

**【Translation】**

Stock Code: 5530

# **Lungyen Life Service Corporation**

## **Handbook for the 2024 Annual Meeting of Shareholders**

May 31, 2024

**Time:** 9:30 am, May 31, 2024 (Friday)

**Method:** physical shareholders' meeting

**Place:** No.111, Dongshi St., Xizhi Dist., New Taipei City, Taiwan (The Company's auditorium)

Note to Readers: If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language version shall prevail.

# Table of Contents

<b>I.</b>	<b>Meeting Procedure</b>	4
<b>II.</b>	<b>Meeting Agenda</b>	5
	1. Matters to Report	6
	(1) Report on the 2023 operation results	
	(2) Report on the 2023 business report, financial statements and profit apportionment audited by the Audit Committee	
	(3) Report on the apportionment of directors' and employees' compensation of year 2023	
	(4) Report on 2023 Cash Dividend Distribution	
	(5) Report on the revision of the Company's "Rules and Procedure for Board of Directors Meetings"	
	2. Matters for Ratification	8
	(1) Ratification for the 2023 business report and financial statements	
	(2) Ratification for the 2023 profit apportionment	
	3. Matters for Discussion (I)	9
	(1) Discussion on the revision of the Company's "Articles of Incorporation"	
	(2) Discussion on the revision of the Company's "Procedures for Lending Funds to Other Parties"	
	(3) Discussion on the revision of the Company's "Procedures for Endorsement and Guarantee"	
	4. Election	10
	(1) Election for 7 seats of the Company's 15th Board of Directors (including 3 seats of Independent Directors)	
	5. Matters for Discussion (II)	11
	(1) Proposal for release competition restriction on new Directors	
	6. Extemporaneous Motions	12
<b>III.</b>	<b>Appendices</b>	
	1. 2023 Business Report	14
	2. 2023 Audit Committee's Review Report	19
	3. Comparison Table for the "Rules and Procedures of Board of Directors Meetings" before and after Revision	21
	4. 2023 Independent Auditors' Report and Consolidated Financial Statements	23
	5. 2023 Independent Auditors' Report and Parent-company-only Financial Statements	33
	6. 2023 Appropriation of Earnings	43
	7. Comparison table for the "Articles of Incorporation" before and after Revision	44
	8. Comparison table for the "Procedures for Lending Funds to Other Parties" before and after Revision	47
	9. Comparison table for the "Procedures for Endorsement and Guarantee" before	50

and after Revision

10. Director Candidates List (including Independent Directors)	54
11. Competition details of the fifteenth new directors (including their representatives)	58

**IV. Annex**

1. Rules and Procedures of Board of Director meeting (pre-revision)	61
2. Articles of Incorporation (pre-revision)	69
3. Procedures for Lending Funds to Other Parties (pre-revision)	77
4. Procedures for Endorsement and Guarantee (pre-revision)	82
5. Rules of Procedure for Shareholder Meetings	87
6. Current Shareholdings of Directors	90
7. Other supplementary explanation	91

**Lungyen Life Service Corp.**  
**Procedure for**  
**2024 Annual Meeting of Shareholders**

- I. Commencement of the Meeting (Reporting the quorum present)
- II. Message from the Chairman
- III. Matters to Report
- IV. Matters for Ratification
- V. Matters for Discussion (I)
- VI. Election
- VII. Matters for Discussion (II)
- VIII. Extempore motions
- IX. Adjournment

# **Lungyen Life Service Corp.**

## **Agenda for 2024 Annual Meeting of Shareholders**

Time: 9:30 a.m., Friday, May 31, 2024

Location: No.111, Dongshi St., Xizhi Dist., New Taipei City, Taiwan (The Company's auditorium)

1. Commencement of the Meeting (Reporting the quorum present)
2. Message from the Chairman
3. Matters to Report
  - (1) Report on the 2023 operation results
  - (2) Report on the 2023 business report, financial statements and profit apportionment audited by the Audit Committee is presented for approval
  - (3) Report on the apportionment of Directors' and employees' compensation of the year 2023
  - (4) Report on 2023 Cash Dividend Distribution
  - (5) Report on the revision of the Company's "Rules and Procedure for Board of Directors Meetings"
4. Matters for Ratification
  - (1) Ratification for the 2023 business report and financial statements
  - (2) Ratification for the 2023 profit apportionment
5. Matters for Discussion (I)
  - (1) Discussion on the revision of the Company's "Articles of Incorporation"
  - (2) Discussion on the revision of the Company's "Procedures for Lending Funds to Other Parties"
  - (3) Discussion on the revision of the Company's "Procedures for Endorsement and Guarantee"
6. Election
  - (1) Election for 7 seats of the Company's 15<sup>th</sup> Board of Directors (including 3 seats of Independent Directors)
7. Matters for Discussion (II)
  - (1) Proposal for release competition restriction on new Directors
8. Extempore motions
9. Adjournment

# Matters to Report

## Case 1

Summary: Report on the 2023 operation results is presented for approval

Remarks: For the business report for the year of 2023, please refer to Appendix 1 (Page 14~18) of the Handbook

## Case 2

Summary: Report on the 2023 business report, financial statements and profit apportionment audited by the Audit Committee is presented for approval

Remarks: For the business report, financial statements and profit apportionment audited by the Audit Committee for the year of 2023, please refer to Appendix 2 (Page 19~20) of the Handbook

## Case 3

Summary: Report on the apportionment of directors' and employees' compensation of the year 2023 is presented for approval

Remarks:

1. The Company's income before tax with deductions from directors' and employees' compensation for 2023 was NT\$1,474,894,169. It is proposed to apportion NT\$29,497,883 as employees' compensation and NT\$29,497,883 as directors' compensation. All payment will be made in cash.
2. There is no difference between the above-mentioned compensation to employees and directors to be allotted and the amount listed in the financial report of 2023.

## Case 4

Summary: Report on 2023 Cash Dividend Distribution

Remarks:

1. This case is handled in accordance with the provisions of Article 28-1 of the Company's Articles of Incorporation.
2. Considering the Company's overall future business development and capital planning, the Board of Directors resolved on April 11, 2024 to retain the full amount of distributable surplus for this year and not distribute cash dividends.

## **Case 5**

**Summary:** Report on the revision of the Company's "Rules and Procedure for Board of Directors Meetings"

**Remarks:** In conjunction with the Financial Supervisory Commission's Letter No. 11203839965 on January 11, 2024 revising the "Procedures of the Board of Directors of Public Companies", it is proposed to amend the Company's "Rules and Procedure for Board of Directors Meetings". For the comparison table for before and after revision, please refer to Appendix 3 (Page 21~22) of the Handbook.

# Matters for Ratification

## Case 1

(Proposed by the Board of Directors)

Summary: Ratification for the 2023 business report and financial statements is proposed for approval

Remarks: 1. For the Company's 2023 business report and financial report (including balance sheet, comprehensive income statement, changes in equity and cash flow statement), please refer to Appendix 4 (page 23~32) and Appendix 5 (page 33~42) of the Handbook.

2. Above mentioned financial reports have been audited by KPMG's accountants, Mr. Chih, Shih-Chin and Mr. Tseng, Kuo-Yang. (The complete version of the Company's financial report can be downloaded from MOPS website: <https://mops.twse.com.tw/>)

Resolutions:

## Case 2

(Proposed by the Board of Directors)

Summary: Ratification for the 2023 profit apportionment is proposed for approval

Remarks: 1. The Company's net income for 2023 was NT\$1,209,167,729. After setting aside the legal reserve, reverse special reserve, and adding other equity adjustments, distributable surplus was NT\$1,662,269,610, with addition of beginning retained earnings, the unappropriated retained earnings as of December 31, 2023 were NT\$12,641,755,693. For the Company's profit distribution table, please refer to Appendix 6 (Page 43) of the Handbook.

2. Hereby apply for approval.

Resolutions:



# Matters for Discussion (I)

## Case 1

Summary: Discussion on the revision of the Company's "Articles of Incorporation".

Remarks: 1. In response to the Company's business needs, it is planned to add the "JZ99190 Pet Life Memorial Industry" business item and revise some provisions of the Company's "Articles of Incorporation ". For a comparison table of provisions before and after the revision, please refer to Appendix 7 (page 44~46) of the Handbook.  
2. Hereby apply for discussion.

Resolutions:

## Case 2

Summary: Discussion on the revision of the Company's "Procedures for Lending Funds to Other Parties"

Remarks: 1. In order to comply with the legal provisions of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and to consider the Company's practical needs, it is planned to amend some provisions of the Company's "Procedures for Lending Funds to Other Parties ". For a comparison table of provisions before and after the revision, please refer to Appendix 8 (page 47~49) of the Handbook.  
2. Hereby apply for discussion.

Resolutions:

## Case 3

Summary: Discussion on the revision of the Company's "Procedures for Endorsement and Guarantee"

Remarks: 1. In order to comply with the legal requirements of the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" and to consider the Company's practical needs, it is planned to amend some provisions of the Company's "Procedures for Endorsement and Guarantee". For a comparison table of provisions before and after the revision, please refer to Appendix 9 (page 50~53) of the Handbook.  
2. Hereby apply for discussion.

Resolutions:

# Election

## Case 1

Summary: Election for 7 seats of the Company's 15<sup>th</sup> Board of Directors (including 3 seats of Independent Directors)

- Remarks:
1. The Company's Articles of Incorporation provides that the number of total Directors (including Independent Directors) shall be 5~11. Tenure of the 14<sup>th</sup> Board of Director ended on July 22, 2024, thus it is proposed to elect 7 seats of the Company's 15<sup>th</sup> Board of Directors (including 3 seats of Independent Directors) in the Annual Meeting of Shareholders. The term of new directors (including independent directors) is three years, which is from May 31, 2024 to May 30, 2027. Current Directors (including Independent Directors) will end their duty at the end of the Annual Meeting of Shareholders.
  2. The candidate nomination system is adopted for the Company's Director Election in accordance with Article 192-1 of the Company Act. Shareholders shall elect Directors from the candidate list, which has been approved by the Company's 25<sup>th</sup> Board Meeting of the 14<sup>th</sup> Board of Directors on April 11, 2024. For candidates' biography and other information, please refer to Appendix 10 (page 54~57) of the Handbook.
  3. Hereby apply for election.

Election Results:

## Matters for Discussion (II)

### Case 1

Summary: Proposal for release competition restriction on new Directors.

- Remarks:
1. Article 209 of the Company Act provides that 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. New directors of the Company may invest or operate other company of same or similar business scope and act as Director, thus it is proposed to release competition restriction for the candidate list of the 15<sup>th</sup> Directors in the Annual Meeting of Shareholders. Details of the removal of competition restriction, please refer to Appendix 11 (page 58~59) of the Handbook.
  3. Hereby apply for resolution.

Resolution:

## **Extemporaneous Motions**

## **Adjournment**

## **APPENDIX**

## 2023 Business Report

The end of the 2023 global interest rate hike cycle has been extended, market demand has begun to decline, and industries continue to adjust inventories, resulting in Taiwan's economic growth slowing down. Stable domestic private consumption was offset by weak commodity exports and sluggish corporate investment, causing the full-year economic growth forecast to be revised downwards. The Directorate-General of Budget, Accounting and Statistics, Executive Yuan revised down the full-year economic growth rate to 1.42% at the end of 2023, and estimated the economic growth rate in 2024 is 3.35%.

Looking forward to 2024, global economic uncertainties will still remain, including the uncertainty of the economic prospects of the United States and China, the impact of monetary policy fluctuations in major economies on global financial markets, as well as factors such as geopolitical risks and climate change that will continue to affect energy, and supply, demand and price of agricultural and industrial raw materials. However, it is confirmed that the interest rate high point of European and American central banks has passed, and further economic data will be relied upon to prove the rationality of interest rate cuts. In Taiwan, driven by emerging technologies such as high-speed computing and artificial intelligence, demand for electronics-related products has picked up. Once inventory depletion comes to an end, it is expected that our country's foreign trade and investment will regain growth momentum.

Facing the uncertainty of economic and political situation, the Company's management team and all employees still adhere to the spirit of the Company, focusing on the improvement of product and service quality, deepening brand value, and continuously pursuing steady growth. Here is the report on the business results for 2023 and the business plan for 2024 as follows:

### I. Operating results for 2023

#### 1. Results of last year's business plan implementation

In the first half of 2023, the Light Gate Service Center located in Sanzhi was officially opened. It is the first green building landmark work in Taiwan by the Japanese architect Tadao Ando. In the second half of the year, the "Memorial Hall, The Gateway of Light" located in Kaohsiung built on the Company's own land was also officially entering the operation period. This funeral parlor is also the world's exclusive green building funeral parlor designed by Tadao Ando, which further enhances the culture of the funeral life industry and contributes to the local job market. In addition, the usage of various life science and technology funeral services such as digital ceremony halls, electronic obituaries, cemetery online malls, online signing systems, etc. has also gradually increased, and we continue to work towards the goal of net zero carbon emissions. In addition to continuing to develop more user-friendly technology application services, we also strengthen quality management and improve customer satisfaction, pursue differentiation in service quality, and achieve the goal of sustainable operations.

#### 2. Budget execution status

The Company does not disclose financial forecasts, so there is no need to disclose budget execution status.

### 3. Financial revenue and expenditure and profitability analysis

The net profit for the period was NT\$1.250 billion, of which the net profit attributable to the owners of the parent company was NT\$1.209 billion. The net profit for the current period decreased by 14.23% compared with the previous year, the after-tax net profit rate was 30.50%, and the earnings per share was NT\$2.88.

As of December 31, 2023, the total consolidated asset was NT\$69.71 billion, increased by 4.33% compared to the previous year; the total liability was NT\$46.19 billion and debt ratio was 66.25%. It includes contract liabilities of NT\$41.80 billion. These contract liabilities are the nature of advance receipts and booked as unrealized income, and will be recognized as operating income once the funeral service is delivered or the permanent right of columbarium and cemetery is transferred to the client upon completion. The debt ratio was 15.72% if the company deducted the contract liabilities and relative asset amounts.

### 4. Research and development status

The Company belongs to the funeral service industry and mainly provides funeral services and cemetery and columbarium products. The research and development is not applicable to the Company.

## II. Summary of business plan for 2024

### 1. Operations guidelines:

- (1) Carry out business plan to achieve business target
- (2) Optimize capital allocation to improve financial performance
- (3) Strengthen risk management to solidify business fundamentals
- (4) Improve operations management to enhance corporate value
- (5) Fulfill corporate social responsibilities to pursue sustainable operation

### 2. Expected sales volume and estimation basis and important production and marketing policies:

- (1) Carry out business plan to achieve business target

In 2023, the Realm of the Light Service Center was officially opened in Sanchih, New Taipei City, and the "Memorial Hall, The Gateway of Light" located in Kaohsiung built on the Company's own land was also officially entering the operation period. Both buildings are green architectural works designed by Japanese architect Tadao Ando, aiming to provide a better customer service experience while working towards the goal of net-zero carbon emissions. Utilizing the advantages of high-standard facilities in the North, Central and South Cemetery, combined with the unified good quality of the funeral service and cemetery team throughout Taiwan, we integrate customer needs, channels and product diversification, and strengthen sales momentum. Our primary goal is to increase market share. At the same time,

we continue to promote life technology and digital transformation, leading the industry to upgrade again.

(2) Optimize capital allocation to improve financial performance

Closely watch the capital market for appropriate opportunities to plan for suitable funding so as to elevate financial performance. Provide sound operational management procedures in accordance with the latest regulations so as to strengthen operational efficiency. And continuously review and adjust asset allocation, activate asset effectiveness to support the growth of the core business and increase investment income, and continue to create group's profits.

(3) Strengthen risk management to solidify business fundamentals

Strengthen the functions of internal audit and internal control, substantiate corporate governance, review and modify the risk management regulations and update the internal control operating procedures in a timely manner in order to enhance risk management capability.

(4) Improve operational management to enhance corporate value

Promote human resources exchanges and talents incubation plan within the Group to develop the cross-industry management talent needed, enhance manpower capital, and strengthen competitiveness. Utilize information technology for integrating workflow and service innovation to ensure competitive advantage. Exercise the bargaining power of procurement, effectively reduce operating costs and maintain the Group's long-term stability of profit growth.

(5) Fulfill corporate social responsibility and pursue sustainable operation

Communicate business philosophy through the combination of core business advantages and social care issues, to exercise the synergy of business operations, to continuously feedback to the society, to serve the citizens, and to fulfill the satisfaction of customers, employees, shareholders and other stakeholders.

(6) Expected sales volume and estimation basis for 2024:

The Company does not disclose financial forecasts, so the expected sales volume and estimation basis are not applicable. The Company's sales volume in the coming year is based on changes in the industrial environment and market demand, and sets internal targets based on the Company's operating conditions.

### **III. The Company's development strategy**

With the change of society's cognition of life service industry and the change of consumers' concept, it is an inevitable trend to integrate demand and diversify commodity planning. The society's perception of the life service industry and the concept of consumers are constantly changing. The demand for integration and diversified product planning is a certain trend. The Company is



committed to the improvement of industrial quality, continues to reform the funeral industry and solidify the concept of pre-need funeral service contracts, through the diversification of sales methods and products, to achieve the goal of sustained growth.

The Company has always put great emphasis on the sustainable development of the enterprise, incorporating the implementation of ESG into the Company's strategy and linking it with the core business. In addition to continuously promoting life service education, conveying the correct concept of life and death, worship, and caring for the disadvantaged groups in society, in terms of environmental protection, in the development and maintenance of the cemetery park, the Company has introduced environmentally sustainable and green strategies and measures, striving to reduce the generation of waste, and advocates the industry jointly promote the issue of environmental sustainability, hoping to make concrete contributions to reducing the risk of global climate change. In addition, in order to improve the operational efficiency of the Company and strengthen corporate governance, the Company started to formulate plans for corporate upgrading and succession several years ago. The current chairman takes the new generation of thinking and international outlook combined with the general manager's information technology talents, jointly led the management team to accelerate digital transformation and industrial upgrading, and launch a number of innovative services successively, which are closer to customer needs and widen the gap with peers.

Our 2024 development strategy will still focus on the planning and design of the cemetery and columbarium in Taiwan and integrate the needs of the pre-need funeral service contract. With the combination of product sales, it is expected to bring integration to customers with one-stop service for funeral and burial across the country. In addition, we will continue to strengthen service quality improvement, actively promote digital transformation to provide customers with more technological life services, implement energy saving and carbon reduction, and drive the industrial chain to jointly pursue sustainable development. At the same time, we will also improve the implementation of corporate governance, deepen brand value, and then penetrate into a wider consumer base. Therefore, the Company can effectively affect consumers by its brand value and continue to expand the market share of the funeral industry, to achieve the economies of scale and increase its profitability.

As Taiwan moves towards an aging society, and the problem of lower fertility rate becomes more serious, the importance of being “prepared” for the last journey of life becomes increasingly apparent. In addition to the life service business as the foundation, the Company will gradually expand its operation into related businesses in the life service industry with a steady spirit.

#### **IV. Impact of external competitive environment, regulatory environment and the macro business environment**

Over the years, the Company has been committed to reform the funeral business, and to improve the overall industrial quality as a priority, to arouse the importance of consumer rights protection. The funeral business is being perfected under the relevant regulations by the domestic authorities, which will help improve the efficiency of industrial management, prevent unscrupulous operators from depriving consumers of their rights and interests, and further protect Lungyen's long-term

philosophy of integrity management. The Company has been continuously committed to the implementation of corporate governance. It has been rated as the top 5% of OTC Trading companies for eight consecutive years in corporate governance assessment. In 2023, the Company won the "Sustainable Citizenship Award Little Giant Award" again held by Common Wealth Magazine. The Board of the Company has three functional committees, an Audit Committee, a Remuneration Committee, and a Corporate Governance and Nomination Committee, all of which are convened by independent directors. In order to improve the operation of the board of directors, and in accordance with the requirements of the competent authorities in advance, a dedicated corporate governance executive is set up in 2019 to handle corporate governance related matters.

The function of the board of directors is not only to prevent fraud, but also to create benefits. To meet the Company's future development needs, the background of the board members covers different professional fields such as financial accounting, operation management and investment, corporate governance, talent cultivation, etc. The nationality and age distribution of directors are also diversified. All of the above are to inject a more comprehensive thinking into the operation of the board of directors and improve the performance of the management team. The board of directors also supervises the implementation of legal compliance, internal control and the strategies. We hope that the board of directors and various functional committees can play the four roles as leadership, supervision, partners, and mentors, and take international best practices as a benchmark to supervise the management team to achieve the goal of equal excellence in governance and operating performance.

Good corporate governance is the presentation of the value of an enterprise's intangible assets. And this asset value represents that the Company will continue to invest in the industry's innovation, provide customers with the highest specifications and the most intimate facilities and services, in an attempt to promote the life service industry to the world and become the world's leading brand in this industry.

The funeral business is a necessity for the people's livelihood; therefore, the sales performance is less affected by the economy. The aging population and the trend of declining birth rate are also the sales momentum of the funeral industry. In perspective, we will continue to uphold the business philosophy of professionalism, integrity and compassion to strengthen operating performance, solid operating foundation, generate outstanding business performance, create greater shareholders' equity, contribute to the prosperity of society and set the record again for national economic development.

Thanks to our shareholders for the support over the past year and we do look forward to the continuing to give us guidance and encouragement in the future. Thank you!

Chairman: KELLY LEE    President: Wang Frank Chun Chung    Chief Accountant: Wan, Hsin-Wen

## **2023 Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 Business Report, individual and consolidated financial reports, of which the individual and consolidated financial reports have been audited by CPA Chih, Shih-Chin and CPA Tseng, Kuo-Yang of KPMG. An audit report for above financial reports has been issued as well.

The business report, individual and consolidated financial reports mentioned above have been audited and concluded to comply with related regulations by the Audit Committee. Hereby we submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law.

To

Lungyen Life Service Corp. 2024 Annual Meeting of Shareholders

Convener of the Audit Committee: Chen, Ming-Te

February 27, 2024

## **2023 Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 proposal for profit apportionment, which has been audited and concluded being complied with related regulations by the Audit Committee. Hereby we submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law.

To

Lungyen Life Service Corp. 2024 Annual Meeting of Shareholders

Convener of the Audit Committee: Chen, Ming-Te

April 11, 2024

## Comparison Table for the “Rules and Procedures of Board of Directors Meetings” Before and After Revision

Article	After the Revision	Before the Revision	Remarks
8	<p>When a Board Meeting is held, the Finance Section shall furnish the attending Directors with relevant materials for ready reference. As merited by the content of a proposal to be put forward at a Board Meeting, personnel from a relevant department or a subsidiary may be notified to attend the Meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the Meeting as non-voting participants and to make explanatory statements, provided that they shall leave the Meeting when deliberation or noting takes place. The Chair shall call the Board Meeting to order at the appointed meeting time and when more than one-half of all the Directors are in attendance. If one-half of all the Directors are not in attendance at the appointed meeting time, the Chair may announce postponement of the meeting time <u>for that day</u>, provided that no more than two such postponements may be made. IF the quorum is still not met after two postponements, the Chair shall reconvene the Meeting in accordance with the procedures in Article 2, paragraph 2. The number of “all Directors”, as used in the preceding paragraph and in Article 16, paragraph 2, shall be counted as the number of Directors then actually in office.</p>	<p>When a Board Meeting is held, the Finance Section shall furnish the attending Directors with relevant materials for ready reference. As merited by the content of a proposal to be put forward at a Board Meeting, personnel from a relevant department or a subsidiary may be notified to attend the Meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the Meeting as non-voting participants and to make explanatory statements, provided that they shall leave the Meeting when deliberation or noting takes place. The Chair shall call the Board Meeting to order at the appointed meeting time and when more than one-half of all the Directors are in attendance. If one-half of all the Directors are not in attendance at the appointed meeting time, the Chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. IF the quorum is still not met after two postponements, the Chair shall reconvene the Meeting in accordance with the procedures in Article 2, paragraph 2. The number of “all Directors”, as used in the preceding paragraph and in Article 16, paragraph 2, shall be counted as the number of Directors then actually in office.</p>	<p>In conjunction with the amendment to the procedures for board meetings of publicly listed companies, it is stipulated that when the number of attendees is insufficient, the chairman may announce that the meeting will be postponed for that day only.</p>
11	<p>A Board Meeting shall follow the agenda given in the meeting notice.</p>	<p>A Board Meeting shall follow the agenda given in the meeting notice.</p>	<p>In conjunction with the revision of the procedures</p>

Appendix 3: Comparison Table for the 'Rules and Procedures of  
Board of Directors Meetings' before and after Revision

Article	After the Revision	Before the Revision	Remarks
	<p>However, the agenda may be changed with the approval of a majority of Directors in attendance at the Board Meeting.</p> <p>The Chair may not declare the Meeting closed without the approval of a majority of the Directors in attendance at the Meeting.</p> <p>At any time during the course of a board meeting, if the number of Directors sitting at the meeting does not constitute a majority of the attending Directors, then upon the motion by a Director sitting at the Meeting, the Chair shall declare a suspension of the Meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p> <p><b><u>If the chairman of the board of directors is unable to preside over the meeting for some reason or fails to declare the adjournment of the meeting in accordance with the provisions of paragraph 2, the provisions of paragraph 3 of Article 7 shall apply mutatis mutandis to the selection and appointment of the chairman's agent.</u></b></p>	<p>However, the agenda may be changed with the approval of a majority of Directors in attendance at the Board Meeting.</p> <p>The Chair may not declare the Meeting closed without the approval of a majority of the Directors in attendance at the Meeting.</p> <p>At any time during the course of a board meeting, if the number of Directors sitting at the meeting does not constitute a majority of the attending Directors, then upon the motion by a Director sitting at the Meeting, the Chair shall declare a suspension of the Meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.</p>	<p>for the board of directors of publicly listed companies, if the chairman is unable to preside over the meeting for some reason or fails to adjourn the meeting as required, in order to avoid affecting the operation of the board of directors, a fourth item is added to specify that the method of selecting agents shall apply mutatis mutandis to the provisions of item 3 of Article 7, the vice chairman shall act as the deputy chairman. If there is no vice chairman or the vice chairman also takes leave or is unable to exercise his powers for some reason, the chairman shall designate a managing director to act as his deputy; if there is no managing director, a director shall be appointed to act as the deputy chairman. If the president fails to designate an agent, the managing director or directors shall recommend one person to act as the agent.</p>
18	<p>These Rules and Procedures shall be adopted by the approval of the Board of Directors Meeting and shall be reported to the Shareholders Meeting.</p> <p>The 1st amendment was on January 1, 2007</p> <p>The 2nd amendment was on March 31, 2011</p> <p>The 3rd amendment was on March 19, 2012</p> <p>The 4th amendment was on March 14, 2013</p> <p>The 5th amendment was on November 7, 2017</p> <p>The 6th amendment was on May 7, 2018</p> <p>The 7th amendment was on April 11, 2019</p> <p>The 8th amendment was on February 25, 2020</p> <p><b><u>The 9th amendment was on February 27, 2024</u></b></p>	<p>These Rules and Procedures shall be adopted by the approval of the Board of Directors Meeting and shall be reported to the Shareholders Meeting.</p> <p>The 1st amendment was on January 1, 2007</p> <p>The 2nd amendment was on March 31, 2011</p> <p>The 3rd amendment was on March 19, 2012</p> <p>The 4th amendment was on March 14, 2013</p> <p>The 5th amendment was on November 7, 2017</p> <p>The 6th amendment was on May 7, 2018</p> <p>The 7th amendment was on April 11, 2019</p> <p>The 8th amendment was on February 25, 2020</p>	<p>Added new amendment records</p>

**2023 Independent Auditor's Audit Report  
and  
Consolidated Financial Statements**

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Lungyen Life Service Corp.:

### Opinion

We have audited the consolidated financial statements of Lungyen Life Service Corp. and its subsidiaries ( "the Group" ), which comprise the consolidated balance sheet as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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 with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), Interpretations developed by the International Financial Reporting Interpretations Committee ( "IFRIC" ) or the former Standing Interpretations Committee ( "SIC" ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 current period. 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.

#### 1. Revenue recognition

For accounting policies on revenue recognition, please refer to Note (4)(q) "Revenue Recognition" ; for explanation of revenue recognition, please see Note (6) (s) Revenues.



Description of key audit matter:

The Group sells columbarium and cemetery products, and provides funeral services, for which prepayments are paid in cash or installments. Timing of revenue recognition is judged by the management team. Besides, as a listed entity, the Group may be affected by the expectation of external investors or creditors, and internal pressure to pursue revenue performance, all of which may bring risks to revenue recognition. Therefore, testing of revenue recognition has been identified as one of the key audit matters in our audit of the consolidated financial report.

How the matter was addressed in our audit:

Our principal audit procedures included:

- examining whether revenues were recognized based on internal control process;
- conducting selective examination of sales orders, contracts and collection records to ascertain whether revenues were recognized at a proper timing.

2. Goodwill and Trademark Impairment

For accounting policies on goodwill and trademark impairment, please refer to Note (4)(n) "Intangible Assets" ; for estimation and uncertainty of assumption of goodwill and goodwill impairment, please see Note (5)(b); for explanation of goodwill and trademark impairment, please refer to Note (6)(k) "Intangible Assets" of the consolidated financial report.

Description of key audit matter:

The Group' s goodwill and trademark resulted from corporate acquisition; receivable amounts related to goodwill and trademark were estimated based on managers' subjective judgment with high uncertainty, which may lead to material risks of inaccurate expression. For this reason, testing of goodwill and trademark impairment has been determined to be one of the key audit matters in our audit of the Group' s consolidated financial reports.

How the matter was addressed in our audit:

Our principal audit procedures included:

- accessing the rationality of evaluation method adopted by management to evaluate receivable amounts; accessing the accuracy of previous forecasts made by management; examining calculation and accounting records of receivable amounts of cash unit evaluated by management; accessing parameters used to estimate cash flow and receivable amounts (eg. sales growth rate); examining weighted-average cost of capital and parameters used in the impairment tests.

**Other Matter**

We did not audit the financial statements of some the Group' s equity-accounted investees. These statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for some of the Group' s equity-accounted investees, is based solely on the report of another auditor. The recognized investment in some equity-accounted investees constituted 1.24% and 1.25% of the total consolidated assets as of December 31, 2023 and 2022, and the recognized share of profit or loss accounted for using the equity method constituted (1.05)% and (1.30)% of profit before tax for the year ended December 31, 2023 and 2022.

Lungyen Life Service Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have issued an unmodified opinion with other matters paragraph and an unmodified opinion, respectively.

### **Responsibilities of Management 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Shih-Chin Chih and Kuo-Yang Tseng.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

(Expressed in Thousands of New Taiwan Dollars)						12.31.2023		12.31.2022			
		December 31, 2023		December 31, 2022		Amount		%	Amount	%	
Assets		Amount	%	Amount	%						
Current assets:											
1100	Cash and cash equivalents (Note 6(a))	\$ 430,783	1	502,218	1	2100	Short-term borrowings (Note 6(m))	\$ 570,000	1	-	1
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and 9)	3,883,931	6	3,039,700	4	2130	Current contract liabilities (Notes 6(s) and 9)	41,797,698	60	41,678,905	62
1150	Notes receivable, net (Notes 6(c) and (s))	764	-	699	-	2150	Notes payable	6,815	-	6,679	-
1170	Accounts receivable, net (Notes 6(c) and (s))	8,045,512	12	8,911,426	13	2170	Accounts payable	757,756	1	844,853	1
1320	Inventories (Notes 6(d) and 8)	18,310,875	25	17,393,973	26	2200	Other payables	1,380,094	2	1,231,844	2
1410	Prepayments	222,388	-	218,813	-	2230	Current tax liabilities	233,754	-	268,490	-
1476	Other current financial assets (Notes 6(l), 8 and 9)	3,100,930	4	2,011,438	3	2280	Current lease liabilities (Note 7)	40,822	-	39,778	-
1479	Other current assets, others (Note 6(f))	2,595	-	75,823	-	2310	Advance receipts (Note 9)	1,214,067	2	1,002,398	2
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 9)					2399	Other current liabilities, others	6,891	-	6,286	-
		8,714,914	13	8,499,037	14			46,007,897	66	45,079,233	68
		42,712,692	61	40,653,127	61	Non-current liabilities:					
Non-current assets:						2570	Deferred tax liabilities (Note 6(p))	23,346	-	21,155	-
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b), 8 and 9)	8,848,504	13	8,112,384	13	2580	Non-current lease liabilities (Note 7)	92,190	-	131,546	-
1535	Non-current financial assets at amortised cost (Notes 6(b) and 9)	2,795,872	4	2,850,375	4	2640	Net defined benefit liability, non-current (Note 6(o))	17,599	-	18,509	-
1550	Investments accounted for using equity method (Notes 6(e) and (f))	1,006,871	1	955,914	1	2645	Guarantee deposits received	42,997	-	43,219	-
1600	Property, plant and equipment (Notes 6(h), 8 and 9)	7,505,890	11	7,289,116	11	2670	Other non-current liabilities, others	2,981	-	2,981	-
1755	Right-of-use assets (Notes 6(i) and 7)	133,012	-	171,324	-			179,113	-	217,410	-
1760	Investment property, net (Notes 6(j), 8 and 9)	3,928,937	6	3,949,427	6	Total liabilities		46,187,010	66	45,296,643	68
1780	Intangible assets (Note 6(k))	769,549	1	766,733	1	Equity attributable to owners of parent (Note 6(q))					
1840	Deferred tax assets	761,404	1	800,458	1	3100	Capital stock	4,200,842	6	4,200,842	6
1980	Other non-current financial assets (Note 7)	176,556	-	194,387	-	3200	Capital surplus	2,909,867	4	2,644,181	4
1990	Other non-current assets, others	1,073,887	2	1,073,886	2		Retained earnings:				
	Non-current assets total	27,000,482	39	26,164,004	39	3310	Legal reserve	2,478,930	4	2,325,225	3
						3320	Special reserve	394,751	1	-	-
						3350	Unappropriated retained earnings	12,387,839	18	11,527,940	18
						3400	Other equity interest	1,039,145	1	(394,751)	(1)
							Total equity attributable to owners of parent:	23,411,374	34	20,303,437	30
						36xx	Non-controlling interests (Notes 6(g) and (q))	114,790	-	1,217,051	2
							Total equity	23,526,164	34	21,520,488	32
							Total liabilities and equity	\$ 69,713,174	100	66,817,131	100
Total assets		\$ 69,713,174	100	66,817,131	100						

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	<b>Operating revenue (Notes 6(e), (n), (s) and 7)</b>	\$ 4,097,601	100	3,964,496	100
5000	<b>Operating costs (Note 6(n))</b>	1,509,727	37	1,349,990	34
	<b>Gross profit</b>	2,587,874	63	2,614,506	66
	<b>Operating expenses (Notes 6(o), (t) and 7):</b>				
6100	Selling expenses	715,826	18	778,400	19
6200	Administrative expenses	853,621	21	637,977	16
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c))	8,634	-	23,030	1
		1,578,081	39	1,439,407	36
6500	<b>Net other income (expenses) (Note 6(u))</b>	70,816	2	91,832	2
	<b>Net operating income</b>	1,080,609	26	1,266,931	32
	<b>Non-operating income and expenses (Notes 6(f), (v) and 7):</b>				
7100	Interest income	186,507	5	103,646	3
7010	Other income	247,608	6	296,836	7
7020	Other gains and losses, net	(3,451)	-	110,363	3
7050	Finance costs, net	(3,886)	-	(7,333)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	(15,438)	-	(28,424)	(1)
		411,340	11	475,088	12
	<b>Profit before tax from continuing operations</b>	1,491,949	37	1,742,019	44
7950	<b>Less: Income tax expenses (Note 6(p))</b>	242,183	6	284,857	7
	<b>Net income</b>	1,249,766	31	1,457,162	37
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(o))	1,076	-	4,010	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,659,630	39	(1,313,165)	(33)
	<b>Items that will not be reclassified subsequently to profit or loss</b>	1,660,706	39	(1,309,155)	(33)
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	654	-	109,254	3
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 6(z))	9,488	-	(59,645)	(2)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(14,735)	-	(91,935)	(2)
	<b>Items that may be reclassified subsequently to profit or loss</b>	(4,593)	-	(42,326)	(1)
8300	<b>Other comprehensive income, net of tax</b>	1,656,113	39	(1,351,481)	(34)
	<b>Total comprehensive income</b>	<b>\$ 2,905,879</b>	<b>70</b>	<b>105,681</b>	<b>3</b>
	<b>Profit attributable to:</b>				
8610	Owners of parent	1,209,167	30	1,328,836	34
8620	Non-controlling interests	40,599	1	128,326	3
		<b>\$ 1,249,766</b>	<b>31</b>	<b>1,457,162</b>	<b>37</b>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	2,853,897	69	(14,343)	-
8720	Non-controlling interests	51,982	1	120,024	3
		<b>\$ 2,905,879</b>	<b>70</b>	<b>105,681</b>	<b>3</b>
	<b>Earnings per share (in dollar) (Note 6(r)):</b>				
9750	<b>Basic earnings per share (in New Taiwan Dollars)</b>	<b>\$ 2.88</b>		<b>3.16</b>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<b>\$ 2.87</b>		<b>3.16</b>	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Share capital	Retained earnings					Total other equity interest					
							Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign financial statements	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2022</b>	\$ 4,200,842	2,519,954	2,183,257	-	10,636,961	12,820,218	(59,437)	1,216,077	1,156,640	20,697,654	1,669,958	22,367,612
Profit for the year ended December 31, 2022	-	-	-	-	1,328,836	1,328,836	-	-	-	1,328,836	128,326	1,457,162
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	4,010	4,010	17,319	(1,364,508)	(1,347,189)	(1,343,179)	(8,302)	(1,351,481)
Comprehensive income for the year ended December 31, 2022	-	-	-	-	1,332,846	1,332,846	17,319	(1,364,508)	(1,347,189)	(14,343)	120,024	105,681
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	141,968	-	(141,968)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(504,101)	(504,101)	-	-	-	(504,101)	-	(504,101)
Other changes in capital surplus:												
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	124,227	-	-	-	-	-	-	-	124,227	(572,931)	(448,704)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	204,202	204,202	-	(204,202)	(204,202)	-	-	-
Balance at December 31, 2022	4,200,842	2,644,181	2,325,225	-	11,527,940	13,853,165	(42,118)	(352,633)	(394,751)	20,303,437	1,217,051	21,520,488
Profit for the year ended December 31, 2023	-	-	-	-	1,209,167	1,209,167	-	-	-	1,209,167	40,599	1,249,766
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,076	1,076	(14,081)	1,657,735	1,643,654	1,644,730	11,383	1,656,113
Comprehensive income for the year ended December 31, 2023	-	-	-	-	1,210,243	1,210,243	(14,081)	1,657,735	1,643,654	2,853,897	51,982	2,905,879
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	153,705	-	(153,705)	-	-	-	-	-	-	-
Special reserve	-	-	-	394,751	(394,751)	-	-	-	-	-	-	-
Other changes in capital surplus:												
Capital surplus-movement in net equity values of equity-accounted associates and joint ventures	-	265,686	-	-	-	-	-	-	-	265,686	(1,154,210)	(888,524)
Changes in ownership interests in subsidiaries	-	-	-	-	(11,646)	(11,646)	-	-	-	(11,646)	-	(11,646)
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(33)	(33)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	209,758	209,758	-	(209,758)	(209,758)	-	-	-
<b>Balance at December 31, 2023</b>	<b>\$ 4,200,842</b>	<b>2,909,867</b>	<b>2,478,930</b>	<b>394,751</b>	<b>12,387,839</b>	<b>15,261,520</b>	<b>(56,199)</b>	<b>1,095,344</b>	<b>1,039,145</b>	<b>23,411,374</b>	<b>114,790</b>	<b>23,526,164</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,491,949	1,742,019
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	209,540	168,141
Amortization expense	13,872	14,643
Impairment loss determined in accordance with IFRS 9	8,634	23,030
Net gain on financial assets or liabilities at fair value through profit or loss	6,452	(187,493)
Interest expense	3,886	7,333
Interest income	(275,397)	(219,806)
Dividend income	(150,713)	(214,924)
Share of loss of associates and joint ventures accounted for using equity method	15,438	28,424
Proceeds from disposal of non-current assets classified as held for sale (investment property)	-	(55,814)
Loss (gain) on disposal of property, plant and equipment	70	(3,340)
Proceeds from disposal of investments accounted for using equity method	-	162,760
Proceeds from disposal of financial assets at fair value through other comprehensive income	(2,441)	-
Exchange loss (profit) on financial assets at fair value through other comprehensive income	(4,985)	(54,829)
Unfinished construction transferred to operating costs	7,695	-
<b>Total adjustments to reconcile loss</b>	<b>(167,949)</b>	<b>(331,875)</b>
<b>Changes in operating assets and liabilities:</b>		
(Increase) decrease in financial assets at fair value through profit or loss	(849,461)	1,486,888
Increase in notes receivable	(65)	(542)
Decrease in accounts receivable	860,929	885,686
Increase in inventories	(916,902)	(707,540)
(Increase) decrease in other prepayments	(5,965)	7,252
Proceeds from disposal of non-current assets classified as held for sale (Investment property)	-	98,700
Increase in other financial assets	(88,050)	(58,441)
Decrease (increase) in other current assets	27,166	(48,656)
Increase in assets recognized as incremental costs to obtain contract with customers	(54,447)	(41,181)
Increase (decrease) in contract liabilities	118,793	(132,819)
(Decrease) Increase in notes and accounts payable	(92,792)	142,876
(Decrease) Increase in other payable	(7,171)	119,765
Increase in advance receipts	211,669	43,625
Increase (decrease) in other current liabilities	605	(1,703)
Increase (decrease) in net defined benefit liability	166	(1,085)
<b>Total changes in operating assets and liabilities</b>	<b>(795,525)</b>	<b>1,792,825</b>
<b>Total adjustments</b>	<b>(963,474)</b>	<b>1,460,950</b>
Cash inflow generated from operations	528,475	3,202,969
Interest received	272,009	202,260
Dividends received	153,631	212,006
Interest paid	(1,553)	(620)
Income taxes paid	(235,674)	(210,225)
<b>Net cash flows from operating activities</b>	<b>716,888</b>	<b>3,406,390</b>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (CONT' D)**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,192,041)
Proceeds from disposal of financial assets at fair value through other comprehensive income	940,808	1,118,165
Acquisition of financial assets at amortised cost	(396,898)	(1,685,440)
Proceeds from disposal of financial assets at amortized cost	450,000	49,943
Acquisition of equity method investments	(46,062)	-
Acquisition of non-current assets classified as held for sale	-	433,137
Acquisition of property, plant and equipment	(368,391)	(654,558)
Proceeds from disposal of property, plant and equipment	44	4,228
Acquisition of investment properties	(2,208)	-
Acquisition of intangible assets	(6,581)	(11,474)
Increase in other financial assets	(1,007,158)	(153,519)
Decrease in other non-current financial assets	17,831	39,539
Decrease in other non-current assets	22	67
<b>Net cash outflows from investing activities</b>	<b>(418,593)</b>	<b>(2,051,953)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	570,000	-
Decrease in guarantee deposits received	(222)	(532)
Payment of lease liabilities	(51,154)	(24,304)
Cash dividends paid	-	(504,101)
Acquisition of ownership interests in subsidiaries	(888,524)	(448,704)
Changes of non-controlling interests	(33)	-
<b>Net cash flows used in financing activities</b>	<b>(369,933)</b>	<b>(977,641)</b>
Effect of exchange rate changes on cash and cash equivalents	203	4,706
Decrease (Increase) in cash and cash equivalents	(71,435)	381,502
Cash and cash equivalents at beginning of period	502,218	120,716
Cash and cash equivalents at end of period	<b>\$ 430,783</b>	<b>502,218</b>



**2023 Independent Auditor's Audit Report  
and  
Parent-company-only Financial Statements**

## INDEPENDENT AUDITORS' REPORT

### Opinion

We have audited the financial statements of Lungyen Life Service Corp.( “the Company” ), which comprise the balance sheet as of December 31, 2023 and 2022, the statement of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying non-consolidated financial statements present fairly, in all material respects, the non-consolidated financial position of the Company as of December 31, 2023 and 2022, and its non-consolidated financial performance and its non-consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the non-consolidated Financial Statements section of our report. We are independent of Lungyen Life Service Corp. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ( “the Code” ), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

Please refer to Note 4(p) “Revenue recognition” for the accounting policy on revenue recognition; note 6(r) “Revenues” for revenue recognition.

Description of key audit matter:

The Company sells columbarium and cemetery products, and provides funeral services, for which prepayments are paid in cash or installments. Timing of revenue recognition is judged by the management team. Besides, as a listed entity, the Company may be affected by the expectation of external investors or creditors, and internal pressure to pursue revenue performance, all of which may bring risks to the timing of revenue recognition. Testing of revenue recognition has been determined to be one of the key audit matters in our audit.

How the matter was addressed in our audit:

Our principal audit procedures included:

- examining whether revenues were recognized based on internal control process;
- conducting selective examination of sales orders, contracts and collection records to ascertain whether revenues were recognized at a proper timing.

2. Goodwill and Trademark Impairment

For accounting policies on goodwill and trademark impairment, please refer to Note (4)(n) "Intangible Assets" ; for estimation and uncertainty of assumption of goodwill and goodwill impairment, please see Note (5)(b); for explanation of goodwill and trademark impairment, please refer to Note 6(j) "Intangible Assets" of the consolidated financial report.

Description of key audit matter:

The Company's goodwill and trademark resulted from corporate acquisition; receivable amounts related to goodwill and trademark were estimated based on managers' subjective judgment with high uncertainty, which may lead to material risks of inaccurate expression. For this reason, testing of goodwill and trademark impairment has been determined to be one of the key audit matters in our audit of the Company's non-consolidated financial reports.

How the matter was addressed in our audit:

Our principal audit procedures included:

- accessing the rationality of evaluation method adopted by management to evaluate receivable amounts; accessing the accuracy of previous forecasts made by management; examining calculation and accounting records of receivable amounts of cash unit evaluated by management; accessing parameters used to estimate cash flow and receivable amounts (eg. sales growth rate); examining weighted-average cost of capital and parameters used in the impairment tests.

**Other Matter**

We did not audit the financial statements of some the Company's equity-accounted investees. These statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for some of the Company's equity-accounted investees, is based solely on the report of another auditor. The recognized investment in some equity-accounted investees constituted 1.26% and 1.29% of the total assets as of December 31, 2023 and 2022, and the recognized share of profit or loss accounted for using the equity method constituted (1.09)% and (1.44)% of profit before tax for the year ended December 31, 2023 and 2022.

## **Responsibilities of Management and Those Charged with Governance for the Non-Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial non-consolidated statements that are free from material misstatement, whether due to fraud or error.

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

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

## **Auditors' Responsibilities for the Audit of the Non-Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the non-consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these non-consolidated financial statements.

As part of an audit in accordance with 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 risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Appendix 5: 2023 Independent Auditor's Audit Report  
and Parent-company-only financial statements

5. Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We Communicated 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 Provided those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the non-consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Chih, Shih-Chin and Tseng, Kuo-Yang.

KPMG

Taipei, Taiwan (Republic of China)

February 27, 2024

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)  
**LUNGYEN LIFE SERVICE CORP.**

**Non-Consolidated Balance Sheets**

**December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

		<b>December 31, 2023</b>		<b>December 31, 2022</b>				<b>December 31, 2023</b>		<b>December 31, 2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>			<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Assets</b>						<b>Liabilities and Equity</b>					
<b>Current assets:</b>						<b>Current liabilities:</b>					
1100	Cash and cash equivalents (Notes 6(a) and (v))	\$ 187,462	-	418,006	1	2100	Short-term borrowings	\$ 570,000	-	-	-
1110	Current financial assets at fair value through profit or loss (Notes 6(b), (v) and 9)	3,543,883	5	2,713,734	4	2130	Current contract liabilities (Notes 6(r) and 9)	41,187,142	60	41,199,721	64
1150	Notes receivable, net (Notes 6(c), (r) and (v))	764	-	699	-	2150	Notes payable (Note 6(v))	6,727	-	6,591	-
1170	Accounts receivable, net (Notes 6(c), (r) and (v))	7,321,077	11	8,101,229	13	2170	Accounts payable (Note 6(v))	678,582	1	785,014	1
1320	Inventories (Note 6(d))	15,480,689	22	14,540,976	23	2200	Other payables (Notes 6(v) and 7)	1,137,434	2	965,142	1
1410	Prepayments	224,431	-	220,465	-	2230	Current tax liabilities	190,541	-	226,042	-
1476	Other current financial assets (Notes 6(k), (v), 7, 8 and 9)	2,541,852	4	1,745,551	3	2280	Current lease liabilities (Notes 6(v) and 7)	40,822	-	39,778	-
1479	Other current assets, others	2,491	-	29,654	-	2310	Advance receipts (Note 9)	1,065,705	2	925,926	2
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 9)	8,577,527	13	8,398,259	13	2399	Other current liabilities, others (Note 7)	29,273	-	34,562	-
		37,880,176	55	36,168,573	57	<b>Non-Current liabilities:</b>		44,906,226	65	44,182,776	68
<b>Non-current assets:</b>						2570	Deferred tax liabilities (Note 6(o))	23,346	-	21,155	-
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b), (v), 8 and 9)	8,722,224	13	8,022,624	12	2580	Non-current lease liabilities (Notes 6(v) and 7)	92,190	-	131,546	-
1535	Non-current financial assets at amortised cost (Notes 6(b), (v) and 9)	2,795,872	4	2,850,375	4	2640	Net defined benefit liability, non-current (Note 6(n))	17,599	-	18,509	-
1550	Investments accounted for using equity method (Notes 6(f) and 7)	5,003,485	7	3,728,183	6	2645	Guarantee deposits received (Note 6(v))	42,997	-	43,219	-
1600	Property, plant and equipment (Notes 6(g) and 9)	7,395,869	11	7,174,893	11	<b>Total liabilities</b>		176,132	-	214,429	-
1755	Right-of-use assets (Note 6(h))	133,012	-	171,324	-	<b>Equity (Note 6(p)):</b>		45,082,358	65	44,397,205	68
1760	Investment property, net (Notes 6(i), 8 and 9)	3,922,102	6	3,942,593	6	3100	Capital stock	4,200,842	6	4,200,842	7
1780	Intangible assets (Notes 6(j) and 9)	769,549	1	766,733	1	3200	Capital surplus	2,909,867	4	2,644,181	4
1840	Deferred tax assets (Note 6(o))	695,590	1	740,081	1	Retained earnings:					
1980	Other non-current financial assets (Notes 6(v) and 7)	102,350	-	61,760	-	3310	Legal reserve	2,478,930	4	2,325,225	4
1990	Other non-current assets, others	1,073,503	2	1,073,503	2	3320	Special reserve	394,751	1	-	-
		30,613,556	45	28,532,069	43	3350	Unappropriated retained earnings	12,387,839	18	11,527,940	18
						<b>Other equity interest:</b>		15,261,520	23	13,853,165	22
						3410	Total exchange differences on translation of foreign financial statements	(56,199)	-	(42,118)	-
						3420	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	1,095,344	2	(352,633)	(1)
						<b>Total equity</b>		1,039,145	2	(394,751)	(1)
						<b>Total liabilities and equity</b>		23,411,374	35	20,303,437	32
<b>Total assets</b>		<b>\$ 68,493,732</b>	<b>100</b>	<b>64,700,642</b>	<b>100</b>			<b>\$ 68,493,732</b>	<b>100</b>	<b>64,700,642</b>	<b>100</b>

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)

**LUNGYEN LIFE SERVICE CORP.**

**Non-Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)**

		<b>2023</b>		<b>2022</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6(m), (r) and 7)</b>	\$ 3,663,309	100	3,439,475	100
5000	<b>Operating costs (Note 6(m))</b>	1,413,869	39	1,284,266	37
5900	<b>Gross profit</b>	2,249,440	61	2,155,209	63
	<b>Operating expenses :</b>				
6100	Selling expenses	638,816	17	681,979	20
6200	Administrative expenses (Notes 6(s) and 7)	777,136	21	617,850	18
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c))	7,526	-	17,836	1
		1,423,478	38	1,317,665	39
6500	<b>Net other income (expenses) (Note 6(t))</b>	63,917	2	86,098	3
6900	<b>Net operating income</b>	889,879	25	923,642	27
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(u))	176,930	5	96,459	3
7010	Other income (Note 6(u))	284,217	8	331,170	10
7020	Other gains and losses, net (Notes 6(b), (f) and (u))	(7,462)	-	109,554	3
7050	Finance costs, net (Notes 6(u) and 7)	(3,420)	-	(7,290)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(f))	75,754	1	122,842	3
		526,019	14	652,735	19
	<b>Profit before tax from continuing operations</b>	1,415,898	39	1,576,377	46
7950	<b>Less: Income tax expenses (Note 6(o))</b>	206,731	6	247,541	7
	<b>Profit for the year ended December 31, 2020</b>	1,209,167	33	1,328,836	39
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(n))	1,076	-	4,010	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	1,623,110	44	(1,295,174)	(38)
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures under equity method, components of other comprehensive income that will not be reclassified to profit or loss	25,137	-	(9,689)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	<b>Items that will not be reclassified subsequently to profit or loss</b>	1,649,323	44	(1,300,853)	(39)
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	654	-	109,254	3
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	9,488	-	(59,645)	(2)
8380	Share of other comprehensive income of subsidiaries, associates, and joint ventures under equity method, components of other comprehensive income that will not be reclassified to profit or loss	(14,735)	-	(91,935)	(3)
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	(4,593)	-	(42,326)	(2)
8300	<b>Other comprehensive income net of tax</b>	1,644,730	44	(1,343,179)	(41)
	<b>Total comprehensive income net of tax</b>	<u>\$ 2,853,897</u>	<u>77</u>	<u>(14,343)</u>	<u>(2)</u>
	<b>Earnings per share (in dollar) (Note 6(q)):</b>				
9750	<b>Basic earnings per share (in New Taiwan dollars)</b>	<u>\$ 2.88</u>		<u>3.16</u>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 2.87</u>		<u>3.16</u>	

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)

LUNGYEN LIFE SERVICE CORP.  
Non-Consolidated Statements of Changes in Equity  
For the years ended December 31, 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

	Retained earnings						Total other equity interest			
	Shares capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance on January 1, 2022	\$ 4,200,842	2,519,954	2,183,257	-	10,636,961	12,820,218	(59,437)	1,216,077	1,156,640	20,697,654
Profit for the year ended December 31, 2022	-	-	-	-	1,328,836	1,328,836	-	-	-	1,328,836
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	4,010	4,010	17,319	(1,364,508)	(1,347,189)	(1,343,179)
Comprehensive income for the year ended December 31, 2022	-	-	-	-	1,332,846	1,332,846	17,319	(1,364,508)	(1,347,189)	(14,343)
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	141,968	-	(141,968)	-	-	-	-	-
Cash dividends of ordinary shares-\$1.2 per share	-	-	-	-	(504,101)	(504,101)	-	-	-	(504,101)
Other changes in capital surplus:										
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	124,227	-	-	-	-	-	-	-	124,227
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	204,202	204,202	-	(204,202)	(204,202)	-
Balance on December 31, 2022	4,200,842	2,644,181	2,325,225	-	11,527,940	13,853,165	(42,118)	(352,633)	(394,751)	20,303,437
Profit for the year ended December 31, 2023	-	-	-	-	1,209,167	1,209,167	-	-	-	1,209,167
Other comprehensive income for the year ended December 31, 2023	-	-	-	-	1,076	1,076	(14,081)	1,657,735	1,643,654	1,644,730
Total comprehensive income for the year ended December 31, 2023	-	-	-	-	1,210,243	1,210,243	(14,081)	1,657,735	1,643,654	2,853,897
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	153,705	-	(153,705)	-	-	-	-	-
Special reserve appropriated	-	-	-	394,751	(394,751)	-	-	-	-	-
Other changes in capital surplus:										
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	265,686	-	-	-	-	-	-	-	265,686
Movements in net equity interests in equity-accounted associates and joint ventures	-	-	-	-	(11,646)	(11,646)	-	-	-	(11,646)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	209,758	209,758	-	(209,758)	(209,758)	-
Balance on December 31, 2023	\$ 4,200,842	2,909,867	2,478,930	394,751	12,387,839	15,261,520	(56,199)	1,095,344	1,039,145	23,411,374



Appendix 5: 2023 Independent Auditor's Audit Report  
and Parent-company-only financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)

**LUNGYEN LIFE SERVICE CORP.**

**Non-Consolidated Statements of Cash Flows**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,415,898	1,576,377
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	198,599	157,398
Amortization expense	13,872	14,643
Impairment loss determined in accordance with IFRS 9	7,526	17,836
Net profit from financial assets or liabilities at fair value through profit or loss	10,534	(186,238)
Interest expense	3,420	7,290
Interest income	(258,921)	(206,885)
Dividend income	(147,523)	(210,010)
Share of profit (loss) of subsidiaries and associates under the equity method	(75,754)	(122,842)
Loss (gain) on disposal of property, plan and equipment	12	(3,352)
Loss (gain) on disposal of other assets	-	(55,814)
Proceeds from disposal of investments accounted for using equity method	-	162,760
Exchange loss on financial assets at fair value through other comprehensive income	(4,985)	(54,829)
Gain on disposal of financial assets at fair value through other comprehensive income	(2,441)	-
Unfinished construction transferred to operating costs	7,695	-
<b>Total adjustments to reconcile profit (loss)</b>	<b>(247,966)</b>	<b>(480,043)</b>
<b>Changes in operating assets and liabilities:</b>		
Changes in operating assets:		
(Increase) decrease in Financial assets or liabilities at fair value through (profit) or loss	(839,550)	1,671,888
Decrease in notes and accounts receivable, net	772,558	876,240
Increase in Inventories	(939,713)	(697,190)
(Increase)decrease in prepayments	(6,355)	4,730
Increase in other current financial assets	(54,815)	(3,326)
Decrease (increase) in other current assets	27,163	(3,941)
Increase in incremental costs of obtaining a contract	(17,725)	(21,657)
Proceeds from disposal of non-current assets classified as held for sale (investment property)	-	98,700
<b>Total changes in operating assets</b>	<b>(1,058,437)</b>	<b>1,925,444</b>
Changes in operating liabilities:		
Decrease in Contract liabilities	(12,579)	(202,918)
(Decrease) increase in notes and accounts receivable (including related parties)	(106,275)	152,934
Increase in Other payables	11,467	116,122
Increase in Advance receipts	139,779	24,496
Decrease in other current liabilities	(5,289)	(2,762)
Increase (decrease) in net defined benefit liabilities	166	(1,085)
<b>Total changes in operating liabilities</b>	<b>27,269</b>	<b>86,787</b>
<b>Total changes in operating assets and liabilities</b>	<b>(1,031,168)</b>	<b>2,012,231</b>
<b>Total adjustments</b>	<b>(1,279,134)</b>	<b>1,532,188</b>
Cash inflow generated from operations	136,764	3,108,565
Interest received	259,068	195,719
Dividends received	150,441	207,092
Interest paid	(1,088)	(577)
Income taxes paid	(195,550)	(184,565)
<b>Net cash flows from operating activities</b>	<b>349,635</b>	<b>3,326,234</b>

Appendix 5: 2023 Independent Auditor's Audit Report  
and Parent-company-only financial statements

(English Translation of Parent-company-only Financial Statements Originally Issued in Chinese)

**LUNGYEN LIFE SERVICE CORP.**

**Non-Consolidated Statements of Cash Flows (CONT' D)**

**For the years ended December 31, 2023 and 2022**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the years ended December 31</b>	
	<b>2023</b>	<b>2022</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	-	(1,192,041)
Proceeds from disposal of financial assets at fair value through other comprehensive income	940,808	1,116,564
Acquisition of financial assets at amortised cost	(396,898)	(1,685,440)
Proceeds from disposal of financial assets at amortised cost	450,000	49,943
Acquisition of investments accounted for using equity method	(934,586)	(492,272)
Proceeds from disposal of non-current assets classified as held for sale	-	433,137
Acquisition of property, plant and equipment	(361,549)	(648,990)
Proceeds from disposal of property, plant and equipment	-	4,227
Acquisition of intangible assets	(6,581)	(11,474)
Acquisition of investment properties	(2,208)	-
Increase in other current financial assets	(747,201)	(26,269)
Increase in other non-current financial assets	(40,588)	(18,836)
<b>Net cash flows from investing activities</b>	<b>(1,098,803)</b>	<b>(2,471,451)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	570,000	-
Decrease in guarantee deposits received	(222)	(532)
Payments of lease liabilities	(51,154)	(24,304)
Cash dividends paid	-	(504,101)
<b>Net cash flows used in financing activities</b>	<b>518,624</b>	<b>(528,937)</b>
Net (decrease) increase in cash and cash equivalents	(230,544)	325,846
Cash and cash equivalents at beginning of period	418,006	92,160
Cash and cash equivalents at end of period	<b>\$ 187,462</b>	<b>418,006</b>

# Lungyen Life Service Corp.

## 2023 Appropriation of Earnings

In NT\$

Item	Amount
Balance – January 1, 2023	10,979,486,083
Add(deduct) :	
Current net income	1,209,167,729
Current change of defined benefit plan actuarial gains and losses	1,075,589
Adjustment of retained earnings for changes in ownership interests in subsidiaries	(11,646,040)
Disposal of equity instrument investments measured at fair value through other comprehensive income, cumulative gains and losses transferred directly to retained earnings	209,756,617
Legal reserve (10% of total earnings)	(140,835,390)
Reversal of Special reserve	394,751,105
Earnings available for appropriation for 2023	12,641,755,693
Appropriation:	
Cash dividends	0
Balance – December 31, 2023	12,641,755,693

Chairman: KELLY LEE      President: Wang Frank Chun Chung      Chief Accountant: Wan, Hsin-Wen

## Comparison Table for the “Articles of Incorporation” Before and After Revision

Article	After the Revision	Before the Revision	Remarks
2	<p>The scope of business of the Company shall be as follow:</p> <ol style="list-style-type: none"> <li>1. H701010 Residents and buildings development and rental business</li> <li>2. H701040 Specific professional area development business</li> <li>3. H701060 New towns and new community development business</li> <li>4. F111090 Construction materials wholesale business</li> <li>5. F205040 Furniture, beddings, kitchen utensils and appliances, and fixtures retail business</li> <li>6. F211010 Construction materials retail business</li> <li>7. I503010 Landscape and interior design business</li> <li>8. H701050 Investments in the construction of public works business</li> <li>9. H703090 Real estate trade business</li> <li>10. H703100 Real estate rental business</li> <li>11. H703110 Senior homes business</li> <li>12. H701080 Urban renewal and reconstruction business</li> <li>13. JZ99141 Funeral facilities operations business</li> <li>14. JZ99151 Funeral and liturgical services business</li> <li>15. J202010 Industrial incubation business</li> <li>16. J901020 General hotel business</li> <li>17. J701040 Recreational club business</li> <li>18. J701070 Information and leisure business</li> <li>19. JJ801030 Tournament and leisure stadium business</li> <li>20. JZ99050 Agency services business</li> <li>21. JZ99090 Festive general service</li> </ol>	<p>The scope of business of the Company shall be as follow:</p> <ol style="list-style-type: none"> <li>1. H701010 Residents and buildings development and rental business</li> <li>2. H701040 Specific professional area development business</li> <li>3. H701060 New towns and new community development business</li> <li>4. F111090 Construction materials wholesale business</li> <li>5. F205040 Furniture, beddings, kitchen utensils and appliances, and fixtures retail business</li> <li>6. F211010 Construction materials retail business</li> <li>7. I503010 Landscape and interior design business</li> <li>8. H701050 Investments in the construction of public works business</li> <li>9. H703090 Real estate trade business</li> <li>10. H703100 Real estate rental business</li> <li>11. H703110 Senior homes business</li> <li>12. H701080 Urban renewal and reconstruction business</li> <li>13. JZ99141 Funeral facilities operations business</li> <li>14. JZ99151 Funeral and liturgical services business</li> <li>15. J202010 Industrial incubation business</li> <li>16. J901020 General hotel business</li> <li>17. J701040 Recreational club business</li> <li>18. J701070 Information and leisure business</li> <li>19. JJ801030 Tournament and leisure stadium business</li> <li>20. JZ99050 Agency services business</li> <li>21. JZ99090 Festive general service</li> </ol>	<p>For the Company's business needs, the "JZ99190 Pet Life Memorial Industry" business item has been added.</p>

Appendix 7: Comparison Table for the “Articles of  
Incorporation” before and after Revision

Article	After the Revision	Before the Revision	Remarks
	<p>business</p> <p>22. F401010 International trade business</p> <p>23. F206060 The ritual supplies retail business</p> <p>24. F203010 Food, sundries and beverage retail business</p> <p>25. F201070 Flower retail business</p> <p>26. F201010 Agricultural products retail business</p> <p>27. F399040 Non-store retail business</p> <p>28. J101030 Waste collection business</p> <p>29. J101040 Waste disposal business</p> <p>30. JZ99990 Unclassified services business</p> <p>31. H704031 Real estate brokerage business</p> <p>32. H704041 Real estate marketing agency business</p> <p>33. G801010 Warehousing</p> <p>34. <b><u>JZ99190 Pet Life Memorial Industry</u></b></p> <p>35. In addition to the chartered business, the business not prohibited or restricted by law</p>	<p>business</p> <p>22. F401010 International trade business</p> <p>23. F206060 The ritual supplies retail business</p> <p>24. F203010 Food, sundries and beverage retail business</p> <p>25. F201070 Flower retail business</p> <p>26. F201010 Agricultural products retail business</p> <p>27. F399040 Non-store retail business</p> <p>28. J101030 Waste collection business</p> <p>29. J101040 Waste disposal business</p> <p>30. JZ99990 Unclassified services business</p> <p>31. H704031 Real estate brokerage business</p> <p>32. H704041 Real estate marketing agency business</p> <p>33. G801010 Warehousing</p> <p>34. In addition to the chartered business, the business not prohibited or restricted by law</p>	
31	<p>These Articles of Incorporation were made on February 27, 1987 and amended on:</p> <p>The 1<sup>st</sup> amendment: March 20, 1987.</p> <p>The 2<sup>nd</sup> amendment: January 18, 1991.</p> <p>The 3<sup>rd</sup> amendment: September 2, 1992.</p> <p>The 4<sup>th</sup> amendment: December 31, 1993.</p> <p>The 5<sup>th</sup> amendment: March 1, 1995.</p> <p>The 6<sup>th</sup> amendment: July 15, 1996.</p> <p>The 7<sup>th</sup> amendment: March 19, 1997.</p> <p>The 8<sup>th</sup> amendment: April 26, 1997.</p> <p>The 9<sup>th</sup> amendment: October 24, 1997.</p> <p>The 10<sup>th</sup> amendment: May 18, 1998.</p> <p>The 11<sup>th</sup> amendment: December 4, 1998.</p> <p>The 12<sup>th</sup> amendment: May 6, 1999.</p> <p>The 13<sup>th</sup> amendment: June 22, 2001.</p> <p>The 14<sup>th</sup> amendment: June 30, 2002.</p> <p>The 15<sup>th</sup> amendment: February 8, 2006.</p> <p>The 16<sup>th</sup> amendment: February 8, 2006.</p> <p>The 17<sup>th</sup> amendment: June 15, 2007.</p> <p>The 18<sup>th</sup> amendment: August 1, 2008.</p>	<p>These Articles of Incorporation were made on February 27, 1987 and amended on:</p> <p>The 1<sup>st</sup> amendment: March 20, 1987.</p> <p>The 2<sup>nd</sup> amendment: January 18, 1991.</p> <p>The 3<sup>rd</sup> amendment: September 2, 1992.</p> <p>The 4<sup>th</sup> amendment: December 31, 1993.</p> <p>The 5<sup>th</sup> amendment: March 1, 1995.</p> <p>The 6<sup>th</sup> amendment: July 15, 1996.</p> <p>The 7<sup>th</sup> amendment: March 19, 1997.</p> <p>The 8<sup>th</sup> amendment: April 26, 1997.</p> <p>The 9<sup>th</sup> amendment: October 24, 1997.</p> <p>The 10<sup>th</sup> amendment: May 18, 1998.</p> <p>The 11<sup>th</sup> amendment: December 4, 1998.</p> <p>The 12<sup>th</sup> amendment: May 6, 1999.</p> <p>The 13<sup>th</sup> amendment: June 22, 2001.</p> <p>The 14<sup>th</sup> amendment: June 30, 2002.</p> <p>The 15<sup>th</sup> amendment: February 8, 2006.</p> <p>The 16<sup>th</sup> amendment: February 8, 2006.</p> <p>The 17<sup>th</sup> amendment: June 15, 2007.</p> <p>The 18<sup>th</sup> amendment: August 1, 2008.</p>	New amendment records added.

Appendix 7: Comparison Table for the “Articles of  
Incorporation” before and after Revision

Article	After the Revision	Before the Revision	Remarks
	The 19 <sup>th</sup> amendment: June 10, 2009. The 20 <sup>th</sup> amendment: October 29, 2009. The 21 <sup>st</sup> amendment: October 12, 2010. The 22 <sup>nd</sup> amendment: June 28, 2011. The 23 <sup>rd</sup> amendment: June 6, 2012. The 24 <sup>th</sup> amendment: June 17, 2014. The 25 <sup>th</sup> amendment: June 18, 2016. The 26 <sup>th</sup> amendment: June 17, 2016 The 27 <sup>th</sup> amendment: June 20, 2018 The 28 <sup>th</sup> amendment: May 31, 2019 The 29 <sup>th</sup> amendment: June 24, 2022 <u><b>The 30<sup>th</sup> amendment: May 31, 2024</b></u>	The 19 <sup>th</sup> amendment: June 10, 2009. The 20 <sup>th</sup> amendment: October 29, 2009. The 21 <sup>st</sup> amendment: October 12, 2010. The 22 <sup>nd</sup> amendment: June 28, 2011. The 23 <sup>rd</sup> amendment: June 6, 2012. The 24 <sup>th</sup> amendment: June 17, 2014. The 25 <sup>th</sup> amendment: June 18, 2016. The 26 <sup>th</sup> amendment: June 17, 2016 The 27 <sup>th</sup> amendment: June 20, 2018 The 28 <sup>th</sup> amendment: May 31, 2019 The 29 <sup>th</sup> amendment: June 24, 2022	

## Comparison Table for the “Procedure for Loaning of Funds” Before and After Revision

Article	After Revision	Before Revision	Remarks
4	<p>Assessment standards and limitations</p> <p>1. For those who have business dealings with the Company, the amount of individual loans shall not exceed the <u><b>total amount of business dealings</b></u> between the two parties; moreover, they shall not exceed 20% of the net value in the Company’s most recent financial statements. The alleged “business transaction amount” is <u><b>the purchase or sales amount of the two parties in the last year, or the signed purchase or sales contract, whichever is higher</b></u>; also, the accumulated loaning of funds shall not exceed 40% of the net value in the Company’s most recent financial statements.</p> <p>2. If there is a need for short-term financing, it must be based on its operational turnover needs, and the <u><b>individual loan amount</b></u> shall not exceed 40% of the company's latest financial statement net worth and the accumulated loaning of funds shall not exceed 40% of the net value in the Company’s most recent financial statements.</p> <p>3. The loaning of funds between the foreign companies with 100% shareholdings with voting rights held by the Company directly and indirectly, or the aforementioned foreign companies engaging in the financing loans to the Company, is not subject to the two restrictions referred to above. However, <u><b>the individual loan amount shall not exceed 100% of the net value of the lending company's most recent financial</b></u></p>	<p>Assessment standards and limitations</p> <p>1. For those who have business dealings with the Company, the amount of individual loans shall not exceed <u>twenty times</u> the amount of business dealings between the two parties; moreover, they shall not exceed 20% of the net value in the Company’s most recent financial statements. The alleged “business transaction amount” is <u>the amount of transactions</u> conducted within the business operation cycle; also, the accumulated loaning of funds shall not exceed 40% of the net value in the Company’s most recent financial statements.</p> <p>2. If there is a need for short-term financing, it must be based on the needs of its operational turnover and shall not exceed 40% of the company's latest financial statement net worth and the accumulated loaning of funds shall not exceed 40% of the net value in the Company’s most recent financial statements.</p> <p>3. The loaning of funds between the foreign companies with 100% shareholdings with voting rights held by the Company directly and indirectly, or the aforementioned foreign companies engaging in the financing loans to the Company, is not subject to the two restrictions referred to above. However, the maximum cumulative balance of fund loans shall not exceed the net value of the lending company's most recent financial statement.</p>	Revised in accordance with current laws and regulations and actual needs.

Appendix 8: Comparison Table for the “Procedure for  
Loaning of Funds” Before and After Revision

Article	After Revision	Before Revision	Remarks
	<u>statement, and</u> the maximum cumulative balance of fund loans shall not exceed <b><u>100%</u></b> of the net value of the lending company's most recent financial statement.		
7	<p>Announcement and reporting:</p> <ol style="list-style-type: none"> <li>1. The Company and its subsidiaries should have the loaning of funds amount of the prior month reported on-line at the information network designated by the competent authorities before the 10th day of each month.</li> <li>2. The Company should have the loaning of funds fall under one of the following circumstances announced and reported within 2 days from the date of occurrence: <ol style="list-style-type: none"> <li>(1) The loaning of funds amount of the Company and its subsidiaries exceeds 20% of the net value in the most recent financial statements.</li> <li>(2) The total loaning of funds amount made to one single enterprise by the Company and its subsidiaries exceeds 10% of the net value in the Company's most recent financial statements.</li> <li>(3) The additional loaning of funds made by the Company and its subsidiaries exceeds NT 10 million; also, exceeds 2% of the net value in the Company's most recent financial statements.</li> </ol> </li> <li>3. If the subsidiary is not a public company in Taiwan, the Company is to have the three announcements and reporting referred to above made on behalf of the subsidiary.</li> <li>4. The Company is to have the loaning of funds assessed with sufficient allowance for bad debts appropriated; also, have the loaning of funds</li> </ol>	<p>Announcement and reporting:</p> <ol style="list-style-type: none"> <li>1. The Company and its subsidiaries should have the loaning of funds amount of the prior month reported on-line at the information network designated by the competent authorities before the 10th day of each month.</li> <li>2. The Company should have the loaning of funds fall under one of the following circumstances announced and reported within 2 days from the date of occurrence: <ol style="list-style-type: none"> <li>(1) The loaning of funds amount of the Company and its subsidiaries exceeds 20% of the net value in the most recent financial statements.</li> <li>(2) The total loaning of funds amount made to one single enterprise by the Company and its subsidiaries exceeds 10% of the net value in the Company's most recent financial statements.</li> <li>(3) The additional loaning of funds made by the Company and its subsidiaries exceeds NT 10 million; also, exceeds 2% of the net value in the Company's most recent financial statements.</li> </ol> </li> <li>3. If the subsidiary is not a public company in Taiwan, the Company is to have the three announcements and reporting referred to above made on behalf of the subsidiary.</li> <li>4. The Company is to have the loaning of funds assessed <u>in accordance with the generally accepted accounting principles</u> with sufficient allowance</li> </ol>	Revised in accordance with current laws and regulations.



Appendix 8: Comparison Table for the “Procedure for  
Loaning of Funds” Before and After Revision

Article	After Revision	Before Revision	Remarks
	disclosed accordingly in the financial statements with the relevant information provided to the CPAs performing the necessary audit procedures.	for bad debts appropriated; also, have the loaning of funds disclosed accordingly in the financial statements with the relevant information provided to the CPAs performing the necessary audit procedures.	
Amendment Date	<p>The 1st amendment was on May 27, 2003  The 2nd amendment was on June 10, 2009  The 3rd amendment was on October 29, 2009  The 4th amendment was on June 28, 2011  The 5th amendment was on June 6, 2012  The 6th amendment was on June 4, 2013  The 7th amendment was on June 18, 2015  The 8th amendment was on June 21, 2017  The 9th amendment was on May 31, 2019  <u><b>The 10th amendment was on May 31, 2024</b></u></p>	<p>The 1st amendment was on May 27, 2003  The 2nd amendment was on June 10, 2009  The 3rd amendment was on October 29, 2009  The 4th amendment was on June 28, 2011  The 5th amendment was on June 6, 2012  The 6th amendment was on June 4, 2013  The 7th amendment was on June 18, 2015  The 8th amendment was on June 21, 2017  The 9th amendment was on May 31, 2019</p>	New amendment date added.

## Comparison Table for the “Endorsement and Guarantee Procedures” Before and After Revision

Article	After Revision	Before Revision	Remarks
5	<p>Assessment standards and limitations</p> <ol style="list-style-type: none"> <li>The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries shall not exceed fifty percent (50%) of the Company's net worth in its latest financial statement.</li> <li>The total amount of the endorsement/guarantee provided by the Company or by the Company and its subsidiaries to any individual entity shall not exceed thirty percent (30%) of the Company's net worth in its latest financial statement.</li> <li>The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed the total business transaction amount between such party and the Company, and shall not exceed thirty percent (20%) of the Company's net worth in its latest financial statements. <b><u>The so-called business transaction amount refers to the purchase or sales amount of the two parties in the last year, or the signed purchase or sales contract, whichever is higher.</u></b></li> <li>Endorsement/guarantee between companies in which the Company holds 90% of the voting shares, the amount of endorsement/guarantee shall not exceed ten percent (10%) of the Company's net worth.</li> <li>Endorsement/guarantee based on the requirements of the contractual obligations for another company in the same industry or for joint builders</li> </ol>	<p>Assessment standards and limitations</p> <ol style="list-style-type: none"> <li>The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries shall not exceed fifty percent (50%) of the Company's net worth in its latest financial statement.</li> <li>The total amount of the endorsement/guarantee provided by the Company or by the Company and its subsidiaries to any individual entity shall not exceed thirty percent (30%) of the Company's net worth in its latest financial statement.</li> <li>The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed <u>20 times of</u> the total business transaction amount between such party and the Company for the twelve-month period, and shall not exceed thirty percent (20%) of the Company's net worth in its latest financial statements.</li> <li>Endorsement/guarantee provided by the Company to companies held 100% directly or indirectly by the Company, or endorsement/guarantee between companies in which the Company holds 100% of the voting shares, was not restricted by the preceding paragraphs 1 to 3 restrictions.</li> <li>Endorsement/guarantee based on the requirements of the contractual obligations for another company in the same industry or for joint builders for purposes of undertaking</li> </ol>	Revised in accordance with current laws and regulations and actual needs.

**Appendix 9: Comparison Table for the “Endorsement and Guarantee Procedures” Before and After Revision**

<b>Article</b>	<b>After Revision</b>	<b>Before Revision</b>	<b>Remarks</b>
	for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, such Endorsement/guarantee was not restricted by the preceding paragraphs 1 to 3 restrictions.	a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages, such Endorsement/guarantee was not restricted by the preceding paragraphs 1 to 3 restrictions.	
7	<p>Announcement and reporting</p> <ol style="list-style-type: none"> <li>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.</li> <li>2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: <ol style="list-style-type: none"> <li>(1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>(2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>(3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all</li> </ol> </li> </ol>	<p>Announcement and reporting</p> <ol style="list-style-type: none"> <li>1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.</li> <li>2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence: <ol style="list-style-type: none"> <li>(1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>(2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.</li> <li>(3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all</li> </ol> </li> </ol>	Revised in accordance with current laws and regulations.

Appendix 9: Comparison Table for the “Endorsement and Guarantee Procedures” Before and After Revision

Article	After Revision	Before Revision	Remarks
	<p>endorsements/guarantees for, investment of book value of investment under equity method, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement</p> <p>3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>4. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p>	<p>endorsements/guarantees for, investment of a long-term nature in, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>(4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.</p> <p>3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.</p> <p>4. The Company shall <u>comply with the provisions of Financial Accounting Standards Bulletin No.9</u> to evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.</p>	
11	<p>The Procedures are to be agreed to by the Audit Committee and then approved by the Board of Directors and resolved in the shareholders’ meeting for implementation. The documented or written objections of the directors, if any, should be presented to the <u><b>Audit Committee</b></u> and then proposed to shareholders’ meeting for discussion,</p>	<p>The Procedures are to be agreed to by the Audit Committee and then approved by the Board of Directors and resolved in the shareholders’ meeting for implementation. The documented or written objections of the directors, if any, should be presented to the <u>supervisor</u> and then proposed to shareholders’ meeting for discussion, same as for the amendments.</p>	Revised in accordance with current laws and regulations.

Appendix 9: Comparison Table for the “Endorsement  
and Guarantee Procedures” Before and After Revision

Article	After Revision	Before Revision	Remarks
	<p>same as for the amendments.</p> <p>Where the Company has established the position of independent director, when submitting this procedure to the board of directors for discussion in accordance with the provisions of the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	<p>Where the Company has established the position of independent director, when submitting this procedure to the board of directors for discussion in accordance with the provisions of the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.</p>	
Amendment Date	<p>The 1st amendment was on May 27, 2003</p> <p>The 2nd amendment was on June 10, 2009</p> <p>The 3rd amendment was on October 29, 2009</p> <p>The 4th amendment was on June 28, 2011</p> <p>The 5th amendment was on June 6, 2012</p> <p>The 6th amendment was on June 4, 2013</p> <p>The 7th amendment was on June 18, 2015</p> <p>The 8th amendment was on May 31, 2019</p> <p><u><b>The 9th amendment was on May 31, 2024</b></u></p>	<p>The 1st amendment was on May 27, 2003</p> <p>The 2nd amendment was on June 10, 2009</p> <p>The 3rd amendment was on October 29, 2009</p> <p>The 4th amendment was on June 28, 2011</p> <p>The 5th amendment was on June 6, 2012</p> <p>The 6th amendment was on June 4, 2013</p> <p>The 7th amendment was on June 18, 2015</p> <p>The 8th amendment was on May 31, 2019</p>	New amendment date added.

## Director Candidates List

### (Including Independent Directors)

Candidate Type	Name	Shares Owned	Education and Work Experience	Institution the Candidate Represents For
Director	KELLY LEE	63,000	<p><b>Educational Background:</b> Columbia Business School, MBA</p> <p><b>Work Experience:</b> Founder/CEO, Generational Capital Management CEO, UNITED PACIFIC INDUSTRIES Deals Associate, MagiCapital Tax Associate, PriceWaterHouseCoopers</p> <p><b>Current Position:</b> Chairman and CEO, Lungyen Life Service Corp. Chairman of Yuji Development Corp. Chairman of Long Fu Enterprise Co. Ltd. Chairman of Jin Huang Construction Co., Ltd. Chairman, Bai Ruei Investment Co., Ltd. Chairman, Fu Yuan International Development Co., Ltd. Chairman, Fuyuan Co., Ltd. Chairman, Lungbao Venue Planning and Design Co., Ltd. Chairman, Lung Capital Co., Ltd. Chairman, Lunge Capital Co., Ltd. Chairman, Lungwei International Co., Ltd Chairman, Fu-He Investment Co., Ltd Chairman, Lee's Investment Co., Ltd Chairman, Kairui Property Co., Ltd. Chairman, Feng Li Co., Ltd Director of Wish Giver Limited Director of Beauty Mind Limited Director of Ultimate Plus Limited Director of Possiman International Limited Director of Cheng Chang Holding Inc.</p>	WISH GIVER LIMITED
Director	LIN, SU -CHIEN	63,000	<p><b>Educational Background:</b> BA, Department of Hotel Management, Cornell University</p> <p><b>Work Experience:</b> Vice president, Investment Business Group of Lungyen Life Service Corp. Vice president, Cemetary Business Group of Lungyen Life Service Corp.</p>	WISH GIVER LIMITED

Appendix 10: Director Candidates List  
(Including Independent Directors)

Candidate Type	Name	Shares Owned	Education and Work Experience	Institution the Candidate Represents For
			<p>Senior Manager, Hong Kong Apple Retail Store Lobby Manager, Four Seasons Hotel Hong Kong Vice Director, Housekeeping Department, Four Seasons Hotel Paloto, USA Assistant manager, Housekeeping Department, Four Seasons Hotel San Diego, USA Assistant manager, Room Cleaning Department of Four Seasons Hotel Philadelphia, USA</p> <p><b>Current Position:</b> Director and CSO, Lungyen Life Service Corp. Director of Longyang Life (Cayman) Co., Ltd. Director of Longyang Life (Hong Kong) Co., Ltd. Director of Longyong Life (China) Holdings Limited Director of Wenzhou Lungyen Cemetery Co., Ltd. Director of RIA AWANA SDN. BHD., Malaysia Independent Director of Dafeng TV Ltd.</p>	
Director	Liu, Chiang-Pao	63,000	<p><b>Educational Background:</b> Master, Institute of Accounting, National Cheng Chi University</p> <p><b>Work Experience:</b> Parter Accountant, Deloitte</p> <p><b>Current Position:</b> Independent director and convener of Audit Committee and Remuneration Committee, General Silicones Co., Ltd. Independent director of IBF Securities Co., Ltd.</p>	WISH GIVER LIMITED
Director	ORIX Asia Capital Limited	21,000,00	Not applicable	ORIX Asia Capital Limited
Independent Director	Yu, Ying-Chi	0	<p><b>Educational Background:</b> Master of Business Administration, NCYU</p> <p><b>Work Experience:</b> Chairman and General Manager, Aspire Park Service Development Co. Ltd. Global Head of Human Resources, Acer Corporation Director/Supervisor/Lecturer, Chinese Human Resources Management Association Senior Consultant/Lecturer ,Aspire Academy Remuneration Committee member, Ching Tai Electric Wire &amp; Cable Co., Ltd.</p>	None

Appendix 10: Director Candidates List  
(Including Independent Directors)

Candidate Type	Name	Shares Owned	Education and Work Experience	Institution the Candidate Represents For
			<b>Current Position:</b> Independent director and Remuneration Committee Convener, E-life Mall Corporation Director, Antung Trading Co. Ltd. Independent director and Remuneration Committee Convener, Acer Gadget Inc. Independent director and Remuneration Committee Convener, Lungyen Life Service Corp. Supervisor, Kangyao Liangyao Health Management Consultant	
Independent Director	Chen, Ming-Te	0	<b>Educational Background:</b> Master of Business Administration, NCCU <b>Work Experience:</b> Deputy General Manager of Administration Head Office, Jean Co.Ltd. Lecturer of Yunlin University of Science and Technology and Shih Chien University Lecturer of Special Class for Managers, NCCU Remuneration Committee member, Lungyen Life Service Corp. General Manager, Dingri Financial Consultants Co., Ltd. <b>Current Position:</b> CFO of Supreme Electronics Co., Ltd. Independent Director and member of the Remuneration Committee of COXON Precise Industrial Co., Ltd. Director of Gao Zhao International Co., Ltd. Independent Director and Remuneration Committee member, Lungyen Life Service Corp.	None
Independent Director	JEFFREY REMOND WU	0	<b>Educational Background:</b> Columbia University Business School MBA Master of Electrical Engineering, University of Southern California <b>Work Experience:</b> Director, Materials Analysis Technology Inc. Project Management Manager, McKinsey Asia, Taiwan Branch Senior product development engineer, Intel Corporation, USA	



Appendix 10: Director Candidates List  
(Including Independent Directors)

Candidate Type	Name	Shares Owned	Education and Work Experience	Institution the Candidate Represents For
			<p>Chairman of Digital Economy Association Taiwan (DEAT)</p> <p><b>Current Position:</b></p> <p>Founder and Vice Chairman of WeMo Corp.</p> <p>Director, FUHBIC TOENEC CORPORATION</p> <p>Executive Director of Digital Economy Association Taiwan (DEAT)</p>	

## Competition details of the fifteenth new directors (including their representatives)

Type of Candidate	Candidate	Company Name and Position the Candidate Concurrently Serves at
Director	WISH GIVER LIMITED Representative: KELLY LEE	Chairman of Yuji Development Corp. Chairman of Long Fu Enterprise Co. Ltd. Chairman of Jin Huang Construction Co., Ltd. Chairman, Bai Ruei Investment Co., Ltd. Chairman, Fu Yuan International Development Co., Ltd. Chairman, Fuyuan Co., Ltd. Chairman, Lungbao Venue Planning and Design Co., Ltd. Chairman, Lung Capital Co., Ltd. Chairman, Lunge Capital Co., Ltd. Chairman, Lungwei International Co., Ltd. Chairman, Fu-He Investment Co., Ltd. Chairman, Lee's Investment Co., Ltd. Chairman, Kairui Property Co., Ltd. Chairman, Feng Li Co., Ltd. Director of Wish Giver Limited Director of Beauty Mind Limited Director of Ultimate Plus Limited Director of Possiman International Limited Director of Cheng Chang Holding Inc.
Director	WISH GIVER LIMITED Representative: LIN, SU-CHIEH	Director of Longyang Life (Cayman) Co., Ltd. Director of Longyang Life (Hong Kong) Co., Ltd. Director of Longyong Life (China) Holdings Limited Director of Wenzhou Lungyen Cemetery Co., Ltd. Director of RIA AWANA SDN. BHD., Malaysia Independent Director of Dafeng TV Ltd.
Director	WISH GIVER LIMITED Representative: Liu, Chiang-Pao	Independent director and convener of Audit Committee and Remuneration Committee, General Silicones Co., Ltd. Independent director of IBF Securities Co., Ltd.
Independent Director	Yu, Ying-Chi	Independent director and Remuneration Committee Convener, E-life Mall Corporation Director, Antung Trading Co. Ltd. Independent director and Remuneration Committee Convener, Acer Gadget Inc. Supervisor, Kangyao Liangyao Health Management Consultant
Independent Director	Chen, Ming-Te	CFO of Supreme Electronics Co., Ltd. Independent Director and member of the Remuneration Committee of COXON Precise Industrial Co., Ltd. Director of Gao Zhao International Co., Ltd.

Appendix 11: Competition details of the Company's  
fifteenth new directors (including their representatives)

Independent Director	JEFFREY REMOND WU	Founder and Vice Chairman of WeMo Corp. Director, FUHBIC TOENEC CORPORATION Executive Director of Digital Economy Association Taiwan (DEAT)
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## **ANNEX**

# **Lungyen Life Service Corp.**

## **Rules and Procedures of Board of Directors Meetings**

Last amended on April 11, 2019

Article 1 In order to establish a solid governance system, enhance the supervision capability and strengthen the management function of the Board of Directors, hereby adopt these Rules and Procedures pursuant to Article 2 of the Regulations Governing Procedure for Board of Directors Meetings of Public Companies.

Article 2 With respect to the Board of Directors Meetings (“Board Meeting”) of the Company, the main agenda items, working procedures required content of meeting minutes, public announcements, and other compliance requirements shall be handled in accordance with the provision of these Rules and Procedures.

Article 3 The Board of Directors shall meet at least quarterly.  
A notice of the reasons for convening a Board Meeting shall be given to each Director before 7 days prior to the Meeting is convened via written notice, e-mail or fax. In emergency circumstances, however, a Board Meeting may be called whenever necessary.  
All matters set forth under Article 12, paragraph 1 of these Rules and Procedures shall be specified in the notice of the reasons for convening a Board Meeting. None of those matters may be raised by an extempore motion except in the case of an emergency or for other legitimate reason.

Article 4 The designated unit responsible for the Board Meetings of the Company shall be the Board Secretary.  
The unit responsible for board meeting shall draft items and prepare sufficient meeting materials, and shall deliver them together with the notice of the Meeting. A Director who is of the opinion that the meeting material provided are insufficient may request their supplementation by the unit responsible for Board Meetings, and the designated unit shall provide the supplementary materials within 5 days. If a Directors is of the opinion that materials concerning any proposal are insufficient, the deliberation of such proposal may be postponed by a resolution of the Board of Directors.

Article 4-1 All directors of the Company should be able to obtain the assistance of the head of

corporate governance to ensure that the board procedures and all applicable laws and regulations are followed, and that communication between board members, directors and management is good.

Article 4-2 The Company has set up the head of corporate governance, and the head of corporate governance (the Board secretary) is responsible for handling the requirements of the directors within 5 days in an effective and effective manner.

Article 5 When a Board Meeting is held, an attendance book shall be provided for signing-in by attending Directors, which shall be made available for future reference. Directors shall attend Board Meetings in person. A Director unable to attend in person may appoint another Director to attend the Meeting in his or her place in accordance with the Company's "Article of Incorporation". Attendance by videoconference will be deemed attendance in person. A Director who appoints another Director to attend a Board Meeting shall in each instance issue a proxy form stating the scope of authorization with respect to the reasons for convening the Meeting. The proxy referred to in paragraph 2 may be the appointed proxy of only one person.

Article 6 A Board Meeting shall be held at the premises and during the business hour of the Company. Or at a place and time convenient for all Directors to attend and suitable for holding Board Meetings.

Article 7 Board Meetings shall be convened and chaired by the Chairperson of the Board. However, with respect to the first Meeting of each newly elected Board of Directors, it shall be called and chaired by the Director that received votes representing the largest portion of voting right at the Shareholders Meeting in which the Directors were elected; if two or more Directors are so entitle to convene the Meeting, they shall select from among themselves one Director to serve as Chair.

When the Chairperson of the Board is on leave or for any reason unable to exercise the powers of chairperson, the vice chairperson shall act in place of the chairperson; if there is no vice chairperson or the vice chairperson is also on leave of for any reason unable to exercise the posers of vice chairperson, the chairperson shall appoint one of the Managing Directors to act, or, if there are no Managing Directors, one of the Directors shall be appointed to act as chair. If no such designation is made by the chairperson, the Managing Directors or Directors shall select one person from among themselves to serve as Chair.

Article 8 When a Board Meeting is held, the Finance Section shall furnish the attending Directors with relevant materials for ready reference.

As merited by the content of a proposal to be put forward at a Board Meeting, personnel from a relevant department or a subsidiary may be notified to attend the Meeting as non-voting participants. When necessary, certified public accountants, attorneys, or other professionals retained by the Company may also be invited to attend the Meeting as non-voting participants and to make explanatory statements, provided that they shall leave the Meeting when deliberation or voting takes place. The Chair shall call the Board Meeting to order at the appointed meeting time and when more than one-half of all the Directors are in attendance. If one-half of all the Directors are not in attendance at the appointed meeting time, the Chair may announce postponement of the meeting time, provided that no more than two such postponements may be made. If the quorum is still not met after two postponements, the Chair shall reconvene the Meeting in accordance with the procedures in Article 2, paragraph 2.

The number of “all Directors”, as used in the preceding paragraph and in Article 16, paragraph 2, shall be counted as the number of Directors then actually in office.

Article 9 Proceedings of a Board Meeting shall be recorded in their entirety in audio or video, and the recording shall be retained for a minimum for 5 years. The record may be retained in electronic form. If any litigation arises with respect to a resolution of a Board Meeting before the end of the retention period of the preceding paragraph, the relevant audio or video record shall be retained until the conclusion of the litigation. Where a Board Meeting is held by videoconference, the audio or video documentation of the meeting constitutes part of the meeting minutes and shall be retained for the duration of the existence of the Company.

Article 10 Agenda items for regular Board Meetings of the Company shall include at least the following:

1. Matters to be reported:
  - A. Minutes of the last meeting and action taken;
  - B. Important financial and business matters;
  - C. Internal audit activities;
  - D. Other important matters to be reported.
2. Matters for discussion:
  - A. Items for continued discussion from the last meeting;
  - B. Items for discussion at this meeting.
3. Extempore motions

Article 11 A Board Meeting shall follow the agenda given in the meeting notice. However, the agenda may be changed with the approval of a majority of Directors in attendance at the Board Meeting.

The Chair may not declare the Meeting closed without the approval of a majority of the Directors in attendance at the Meeting.

At any time during the course of a board meeting, if the number of Directors sitting at the meeting does not constitute a majority of the attending Directors, then upon the motion by a Director sitting at the Meeting, the Chair shall declare a suspension of the Meeting, in which case Article 8, paragraph 3 shall apply mutatis mutandis.

Article 12 The matters listed below as they relate to the Company shall be raised for discussion at a Board Meeting:

1. The Company's business plan;
2. Annual and semi-annual financial reports, with the exception of semi-annual financial reports that are not required under relevant laws and regulations to be audited and attested by a certified public accountant (CPA);
3. Adoption or amendment of an internal control system pursuant to Article 14-1 of the Securities and Exchange Act and assessment of the validity of the internal control system;
4. Adoption or amendment, pursuant to Article 36-1 of the Securities and Exchange Act, of any handling procedures for material financial or business transactions, such as the acquisition or disposal of assets, derivatives trading, loans of funds to others, and endorsements or guarantees for others;
5. The offering, issuance, or private placement of equity-type securities;
6. The appointment or discharge of a financial, accounting, or internal audit officer;
7. A donation to a related party or a major donation to a non-related party, provided that a public-interest donation of disaster relief that is made for a major natural disaster may be submitted to the following Board of Directors meeting for retroactive recognition;
8. Any matter that, under Article 14-3 of the Securities and Exchange Act or any other law, regulation, or bylaw, must be approved by resolution at a shareholders meeting or board meeting, or any material matter as may be prescribed by the competent authority.

The term "related party" in subparagraph 7 of the preceding paragraph means a related party as defined in the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The term "major donation to a non-related party" means an individual donation, or cumulative donations within a 1-year period to a single recipient, at an amount of NT\$100 million or more, or at an amount equal



to or greater than 1 percent of net operating revenue or 5 percent of paid-in capital as stated in the CPA-attested financial report of the most recent year (In the case of a foreign issuer whose shares have no par value or a par value other than NT\$10, 2.5 percent of shareholders' equity shall be substituted for the calculation of the amount equal to 5 percent of paid-in capital required under this paragraph). The term "within a 1-year period" in the preceding paragraph means a period of 1 year calculated retroactively from the date on which the current Board of Directors Meeting is convened. Amounts already submitted to and passed by a resolution of the Board are exempted from inclusion in the calculation.

With respect to a matter that, under Article 14-3 of the Securities and Exchange Act, must be approved by resolution at a Board Meeting, any and all Independent Directors of the Company shall attend the Meeting in person or appoint another Independent Director to attend the Meeting as proxy. If an Independent Director objects to or expresses reservations about such a matter, it shall be recorded in the Board Meeting minutes; if an Independent Director intends to express an objection or reservation but is unable to attend the Meeting in person, then unless there is a legitimate reason to do otherwise, that Director shall issue a written opinion in advance, which shall be recorded in the Board Meeting minutes.

Article 13 When the Chair at a Board Meeting is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the Chair may announce the discussion closed and call a vote.

When a proposal comes to a vote at a Board Meeting, if no attending Director voices an objection following an inquiry by the Chair, the proposal will be deemed approved. If there is an objection following an inquiry by the Chair, the proposal shall be brought to a vote.

"Attending Directors", as used in the preceding two paragraphs, does not include Directors that may not exercise voting rights pursuant to Article 15, paragraph 1. One voting method for proposals at a Board Meeting shall be selected by the Chair from among those below, provided that when an attending Directors has an objection, the Chair shall seek the opinion of the majority to make a decision:

1. A show of hands or a vote by voting machine;
2. A roll call vote;
3. A vote by ballot;
4. A vote by a method selected at the Company's discretion.

Article 14 Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a Board Meeting shall require the approval of a majority of the Directors in attendance at a Board of Directors

Meeting attended by a majority of all Directors. When there is an amendment or alternative to a proposal, the chair shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. If anyone among them is passed, the other proposals shall then be deemed rejected, and no further voting on them shall be required.

If a note on a proposal requires monitoring and counting personnel, the Chair shall appoint such personnel, providing that all monitoring personnel shall be Directors. Voting results shall be made know on-site immediately and recorded in writing.

Article 15 If a Director or a juristic person that the Director represents is an interested party in relation to an agenda item, the Director shall state the import aspects of the interested party relationship at the respective meeting. When the relationship is likely to prejudice the interest of the Company, that Director may not participate in discussion or voting on the item, and may not exercise voting rights as proxy for another Director.

Where a Director is prohibited by the preceding paragraph from exercising voting rights with respect to a resolution at a Board Meeting, the provisions of Article 180, paragraph 2 of the Company Act apply mutatis mutandis in accordance with Article 206, paragraph 3 of the same Act.

Article 16 Discussions at a Board Meeting shall be recorded in the meeting minutes, and the minutes shall fully and accurately state the matters listed below:

1. The meeting session (or year) and the time and place of the meeting;
2. The name of the Chair;
3. The Directors' attendance at the Meeting, including the names and the number of Directors in attendance, excused, and absent;
4. The names and titles of those attending the Meeting as non-voting participants;
5. The name of the minute taker;
6. The matters reported at the Meeting;
7. Agenda items: the method of resolution and the result for each proposal; a summary of the comments made by Directors, experts, or other persons; the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspects of the relationship of interest, the reasons why the Director was required or not required to enter recusal, and the status of their recusal; opinions expressing objections or reservations at the Meeting that were included in records or stated in writing; and any opinion issued in writing by an Independent Director pursuant to Article 12, paragraph 4;
8. Extempore motions: the name of the mover, the method of resolution and the

result, a summary of the comments of any Director, expert, or other person; the name of any Director that is an interested party as referred to in paragraph 1 of the preceding article, an explanation of the important aspect of the relationship of interest, the reasons why the Director was required or not required to enter recusal, and the status of their recusal; and their objections or reservations and any recorded or written statements;

9. Other matters required to be recorded.

The occurrence of any of the following circumstances, with respect to a resolution passed at a Board Meeting, shall be stated in the meeting minutes and shall be publicly announced and filed on the website of the Market Observation Post System designated by the Financial Supervisory Commission, within 2 days from the date of the Meeting.

1. Any objection or expression of reservations by an independent Director expresses of which there is a record or written statement;
2. A resolution is adopted with the approval of two-thirds or more of all Directors, without having been passed by the audit committee of the Company.

The attendance book constitutes part of the minutes for each Board Meeting and shall be retained for the duration of the existence of the Company.

The minutes of a Board Meeting shall bear the signature or seal of both the Chair and the minute taker, and a copy of the minutes shall be distributed to each Director and Supervisor within 20 days after the Meeting. The minutes shall be deemed important corporate records and appropriately preserved during the existence of the Company.

The meeting minutes of paragraph 1 may be produced and distributed in electronic form.

Article 17 With the exception of matters required to be discussed at a Board Meeting under Article 12, paragraph 1, when the Board of Directors appoints a party to exercise the powers of the Board in accordance with applicable laws and regulations or the Company's "Articles of Incorporation", the levels of such delegation and the content or matters it covers shall be definite and specific, and the execution condition shall be report to the Board of Directors Meeting.

Article 18 These Rules and Procedures shall be adopted by the approval of the Board of Directors Meeting and shall be reported to the Shareholders Meeting.

The 1st amendment was on January 1, 2007

The 2nd amendment was on March 31, 2011

The 3rd amendment was on March 19, 2012

Annex 1: Rules and Procedures of Board  
of Director meeting (pre-revision)

The 4th amendment was on March 14, 2013

The 5th amendment was on November 7, 2017

The 6th amendment was on May 7, 2018

The 7th amendment was on April 11, 2019

# **Lungyen Life Service Corp.**

## **Articles of Incorporation**

### **Section I – General Provisions**

Article 1        The Company shall be incorporated, as a company limited by shares, under the Company Law, and its name shall be 龍巖股份有限公司 in the Chinese language, and “LUNGYEN LIFE SERVICE CORPORATION” in the English language.

Article 2        The scope of business of the Company shall be as follow:

1.    H701010   Residents and buildings development and rental business
2.    H701040   Specific professional area development business
3.    H701060   New towns and new community development business
4.    F111090   Construction materials wholesale business
5.    F205040   Furniture, beddings, kitchen utensils and appliances, and fixtures retail business
6.    F211010   Construction materials retail business
7.    I503010   Landscape and interior design business
8.    H701050   Investments in the construction of public works business
9.    H703090   Real estate trade business
10.   H703100   Real estate rental business
11.   H703110   Senior homes business
12.   H701080   Urban renewal and reconstruction business
13.   JZ99141   Funeral facilities operations business
14.   JZ99151   Funeral and liturgical services business
15.   J202010   Industrial incubation business
16.   J901020   General hotel business
17.   J701040   Recreational club business
18.   J701070   Information and leisure business
19.   JJ801030   Tournament and leisure stadium business
20.   JZ99050   Agency services business
21.   JZ99090   Festive general service business
22.   F401010   International trade business
23.   F206060   The ritual supplies retail business
24.   F203010   Food, sundries and beverage retail business
25.   F201070   Flower retail business
26.   F201010   Agricultural products retail business
27.   F399040   Non-store   retail business

- 28. J101030 Waste collection business
- 29. J101040 Waste disposal business
- 30. JZ99990 Unclassified services business
- 31. H704031 Real estate brokerage business
- 32. H704041 Real estate marketing agency business
- 33. G801010 Warehousing
- 34. In addition to the chartered business, the business not prohibited or restricted by law

Article 3 The Company may provide endorsement and guarantee and act as a guarantor.

Article 4 The Company may invest in other companies as a shareholder with limited liability and the total investment amount is not limited to the threshold of 40% of the paid-in capital.

Article 5 The Company shall have its headquarters located in Taipei City and if necessary, branches can be established domestically or overseas with the approval of the Board of Directors.

Article 6 Deleted

## **Section II – Capital Stock**

Article 7 The Company's authorized capital stock amounts to NT\$6 billion with 600 million shares issued at a par value of NT\$10. The Board of Directors is authorized to have stock shares issued separately, in which, NT600 million divided into 60 million shares at a par value of NT\$10 shall be reserved for subscription when the stock option is exercised

Article 7-1 The Company's shares purchased in accordance with the Company Act, employee stock option certificates, new shares of restricted employees' rights, and new shares reserved for employees to subscribe for cash capital increase may include employees of affiliated companies who meet certain conditions; certain conditions are set by the board of directors.

Article 8 All shares certificates of the Company shall be issued in registered form and issued in accordance with the Company Act of the Republic of China and other relevant laws and regulations.

Article 8-1 The Company may issue stock without printing share certificates, provided that, any shares shall be recorded by a centralized securities custodian.

Article 9 All matters regarding the Company's shares shall be conducted in accordance with the "Criteria Governing Handling of Stock Affairs by Public Stock Companies" and other relevant laws and regulations.

### **Section III – Shareholders’ Meeting**

- Article 10 Shareholders’ meetings may be ordinary meetings and extraordinary shareholders’ meetings. Ordinary meetings shall be convened annually within six months after the end of each fiscal year. Extraordinary meetings shall be convened when necessary in accordance with applicable laws. A notice with purpose(s) for convening the meeting shall be sent to all shareholders at least thirty (30) days in advance for an ordinary meeting and fifteen (15) days in advance for an extraordinary meeting.
- Article 10-1 The Company’s shareholders’ meeting can be held by means of visual communication network or other methods promulgated by the central competent authority.  
The Company shall be subject to prescriptions provided for by the competent authority in charge of securities affairs, including the prerequisites, procedures, and other compliance matters for the method of meeting in the preceding paragraph.
- Article 11 The shareholders’ meeting shall be chaired by Chairperson of the Board of Directors. In the event the Chairperson of the Board of Directors is absent, one director shall be designated to serve as Chair; in the absence of such a designation, the directors shall elect one among themselves to serve as Chair.
- Article 12 Each share shall be entitled to one vote, except those with restricted voting rights or no voting rights granted under Article 179 of the Company Act.  
Shareholders may execute their voting rights in writing or via an electronic voting system. The voting method shall be stated in the meeting notice for shareholders’ meeting.
- Article 13 A shareholder who is unable to attend the shareholders’ meeting in person may have a representative appointed to attend the meeting with a signed or sealed proxy letter issued in accordance with Article 177 of the Company Law and Article 25.1 of the Securities and Exchange Act.
- Article 14 The Company’s resolution shall only be reached when the meeting is attended by shareholders representing more than one half of the total issued shares and the resolution is approved by the majority of valid vote present at the meeting, unless otherwise provided for in the Company Act.
- Article 15 The resolutions reached in the shareholders’ meeting shall be documented in the minutes of the meeting in accordance with Article 183 of the Company Act

### **Section IV –Board of Directors and Audit Committee**

- Article 16 The Company shall have 11 Directors who are competent individuals elected in

the shareholders' meeting. The term of office for Directors shall be three year, and all Directors shall be eligible for re-election. The registered shares held by Directors are processed in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."

- Article 16-1 For the number of Directors of the Company referred to above, the 3 to 5 Independent Directors are elected from the nominees who are nominated by the shareholders from the list of candidates in accordance with Article 192.1 of the Company Act.  
The election of Independent Directors and Directors shall be held together; provided, however, the number of Independent Directors and Directors elected shall be calculated separately.  
The professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election of Independent Directors shall be handled in accordance with Securities and Exchange Act and relevant regulations.
- Article 16-2 In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish the Audit Committee, which shall be composed of the entire number of Independent Directors.  
Scope of responsibilities and regulations for the Company's Audit Committee shall be governed by relevant laws and regulations.
- Article 16-3 Various functional committees may be set up under the board of directors of the Company, and these committees shall formulate rules for exercising their functions and powers, which shall be implemented after approval by the board of directors.
- Article 16-4 A notice of convening a Board meeting shall be given to each Director in writing, via electronic mail or fax before 7 days prior to the meeting date.
- Article 17 In the event that no new Directors can be elected immediately after the expiration of a term of office, the current Directors shall continue to perform their duties until the new Directors are elected and assume their office. However, the competent authority may demand the Company to elect new Directors within a certain time period or the current Board of Directors may be dismissed automatically on the expiration of the term of office.
- Article 18 The Board of Directors shall be organized by the Directors. The Chairperson of the Board of Directors shall be elected among Directors by a majority of the Directors present at a meeting attended by two-thirds of all Directors The Chairperson of the Board of Directors shall be the authorized representative of the Company externally and execute all matters of the Company in accordance with



relevant laws, regulations and resolutions of the Board meeting and Shareholders' internally.

Article 19 The Company's business policies and other important matters shall be resolved by the Board of Directors. Except for the first board meeting, each term shall be convened by the Board of Directors in accordance with Article 203 of the Company Act, the Chairperson of the Board of Directors shall convene and chair Board meetings thereafter. In the event that the Chairperson of the Board of Directors is unable to perform his/her duties, the Chairperson of the Board of Directors shall designate a representative to act on his/her behalf; however, in the absence of such a designation, a representative shall be elected from among the Directors.

Article 20 Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a Board meeting shall require the approval of a majority of the Directors in attendance at a Board of Directors meeting attended by a majority of all Directors. A Director unable to attend in person may issue a proxy stating the scope of authorization with respect to the reasons for convening the meeting to appoint another Director to attend the meeting. Any proxy may be appointed by one person only. Directors attending the Board meeting through a video conference will be deemed attendance in person.

Article 21 The resolutions of the Board meeting shall be documented in the meeting minutes and signed or sealed by the Chairperson, and distributed to Directors within 20 days after the meeting. The minutes shall record the essentials and results of the proceedings and preserved with the attendance book and proxy in the Company.

Article 22 Deleted

Article 23 The remuneration payable to the Chairperson of the Board of Directors, Directors and Independent Directors shall be decided at the Board meeting according to their contributions to the Company and also with reference to the industry payout standard. The Board of Directors may, depending on the actual needs, acquire liability insurance for all the Directors throughout the service term with the attendance of a majority of the directors and the consent of a majority of the directors present.

## **Section V – Management and Employees**

Article 24 The Company may have a manager designated with the appointment, dismissal and remuneration processed in accordance with the Company Act.

Article 25 Deleted

## **Section VI – Accounting**

- Article 26        The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.
- Article 27        After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the ordinary shareholders meeting for acceptance:
1. Business Report;
  2. Financial Statements;
  3. Proposal Concerning Appropriation of Earning or Covering of Losses
- Article 28        The Company shall set aside not less than 1% of its annual profit, if any, as employee bonus and not more than 2% as compensation to Directors; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses, if any.
- Employee bonus may be distributed in the form of stocks or cash. The employees qualifying for such distribution may include qualified employees of subsidiaries of the Company; the certain conditions are set by the board of directors.
- The distribution of employee remuneration and directors' remuneration shall be made by the board of directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting.
- The above-mentioned resolution of the board of directors for the payment of remuneration to employees in the form of stocks may make the resolution in the same meeting to issue new shares or purchase the Company's own shares.
- Article 28-1      The Company shall not pay dividends when there are no earning for a certain fiscal year. Before paying dividends, the Company shall first pay out taxes, offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; and then set aside special capital reserve or reverse special capital reserve for the decrease in shareholders' equity of the year. The remainder earning after paying dividends shall be distributed according to an appropriation plan proposed by the Board of Directors. When dividends are distributed by way of issuing new shares, a resolution shall be submitted to the shareholders' meeting for distribution; when dividends are distributed by way of cash distribution, the distribution of dividends may be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

The Company's dividend policy was set up to protect shareholders' rights and fulfill the capital demand according to future capital plan. Dividends may be distributed in the form of stocks or cash, of which the cash dividends shall be considered first and not less than 10% of the total shareholders' bonus.

- Article 28-2      The Company may, in accordance with Article 241 of the Company Act, issue all or part of its legal reserve and capital reserve, in whole or in part, by issuing new shares which shall be distributable as dividend shares to its original shareholders in proportion to the number of shares being held by each of them or by cash. In the case of cash distribution, it may be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

## **Section VII – Supplementary Provisions**

- Article 29      The organizational rules and by-laws of the Company shall be prescribed by the Board of the Directors.
- Article 30      Any matters not provided for in these Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.
- Article 31      These Articles of Incorporation were made on February 27, 1987 and amended on:  
The 1<sup>st</sup> amendment: March 20, 1987.  
The 2<sup>nd</sup> amendment: January 18, 1991.  
The 3<sup>rd</sup> amendment: September 2, 1992.  
The 4<sup>th</sup> amendment: December 31, 1993.  
The 5<sup>th</sup> amendment: March 1, 1995.  
The 6<sup>th</sup> amendment: July 15, 1996.  
The 7<sup>th</sup> amendment: March 19, 1997.  
The 8<sup>th</sup> amendment: April 26, 1997.  
The 9<sup>th</sup> amendment: October 24, 1997.  
The 10<sup>th</sup> amendment: May 18, 1998.  
The 11<sup>th</sup> amendment: December 4, 1998.  
The 12<sup>th</sup> amendment: May 6, 1999.  
The 13<sup>th</sup> amendment: June 22, 2001.  
The 14<sup>th</sup> amendment: June 30, 2002.  
The 15<sup>th</sup> amendment: February 8, 2006.  
The 16<sup>th</sup> amendment: February 8, 2006.  
The 17<sup>th</sup> amendment: June 15, 2007.  
The 18<sup>th</sup> amendment: August 1, 2008.  
The 19<sup>th</sup> amendment: June 10, 2009.

The 20<sup>th</sup> amendment: October 29, 2009.

The 21<sup>st</sup> amendment: October 12, 2010.

The 22<sup>nd</sup> amendment: June 28, 2011.

The 23<sup>rd</sup> amendment: June 6, 2012.

The 24<sup>th</sup> amendment: June 17, 2014.

The 25<sup>th</sup> amendment: June 18, 2016.

The 26<sup>th</sup> amendment: June 17, 2016.

The 27<sup>th</sup> amendment: June 20, 2018.

The 28<sup>th</sup> amendment: May 31, 2019.

The 29<sup>th</sup> amendment: June 24, 2022

# **Lungyen Life Service Corp.**

## **Procedure for Loaning of Funds**

Last amended on June 21, 2017

### Article 1: Reference

The procedure is stipulated in accordance with the “Guidelines for Loaning of Funds and Making of Endorsement and Guarantee by Public Companies.”

### Article 2: Purpose

The loaning of funds to others for the needs of business operations is processed in accordance with the “Procedures for Governing Loaning of Funds” without violating Article 15 Section 1 of the Company Law.

### Article 3: Underlying subject

1. Business transactions between companies and corporations.
  2. Short-term financing needed between companies and corporations. Financing amount shall not exceed 40% of the net value of the debtor.
  3. Financing between the foreign companies with 100% shareholdings with voting rights held by the Company directly or indirectly.
  4. The foreign companies with 100% shareholdings with voting rights held by the Company directly or indirectly engage in the financing loans to the Company.
- The preceding 1 to 3 subjects of the preceding paragraph, hereinafter referred to as “the borrower”.

### Article 4: Assessment standards and limitations

1. The loaning of funds to each company that is in business with the Company may not exceed the amount of transactions conducted; moreover, they shall not exceed 20% of the net value in the Company’s most recent financial statements. The alleged “business transaction amount” is the amount of transactions conducted within the business operation cycle; also, the accumulated loaning of funds shall not exceed 40% of the net value in the Company’s most recent financial statements.
2. The short-term financing needed must be based on the needs for working capital or the short-term financing needed for the purchase of land, building and operating equipment due to lack of funds. The individual loaning of funds is limited to the working capital needed or 70% of the purchase amount of the land, building and operating equipment; moreover, it shall not exceed 40% of the net value in the Company’s most recent financial statements and the accumulated loaning of funds shall not exceed 40% of the net value in the Company’s most recent financial statements.

3. The loaning of funds between the foreign companies with 100% shareholdings with voting rights held by the Company directly and indirectly, or the aforementioned foreign companies engaging in the financing loans to the Company, is not subject to the two restrictions referred to above only the maximum amount of the loan and the accumulated balance shall not exceed the book value of the most recent financial statements of the loaning part.

#### Article 5: Duration and interest rate

The loan and the time limitation of the loan of the Company shall not exceed one year, and shall be approved by the board of directors for the purpose of engaging in the business relationship. The loan and term of the funds between the foreign companies, which are directly and indirectly held by 100% of the voting shares, or the aforementioned foreign companies engaging in the financing loans to the Company, are not subject to the aforesaid one year, but the maximum shall not exceed three years and shall be subject to the approval of the board to extend for at most two times, and could not exceed 3 years each time. The interest rate shall be adjusted on the basis of the capital cost of the Company, but shall not be less than the maximum interest rate of the Company at the time of the loan to the general financial institution.

#### Article 6: Processing and audit procedures

1. The Borrowers that apply for the loaning of funds to the Company shall present a loan application document (or letter) indicating the loan amount, loan terms, intended use, sinking fund, with or without collateral and the content of the collateral, basic information and financial information, and guarantor information upon the request of the Company for the credit checking process.
2. The financial department shall, according to the information obtained in the preceding paragraph, determine the necessary and reasonable nature of the loan, the credit and the risk assessment of the loan and the object, the impact on the operating risks, financial status and shareholders' equity of the Company and whether to obtain the collateral and the review of collateral value.
3. After the credit check and assessment are performed, if the borrower is with good credit rating and the intended use is reasonable, the finance department of the Company shall draft the loaning of funds conditions for the approval of the Chairman and the resolution of the board of directors without leaving the decision-making to others. If the Company is with independent directors appointed, the opinions of each independent director should be considered sufficiently and have their supporting or opposing opinions and reasons documented in the minutes of the meeting.
4. The borrowing between the Company and its parent company or its subsidiaries, or the subsidiaries of the Company shall be subject to the resolutions of the board of directors in accordance with the provisions of the preceding paragraph, and shall authorize the chairman of the board to subscribe for the same amount of credit for the

same loan and object to the board of directors and not more than one year for sub-credit or recycling. Except for the loans mentioned in the Article 4, paragraph 3 is not restricted, the authorized amount shall not exceed the loaning company's latest net financial statements of 10%.

5. If an approval is granted only when collateral is collected, the borrower should provide the collateral with the pledge or mortgage procedure completed to ensure the claims of the Company.
6. Except for land and securities, all collateral must be protected with a fire insurance acquired and a comprehensive insurance is acquired for vehicles and the insured amount is not less than the principle of the cost value of the collateral. The insurance should be with the Company as the beneficiary, the subject title, quantity, storage location, insurance terms, number of storage sites, insurance conditions and insurance endorsement should be consistent with the originally authorized loan conditions.
7. After the loan is allocated, the financial institution shall regularly assess the financial and credit status of the borrower and the guarantor (if any). If the overdue happened and the creditors who are still unable to recover, the financial entity shall notify the legal entity to take further recourse against the debtor to ensure the rights and interests of the Company.

Article 7: Announcement and reporting:

1. The Company and its subsidiaries should have the loaning of funds amount of the prior month reported on-line at the information network designated by the competent authorities before the 10th day of each month.
2. The Company should have the loaning of funds fall under one of the following circumstances announced and reported within 2 days from the date of occurrence:
  - (1) The loaning of funds amount of the Company and its subsidiaries exceeds 20% of the net value in the most recent financial statements.
  - (2) The total loaning of funds amount made to one single enterprise by the Company and its subsidiaries exceeds 10% of the net value in the Company's most recent financial statements.
  - (3) The additional loaning of funds made by the Company and its subsidiaries exceeds NT 10 million; also, exceeds 2% of the net value in the Company's most recent financial statements.
3. If the subsidiary is not a public company in Taiwan, the Company is to have the three announcements and reporting referred to above made on behalf of the subsidiary.
4. The Company is to have the loaning of funds assessed in accordance with the generally accepted accounting principles with sufficient allowance for bad debts appropriated; also, have the loaning of funds disclosed accordingly in the financial statements with the relevant information provided to the CPAs performing the

necessary audit procedures.

Article 8: Control measures:

1. For the Company's loaning of funds matters, the finance and accounting units should establish a Log for the records of the loaning of funds object, amount, the date of the resolutions reached by the Board of Directors, the loaning of funds date and the matters to be carefully assessed.
2. The clerk should take the initiative to check whether the loaning of funds case is closed and cancelled on the expiry date. The mortgage should be cancelled or the collateral should be returned after the loan is repaid in full.
3. The Company's internal auditors shall at least quarterly audit the Procedures for Governing the Loaning of Funds and their implementation with a written record kept. Any serious violations identified should be communicated in writing to the Audit Committee and continuously track the improvement of the situation.
4. If the underlying subject of the loaning of funds does not comply with the requirements of the Procedures or the loaning of funds amount exceeds the threshold due to the change of circumstances, there should be plans for improvement. The related improvement plans should be presented to the Audit Committee for review and approval; also, the improvement plans should be implemented on schedule.

Article 9: The control procedures for the loaning of funds processed by the subsidiaries

1. The Company's subsidiaries may not arrange the loaning of funds to others without the resolution of the Board of Directors of the Company.
2. The Company's subsidiaries that intend to have the loaning of funds arranged for others should have the Procedures for Handling Loaning of Funds stipulated for compliance in accordance with the "Guidelines for Handling Loaning of Funds by Public Companies."
3. Subsidiaries that have the loaning of funds made for others should have the statement of the loaning of funds of the prior months prepared and presented to the Company before the 5th day of each month.
4. The Company's internal auditors shall at least quarterly audit the Procedures for Handling the Loaning of Funds and their implementation with a written record kept for the subsidiaries that have the loaning of funds arranged for others. Any serious violations identified should be communicated in writing to the Audit Committee and continuously track the improvement of the situation.

Article 10: Punishment for violating the Procedures

The Company's management and the clerk in charge of violations of the "Guidelines for Loaning of Funds and Making of Endorsement and Guarantee by Public Companies" or these Guidelines that are detrimental to the Company's interests will be punished in accordance with the Company's Personnel Management Rules.



Article 11: The Procedures are to be agreed by the more than one-half of all members of the Audit Committee and then approved by the Board of Directors and resolved in the shareholders' meeting for implementation. The documented or written objections of the directors, if any, should be presented to the supervisors and in the shareholders' meeting for discussion, same as for the amendments.

Where the Company has established the position of independent director, when it loans funds to others, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 12: If there is any problem in the operation procedure, please follow the "The Public Offering Company's Procedures for loaning funds to others Guidelines" announced by the Financial Supervisory Commission.

Amendment Date:

The 1st amendment was on May 27, 2003.

The 2nd amendment was on June 10, 2009.

The 3rd amendment was on October 29, 2009.

The 4th amendment was on June 28, 2011.

The 5th amendment was on June 6, 2012.

The 6th amendment was on June 4, 2013.

The 7th amendment was on June 18, 2015.

The 8th amendment was on June 21, 2017.

The 9th amendment was on May 31, 2019.

# **Lungyen Life Service Corp.**

## **Endorsement and Guarantee Procedures**

Last amended on May 31, 2019

### Article 1: Reference

The procedure is stipulated in accordance with the “Guidelines for Loaning of Funds and Making of Endorsement and Guarantee by Public Companies.”

### Article 2: Purpose

The Procedures set forth below are the guidelines for the Company to provide endorsement and/or guarantee to outside parties.

### Article 3: Scope

The words "endorsement and/or guarantee" used herein are defined as:

1. Financing endorsement and/or guarantee, including:
  - (1) Endorsement/guarantee to customers' notes for cash financing with a discount;
  - (2) Endorsement/guarantee for another company for its financing needs;
  - (3) Endorsement/guarantee to the notes issued by the Company to non-financial institutions and entities for the Company's own financing needs.
2. Endorsement/guarantee of customs duties due from the Company.
3. Other endorsements/guarantees which are not included under paragraphs 1 and 2.

The lien or mortgage provided by the Company against its assets and properties for guaranteeing another company's loan should also follow the policies and procedures set forth herein.

### Article 4: Underlying subject

The party to whom the Company may provide endorsement and/or guarantee include the following:

1. Any company who has business relationship with the Company.
2. Any subsidiary whose voting shares are fifty percent (50%) or more owned, directly or indirectly by the Company.
3. Any parent company who directly or through its subsidiaries indirectly own fifty percent (50%) or more of the Company's voting shares.

Subsidiaries whose voting shares are at least 90% owned, directly or indirectly, by the Company may provide endorsement and/or guarantee to each other.

Where the Company fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in

proportion to their shareholding percentages, such endorsements/guarantees may be provided.

Capital contribution referred to in the preceding paragraph shall mean capital contribution directly by the Company, or through a company in which the Company holds 100% of the voting shares.

#### Article 5: Assessment standards and limitations

1. The total amount of endorsement/guarantee provided by the Company or by the Company and its subsidiaries shall not exceed fifty percent (50%) of the Company's net worth in its latest financial statement.
2. The total amount of the endorsement/guarantee provided by the Company or by the Company and its subsidiaries to any individual entity shall not exceed thirty percent (30%) of the Company's net worth in its latest financial statement.
3. The total amount of endorsement/guarantee provided by the Company to any individual entity deriving from business relations shall not exceed 20 times of the total business amount between such party and the Company for the twelve-month period, and shall not exceed thirty percent (20%) of the Company's net worth in its latest financial statements.
4. Endorsement/guarantee between companies in which the Company holds 90% of the voting shares, the amount of endorsement/guarantee shall not exceed ten percent (10%) of the Company's net worth.
5. Endorsement/guarantee based on the requirements of the contractual obligations for another company in the same industry or for joint builders for purposes of undertaking a construction project, or where all capital contributing shareholders make endorsements/guarantees for their jointly invested company in proportion to their shareholding percentages, such Endorsement/guarantee was not restricted by the preceding paragraphs 1 to 3 restrictions.

#### Article 6: Processing and audit procedures

1. Any endorsement and/or guarantee to be provided by the Company shall be evaluated with the "Guidelines for Fund-Lending and Providing Endorsements and Guarantees by Public Companies" announced by the securities regulatory authority, and the Procedures. Finance Department shall then evaluate the necessity and rationality of the endorsement/guarantee, the credibility and risk of involved parties, the impact towards the Company's operating risk, financial position and shareholders' equity, and the necessity to acquire collateral and appraisal of collateral. Such evaluation results, along with comments and opinions provided by other related departments, shall be submitted to the Board of Directors for approval. A pre-determined limit may be delegated to the Chairman by the Board of Directors to facilitate execution and such endorsement/guarantee shall be reported to the most upcoming Board of Directors' Meeting for ratification.
2. In case the Company or its subsidiary desires to provide endorsement/guarantee for the benefit of a subsidiary whose net worth is lower than half of its paid-in capital, Finance and related Departments shall evaluate the relevant risks, establish risk control measures

and exercise implementation review, as well as regularly report the same to the Audit Committee. For purposes of determining the paid-in capital of the above-mentioned subsidiary receiving any TSMC or TSMC subsidiaries endorsement/guarantee who has no par value or has a par value other than NT\$10, the sum of the share capital plus "capital surplus - additional paid-in capital" shall be deemed as its paid-in capital.

3. Notes used for issuing endorsement/guarantee and seals of the Company shall be kept separately by persons appointed and authorized by the Chairman. Internal procedures must be followed for sealing and note issuance purposes. The seals for endorsement/guarantee should be the official corporate seals registered with the Ministry of Economic Affairs. When providing endorsement/guarantee to a foreign company, the endorsement/guarantee letter should be executed and signed by the Chairman or the person delegated by the Chairman.

Article 7: Announcement and reporting:

1. The Company shall announce and report the previous month's balance of endorsements/guarantees of itself and its subsidiaries by the 10th day of each month.
2. The Company whose balance of endorsements/guarantees reaches one of the following levels shall announce and report such event within two days commencing immediately from the date of occurrence:
  - (1) The aggregate balance of endorsements/guarantees by the Company and its subsidiaries reaches 50 percent or more of the Company's net worth as stated in its latest financial statement.
  - (2) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches 20 percent or more of the Company's net worth as stated in its latest financial statement.
  - (3) The balance of endorsements/guarantees by the Company and its subsidiaries for a single enterprise reaches NT\$10 million or more and the aggregate amount of all endorsements/guarantees for, investment of book value of investment under equity method, and balance of loans to, such enterprise reaches 30 percent or more of the Company's net worth as stated in its latest financial statement.
  - (4) The amount of new endorsements/guarantees made by the Company or its subsidiaries reaches NT\$30 million or more, and reaches 5 percent or more of the Company's net worth as stated in its latest financial statement.
3. The Company shall announce and report on behalf of any subsidiary thereof that is not a public company of the Republic of China any matters that such subsidiary is required to announce and report pursuant to subparagraph 4 of the preceding paragraph.
4. The Company shall evaluate or record the contingent loss for endorsements/guarantees, and shall adequately disclose information on endorsements/guarantees in its financial reports and provide certified public accountants with relevant information for implementation of necessary audit procedures.

Article 8: Control measures:

1. For the Company's endorsements/guarantees matters, the finance and accounting units

should establish a Log for the records of the endorsements/guarantees object, amount, the date of the resolutions reached by the Board of Directors, the endorsements/guarantees date and the matters to be carefully assessed.

2. Internal auditors shall perform auditing on the Company's endorsement/guarantee profile every quarter and produce written auditing reports. Should there be any violation found, a written report is needed to notify the Audit Committee and continuously track the improvement of the situation.
3. In case the above limits have to be exceeded to accommodate business needs, the approval from the Audit Committee and a resolution of the Board of Directors should be obtained and over half of all the directors should jointly endorse the potential loss that may be brought about by the excess of limits. The Board of Directors should also revise the Procedures and has it ratified at the Shareholders' Meeting. If the revised Procedures are not ratified at the Shareholders' Meeting, the Board of Directors should furnish a plan containing a timetable to withdraw the excess portion. Where the Company has established the position of independent director, when aforementioned discussion in the Board of Directors, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.
4. If, due to changes of circumstances, the party to whom the Company provided endorsement and/or guarantee no longer satisfies the criteria set forth in these procedures, or the amount of endorsement and/or guarantee exceeded the limits, a corrective plan shall be provided to the Audit Committee and the proposed correction actions should be implemented within the period specified in the plan.

Article 9: The control procedures for endorsements/guarantees processed by the subsidiaries

1. The Company's subsidiaries may not provide endorsements/guarantees to others without the resolution of the Board of Directors of the Company.
2. The Company's subsidiaries that intend to provide endorsements/guarantees for others should have the Procedures for endorsement and guarantee stipulated for compliance in accordance with the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ."
3. Subsidiaries that have endorsements/guarantees made for others should have the statement of endorsements/guarantees of the prior months prepared and presented to the Company before the 10th day of each month.
4. The Company's internal auditors shall at least quarterly audit the Procedures for endorsements/guarantees and their implementation with a written record kept for the subsidiaries that make endorsements/guarantees for others. Any serious violations identified should be communicated in writing to the Audit Committee and continuously track the improvement of the situation.

Article 10: Punishment for violating the Procedures

Should there be any violation of the "Regulations Governing Loaning of Funds and Making

of Endorsements/Guarantees by Public Companies” or these procedures that are detrimental to the Company’s interests, the Company’s management and the clerk-in-charge will be punished in accordance with the Company’s Personnel Management Rules.

Article 11: The Procedures are to be agreed to by the Audit Committee and then approved by the Board of Directors and resolved in the shareholders’ meeting for implementation. The documented or written objections of the directors, if any, should be presented to the supervisor and then proposed to shareholders’ meeting for discussion, same as for the amendments.

Where the Company has established the position of independent director, when submitting this procedure to the board of directors for discussion in accordance with the provisions of the preceding paragraph, it shall take into full consideration each independent director's opinions; independent directors' opinions specifically expressing assent or dissent and their reasons for dissent shall be included in the minutes of the board of directors' meeting.

Article 12: If there is any problem in the operation of this procedure, please follow the "Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies" announced by the Financial Supervisory Commission.

Amendment Date:

The 1st amendment was on May 27, 2003.

The 2nd amendment was on June 10, 2009.

The 3rd amendment was on October 29, 2009.

The 4th amendment was on June 28, 2011.

The 5th amendment was on June 6, 2012.

The 6th amendment was on June 4, 2013.

The 7th amendment was on June 18, 2015

The 8th amendment was on May 31, 2019

## **Lungyen Life Service Corp.**

### **Rules of Procedure for Shareholders Meetings**

- Article 1      The Company's Shareholders' Meeting, unless otherwise provided by law, shall be handled in accordance with the Rules of Procedure for Shareholders' Meetings.
- Article 2      The attendance register should be made available at the shareholders' meeting for the attending shareholders to sign or the attending shareholders may have attendance cards presented instead.  
The attendees' shareholding is calculated in accordance with the attendance register or the attendance cards collected.
- Article 3      The attendance and votes of the Shareholders' Meeting are counted by the number of shares.
- Article 4      The Shareholders' Meeting location must be at the Company's premises or where it is suitable and convenient for shareholders to attend. The shareholders' meeting time may not be earlier than 9:00am or later than 3:00pm
- Article 5      If the Shareholders' Meeting is convened by the Board of Directors, the Chairperson is to chair the meeting. The Chairperson who is on leave of absence or is unable to perform his/her duty is to be represented by the Vice Chairperson. If there is no Vice Chairperson or if the Vice Chairperson is also on leave of absence or is unable to perform his/her duty, the Chairperson is to appoint one general director to perform this duty. If there is no general director, the Chairperson is to appoint one director to perform this duty. If the Chairperson does not have a representative appointed to perform this duty, one of the general directors or directors is to be elected to perform this duty.  
If Shareholders' Meeting is convened by another authorized individual, the authorized individual is the chairperson to chair the meeting.
- Article 6      The Company's CPAs, lawyers or other related personnel may be invited to attend the board meeting.  
The service personnel for the shareholders' meeting shall wear identification badges or armbands.
- Article 7      The shareholders' meeting in session should be recorded or filmed and kept for at least one year.
- Article 8      The Chairperson shall declare the board meeting in session. However, the Chairperson may declare a postponement of the meeting at the meeting time when

the attending shareholders constitute less than a majority of shareholdings. The meeting is limited to two postponements for a total of less than 1 hour. A pseudo-resolution could be reached in accordance with Article 175 Section 1 of the Company Act if there are insufficient attendees to attend the meeting after two meeting postponements that represent more than one thirds of shareholders.

The Chairperson may have a pseudo-resolution reached if the attending shareholders constitute a majority of the shareholders before the end of the session and may have it presented again for resolution during the meeting in accordance with Article 174 of the Company Act.

**Article 9** If the shareholders' meeting is convened by the board of directors, its agenda is set by the board of directors. The meeting is conducted in accordance with the agenda and it may not be changed without the resolutions reached in the shareholders' meeting. The provision referred to above is applicable even when the shareholders' meeting is convened by other than the board of directors.

The Chairperson may not announce the meeting is adjourned until a resolution is reached for the two procedures (including motions) referred to above.

The shareholders may not elect another chairperson to continue the meeting at the original meeting place or in a new location after the meeting is adjourned. If the Chairperson has announced the meeting adjourned in violation of the procedures, the shareholders present with a majority of voting rights may elect a chairperson to continue the meeting.

**Article 10** The attending shareholders must fill out and submit the statement slip stating the purpose of the speech, the shareholder account number (or attendance card number) and account name for the Chairperson to determine the order of speakers.

The attending shareholders who present a statement slip but do not speak shall be deemed as not speaking. The content of the speech shall prevail if it is inconsistent with the statement slip.

The speech of the attending shareholders may not be interrupted by other shareholders, unless otherwise with the consent of the chairperson and the speaking shareholder. The chairperson must stop the offender from speaking.

**Article 11** Each shareholder may not speak on the same proposal more than twice and for not more than 5 minutes each time unless otherwise permitted by the Chairperson. However, the Chairperson may stop the shareholder from speaking if the speech is in violation of the regulations referred to above or outside the scope of the motion.

**Article 12** The legal person entrusted to attend the shareholders' meeting is entitled to appoint only one person.

If there is more than one proxy appointed by the institutional shareholder to attend



the shareholders' meeting, only one proxy can speak on the same motion.

- Article 13 The Chairperson may have the speech of the shareholder represented in person or by the designated personnel.
- Article 14 The Chairperson of the board meeting is to have the motion in discussion that is ready for balloting put to the vote.
- Article 15 The Chairperson is to appoint the controllers of ballot and tally clerks who are shareholders for the proposals to be put to vote, if any.  
The balloting results should be announced immediately at the meeting and it should be documented for record.
- Article 16 The Chairperson at his/her discretion may announce the meeting in recess.
- Article 17 Unless otherwise provided in the Company Act and the Company's Articles of Incorporation, the motion is passed in the meeting by the shareholders representing a majority of the balloting rights.  
The Chairperson is to consult the motion ready for balloting with the attendees at the meeting and it is deemed as having been passed if there are no objections raised.
- Article 18 For the motion with an amendment or alternative put to vote, the Chairperson is to have it prioritized for balloting with the original bill enclosed. If one of the motions is put on the ballot and passed, other motions shall be deemed as vetoed without the need for further balloting.
- Article 19 The Chairperson may command the marshals (or security guards) to assist with the maintenance of order. The marshals (or security guards) at the meeting venue assisting with maintenance of order shall wear armbands marked "Marshal."

## Current Shareholdings of Directors

1. Shareholdings of all Directors recorded in the Register of Shareholders on the book closure date (March 28, 2023) of the Annual Meeting of Shareholders all listed below.

Position	Name	Shareholdings Recorded in the Register of Shareholders on the Book Closure Date	
		Shares	%
Chairman	Wish Giver Limited	63,000	0.01%
	Representative: KELLY LEE		
Director	Wish Giver Limited		
	Representative: Lin, Su-Chien		
Director	Wish Giver Limited		
	Representative: Liu, Chiang-Pao		
Director	ORIX Asia Capital Limited	21,000,000	5.00%
Independent Director	Wang, Huai	0	0.00%
Independent Director	Yu, Ying-Chi	0	0.00%
Independent Director	Chen, Ming-Te	0	0.00%
<b>Total</b>		<b>21,063,000</b>	<b>5.01%</b>

2. The Company's paid-in capital is NT\$4,200,841,990 with issued outstanding shares totaling 420,084,199 shares. Minimum shareholding requirement for all Directors as a whole shall be 16,803,368 shares.
3. The Company established the Audit Committee thus no requirement on shareholding of Supervisor is applicable.
4. Shareholdings of the Company's Directors all conform to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".
5. Wish Giver Limited is established under the laws of the British Virgin Islands. In addition to directly holding shares of the Company, it also holds the shares of the Company through a trustee account established by Fubon Securities Co., Ltd. (hereinafter referred to as "FINI investment account "). As of April 2, 2024, Wish Giver Limited held 139,855,000 shares of the Company's common stock (including 139,792,000 shares directly held and 63,000 shares held through FINI investment account), accounting for 33.29% of the issued shares of the Company.

## Other Supplementary Explanation

1. Register of shareholders' proposal for 2024 Annual Meeting of Shareholders are listed below:
  - (1) In accordance with Article 172-1 of Company Act, shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words.
  - (2) In accordance with Article 192-1 of the Company Act and the Company's articles of association, the directors adopt a candidate nomination system. Shareholders holding more than 1% of the total issued shares can submit a written list of director candidates to the Company, but the number of nominations shall not exceed the Company's 7 directors (including independent directors) to be elected
  - (3) The period the Company accepted shareholders' proposal for the 2024 Annual Meeting of Shareholders was from March 22 to April 2, 2024, which was also announced in the Market Observation Post System web site in accordance to relevant laws and regulations.
  - (4) During the above mentioned period, the Company received no proposal from shareholders expect the nomination for candidate of Directors. The 7 candidates of Directors and Independent Directors nominated have been approve to be qualified by the Board meeting and were entered into the candidate list for the current election.
2. The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate:

The Company did not distribute stock dividend for year 2024, so does not applicable.