustainable development</u> policy.</p>	<p>The company shall at all times monitor the development of domestic and foreign <u>corporate social responsibility</u> standards and the change of business environment so as to examine and improve their established <u>corporate social responsibility</u> framework and to obtain better results from the implementation of the <u>corporate social responsibility</u> policy.</p>	<p>Conform to the amendments to related regulations and business needs.</p>
31	<p>The fixed date is November 11, 2014.</p> <p>The first amendment was made on March 17, 2016.</p> <p>The second amendment was made on March 17, 2020.</p> <p><u>The third amendment was made on March 17,2022.</u></p>	<p>The fixed date is November 11, 2014.</p> <p>The first amendment was made on March 17, 2016.</p> <p>The second amendment was made on March 17, 2020.</p>	<p>Added the amendment date .</p>

**Lingsen Precision Industries, Limited.**

**Comparison table for the “Procedures of Share Buy-back and Transfer to Employee for year 2020” before and after the amendment**

<b>Article NO.</b>	<b>Amended Article</b>	<b>Original Article</b>	<b>Note</b>
2	<p>(Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.)</p> <p>The shares to be transferred are common shares. Except for the restriction that the shares subscribed by employees cannot be transferred within <u>six months</u> from the company's delivery date, the rest of the rights and obligations are the same as the other common shares outstanding.</p>	<p>(Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights.)</p> <p>The shares to be transferred are common shares. Except for the restriction that the shares subscribed by employees cannot be transferred within <u>two years</u> from the company's delivery date, the rest of the rights and obligations are the same as the other common shares outstanding.</p>	Amendment the Restriction of the right.

**Lingsen Precision Industries, Limited.**  
**Comparison table for the “Articles of Incorporation” before and after the amendment**

Article NO.	Amended Article	Original Article	Note
13	<p>A notice regarding the date, venue, and the cause or subject of a meeting of shareholders to be convened shall be given to each shareholder no later than 30 days prior to the scheduled meeting date of a regular meeting; whereas 15 days prior to the scheduled meeting date of a special meeting.</p> <p><u>The shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.</u></p>	<p>A notice regarding the date, venue, and the cause or subject of a meeting of shareholders to be convened shall be given to each shareholder no later than 30 days prior to the scheduled meeting date of a regular meeting; whereas 15 days prior to the scheduled meeting date of a special meeting.</p>	Text Amended in accordance with the provisions of Article 172-2, of the Company Act.
37	<p>This Article of Incorporation was set up on... , The thirty-seventh amendment was made on June 12, 2019.</p> <p><u>The thirty-eighth amendment was made on June 10, 2022.</u></p>	<p>This Article of Incorporation was set up on... , The thirty-seventh amendment was made on June 12, 2019.</p>	Added the amendment date.

**Lingsen Precision Industries, Limited.**

**Comparison table for the “Procedures for the Acquisition and Disposal of Assets” before and after the amendment**

Amended Article	Original Article	Note
<p><b>Article 5</b></p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>1 to 3 {Omitted}</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the following:</p> <p>1 {Omitted}</p> <p>2 When <u>conducting</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3 They shall undertake an item-by-item evaluation of the <u>appropriateness</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4 {Omitted}</p>	<p><b>Article 5</b></p> <p>Professional appraisers and their officers, certified public accounts, attorneys, and securities underwriters that provide public companies with appraisal reports, certified public accountant's opinions, attorney's opinions, or underwriter's opinions shall meet the following requirements:</p> <p>1 to 3 {Omitted}</p> <p>When issuing an appraisal report or opinion, the personnel referred to in the preceding paragraph shall comply with the <u>self-regulatory rules of their respective allied associations and</u> the following:</p> <p>1 {Omitted}</p> <p>2 When <u>examining</u> a case, they shall appropriately plan and execute adequate working procedures, in order to produce a conclusion and use the conclusion as the basis for issuing the report or opinion. The related working procedures, data collected, and conclusion shall be fully and accurately specified in the case working papers.</p> <p>3 They shall undertake an item-by-item evaluation of the <u>comprehensiveness, accuracy,</u> and reasonableness of the sources of data used, the parameters, and the information, as the basis for issuance of the appraisal report or the opinion.</p> <p>4 {Omitted}</p>	<p>To comply with the amendment of the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies”</p>

Amended Article	Original Article	Note
<p><b>Article 8</b> Regulations Governing the acquisition or disposal of securities 1.{Omitted} 2.Expert opinion If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price.</p> <p>This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>3 to 5{Omitted}</p>	<p><b>Article 8</b> Regulations Governing the acquisition or disposal of securities 1.{Omitted} 2.Expert opinion If the dollar amount of the transaction is 20 percent of the company's paid-in capital or NT\$300 million or more, the company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. <u>If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDE.</u> This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by regulations of the Financial Supervisory Commission (FSC).</p> <p>3 to 5{Omitted}</p>	<p>Conform to the amendments to regulations and business needs.</p>
<p><b>Article 9</b> Regulations Governing the acquisition or disposal of real property, equipment, or right-of-use assets 1.{Omitted} 2. Appraisal report In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof</p>	<p><b>Article 9</b> Regulations Governing the acquisition or disposal of real property, equipment, or right-of-use assets 1.{Omitted} 2.Appraisal report In acquiring or disposing of real property, equipment, or right-of-use assets thereof where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the company, unless transacting with a domestic government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment or right-of-use assets thereof</p>	<p>Conform to the amendments to regulations and business needs.</p>

Amended Article	Original Article	Note
<p>held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)~(2) {Omitted}</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>{below Omitted}</p>	<p>held for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <p>(1)~(2) {Omitted}</p> <p>(3) Where any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal <u>in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ROC Accounting Research and Development Foundation (ARDF)</u> and render a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>{below Omitted}</p>	
<p><b>Article 10</b> Transactions with Related Party {above Omitted}</p> <p>When to be conducted between the company and subsidiaries, or between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may authorize the chairman to decide such matters when the transaction within a limit range, and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-to-use assets</p>	<p><b>Article 10</b> Transactions with Related Party {above Omitted}</p> <p>The calculation of the transaction amount refer to in above paragraph shall be made in accordance with the provisions of Article 13, <u>paragraph 1</u>, herein, and "within the preceding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been approved by the board of directors need not be counted toward the transaction amount.</p> <p>When to be conducted between the company and subsidiaries, or</p>	<p>Conform to the amendments to regulations and business needs.</p>



Amended Article	Original Article	Note
<p>thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p><u>If the company or its subsidiary that is a non-domestic public offering company conducts a transaction with related party, and the transaction amount reaches 10% or more of the company's total assets, the company shall submit the materials listed in paragraph 1 to the shareholders meeting for approval before it may sign the transaction contract and make payments.</u></p> <p><u>However, transactions between the company and its subsidiaries or between its subsidiaries shall not be subject to this provision.</u></p> <p>The calculation of the transaction amount refer to in above paragraph shall be made in accordance with the provisions of Article 13 herein, and "within the receding year" as used herein refers to the year preceding the date of occurrence of the current transaction. Items that have been <u>recognized by shareholders meeting</u> and approved by the board of directors need not be counted toward the transaction amount.</p> <p>{below Omitted}</p>	<p>between its subsidiaries in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, the board of directors may authorize the chairman to decide such matters when the transaction within a limit range, and have the decisions subsequently submitted to and ratified by the next board of directors meeting:</p> <p>(1) Acquisition or disposal of equipment or right-to-use assets thereof held for business use.</p> <p>(2) Acquisition or disposal of real property right-of-use assets held for business use.</p> <p>{below Omitted}</p>	
<p><b>Article 11</b></p> <p>Regulations Governing the acquisition or disposal of intangible assets</p> <p>1.{Omitted}</p> <p>2.Expert opinion</p> <p>Where the company's acquisition or disposal of memberships or intangible assets or right-of-use assets and the transaction amount</p>	<p><b>Article 11</b></p> <p>Regulations Governing the acquisition or disposal of intangible assets</p> <p>1.{Omitted}</p> <p>2.Expert opinion</p> <p>Where the company's acquisition or disposal of memberships or intangible assets or right-of-use assets and the transaction amount</p>	<p>Conform to the amendments to regulations and business needs.</p>

Amended Article	Original Article	Note
<p>reaches 20 percent of the company’s paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price.</p> <p>.</p> <p>3 to 5 {Omitted}</p>	<p>reaches 20 percent of the company’s paid-in capital or NT\$300 million or more, except in transactions with a domestic government agency, the company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; <u>the CPA shall handle the matter in accordance with the provision of Auditing Standards No. 20.</u></p> <p>3 to 5 {Omitted}</p>	

**Lingsen Precision Industries, Limited.**  
**Comparison table for the “The Rules of Procedure for Shareholders’ Meetings.” before and after the amendment**

Article NO.	Amended Article	Original Article	Note
2	<p>The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders or with an attendance book to sign.</p> <p>The number of shares in attendance shall be calculated according to the shares indicated by the attendance card <u>and accepted shares at the video conference platform</u>, handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p>	<p>The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders or with an attendance book to sign.</p> <p>The number of shares in attendance shall be calculated according to the shares indicated by the attendance card handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.</p>	Conform to the amendments to related regulations and business needs.
4	<p>The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.</p> <p><u>When the company convenes the video shareholders’ meetings, the restriction of convention location in the preceding paragraph does not apply.</u></p>	<p>The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.</p>	Newly added Paragraph 2
4-1	<p><u>Any change to the convention method of the company’s shareholders’ meetings shall be resolved by the board of director and no later than mailing the shareholders meeting notice.</u></p>		Newly added
4-2	<p><u>When the company convenes the video shareholders’ meetings, the chair and the record-keeper shall be at the same location within Taiwan. The chair shall announce the address of this location.</u></p>		Newly added
7	<p>The process of the Meeting shall be tape-recorded or videotaped and</p>		Newly added Paragraph 2

Article NO.	Amended Article	Original Article	Note
	<p>these tapes shall be preserved for at least one year.</p> <p><u>Where the company convenes the video shareholders' meetings, the company shall record and retain the records of the registration, enrollment, acceptance, inquiries, voting, and the results of vote calculation, and continuously record the video conference thoroughly, both audio and video. The records in the preceding paragraphs shall be properly retained during the Company's survival period, and the audio and video recordings are provided to the organizer of the video conference for custody.</u></p>		
13-1	<p><u>Where the company convenes the video shareholders' meetings, the shareholders attending the meeting via video conference may, after the chair declares the commencement of the meeting, till the adjournment, raise inquiries in text at the video conference platform for the shareholders' meeting. No more than two inquiries may be made to each proposal. The maximum length of the inquiries is 200 words, and Article 10 to 12 do not apply.</u></p>		Newly added

**List of director (including independent director) candidates**

Title & Name	Shareholdings	Education	Current Position & Experience
Director Shu-Chyuan Yeh	14,526,754	<ul style="list-style-type: none"> <li>■Bachelor degree in Psychology, National Taiwan University.</li> </ul>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Chairman, Lingsen Precision Industries, Ltd.</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Chairman, Lingsen Precision Industries, Ltd.</li> </ul>
Director Tse-Sung Tsai	100,000	<ul style="list-style-type: none"> <li>■Bachelor degree in Physic, FuJen Catholic University.</li> </ul>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Director, Lingsen Precision Industries, Ltd.</li> <li>■General Manager, Lingsen Precision Industries, Ltd.</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Director, Lingsen Precision Industries, Ltd.</li> <li>■General Manager, Lingsen Precision Industries, Ltd.</li> </ul>
Director Ming-Te Tu	214,829	<ul style="list-style-type: none"> <li>■MA degree in Computer Science and Engineering, National Chung Hsing University.</li> </ul>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Director, Lingsen Precision Industries, Ltd.</li> <li>■Vice President, Lingsen Precision Industries, Ltd.</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Director, Lingsen Precision Industries, Ltd.</li> <li>■Vice President, Lingsen Precision Industries, Ltd.</li> </ul>
Director Sheunn-Ching Yang	1,303,654	<ul style="list-style-type: none"> <li>■Bachelor degree in Physic, Chinese Culture University</li> </ul>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Director, Lingsen Precision Industries, Ltd.</li> <li>■General Manager, Lingsen Precision Industries, Ltd.</li> <li>■Independent director, JMC ELECTRONICS CO., LTD(List6552) (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Director, Lingsen Precision Industries, Ltd.</li> <li>■Independent director, JMC ELECTRONICS Co., Ltd.(List6552) (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul>

**List of director (including independent director) candidates**

Title & Name	Shareholdings	Education	Current Position & Experience
<p align="center">Director Shu-Hsun Yeh</p>	<p align="center">275,475</p>	<p>■Tungnan Institute of Technology.</p>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■General Manager , Long Ting (DongGuan) Decoration Co., Ltd. (a non-public company)</li> <li>■Director, Lingsen Precision Industries, Ltd.</li> <li>■Supervisor, ETREND Hightech Corp.(OTC3567)</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Director, Lingsen Precision Industries, Ltd.</li> </ul>
<p align="center">Director Pin-Wen Fang</p>	<p align="center">150,000</p>	<p>■Tamsui Commercial Industrial Vocational Senior High School, major in Industrial Management.</p>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Chairman, YiLiDe Business Administration Consultant Co., Ltd. (a non-public company)</li> <li>■Chairman, Ming Yuan Sport Leisure Co., Ltd. (a non-public company)</li> <li>■Director, Lingsen Precision Industries, Ltd.</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Chairman, YiLiDe Business Administration Consultant Co., Ltd. (a non-public company)</li> <li>■Chairman, Ming Yuan Sport Leisure Co., Ltd.</li> <li>■Director, Lingsen Precision Industries, Ltd.</li> </ul>
<p align="center">Independent Director Feng-Hsien Shih</p>	<p align="center">394,080</p>	<ul style="list-style-type: none"> <li>■ Bachelor degree in Electrical Engineering and Computer Science, National Taiwan University</li> <li>■Ph.D. in Computer Science, Maryland University in USA.</li> </ul>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Director, Global Mixed-mode Technology Inc. (List8081 GMT).</li> <li>■General Manager, Global Mixed-mode Technology Inc. (List8081 GMT)</li> <li>■Director, ETREND Hightech Corp.(OTC3567)</li> <li>■Supervisor, ETREND Hightech Corp.(OTC3567)</li> <li>■General Manager and Independent director, Lingsen Precision Industries, Ltd. (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Chairman, Jing Hua International Inc. (a non-public company)</li> <li>■Chairman, Nian Pei International Co., Ltd. (a non-public company)</li> <li>■Chairman, Weishun International Co., Ltd. (a non-public company)</li> <li>■Director, ETREND Hightech Corp.(OTC3567)</li> <li>■Independent director, Lingsen Precision Industries, Ltd. (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul>

**List of director (including independent director) candidates**

Title & Name	Shareholdings	Education	Current Position & Experience
<p align="center">Independent Director Wan-Ping Chen</p>	<p align="center">150,000</p>	<p>■MA degree in Business Administration from National Sun Yat-Sen University.</p>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Vice President, Hongxing United Certified Public Accountants</li> <li>■Independent director, CHIA YI STEEL CO., LTD(OTC2067) (Member of the Audit Committee ; Member of the Compensation Committee)</li> <li>■Independent director, CHEN NAN IRON WIRE O.,LTD(OTC2071) (Member of the Audit Committee ; Member of the Compensation Committee)</li> <li>■Supervisor, of Chang Hong Energy Technology Co., Ltd (Public company6694).</li> <li>■Managing Director, Tainan Ji Yi Co, Ltd.</li> <li>■Independent director, Lingsen Precision Industries, Ltd. (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Independent director, CHIA YI STEEL CO., LTD(OTC2067) (Member of the Audit Committee ; Member of the Compensation Committee)</li> <li>■Independent director, CHEN NAN IRON WIRE O.,LTD(OTC2071) (Member of the Audit Committee ; Member of the Compensation Committee)</li> <li>■Supervisor, of Chang Hong Energy Technology Co., Ltd (Public company6694).</li> <li>■Managing Director, Tainan Ji Yi Co, Ltd.</li> <li>■Chairman, Chang Ruei Investment Corporation</li> <li>■Independent director, Lingsen Precision Industries, Ltd. (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul>
<p align="center">Independent Director Pin- Chi Wei</p>	<p align="center">362,000</p>	<p>■Bachelor degree in Finance and Taxation, National Chengchi University</p> <p>■ MA degree in Business Administration, New York University</p>	<p>Experience:</p> <ul style="list-style-type: none"> <li>■Director and General Manager, Fu Chu Knitting Co., Ltd., (a non-public company)</li> <li>■Director and General Manager, Chin Fu Long Industrial Co., Ltd., (a non-public company)</li> <li>■Director and General Manager , Hwa Kwei Knitting Co., Ltd., (a non-public company)</li> <li>■Chairman of Shen Bin Investment limited. (a non-public company)</li> <li>■Independent director, Lingsen Precision Industries, Ltd. (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul> <p>Current Position:</p> <ul style="list-style-type: none"> <li>■Director and General Manager , Fu Chu Knitting Co., Ltd., (a non-public company)</li> <li>■Director and General Manager , Chin Fu Long Industrial Co., Ltd., (a non-public company)</li> <li>■Director and General Manager, Hwa Kwei Knitting Co., Ltd. (a non-public company)</li> <li>■Chairman, Bin Shen Investment limited. (a non-public company)</li> <li>■Independent director, Lingsen Precision Industries, Ltd. (Member of the Audit Committee ; Member of the Compensation Committee)</li> </ul>

## **Lingsen Precision Industries, Ltd.**

### **Procedures of Share Buy-back and Transfer to Employee for year 2020**

#### Article 1

In order to promote and improve employees' coherence, the Company adopts these Rules for the Repurchase of Shares and Transfer to Employees in accordance with Article 28-2, paragraph 1, subparagraph 1 of the Securities and Exchange Act and the provisions of the Regulations Governing Share Repurchase by Exchange-Listed and OTC-Listed Companies issued by the Financial Supervisory Commission. Any repurchase of shares and transfer to employees by the Company, in addition to complying with related laws and regulations, will be carried out in accordance with these Rules.

#### Article 2 (Type of shares to be transferred, a description of the rights attaching thereto, and any restrictions on such rights)

The shares to be transferred are common shares. Except for the restriction that the shares subscribed by employees cannot be transferred within two years from the company's delivery date, the rest of the rights and obligations are the same as the other outstanding common shares.

#### Article 3 (Transfer period)

In accordance with these Rules, the shares in the present share repurchase may be transferred to employees in a single transfer or multiple transfers within five years from the date of the share repurchase.

#### Article 4 (Eligibility requirements for transferees)

All employees who have been employed for over 3 months or employees with special contributions to the Company that are submitted to the board of directors for approval are eligible.

#### Article 5 (The number of shares employees are allowed to subscribe for)

The number of shares to which employees may subscribe will be determined based on their rank, seniority, and performance evaluations or special contributions to the Company with further considering factors such as, at the base date of shares purchasing, the total number of shares bought back by the Company and the upper limit of the single employee's subscription and submit to the board of directors for approval.

If the employees are managers, share subscriptions should be first reviewed by the Compensation Committee and then be submitted for a resolution by the board of directors.

#### Article 6 (Procedures for transfer of shares)

Procedures for the present repurchase of shares and transfer to employees:

1. The repurchase of the Company's shares will be publicly announced, reported, and carried out during the implementation period in accordance with a resolution of the board of directors.
2. The board of directors will publicly announce operating procedures relating to the record date for employee subscriptions, the standards for numbers of shares to which employees may subscribe, the period for payment for subscriptions, the rights, and the limitations associated with share subscriptions.
3. Statistics will be compiled on the numbers of shares actually subscribed and paid for, and the registration of share transfers will be carried out.

#### Article 7 (Agreed transfer price per share)

The share transfer price for the present repurchase of shares and transfer to employees will be the average of the actual share repurchase prices.

If, prior to the transfer, there is an increase in the number of issued shares of common stock, the transfer price will not be adjusted.

If, prior to the transfer, there is a decrease in the number of issued shares of common stock, the transfer price may be adjusted within a range proportional to the decrease.

Transfer price adjustment formula:

Adjusted transfer prices=Actual average repurchase price x (The total number of common shares when the shares bought back is finished ÷ The total number of common shares before the company bought back shares for employees)

Article 8 Except where otherwise provided, the rights and obligations associated with the transferred shares, following the transfer of shares in the present share repurchase to employees and registration of share transfer, will be the same as those originally associated with the shares.

Article 9 These Rules will be adopted and take effect following a resolution of the board of directors, and may be amended by submission to the board of directors for a resolution.

Article 10 These Rules and any amendments hereto, shall be reported to the shareholders meeting.



**Lingsen Precision Industries, Limited.**  
**Articles of Incorporation**

**Chapter 1 General Provisions**

- Article 1: The Company is incorporated in accordance with the Company Act, named Lingsen Precision Industries, Limited.
- Article 2: The scope of business of the company are as follows:
1. CC01080 Electronics Components Manufacturing.
  2. F401010 International Trade.
  3. D101040 Non-Public Electric Power Generation.
  4. IZ99990 Other Industrial and Commercial Services (integrated circuit testing).
  5. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 3: The Company is located at No. 5-1, South 2nd Road, Tanzi District, Taichung City. It may set up domestic and international branches and offices by the resolution of the board of directors.
- Article 4: Public announcement of the Company shall be made in accordance with the provisions of Article 28 of the Company Act.

**Chapter 2 Capital Stock**

- Article 5: The total capital stock of the Company shall be in the amount of five billion New Taiwan Dollars, divided into 500 million shares, at ten New Taiwan Dollars each. The unissued share shall be authorized to the board of directors for issuance in batches depending on the business needs. A total of 10 million shares among the above total capital stock shall be reserved for issuing employee stock options.
- Article 6: The share certificates printed by the Company are all registered and issued in accordance with the Company Act and relevant rules and regulations.
- Article 6-1: The Company may issue shares without printing share certificate. If the Company prints any share certificate, it shall comply with the Company Act and relevant rules and regulations.
- Article 7: The Company's shareholders shall use their true names. If a shareholder is a corporate shareholder, the name of such corporate shareholder shall be indicated thereon, and no other shareholder's name nor only the name of the representative of such corporate shareholder may be indicated thereof.
- Article 8: Shareholders shall submit the specimen chop to the company for record and the same applies when there are changes. The specimen chop will serve as certification for any receipt of dividends and bonuses or exercise the shareholders' rights.
- Article 9: When a shareholder processes the transfer of share certificates, he or she shall submit the complete transfer application with the signatures or chops of the transferor and transferee to the Company. It shall be effective against the Company when it is registered in the shareholders roster.
- Article 10: The Company shall follow the provisions of the "Regulations Governing the Administration of Shareholder Services of Public Companies" promulgated by the competent authority.
- Article 11: Registration for transfer of shares shall be suspended for a period of sixty days before the date of a regular shareholders meeting, and thirty days before the date of a special shareholders meeting, or within five days before the date on which dividends, bonus, or any other benefits is scheduled to be paid by the Company.

**Chapter 3 Shareholders' Meeting**

- Article 12: There are two kinds of shareholders' meetings: regular meeting and special

meeting.

1. The regular meeting shall be convened by the board of director within six months after the close of each fiscal year in accordance with the law.
2. The special meeting shall be convened whenever necessary according to the laws and regulations.

Article 13: A notice regarding the date, venue, and the cause or subject of a meeting of shareholders to be convened shall be given to each shareholder no later than 30 days prior to the scheduled meeting date of a regular meeting; whereas 15 days prior to the scheduled meeting date of a special meeting.

Article 14: Resolutions at a shareholders' meeting shall, unless otherwise provided for in this Act, be adopted by a majority vote of the shareholders present, who represent more than one-half of the total number of voting shares.

When the number of shareholders present does not constitute the quorum prescribed in the preceding article, but those present represent one-third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present. A notice of such tentative resolution shall be given to each of the shareholders, and reconvene a Shareholders' meeting within one month. If the tentative resolution is again adopted by a majority of those present who represent one-third or more of the total number of issued shares, such tentative resolution shall be deemed to be a resolution under the preceding article.

When the Company holds a shareholder meeting, it shall adopt the exercise of voting rights by electronic means. A shareholder exercising voting rights by electronic means will be deemed to have attended the meeting in person. Any related matters are handled in accordance with the laws and regulations.

Article 15: Each share shall be entitled to one vote except those shares for which the voting rights are restricted or excluded as stipulated in Article 179 of the Company Act.

Article 16: If for any reason a shareholder may not attend the shareholders' meeting, he or she 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. The regulations on shareholders' attending the meeting in proxy shall refer to the "Rules on Attendance at the Shareholders' Meeting in Proxy for Public Offering Company" apart from referring to the Company Act.

Article 17: The shareholders' meeting shall be chaired by the chairman of the board of directors of the company. When the chairman is absent, one of the directors shall preside in accordance with Article 208 of the Company Act.

Article 18: The resolutions of a shareholders' meeting shall be recorded in the meeting minutes. The meeting minutes shall be signed or sealed with the chop of the chairman of the meeting. Such minutes shall be distributed to each shareholder within 20 days after the conclusion of the meeting.

The distribution under the preceding paragraph shall be handled in accordance with the Company Act.

The meeting minutes shall accurately record the year, month, day, and place 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. The minutes shall be retained for the duration of the existence of the Company.

The attendance book by the shareholders present and the proxy form by the proxy shall be retained 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.

#### **Chapter 4 The Board of Directors and Audit Committee**

Article 19: The Company shall appoint seven to nine directors. The election of the directors adopts a candidate nomination system selected by the shareholders. The term of

office for directors shall be three years and all directors shall be eligible for re-election.

The number of appointed directors earlier mentioned shall have no less than three independent directors and the same shall not be less than one fifth of the total number of directors of the Company.

The percentage of shareholdings of all the directors, qualifications of independent directors, and other related matters shall be handled in accordance with the laws and regulations by the competent authority.

Independent and non-independent directors shall be elected at the same time, but in separately calculated numbers.

After election and by resolution from the board of directors, the Company shall obtain directors liability insurance with respect to liabilities resulting from exercising their duties during their terms of directorship.

The Company has set up an Audit Committee and Compensation Committee in accordance with the Securities and Exchange Act and regulations of the Competent Authority, and may also set up other functional committees.

The Audit Committee shall be composed of all independent directors.

The duties of the above functional committees shall be exercised in accordance with the Securities and Exchange Act, the Company Act, and other laws and regulations.

Article 19-1: (Deleted)

Article 20: If the vacancies on the board of directors exceeds one third of the total number of directors, or all independent directors are discharged, the board of directors shall call, within 60 days, a special meeting of shareholders to elect succeeding directors to fill the vacancies.

Article 21: In case no election of new directors is affected after expiration of the term of office of existing directors, the term of office of out-going directors shall be extended until the time new directors have been elected and assumed their office.

Article 22: The Board of Directors shall be formed by directors. The directors shall elect from among themselves the Chairman of the Board of Directors by a majority of votes cast by the directors present at the meeting attended by at least two-thirds of the directors. The Chairman shall conduct the business of the Company in accordance with applicable laws and regulations, the Articles of Incorporation of the Company, the resolutions adopted at shareholder' meetings and the resolutions adopted by the Board of Directors.

Article 23: The duties of the board of directors are as follows:

1. Prepare business operations plan.
2. Prepare surplus distribution and loss make-up proposal.
3. Prepare to increase or decrease capital.
4. Review the articles of incorporation and important contracts.
5. Appointment and dismissal of the managers and important personnel.
6. Set up and dissolve branches.
7. Budget approval and final accounts preparation.
8. Real estate trading and other business investment approval.
9. Other duties delegated by the Securities and Exchange Act, the Company Act, and the shareholders' meeting.

Article 24: Business policy of the Company and other important matters shall be decided by resolutions adopted by the Board of Directors. Any meeting of Board of Directors shall be convened by the Chairman of the Board of Directors who shall also be the chairman of the meeting, except the first meeting of each term of the Board of Directors shall be convened in accordance with Article 203 of the Company Act. In case the chairman of the Board of Directors is absent, the acting shall be in accordance with Article 208 of the Company Act.

The calling a board of directors meeting shall be notified to each director at least seven days in advance. In case of urgent circumstances, however, a meeting may be called at any time.

The cause or subject of a meeting of board of directors to be convened shall be indicated in the notice to be sent in writing, e-mail, or fax.

Article 25: Unless otherwise stated in the Company Act, a resolution of the board of directors shall be decided by a majority vote of the directors at a meeting of the board of directors attended by at least a majority of the entire directors of the company. If a director is unable to attend a board of directors meeting in person, he or she shall appoint another director to attend the meeting in his or her place and give to that director a written proxy stating the scope of authorization with respect to the reasons for meeting. A proxy may accept a proxy from one person only.

Article 26: Matters relating to the resolutions of a board of directors 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 of the meeting minutes shall be distributed to each director within 20 days after the conclusion of the meeting. The meeting minutes shall accurately record the year, month, day, and place 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. The minutes shall be retained forever. The attendance book by the directors presented and the proxy form by the proxy shall be retained for at least one year.

Article 26-1: The Company shall pay the directors for performing their duties regardless of the Company's operating profit or loss. The compensation shall be decided by the board of directors depending on the involvement of the Company's operation and the value of contribution, and shall not exceed the maximum standard of the Company's Guidelines for Compensation Criteria.

#### **Chapter 5 (Deleted)**

Article 27: (Deleted)

Article 27-1: (Deleted)

Article 27-2: (Deleted)

Article 28: (Deleted)

Article 29: (Deleted)

#### **Chapter 6 Managers and employees**

Article 30: The Company may have one or more managerial personnel. The appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with Articles 29 of the Company Act.

#### **Chapter 7 Accounting**

Article 31: The Company shall, at the end of each fiscal year, have the board of directors prepared the following reports 30 days before the regular shareholders' meeting and submit for the Audit Committee's review before proposing at the shareholders' meeting for acceptance:

1. Business report.
2. Financial statements.
3. Earnings distribution or loss make-up proposal.

Article 31-1: If the Company gains profit at the end of the fiscal year (profit here equals to income before tax deducts employees' compensation and directors' compensation.), it shall allocate not less than 10% for employee's compensation and not more than 2% for directors' compensation. However, the Company's accumulated losses shall have been covered.

The employees' compensation under the preceding paragraph shall be distributed in the form of shares or in cash.

Matters in the preceding two paragraphs shall be resolved by a majority vote at a

meeting of board of directors attended by at least two-thirds of the total number of directors, and reported to the shareholders' meeting.

Article 32: The Company takes into consideration the current and future development plan, investing environment, capital needs, and domestic and international competition, as well as shareholders' benefit for its dividend policy. If there is a net income in the final accounts of the Company, it shall, after paying all taxes and offsetting any loss from prior years, set aside ten percent of such profits as a legal reserve, and increase or rotate a special surplus reserve in accordance with the law or regulations of the competent authority, distribute dividend and bonus no less than 50% (If the shareholder dividends and bonuses are greater than NT\$1 per share, at least 20% of the excess shall be allocated for cash dividends) and submitted to the shareholders' meeting for acceptance.

#### **Chapter 8 Supplementary Provisions**

Article 33: The Company may act as a guarantor for companies in the same industry.

Article 34: The total investment of the Company may be exempted from the reinvestment proportion limit in the Article 13 of the Company Act.

Article 35: The organizational rules and operational procedures shall be determined otherwise.

Article 36: In regard to all matters not provided for in these Articles of Incorporation, the Company Act and other laws and regulations shall govern.

Article 37: This Article of Incorporation was set up on April 12, 1973.  
The first amendment was made on March 24, 1976.  
The second amendment was made on May 26, 1977.  
The third amendment was made on November 3, 1977.  
The fourth amendment was made on June 3, 1978.  
The fifth amendment was made on December 28, 1978.  
The sixth amendment was made on October 27, 1979.  
The seventh amendment was made on September 24, 1980.  
The eighth amendment was made on April 12, 1981.  
The ninth amendment was made on September 17, 1981.  
The tenth amendment was made on October 21, 1982.  
The eleventh amendment was made on November 25, 1983.  
The twelfth amendment was made on September 15, 1984.  
The thirteenth amendment was made on August 28, 1985.  
The fourteenth amendment was made on April 30, 1987.  
The fifteenth amendment was made on July 22, 1987.  
The sixteenth amendment was made on November 1, 1987.  
The seventeenth amendment was made on September 27, 1989.  
The eighteenth amendment was made on August 7, 1990.  
The nineteenth amendment was made on November 6, 1992.  
The twentieth amendment was made on July 24, 1993.  
The twenty-first amendment was made on June 29, 1994.  
The twenty-second amendment was made on June 20, 1995.  
The twenty-third amendment was made on May 14, 1996.  
The twenty-fourth amendment was made on May 30, 1997.  
The twenty-fifth amendment was made on March 17, 1998.  
The twenty-sixth amendment was made on May 3, 2000.  
The twenty-seventh amendment was made on April 12, 2001.  
The twenty-eighth amendment was made on May 30, 2002.  
The twenty-ninth amendment was made on June 14, 2005.  
The thirtieth amendment was made on June 12, 2006.  
The thirty-first amendment was made on June 4, 2010.  
The thirty-second amendment was made on June 15, 2011.  
The thirty-third amendment was made on June 6, 2012.  
The thirty-fourth amendment was made on June 18, 2013.  
The thirty-fifth amendment was made on June 10, 2015.  
The thirty-sixth amendment was made on June 15, 2016.  
The thirty-seventh amendment was made on June 12, 2019.

**Lingsen Precision Industries, Ltd.**  
**The Rules of Procedure for Shareholders' Meetings**

1. The rules of procedures for this Company's shareholders meetings, except as otherwise provided by other laws and regulations, shall be as provided in these Rules.
2. The number of shares represented by shareholders attending the Meeting shall be calculated in accordance with the attendance cards submitted by the shareholders or with an attendance book to sign.  
The number of shares in attendance shall be calculated according to the shares indicated by the attendance card handed in plus the number of shares whose voting rights are exercised by correspondence or electronically.
3. The attendance and the voting shall be calculated based on the number of shares.
4. The Meeting shall be held at the head office of the Company or at any other appropriate place that is convenient for the shareholders to attend. The time to start the Meeting shall not be earlier than 9:00 a.m. or later than 3:00 p.m.
5. The Chairman of the Board of Directors shall be the chairman presiding at the Meeting in the case that the Meeting is convened by the Board of Directors. If, for any reason, the Chairman of the Board of Directors cannot preside at the Meeting, the chairman shall appoint one of the directors to act as chair. Where the chairman does not make such a designation, the directors shall select from among themselves one person to serve as chair. If the Meeting is convened by any other person entitled to convene the Meeting, such person shall be the chairman to preside at the Meeting.
6. The Company may appoint designated counsel, CPA or other related persons to attend the Meeting.  
Persons handling affairs of the Meeting shall wear identification cards or badges.
7. The process of the Meeting shall be tape-recorded or videotaped and these tapes shall be preserved for at least one year.
8. Chairman shall call the Meeting to order at the time scheduled for the Meeting. If the number of shares represented by the shareholders present at the Meeting has not yet constituted the quorum at the time scheduled for the Meeting, the chairman may postpone the time for the Meeting. The postponements shall be limited to two times at the most and Meeting shall not be postponed for longer than one hour in the aggregate. If after two postponements no quorum can yet be constituted but the shareholders present at the Meeting represent more than one - third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Law.  
If during the process of the Meeting the number of outstanding shares represented by the shareholders present becomes sufficient to constitute the quorum, the chairman may submit the tentative resolutions to the Meeting for approval in accordance with Article 174 of the Company Law.
9. The agenda of the Meeting shall be set by the Board of Directors if the Meeting is convened by the Board of Directors. Unless otherwise resolved at the Meeting, the

Meeting shall proceed in accordance with the agenda.

The above provision applies mutatis mutandis to cases where the Meeting is convened by any person, other than the Board of Directors, entitled to convene such Meeting.

Unless otherwise resolved at the Meeting, the chairman cannot announce adjournment of the Meeting before all the discussion items (including special motions) listed in the agenda are resolved.

The shareholders cannot designate any other person as chairman and continue the Meeting in the same or other place after the Meeting is adjourned. However, in the event that the Chairman adjourns the Meeting in violation of these Rules and Procedures, the shareholders may designate, by a majority of votes represented by shareholders attending the Meeting, one person as chairman to continue the Meeting.

10. When a shareholder present at the Meeting wishes to speak, a Speech Note should be filled out with summary of the speech, the shareholder's number (or the number of Attendance Card) and the name of the shareholder. The sequence of speeches by shareholders should be decided by the chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of the speech of a shareholder are inconsistent with the contents of the Speech Note, the contents of actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder in speaking, no shareholder shall interrupt the speeches of the other shareholder otherwise the chairman shall stop such interruption.

11. Unless otherwise permitted by the chairman, each shareholder shall not, for each discussion item, speak more than two times (each time not exceeding 5 minutes). In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the chairman may stop the speech of such shareholder.

12. A corporate shareholder may only appoint one representative to attend a shareholders meeting.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative can speak for each discussion item.

13. After the speech of a shareholder, the chairman may respond in person or appoint an appropriate person to respond.

14. The chairman may announce to end the discussion of any resolution and go into voting if the Chairman deems it appropriate.

15. The person(s) to check and the person(s) to record the ballots during a vote by casting ballots shall be appointed by the chairman. The person(s) checking the ballots shall be a shareholder(s). The result of voting shall be announced at the Meeting and placed on record.

16. During the Meeting, the chairman may, at his discretion, set time for intermission.

17. Except otherwise specified in the Company Law or the Articles of Incorporation of the Company, a resolution shall be adopted by a majority of the votes represented by the

shareholders present at the Meeting. The resolution shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after solicitation by the chairman.

18. If there is amendment to or substitute for a discussion item, the chairman shall decide the sequence of voting for such discussion item, the amendment or the substitute. If any one of them has been adopted, the others shall be deemed vetoed and no further voting is necessary.
19. The chairman may conduct the disciplinary officers or the security guard to assist in keeping order of the Meeting place. Such disciplinary officers or security guards shall wear badges marked "Disciplinary Officers" for identification purpose.
20. These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.



**Lingsen Precision Industries, Limited.**  
**Rules for Election of Directors**

- Article 1 Unless otherwise provided in the Company Law or the Articles of Incorporation of this Company, the directors of this Company shall be elected in accordance with the rules specified herein.
- Article 2 Election of directors of this Company shall be held at the shareholders' meeting.
- Article 3 This Company's directors shall be elected by adopting the candidate nomination system specified in Article 192-1 of the Company Act and the Articles of Incorporation. Shareholders shall elect the directors from the List of Director (including Independent Director) Candidates.
- Article 4 In the election of directors of this Company, the names of voters may be represented by shareholders' numbers.  
  
In the election of directors of this Company, 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 divided to vote for several persons.
- Article 5 The election of independent directors and non-independent directors shall be held together; provided, however, that the number of independent directors and non-independent directors elected shall be calculated separately.  
  
In the election of directors of this Company, candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.
- Article 6 The shareholders shall exercise their voting rights in writing or by electronic means. At the beginning of the election, the Chairman shall appoint several persons each to check and record the ballots. The persons to check the ballots may be appointed from among the shareholders present.
- Article 7 The ballot box used for voting shall be prepared by the Board of Directors and checked in public by the person to check the ballots before voting.
- Article 8 The Board of Directors shall prepare separate ballots for directors in numbers corresponding to the directors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders.
- Article 9 Deleted.
- Article 10 Ballots shall be deemed void under the following conditions
1. Ballots not prepared by the convening authority.
  2. Blank ballots had been cast in the ballot box.
  3. Writing is illegible or has been altered by the voter;
  4. The candidate whose name is entered in the ballots does not match the List of Director Candidates.
  5. Other words or marks are entered in addition to the number of voting rights allotted.
- Article 11 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, including the list of persons elected as directors and the numbers of votes with which they were elected.  
  
If one does not meet the Article 26-3, Paragraph 3 of the Securities and Exchange Act, the election shall be deemed invalid.
- Article 12 The items that are not specified in these Rules shall be exercised in accordance with the Articles of Incorporation, the Company Act, and other laws and regulations.
- Article 13 These Rules and any revision thereof shall become effective after approval at the shareholders' meeting.

## The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate.

**Explanation:** Not applicable.

### Lingsen Precision Industries, Ltd. Shareholding of Directors

(I) In accordance with Article 26 of the Securities and Exchange Act, the minimum of required shareholdings of all directors by law is 15,204,093 shares.

(II) As of the book closure date, the shareholdings of directors recorded in the shareholder register are as follows:

- (1) The shareholdings of all directors are 16,570,712 shares, which meets the requirement under Article 26 of the Securities and Exchange Act.  
The shares held by independent directors shall not be counted in the calculation of director shareholdings.
- (2) The company had set up Audit Committee; so there is no applicable for minimum required shareholding of supervisors by law.
- (3) As of the book closure date (April 12, 2022), the shares held by directors are shown as follows:

Position	Name	Shareholdings
Chairman	Shu-Chyuan Yeh	14,526,754
Director	Tse-Sung Tsai	100,000
Director	Sheunn-Ching Yang	1,303,654
Director	Ming-Te Tu	214,829
Director	Shu-Hsun Yeh	275,475
Director	Pin-Wen Fang	150,000
Independent Director	Feng-Hsien Shih	394,080
Independent Director	Wan-Ping Chen	150,000
Independent Director	Pin-Chi Wei	362,000
Total		17,476,792

Note: Total common shares issued on April 12, 2022: 380,102,344 shares.