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# LINGSSEN PRECISION INDUSTRIES, LTD.

## 2023 ANNUAL GENERAL SHAREHOLDERS' MEETING

### Meeting Agenda

#### 【Translation】

MEETING TYPE : PHYSICAL SHAREHOLDERS' MEETING.

TIME: MAY 30, 2023 (TUESDAY) 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 2023 ANNUAL GENERAL SHAREHOLDERS' MEETING OF LINGSSEN 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 2023 Annual Meeting of Shareholders**

- 1、 Call the Meeting to Order**
- 2、 Chairman's Address**
- 3、 Reported Matters**
- 4、 Acknowledged Matters**
- 5、 Extempore Motions**
- 6、 Adjournment**

**Lingsen Precision Industries, Ltd.**  
**Year 2023**  
**Agenda of Annual Meeting of Shareholders**

1. Meeting type: Physical shareholders' meeting.
2. Time: May 30, 2023 (Tuesday) 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) 2022 Business Report.
  - (2) Report by Audit Committee on the examination of 2022 financial statements.
  - (3) Communication status between Audit Committee and internal audit supervisor.
  - (4) Report on the condition of the company's endorsement and guarantees for other company.
  - (5) 2022 remuneration for employees and directors.
  - (6) Report on the implementation of the 5<sup>th</sup> Share Buyback Program.
  - (7) Other matters to be reported.
6. Acknowledge Matters
  - (1) Acknowledge of 2022 business report and financial statements. (Proposed by board)
  - (2) Acknowledge of 2022 earning distribution. (Proposed by board)
7. Extempore Motions
8. Adjournment

# Reported Matters

**Item 1:** 2022 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 customers.
- ii. Improving current 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 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 automatic inspection 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 2022, the company's operating revenue totaled NTD\$ 5.1 billion, a decrease of 21% from 2021. Gross profit margin was 10% while operating profit margin was 3%. Profit attributable to the parent company was NTD 0.2 billion or an earnings per share of NTD 0.56.

In 2022, the global economy remained affected by the war, high inflation, and COVID-19 pandemic, which caused economic uncertainties. The growth of Semi-conductor industry is influence by weaker terminal-market demand. The company has been promoting necessary adjustments continuously amid the difficulties and challenges in the business environment. The company re-examining the company's resource allocation and secure its optimum suitability operations, with careful action in capital expenditure and adjustments in flexible product portfolio as well as associated cost improvement. After a period of adjustment, the industry will return to relatively healthy level of supply and demand. The company can capture a stronger growth and will achieve another success with careful efforts and actions.

(Amount Expressed in Thousands of New Taiwan Dollars)

Items	Year 2022		Year 2021		Annual growth rate YoY	
	\$	%	\$	%	\$	%
Operating revenue	5,113,539	100	6,489,676	100	(1,376,137)	-21
Gross profit	502,351	10	1,228,099	19	(725,748)	-59
Operating expenses	337,750	7	416,144	6	(78,394)	-19
Net operating profit	164,601	3	811,955	13	(647,354)	-80
Total non-operating income and expenses	(991)	-	145,081	2	(146,072)	
Net profit	207,291	4	873,849	13	(666,558)	-76

(III) 2022 Budget Implementation Status

The company did not prepare financial forecast of 2022.

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

Item analyzed		Year 2022	Year 2021
Financial Structure	Debt Ratio (%)	26.60	30.31
	Ratio of Long-term capital to property, plant and equipment(%)	205.30	225.20
Solvency	Current Ratio (%)	250.21	225.39
	Quick Ratio (%)	180.86	169.06
Profitability	Return On Assets (%)	2.68	11.55
	Return On Equity (%)	3.58	16.18
	Ratio of Operating Income to paid-in capital (%)	4.33	21.36
	Ratio of Pre-tax Income to paid-in capital (%)	4.30	25.17
	Profit Margin (%)	4.05	13.46
	EPS (NT\$)	0.56	2.35

(V) Research and Development Status

(Amount Expressed in Thousands of New Taiwan Dollars)

Year	Year 2022	Year 2021	Year 2020
Research & Development Expense	131,024	143,554	138,918
Ratio of R&D Expense to operating revenue (%)	3	2	3

Chairman: Shu-Chyuan Yeh

Manager: Tse-Sung Tsai

Accounting Supervisor: Ming-Wei Lai

**Item 2:** Report by Audit Committee on the examination of 2022 financial statements.

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

The Board of Directors has prepared and submitted to us the Company's 2022 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

February 23, 2023



**Item 3:** Communication status between Audit Committee and internal audit supervisor.

**Explanation:** The internal audit supervisor performs auditing operations and regularly submits aggregated audit reports to the Audit Committee based on the annual audit plans. The issue raised by independent directors may be replied to and communicated timely.

The communications between the Audit Committee and internal audit supervisor are good. The major communications in 2022 are summarized as follows:

**Communication status between independent directors and internal audit supervisor**

Date	Attendees	Item of communication	Results of communication
March 17, 2022 Audit Committee	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1. 2021 Report and communications on Implementation of the internal control system.	1. No objections from the independent directors.
August 8, 2022 Audit Committee	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1. Report and communications on the amendment to the company's internal audit implementation rules.	1. No objections from the independent directors.
November 7, 2022 Separate meeting	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•CPA: Shu-Chin Chiang</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1. Internal audit supervisor present the internal audit plan and execution <ul style="list-style-type: none"> <li>•Report on 2023 internal audit plan.</li> <li>•Report on internal audit execution.</li> <li>•Report on Training status.</li> <li>•Report on Corporate Governance Evaluation for the most recent years</li> </ul> 2. CPAs present the findings of their review or audit reports °	1. No objections from the independent directors.  2. No objections from the independent directors.
November 7, 2022 Audit Committee	<ul style="list-style-type: none"> <li>•Independent directors: Feng-Hsien Shih Wan-Ping Chen Pin-Chi Wei</li> <li>•CPA: Shu-Chin Chiang</li> <li>•Internal audit supervisor: Zhi-wei Yang</li> </ul>	1. 2022 Report and communications on key audit matter.  2. Report and communications on the amendment to the company's internal control system and internal audit implementation rules.	1. No objections from the independent directors.  2. No objections from the independent directors.

**Item 4:** 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, 2022 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	NTD 153,550 ( USD5,000 )	NTD 122,840 ( USD4,000 )
Total		NTD 153,550	NTD 122,840
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 5:** 2022 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 2022 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\$3,718,395, or 2%.  
The total amount of the remuneration for employees is NT\$18,591,981, or 10%.

**Item 6:** Report on the implementation of the 5<sup>th</sup> Share Buyback Program.

**Explanation:** The company's shares buyback related information and implementation status is as follows:

1. Actual buyback period: from Jul 6, 2020 to Jul 24, 2020.
2. Actual number of shares bought back: 2,000,000 Common share
3. Total monetary amount of shares bought back: NT\$ 23,413,660
4. The average buyback price per share: NT\$ 11.71
5. Date of shares transferred: Jul 15, 2022.
6. Agreed transfer price per share: NT\$ 11.71, the average buyback price per share.
7. Shares transferred: 2,000,000 shares
8. Shares un-transferred: 0 shares

**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 2023 regular shareholders meeting between March 17, 2023 and March 27, 2023. 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 2022 business report and financial statements.

**Explanation:**

1. The board of directors prepared the 2022 stand-alone and consolidated financial statements (please refer to page 14-33, which were audited by independent auditors Shu-Chin Chiang and Ting-Chien Su of the Deloitte Touche Tohmatsu Limited.
2. The 2022 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 2022 earning distribution.

**Explanation:** 1. The 2022 earnings 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 February 23, 2023.

2. The unappropriated earnings of prior years is NT\$400,927,368, after adding up the 2022 net profit after tax of NT\$207,290,793 and remeasurement of defined benefit plans of NT\$93,823,955. The amount of net profit after tax for the period and the amount adjusted to the current year's undistributed earnings is NT\$301,114,748. After deducting the 10% legal reserve of NT\$30,111,475 and special reserve of NT\$74,563,564, therefore the total amount of earnings available for distribution is NT\$597,367,077.

It is hereby proposed to distribute cash dividends to shareholders of NT\$114,030,704.

Lingsen Precision Industries, Ltd.  
Earnings Distribution Table  
Year 2022

Unit: NT\$

<b>Unappropriated retained earnings of prior years</b>		<b>400,927,368</b>
Plus : 2022 net profit after tax	207,290,793	
Plus :2022 remeasurement of defined benefit plans	93,823,955	
The amount of net profit after tax for the period and the amount adjusted to the current year's undistributed earnings		301,114,748
Minus: 10% legal reserve		(30,111,475)
Minus: special reserve		(74,563,564)
<b>Earnings in 2022 Available for Distribution</b>		<b>196,439,709</b>
<b>Earnings Available for Distribution</b>		<b>597,367,077</b>
<b>Items for Distribution:</b>		
Cash Dividends to Shareholders (NT\$0.3per share)		<b>114,030,704</b>
<b>Unappropriated retained earnings</b>		<b>483,336,373</b>

- Note:
1. Legal reserve: NT\$301,114,748 \* 10% = NT\$30,111,475
  2. Total common shares issued on April 1, 2023: 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:**

## **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, 2022 and 2021, and the unconsolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the 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, 2022 and 2021, 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, 2022. 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, 2022 are stated as follows:



### Authenticity of service revenue recognition

The main source of revenue of the Company relies on the service revenue from various wafers 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 2022 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

February 23, 2023

Lingsen Precision Industries, Ltd.  
Parent Company Only Balance Sheets  
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,146,420	15	\$ 1,212,698	14
1136	Financial assets at amortized cost- current(Notes 4,8,27 and28)	263,000	3	263,000	3
1140	Contract assets - current (Notes 4 and 20)	94,677	1	135,659	2
1170	Accounts receivable (Notes 4, 9 and 20)	810,312	10	1,439,848	17
1200	Other receivables (Notes 4 )	11,881	-	20,659	-
1220	Current tax assets (Notes 4 and 22)	44,854	1	210	-
1310	Inventories (Notes 4 and 10)	498,820	6	657,624	8
1470	Other current assets (Notes 14)	267,834	4	228,692	3
11XX	Total current assets	<u>3,137,798</u>	<u>40</u>	<u>3,958,390</u>	<u>47</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive income - non-current (Note 4 and 7)	9,048	-	9,982	-
1550	Investment accounted for using the equity method (Notes 4 and 11)	884,958	11	938,874	11
1600	Property, plant and equipment (Notes 4, 12 and 28)	3,179,568	41	2,949,761	35
1755	Right-of-use assets (Notes 4 and 13)	145,342	2	150,220	2
1840	Deferred tax assets (Notes 4, 5 and 22)	145,168	2	23,008	1
1915	Prepayments for facilities	138,629	2	350,718	4
1920	Refundable deposits (Note 4)	534	-	324	-
1975	Net defined benefit assets - non-current (Notes 4 and 18)	136,051	2	12,009	-
1990	Other non-current assets	4,685	-	5,839	-
15XX	Total non-current assets	<u>4,643,983</u>	<u>60</u>	<u>4,440,735</u>	<u>53</u>
1XXX	Total assets	<u>\$ 7,781,781</u>	<u>100</u>	<u>\$ 8,399,125</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current Liabilities</b>				
2100	Short-term bank borrowings (Notes 15)	\$ 282,778	4	\$ 194,118	2
2170	Accounts payable	186,848	2	479,409	6
2200	Other payables (Notes 16 and 27)	457,912	6	693,056	8
2230	Deferred tax liabilities (Notes 4 and 22)	-	-	26,506	-
2250	Liability reserve - current (Notes 4 and 17)	5,534	-	3,980	-
2280	Lease liabilities - current (Notes 4 and 13)	3,727	-	4,420	-
2320	Long-term borrowings due in one year (Notes 15 and 28)	237,929	3	290,814	4
2399	Other current liabilities	79,315	1	63,888	1
21XX	Total current liabilities	<u>1,254,043</u>	<u>16</u>	<u>1,756,191</u>	<u>21</u>
	<b>Non-current liabilities</b>				
2540	Long-term banks borrowings (Notes 15 and 28)	651,957	9	589,886	7
2570	Deferred tax liabilities (Notes 4 and 22)	18,686	-	784	-
2580	Lease liabilities - non-current (Notes 4 and 13)	143,637	2	147,364	2
2645	Deposits received	1,936	-	51,822	-
25XX	Total non-current liabilities	<u>816,216</u>	<u>11</u>	<u>789,856</u>	<u>9</u>
2XXX	Total Liabilities	<u>2,070,259</u>	<u>27</u>	<u>2,546,047</u>	<u>30</u>
	<b>Equity</b>				
3110	Ordinary shares	3,801,023	49	3,801,023	45
3200	Capital surplus	1,265,021	16	1,250,011	15
	Retained earnings				
3310	Legal reserve	91,283	1		
3320	Special reserve	91,034	1	160,419	2
3350	Unappropriated earnings (accumulated deficit)	702,042	9	912,825	11
3400	Other equities	( 62,466)	( 1)	( 71,372)	( 1)
3500	Treasury shares	( 176,415)	( 2)	( 199,828)	( 2)
3XXX	Total equity	<u>5,711,522</u>	<u>73</u>	<u>5,853,078</u>	<u>70</u>
	Total liabilities and equities	<u>\$ 7,781,781</u>	<u>100</u>	<u>\$ 8,399,125</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, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4, 20 and 27)	\$ 5,113,539	100	\$ 6,489,676	100
5000	Operating costs (Notes 10, 21 and 27)	<u>4,611,188</u>	<u>90</u>	<u>5,261,577</u>	<u>81</u>
5900	Gross profit	<u>502,351</u>	<u>10</u>	<u>1,228,099</u>	<u>19</u>
	Operating expenses (Notes 21 and 27)				
6100	Selling and marketing expenses	52,575	1	63,671	1
6200	General and administrative expenses	154,554	3	208,454	3
6300	Research and development expenses	131,024	3	143,554	2
6450	Expected credit impairment losses (Notes 4 and 9)	( <u>403</u> )	<u>-</u>	<u>465</u>	<u>-</u>
6000	Total operating expenses	<u>337,750</u>	<u>7</u>	<u>416,144</u>	<u>6</u>
6900	Operating profit	<u>164,601</u>	<u>3</u>	<u>811,955</u>	<u>13</u>
	Non-operating income and expenses (Note 4)				
7100	Interest income	6,109	-	3,297	-
7110	Rental income (Note 27)	12,537	-	13,477	-
7130	Dividend income	828	-	1,205	-
7190	Other income (Note 27)	77,632	2	29,795	1
7210	Gains on disposal of property, plant and equipment	486	-	1,829	-
7230	Net gain on foreign exchange	14,749	-	14,943	-
7510	Interest expenses	( <u>12,573</u> )	<u>-</u>	( <u>8,647</u> )	<u>-</u>
7775	Share of loss from subsidiaries and associated companies using the equity method	( <u>100,759</u> )	<u>2</u>	<u>89,182</u>	<u>1</u>
7000	Total non-operating incomes and expenses	( <u>991</u> )	<u>-</u>	<u>145,081</u>	<u>2</u>

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Code		2022		2021	
		Amount	%	Amount	%
7900	Net profit before income tax	\$ 163,610	3	\$ 957,036	15
7950	Income tax benefit(expenses)(Notes 4 and 22)	43,681	1	( 83,187 )	( 2 )
8200	Net profit for the year	207,291	4	873,849	13
	Other comprehensive income (loss) (Note 4)				
8310	Items not reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans (Note 18)	117,280	2	48,720	1
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 8,227 )	-	1,525	-
8330	Share of other comprehensive profits/losses of subsidiaries and associated companies accounted for using equity method	7,835	-	( 5,797 )	-
8349	Income tax related to items that will not be reclassified subsequently (Note 22)	( 23,456 )	-	( 9,744 )	-
		93,432	2	34,704	1
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translation of the financial statements of foreign operations	9,298	-	( 2,456 )	-
8300	Other comprehensive income of the year (net amount after tax)	102,730	2	32,248	1
8500	Total comprehensive income (loss) for the year	\$ 310,021	6	\$ 906,097	14
	Earnings per share (Note 23)				
9750	Basic	\$ 0.56		\$ 2.35	
9850	Diluted	\$ 0.55		\$ 2.32	

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, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Code		Retained earnings (Note 19)				Other equity items (Note 4)			Treasury shares (Note 19)	Total equity
		Common share capital (Note 19)	Capital surplus (Note 19)	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, 2021	\$ 3,801,023	\$ 1,384,604	\$ -	\$ 192,020	(\$ 166,267)	(\$ 22,172)	(\$ 42,472)	(\$ 199,828)	\$ 4,946,908
B17	2020 Deficit Compensation Reversal of special reserve	-	-	-	( 31,601)	31,601	-	-	-	-
C3	Other change of capital surplus: 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) for 2021	-	-	-	-	38,976	( 2,456)	( 4,272)	-	32,248
D5	Total comprehensive income (loss) for 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
B1	2021 Appropriations of earnings Legal reserve	-	-	91,283	-	( 91,283)	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 490,000)	-	-	-	( 490,000)
B17	Reversal of special reserve	-	-	-	( 69,385)	69,385	-	-	-	-
C3	Other change of capital surplus: Change due to receipt of gifts	-	67	-	-	-	-	-	-	67
M1	Dividends are paid to subsidiaries to adjust capital reserves	-	7,295	-	-	-	-	-	-	7,295
D1	2022 Net profit	-	-	-	-	207,291	-	-	-	207,291
D3	Other comprehensive income (loss) in 2022	-	-	-	-	93,824	9,298	( 392)	-	102,730
D5	Total comprehensive income of 2022	-	-	-	-	301,115	9,298	( 392)	-	310,021
N1	Share-based payments	-	7,648	-	-	-	-	-	23,413	31,061
Z1	Balance, December 31, 2022	\$ 3,801,023	\$ 1,265,021	\$ 91,283	\$ 91,034	\$ 702,042	(\$ 15,330)	(\$ 47,136)	(\$ 176,415)	\$ 5,711,522

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, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

<u>Code</u>		<u>2022</u>	<u>2021</u>
	Cash flows from operating activities		
A10000	Net profit before tax for the year	\$ 163,610	\$ 957,036
	Income/expenses items		
A20100	Depreciation expense	548,266	584,787
A20300	Expected credit impairment losses	( 403)	465
A20900	Interest expenses	12,573	8,647
A21200	Interest income	( 6,109)	( 3,297)
A21300	Dividend income	( 828)	( 1,205)
A21900	The cost of remuneration on a share-based basis	7,711	-
A22400	Share of loss (profit) from subsidiaries and associated companies using the equity method	100,759	( 89,182)
A22500	Gains on disposal of property, plant and equipment	( 486)	( 1,829)
A23800	Loss for market price decline and obsolete and slow-moving inventories.	33,520	6,020
A24100	Net gain on foreign exchange	1,105	( 3,659)
A29900	Amortization of prepayments	2,767	1,952
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	40,982	( 21,150)
A31150	Accounts receivable	626,685	( 342,267)
A31180	Other receivables	8,997	( 3,653)
A31200	Inventories	125,284	( 378,924)
A31240	Other current assets	( 39,142)	( 108,858)
A32150	Accounts payable	( 291,538)	171,193
A32180	Other payables	( 228,111)	237,916
A32200	Provision (reversal) for liabilities	1,554	( 15,470)
A32230	Other current liabilities	15,425	17,720
A32240	Net defined benefit liability	( 6,762)	( 17,530)
A33000	Cash provided by operating activities	1,115,859	998,712
A33100	Interest received	5,890	3,299
A33300	Interest paid	( 12,118)	( 7,406)
A33500	Income tax returned	( 155,183)	250
AAAA	Net cash inflow from operating activities	<u>954,448</u>	<u>994,855</u>

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Code		2022	2021
	Cash flows from investing activities		
B00050	Disposition of financial assets measured at amortized cost	-	28,000
B02200	Net cash outflow for obtaining subsidiaries	( \$ 29,710 )	( \$ 28,010 )
B02700	Purchase of property, plant and equipment	( 464,172 )	( 771,136 )
B02800	Proceeds from disposal of property, plant and equipment	486	5,002
B03700	Increase in refundable deposits	( 210 )	( 83 )
B06700	Increase in other non-current assets	( 1,613 )	( 6,499 )
B07100	Increase in prepaid equipment amount	( 104,584 )	( 349,090 )
B07600	Dividends received	<u>828</u>	<u>1,205</u>
BBBB	Net cash outflow from investment activities	<u>( 598,975 )</u>	<u>( 1,120,611 )</u>
	Cash flows from financing activities		
C00100	Increase in short-term bank borrowings	749,733	1,133,187
C00200	Decrease in short-term bank borrowings	( 659,781 )	( 1,072,721 )
C01600	Proceeds from long-term bank borrowings	300,000	616,700
C01700	Repayments of long-term bank borrowings	( 290,814 )	( 467,600 )
C03000	Increase in guarantee deposits	( 49,886 )	50,000
C04020	Repaid principal of lease liabilities	( 4,420 )	( 5,514 )
C04500	Payment of cash dividends	( 490,000 )	-
C04800	Employees execute stock options	23,350	-
C09900	Uncollected overdue dividends	<u>67</u>	<u>73</u>
CCCC	Net cash inflow (outflow) from financing activities	<u>( 421,751 )</u>	<u>254,125</u>
EEEE	Increase (decrease) of cash and cash equivalents for the year	( 66,278 )	128,369
E00100	Beginning cash and cash equivalents of the year	<u>1,212,698</u>	<u>1,084,329</u>
E00200	End cash and cash equivalents of the year	<u>\$ 1,146,420</u>	<u>\$ 1,212,698</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, 2022 and 2021, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters for the Group's consolidated financial statements for the year 2022 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 2022 and 2021, 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 2022 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

February 23, 2023

Lingsen Precision Industries, Ltd. and Subsidiaries  
Consolidated Balance Sheet  
December 31, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Code	ASSETS	December 31, 2022		December 31, 2021	
		Amount	%	Amount	%
	<b>Current Assets</b>				
1100	Cash and cash equivalents (Notes 4 and 6)	\$ 1,572,022	18	\$ 1,646,990	17
1136	Financial assets at amortized cost- current(Notes 4,8 and29)	275,400	3	323,209	3
1140	Contract assets - current (Notes 4 and 21)	100,980	1	150,260	2
1150	Notes receivable (Notes 4 and 21)	-	-	5,593	-
1170	Accounts receivable (Notes 4,9,21 and 28)	974,383	11	1,744,380	19
1200	Other receivables (Notes 4)	15,829	-	24,041	-
1220	Current tax assets (Notes 4 and 23)	59,399	1	210	-
1310	Inventories (Notes 4 and 10)	530,864	6	689,909	7
1470	Other current assets (Notes 15 )	298,704	4	248,858	3
11XX	Total current assets	<u>3,827,581</u>	<u>44</u>	<u>4,833,450</u>	<u>51</u>
	<b>Non-current assets</b>				
1517	Financial assets at fair value through other comprehensive income- non-current (Note 4 and 7)	34,317	-	34,709	1
1550	Investment accounted for using the equity method (Notes 4 and 12)	-	-	-	-
1600	Property, plant and equipment (Notes 4, 13 and 29)	4,284,385	49	3,984,904	42
1755	Right-of-use assets (Notes 4 and 14)	150,851	2	154,244	2
1840	Deferred tax assets (Notes 4, 5 and 23)	150,887	2	28,600	-
1915	Prepayments for facilities	149,977	2	356,707	4
1920	Refundable deposits (Note 4)	1,309	-	1,018	-
1975	Net defined benefit assets - non-current (Notes 4 and 19)	136,051	1	12,009	-
1990	Other non-current assets	19,896	-	19,139	-
15XX	Total non-current assets	<u>4,927,673</u>	<u>56</u>	<u>4,591,330</u>	<u>49</u>
1XXX	Total assets	<u>\$ 8,755,254</u>	<u>100</u>	<u>\$ 9,424,780</u>	<u>100</u>
	<b>Liabilities and Equity</b>				
	<b>Current Liabilities</b>				
2100	Short-term bank borrowings (Notes 4 and 16)	\$ 405,617	5	\$ 304,838	3
2150	Notes payable	27,182	-	23,699	-
2170	Accounts payable	188,917	2	491,184	5
2200	Other payables (Note 17)	586,141	7	886,595	9
2230	Deferred tax liabilities (Notes 4 and 23)	-	-	51,330	1
2250	Liability reserve - current (Notes 4 and 18)	5,534	-	3,980	-
2280	Lease liabilities - current (Notes 4 and 14)	5,303	-	5,027	-
2320	Long-term borrowings due in one year (Notes 4, 16 and 29)	340,164	4	360,830	4
2399	Other current liabilities	86,993	1	68,372	1
21XX	Total current liabilities	<u>1,645,851</u>	<u>19</u>	<u>2,195,855</u>	<u>23</u>
	<b>Non-current liabilities</b>				
2540	Long-term banks borrowings (Notes 4, 16 and 29)	994,796	11	931,461	10
2570	Deferred tax liabilities (Notes 4 and 23)	19,138	-	804	-
2580	Lease liabilities - non-current (Notes 4 and 14)	144,300	2	147,411	2
2645	Deposits received	1,936	-	51,822	-
25XX	Total non-current liabilities	<u>1,160,170</u>	<u>13</u>	<u>1,131,498</u>	<u>12</u>
2XXX	Total Liabilities	<u>2,806,021</u>	<u>32</u>	<u>3,327,353</u>	<u>35</u>
	<b>Equity attributable to owners of the company</b>				
3110	Ordinary shares	3,801,023	43	3,801,023	40
3200	Capital surplus	1,265,021	15	1,250,011	13
	Retained earnings				
3310	Legal reserve	91,283	1	-	-
3320	Special reserve	91,034	1	160,419	2
3350	Unappropriated earnings (accumulated deficit)	702,042	8	912,825	10
3400	Other equities	( 62,466)	( 1)	( 71,372)	( 1)
3500	Treasury shares	( 176,415)	( 2)	( 199,828)	( 2)
31XX	Total equity attributable to owners of the Company	<u>5,711,522</u>	<u>65</u>	<u>5,853,078</u>	<u>62</u>
36XX	Non-controlling interests	<u>237,711</u>	<u>3</u>	<u>244,349</u>	<u>3</u>
3XXX	Total equity	<u>5,949,233</u>	<u>68</u>	<u>6,097,427</u>	<u>65</u>
	Total liabilities and equities	<u>\$ 8,755,254</u>	<u>100</u>	<u>\$ 9,424,780</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, 2022 and 2021

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

Code		2022		2021	
		Amount	%	Amount	%
4000	Operating revenue (Notes 4 and 21)	\$ 6,006,806	100	\$ 7,733,302	100
5000	Operating costs (Notes 10 and 22)	<u>5,486,038</u>	<u>92</u>	<u>6,258,406</u>	<u>81</u>
5900	Gross profit	<u>520,768</u>	<u>8</u>	<u>1,474,896</u>	<u>19</u>
	Operating expenses (Note 22)				
6100	Selling and marketing expenses	62,240	1	70,345	1
6200	General and administrative expenses	255,073	4	338,281	5
6300	Research and development expenses	165,769	3	176,579	2
6450	Expected credit impairment losses (Notes 4 and 9)	<u>(494)</u>	<u>-</u>	<u>388</u>	<u>-</u>
6000	Total operating expenses	<u>482,588</u>	<u>8</u>	<u>585,593</u>	<u>8</u>
6900	Net operating profit	<u>38,180</u>	<u>-</u>	<u>889,303</u>	<u>11</u>
	Non-operating income and expenses (Note 4)				
7100	Interest income	10,281	-	3,978	-
7110	Rental income (Note 14)	14,040	-	20,882	-
7130	Dividend income	1,218	-	7,198	-
7190	Other income	83,997	1	32,024	-
7210	Gains from disposal of property, plant, and equipment	486	-	54,462	1
7230	Net gain on foreign exchange	35,377	1	13,927	-
7273	Property, plant and equipment gain on reversal of impairment	-	-	42,417	1
7510	Interest expenses	<u>(22,755)</u>	<u>-</u>	<u>(15,743)</u>	<u>-</u>
7590	Miscellaneous expenses	<u>(2,360)</u>	<u>-</u>	<u>(657)</u>	<u>-</u>
7670	Impairment loss	<u>(1,139)</u>	<u>-</u>	<u>(12,000)</u>	<u>-</u>
7000	Total non-operating incomes and expenses	<u>119,145</u>	<u>2</u>	<u>146,488</u>	<u>2</u>
7900	Net profit before income tax	157,325	2	1,035,791	13
7950	Income tax benefit(expenses) (Notes 4 and 23)	<u>43,328</u>	<u>1</u>	<u>(104,200)</u>	<u>(1)</u>
8200	Net profit for the year	<u>200,653</u>	<u>3</u>	<u>931,591</u>	<u>12</u>

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Code		2022		2021	
		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)	\$ 117,280	2	\$ 48,720	-
8316	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	( 392 )	-	( 4,272 )	-
8349	Income tax related to items that will not be reclassified subsequently (Note 23)	( 23,456 )	-	( 9,744 )	-
		<u>93,432</u>	<u>2</u>	<u>34,704</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	<u>9,298</u>	<u>-</u>	( <u>2,456</u> )	<u>-</u>
8300	Other comprehensive income of the year (Net income after tax)	<u>102,730</u>	<u>2</u>	<u>32,248</u>	<u>-</u>
8500	Total comprehensive income (loss) for the year	<u>\$ 303,383</u>	<u>5</u>	<u>\$ 963,839</u>	<u>12</u>
	Net profit (loss) attributable to:				
8610	Owners of the company	\$ 207,291	3	\$ 873,849	11
8620	Non-controlling interests	( 6,638 )	-	<u>57,742</u>	<u>1</u>
8600		<u>\$ 200,653</u>	<u>3</u>	<u>\$ 931,591</u>	<u>12</u>
	Total comprehensive income attributable to:				
8710	Owners of the company	\$ 310,021	5	\$ 906,097	11
8720	Non-controlling interests	( 6,638 )	-	<u>57,742</u>	<u>1</u>
8700		<u>\$ 303,383</u>	<u>5</u>	<u>\$ 963,839</u>	<u>12</u>
	Earnings per share (Note 24)				
9750	Basic	<u>\$ 0.56</u>		<u>\$ 2.35</u>	
9850	Diluted	<u>\$ 0.55</u>		<u>\$ 2.32</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, 2022 and 2021

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)	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, 2021	\$ 3,801,023	\$ 1,384,604	\$ -	\$ 192,020	( \$ 166,267 )	( \$ 22,172 )	( \$ 42,472 )	( \$ 199,828 )	\$ 4,946,908	\$ 186,607	\$ 5,133,515
B17	2019 Deficit Compensation Reversal of special reserve	-	-	-	( 31,601 )	31,601	-	-	-	-	-	-
C3	Other change of capital surplus: 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 (loss) for 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
B1	2021 Appropriations of earnings Legal reserve	-	-	91,283	-	( 91,283 )	-	-	-	-	-	-
B5	Cash dividends to shareholders	-	-	-	-	( 490,000 )	-	-	-	( 490,000 )	-	( 490,000 )
B17	Reversal of special reserve	-	-	-	( 69,385 )	69,385	-	-	-	-	-	-
C3	Other change of capital surplus: Change due to receipt of gifts	-	67	-	-	-	-	-	-	67	-	67
M1	Dividend-adjusted capital reserve granted to subsidiaries	-	7,295	-	-	-	-	-	-	7,295	-	7,295
D1	2022 Net profit	-	-	-	-	207,291	-	-	-	207,291	( 6,638 )	200,653
D3	Other comprehensive income (loss) for 2022	-	-	-	-	93,824	9,298	( 392 )	-	102,730	-	102,730
D5	Total comprehensive income of 2022	-	-	-	-	301,115	9,298	( 392 )	-	310,021	( 6,638 )	303,383
N1	Share-based payments	-	7,648	-	-	-	-	-	23,413	31,061	-	31,061
Z1	Balance, December 31, 2022	\$ 3,801,023	\$ 1,265,021	\$ 91,283	\$ 91,034	\$ 702,042	( \$ 15,330 )	( \$ 47,136 )	( \$ 176,415 )	\$ 5,711,522	\$ 237,711	\$ 5,949,233

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, 2022 and 2021

Unit: In Thousands of New Taiwan Dollars

Code		2022	2021
	Cash flows from operating activities		
A10000	Net profit before tax for the year	\$ 157,325	\$ 1,035,791
	Income/expenses items		
A20100	Depreciation expense	749,640	762,262
A20300	Expected credit impairment losses	( 494)	388
A20900	Interest expenses	22,755	15,743
A21200	Interest income	( 10,281 )	( 3,978 )
A21300	Dividend income	( 1,218 )	( 7,198 )
A21900	The cost of remuneration on a share-based basis	7,711	
A22500	Gains on disposal of property, plant and equipment	( 486 )	( 54,462 )
A23800	Loss for market price decline and obsolete and slow-moving inventories (gain from price recovery)	36,493	( 39,380 )
A23800	Impairment loss (reversal gain) on disposal and discard of property, plant and equipment	-	( 42,417 )
A24100	Unrealized foreign currency exchange net profit	8,645	( 4,939 )
A29900	Amortization of prepayments	10,304	7,398
A29900	Other losses	1,731	12,000
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	49,558	( 23,839 )
A31130	Notes receivable	5,603	3,781
A31150	Accounts receivable	767,237	( 435,223 )
A31180	Other receivables	9,467	( 459 )
A31200	Inventories	122,990	( 314,539 )
A31240	Other current assets	( 50,808 )	( 107,949 )
A32130	Notes payable	3,482	23,699
A32150	Accounts payable	( 301,481 )	161,093
A32180	Other payables	( 276,174 )	271,221
A32200	Provision (reversal) for liabilities	1,554	( 15,470 )
A32230	Other current liabilities	18,618	19,658
A32240	Net defined benefit liability	( 6,762 )	( 17,530 )
A33000	Cash provided by operating activities	1,325,409	1,245,651
A33100	Interest received	9,061	3,884
A33300	Interest paid	( 22,080 )	( 14,403 )
A33500	Income tax returned	( 194,592 )	1,801
AAAA	Net cash inflow from operating activities	<u>1,117,798</u>	<u>1,236,933</u>

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Code		2022	2021
	Cash flows from investing activities		
B00050	Disposition of financial assets measured at amortized cost	\$ 47,809	\$ 27,999
B02700	Purchase of property, plant and equipment	( \$ 743,430)	( 1,057,572 )
B02800	Proceeds from disposal of property, plant and equipment	486	98,439
B03700	Increase in refundable deposits	( 285 )	( 85 )
B06700	Increase in other non-current assets	( 11,046 )	( 14,523 )
B07100	Increase in prepaid equipment amount	( 115,912 )	( 355,079 )
B07600	Dividends received	<u>1,218</u>	<u>7,198</u>
BBBB	Net cash outflow from investment activities	<u>( 821,160 )</u>	<u>( 1,293,623 )</u>
	Cash flows from financing activities		
C00100	Increase in short-term bank borrowings	781,997	1,230,613
C00200	Decrease in short-term bank borrowings	( 688,056 )	( 1,171,050 )
C01600	Proceeds from long-term bank borrowings	409,500	772,700
C01700	Repayments of long-term bank borrowings	( 366,831 )	( 544,286 )
C03000	Increase in guarantee deposits	( 49,887 )	50,000
C04020	Repaid principal of lease liabilities	( 5,984 )	( 6,824 )
C04500	Payment of cash dividends	( 482,705 )	-
C04800	Employees execute stock options	23,350	-
C09900	Uncollected overdue dividends	<u>67</u>	<u>73</u>
C00000	Net cash inflow (outflow) from financing activities	<u>( 378,549 )</u>	<u>331,226</u>
DDDD	Effect of exchange rate changes on cash and cash equivalents	<u>6,943</u>	<u>( 570 )</u>
EEEE	Increase (decrease) of cash and cash equivalents for the year	( 74,968 )	273,966
E00100	Beginning cash and cash equivalents of the year	<u>1,646,990</u>	<u>1,373,024</u>
E00200	End cash and cash equivalents of the year	<u>\$ 1,572,022</u>	<u>\$ 1,646,990</u>

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

# **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. The shareholders' meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.

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.  
The thirty-eighth amendment was made on June 10, 2022.



**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 and accepted shares at the video conference platform, 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.  
When the company convenes the video shareholders' meetings, the restriction of convention location in the preceding paragraph does not apply.
- 4-1. 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.
- 4-2. 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.
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.  
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.

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.
- 13-1 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.
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.

## 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 16,995,712 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 1, 2023), the shares held by directors are shown as follows:

Position	Name	Shareholdings
Chairman	Shu-Chyuan Yeh	14,626,754
Director	Tse-Sung Tsai	210,000
Director	Sheunn-Ching Yang	1,303,654
Director	Ming-Te Tu	338,829
Director	Shu-Hsun Yeh	366,475
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		17,901,792

Note: Total common shares issued on April 1, 2023: 380,102,344 shares.