

Stock Code : 5530

Lungyen Life Service Corp.

(Formerly Known as Dahan Development Corp.)

2013 Annual Meeting of Shareholders

Handbook

Date: June 4, 2013

2013 General Meeting Booklet

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Lungyen Life Service Corp.
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2013 General Meeting Procedure

I. Announcement of the General Meeting in session (report on attendance by quantity of shares)

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IX. Meeting adjourned

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

2013 General Meeting Agenda

Time: June 4, 2013 (Tuesday), 09:00

Place: Conference Room, 11F, No. 97 Tunhua South Road Section 2, Taipei

I. Announcement of the General Meeting in session (report on attendance by quantity of shares)

II. Message from the Chairman

III. Reports

(I) Review of operations in 2012

(II) Auditing Committee's report on budget settlement in 2012

(III) Report on the partial amendment to the Board Meeting Procedure of the Company

(IV) Report on the application for listing the company on the TWSE/GTSM

IV. Points of recognition

(I) Recognition of the Review of Operation and Financial Statements in 2012.

(II) Recognition of the proposal of distribution of earnings in 2012

V. Point of discussion - Topic No. 1

(I) Amendment to the "Procedure for the Acquisition and Disposition of Assets"

(II) Amendment to the "Procedure for Guarantees and Endorsements"

(III) Amendment to the "Procedure for Financing"

VI. Election of the 11th term of the Board of Directors

VII. Point of discussion – Topic No. 2

(I) Lift the ban on newly-elected directors on the avoidance of conflicts of interest

VIII. Other and impromptu motions

IX. Meeting adjourned

Matters for Reporting

Case 1:

Summary: The Company's **Review of operations in 2012** is presented for approval.

Remarks: The **Review of operations in 2012** is as follows:

In 2012, the global economy was still in a state of uncertainty as the debt crisis in the Eurozone was yet to be resolved. Affected by this global economic uncertainty, domestic economic growth reached a historic low. The stock market also turned volatile because of poor economic performance. This was coupled with the levy of the securities exchange tax. Despite the adversity in the operating environment, the management team and all of the Company have made the best efforts to keep positive grow in operations.

Operating performance in 2012 was demonstrated by consolidated revenues amounting to NT\$4.837 billion, which is an increase of 8.57% from the same period of the previous year. Corporate earnings amounted to NT\$2.047 billion at a growth rate of 9.99% as compared with the same period of the previous year. The consolidated total assets in 2012 amounted to NT\$38.8 billion with a total market value of NT\$37.3 billion. The stock price of the Company performed well as the operating performance of the management team was applauded by the public. This is the commitment of the Company to society. The Company will create the best interest for shareholders' equity as its corporate social responsibility.

I shall review the 2012 and the current business year operations as follows:

I. Review of Operations in 2012:

(I) Attainment of the Business Plan:

Currency unit: NTD thousand / NTD for EPS; %

Title	2012	2011	Change in amount	Change in proportion (%)
Revenues	4,374,260	4,171,898	202,362	4.85%
Cost of operations	1,218,764	1,239,538	(20,774)	(1.68%)
Gross profit	3,155,496	2,932,360	223,136	7.61%
Operating expenses	1,199,575	1,172,341	27,234	2.32%
Operating income	1,955,921	1,760,019	195,902	11.13%
Net non-operating income and expenses	329,521	240,320	89,201	37.12%
Income tax expenses	238,273	139,062	99,211	71.34%
Net profit in the current period	2,047,169	1,861,277	185,892	9.99%

(II) Income and expenses:

As of December 31, 2012, the Company had total assets amounting to NT\$37,606,381,000 and total liabilities amounting to NT\$29,299,578,000 with a ratio of 77% assets to liabilities. Liabilities amounted to NT\$2,833,244,000 net of advance receipts from operation. After the deduction of the said amount, the assets to liabilities ratio was 7.53%.

(III) Profitability analysis:

Title	2012	2011
Return on assets %	5.44	4.91
Return on equity %	24.64	24.94
Net profit rate %	44.61	44.61
Earnings per share (NTD)	5.13	4.68

II. Outline of the 2013 Business Plan

(I) Business Policy:

1. Proper attainment of business objectives
2. Proper allocation of capital for efficient financial performance
3. Intensification of risk management to reinforce operating foundations
4. Upgrade operations management for higher corporate value
5. Performance of corporate social responsibility and improvements to corporate image

(II) Implementation:

1. Proper attainment of business objectives

Yield the effects from merging cemeteries in northern, central and southern Taiwan. Enhance the permeability of products through cross-integration of customers, channels and products with the support of services from one-stop shops. This will help to increase market share. In addition, the Company also aims at the developing the market in Mainland China.

2. Proper allocation of capital for efficient financial performance

Take capital market opportunities and design for the best adequate capital to upgrade financial performance. Design for a viable system of operations management, in line

with the changes in the legal environment, to enhance operating efficiency.

3. Intensification of risk management to reinforce operating foundations

Revitalize internal control and auditing functions, review and revise regulations governing risk management, update internal control process in a timely manner, and upgrade the risk management capacity.

4. Upgrade operations management for higher corporate value

Promote human resource exchanges within the group and develop a human resources development plan in order to pool strong human capital and enhance our competitive edge. Use information technology to integrate operations and services for maintaining innovative competitive advantage. Develop procurement bargaining power to effectively reduce cost and maintain stable profit growth for the group in the long run.

5. Performance of corporate social responsibility and improvements to corporate image

Support government policies and link business philosophy to social charities in order to yield synergies in business operations. Continue to give back to society and make customers, employees and shareholders satisfied.

(III) Projected sales volume in 2013

Unit: SET

Product Name	Projected sales volume
Columbarium	
Cemetery	
Pre-need contract	
Total	

III. Development Strategy for the Future

The development strategy of the Company in 2013 is still aimed at increasing the market share in the local market for funeral and burial services. Governed by the regulations of the government, and exposed to competition in the industry, the development of products and services will have the following changes:

- (1) The rise of environmental protection: the aging population in society has been on the rise over the years. The cemeteries public use will be fully consumed very shortly. To avoid the living and the deceased competing for land, the Ministry of Interior urges the public to support the policy of the government in advocating burial trees, cremation, burial at sea, or natural burial methods. Currently, there are 13 public cemeteries in Taiwan offer the tree burial or dispersion of ashes and they have provided services for more than 4,000 deceased. There were also more than 600 deceased people buried at sea. It takes time to change the mindsets of people, and additional effort is required in educating and encouraging people in accepting new forms of burial. In the advent of these changes, Lungyen has to prepare and align itself in order to create a win-win situation for customers, the government, and

the Company.

- (2) Changes in funeral services: the proposal for the establishment of special funeral service zones in different districts was abandoned. As such, cremation of bodies is seriously backed up. To deal with the problem, the government of New Taipei adopted the practice of “direct burial” from Japan, where the families of the deceased are encouraged cremating the bodies of the deceased before arranging the funeral service. This solution helps to solve the problems of fully-booked morgues and related sanitation problems. It also alleviates pressure on relatives when picking a date for cremation and arranging space at funeral homes. This reform is not mandatory, but is being encouraged. As the funeral and burial service sector moves toward the habit of environmental protection and frugality, Lungyen – being the leader in the industry – will encourage customers to practice direct cremation of bodies and then arrange for the funeral later. The Company will be the pioneer in setting up these kinds of facilities in different areas of Taiwan to make it convenient for customers in arranging funerals in relevant locations.
- (3) Globalization and professionalism: the prosperous development of the Internet allows for the rapid and frequent flow of information. The concept of the global village has been firmly developed among people. As such, it is pressing for the Company to satisfy the needs of customers of different ethnic groups and different religions in order to enhance the corporate image of the Company. Therefore, the Company will intensify its visits and exchanges with other countries to make services available for different cultural and religious backgrounds. With the joint efforts of the government, academia, and the big funeral and burial service providers, people engaging in funeral services can receive systematic and professional training with proper national licensing. This new system will replace the hereditary system from the old days and makes improvements to the service content.
- (4) Transparency and the public: customer-orientation has been fully developed in different sectors of the consumer market. Naturally, the funeral and burial service sector is no exception. In the future, the ceremonial process of the funeral, the content of the service, the items supplied, the scene layout, and itemized service bills will offer transparency and public accountability in order to meet the strong demands of customers.

A number of social problems have surfaced in Taiwan, including the rise in the ageing

population and the low birth rate. The Company has taken every opportunity to develop the burial service market and has emerged as the leader in living deeds, ceremonial services, and the sale of columbarium space. We do our best in all services with a view to extending them to all corners of the ethnic Chinese market.

IV. The effect of competition, the legal environment and the macroeconomic situation

The competent authority of the country has already established an effective code governing the funeral and burial service industry and has issued related regulations for protecting consumers. These measures have regulated the funeral and burial service providers and help to screen out poor performers in the industry. Lungyen has always maintained the principle of running its business lawfully. These regulations simply protect the Company in this regard.

Funeral and burial services are a need of all people and thus sales performance has not been affected by economic cycles. In the future, the Company will continue to live up to the principles of professionalism, integrity and kindness in business, and will enhance its operating performance, reinforce the foundations of its operation, and thus perform even better. In so doing, the Company shall optimize shareholders' equity, contribute to the prosperity of society, and serve as a contributor to national economic development.

May I express my gratitude to all shareholders for their support in the previous year, and kindly ask for your further support and encouragement in the future. Thank you very much.

Chairman: Lee Shih-Tsung

Manager: Liu Wei-Lung

Chief Accountant: Chan Shu-Chuan

Case 2:

Summary: **The 2012 Audit Committee's report** is proposed for approval.

Remarks: **The 2012 Audit Committee's report** is proposed as follows:

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Auditing Committee's report on the budget settlement in 2012

Authorized

The Board of Directors has the Company's 2012 business report, financial statements, and earnings distribution report prepared and presented, in which the financial statements have been audited by CPA Jia Xiu Chen and CPA Li Zhen Lai of KPMG Taiwan with an independent auditor's report issued.

The business report, financial statements, and earnings distribution report referred to above are audited and concluded by the Audit Committee members in compliance with Article 14.4 of the Securities and Exchange Act and Article 219 of the Company Law.

To

Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.) 2013 General Shareholders' Meeting

Independent Director: Liu Chi-Husan

Independent Director: Yeh Shu

Independent Director: Huang You-Bin

March 22, 2013

Case 3:

Summary: The Company’s amendment report for “Rules of Procedure for Board of Directors Meetings” is presented for approval.

Remarks: Please refer to the table below for the outlined amendments to the “**Rules of Procedure for Board of Directors Meetings**”.

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Report on the partial amendment to the “Board Meeting Procedure” of the Company

Clause	Original clause	Amended clause	References and reasons for amendments
Article 8 Section 2	The personnel of the relevant departments may be notified to attend the board meeting depending on the contents of the proposal. If necessary, CPAs, lawyers, or other professionals may also be invited to attend the board meeting.	The personnel of the relevant departments or <u>subsidiaries</u> may be notified to attend the board meeting depending on the contents of the proposal. If necessary, CPAs, lawyers, or other professionals may also be invited to attend the board meeting <u>and give statements. However, they shall be excused at the time of discussion and balloting.</u>	Amending the requirements of the board members attending the board meeting in accordance with the “Rules of Procedure for Board of Directors Meetings by Public Companies.”
Article 12	The following matters should be presented to the board of directors for discussion: 1. The Company’s business plan 2. The annual financial report and interim financial report 3. Stipulate or revise the internal control system in accordance with Article 14.1 of the Securities and Exchange Act (hereinafter referred to as the “SEA”). 4. Stipulate or revise the regulations governing the significant financial business behaviors, including the acquisition and disposal of assets, trading of financial derivatives, loaning of funds, and handling endorsement/guarantees in	The following matters should be presented to the board of directors for discussion: 1. The Company’s business plan 2. The annual financial report and interim financial report. <u>Interim financial statements that are not required to be audited by the CPAs are not subject to this requirement.</u> 3. Stipulate or revise the internal control system in accordance with Article 14.1 of the Securities and Exchange Act (hereinafter referred to as the “SEA”). 4. Stipulate or revise the regulations governing the significant financial business behaviors, including the acquisition and disposal of	“Semi-annual” has been modified to “second quarter” in line with the amendment to Article 36 of the Securities and Exchange Act.

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>accordance with Article 36.1 of the Securities and Exchange Act.</p> <p>5. Public offering, issuance, or private placement of equity-type securities.</p> <p>6. The appointment and dismissal of the Finance Officer, Accounting Officer, or Internal Chief Auditor.</p> <p>7. Significant matters that are required by Article 14.3 of the Securities and Exchange Act and other laws or regulations and the Articles of Incorporation to be resolved in the shareholders' meeting or the board meeting or regulated by the competent authorities.</p> <p>For the matters to be resolved by the board of directors according, to Article 14.3 of the Securities and Exchange Act, the independent directors shall present in person or shall be represented by other independent directors by proxy. The objections or reservations of the independent directors should be documented in the minutes of the meeting. The independent directors who cannot attend the board meeting in person to express their opposition or reservation, unless with a proper cause, must have a written opinion submitted in advance and then documented in the minutes of the meeting.</p>	<p>assets, trading of financial derivatives, loaning of funds, and handling endorsement/guarantees in accordance with Article 36.1 of the Securities and Exchange Act.</p> <p>5. Public offering, issuance, or private placement of equity-type securities.</p> <p>6. The appointment and dismissal of the Finance Officer, Accounting Officer, or Internal Chief Auditor.</p> <p><u>7. Donations to related parties or material donations to non-related parties. However, donations for emergency relief due to a major natural disaster may be submitted at the next board meeting for ratification.</u></p> <p><u>8. Significant matters that are required by Article 14.3 of the Securities and Exchange Act and other laws or regulations or the Articles of Incorporation to be resolved in the shareholders' meeting or the board meeting or regulated by the competent authorities.</u></p> <p><u>The alleged "related party" in Paragraph 7 of the section referred to above follows the definition given in the "Regulations Governing the Preparation of Financial Reports by Securities Issuers." The "significant donations to a non-related party" applies when each donation amount, or the accumulated donation amounts, to one entity within one year is over NT\$100 million or 1% of the net operating income or 5% of the paid-in capital in the most recent certified financial report. (For the stock of a foreign company without a par value, or with a par</u></p>	<p>The stipulation of the "related party transaction" is added in accordance with the "Rules of Procedure for the Public Company's Board of Directors Meetings".</p> <p>The stipulation of the "related party transaction regulations and term" is added.</p>

Clause	Original clause	Amended clause	References and reasons for amendments
		<p><u>value other than NT10, the requirement of 5% of paid-in capital is based on 2.5% of the shareholders' equity.)</u></p> <p><u>The "within one year" referred to above means for the one year prior to the board meeting convening date, excluding any parts that had already been resolved in the board meeting.</u></p> <p>For the matters to be resolved by the board of directors, according to Article 14.3 of the Securities and Exchange Act, the independent directors shall present in person or shall be represented by other independent directors by proxy. The objections or reservations of the independent directors should be documented in the minutes of the meeting. The independent directors who cannot attend the board meeting in person to express their opposition or reservation, unless with a proper cause, must have a written opinion submitted in advance and then documented in the minutes of the meeting.</p>	
Article 15	<p>For underlying matters discussed in the board meeting that the board directors or the legal person they represent have a conflict of interest, the board directors may not participate in the discussion and balloting. Furthermore, they must be excused from the meeting and cannot act on behalf of other directors to exercise their voting rights.</p> <p>For the Company's board directors who cannot exercise their voting rights in accordance with the provisions referred to above, according to Article 206 Section 2 of the Company Law,</p>	<p>Board directors <u>must reveal their interests and the interests of the legal person they represent in the underlying matters in the board meeting. If the said interests of theirs are detrimental to the Company's interests, they</u> may not participate in the discussion and balloting. Furthermore, they <u>are not allowed to join the discussion and voting and</u> must be excused from the meeting and cannot act for or on behalf of other directors to exercise their voting rights.</p> <p>For the Company's board directors who cannot exercise their voting rights in accordance with the provisions referred to above,</p>	Explained the relationship of the motion with the board director's interest in accordance with the "Rules of Procedure for Board of Directors Meetings by Public Companies."

Clause	Original clause	Amended clause	References and reasons for amendments
	the resolution of the board of directors can be handled in accordance with Article 180 Section 2 of the Company Law.	according to Article 206 Section 2 of the Company Law, the resolution of the board of directors can be handled in accordance with Article 180 Section 2 of the Company Law.	
Article 16	<p>The minutes of meeting must be prepared for the Company’s board meeting with the following information detailed:</p> <ol style="list-style-type: none"> 1. The session (or year), time and place of the meeting. 2. The name of the chairman. 3. Directors’ attendance, including the name and the number of the directors who are present, have leave of absence, or are absent. 4. Name and title of the attendees. 5. Name of the clerk. 6. Reporting matters. 7. Matters to be discussed: Proposal resolution methods and results, statements of the directors, supervisors, experts and other staff, documented or written objections or reservations and the written opinion of the independent directors issued in accordance with Article 12 Section 2. 8. Motion: The names of the proposer, the proposal resolution methods and results, the statement of the directors, experts and other staff, and documented or written objections or reservations. 9. Other noticeable particulars. The resolutions reached by the Board of Directors that fall under any of the following categories must be documented in the minutes of the meeting and announced and reported online on the website designated by the competent authorities within two days from the board meeting 	<p>The minutes of meeting must be prepared for the Company’s board meeting with the following information detailed:</p> <ol style="list-style-type: none"> 1. The session (or year), time and place of the meeting. 2. The name of the chairman. 3. Directors’ attendance, including the name and the number of the directors who are present, have leave of absence, or are absent. 4. Name and title of the attendees. 5. Name of the clerk. 6. Reporting matters. 7. Matters to be discussed: Proposal resolution methods and results, statements of the directors, experts and other staff, <u>name of the board directors with interests involved according to Section 1 of the clause referred to above, the description of the interests involved, the reasons for having or not having themselves excused from attending the meeting, their being excused from attending the meeting</u>, documented or written objections or reservations, <u>and</u> the written opinions issued by the independent directors in accordance with Article 12 Section 4. 8. Motion: the names of the proposer, the proposal resolution methods and results, the statement of the directors, experts and other staff, <u>the name of board directors with interests involved according to Section 1 of the clause referred to above, the description of the interests</u> 	<p>Explain the relationship between the resolutions motioned and the board director’s interests in accordance with the “Rules of Procedure for Board of Directors Meetings by Public Companies.”</p> <p>Explain the resolutions reached for the relationship between the motion and the board director’s interest in accordance with the “Rules of Procedure for Board of Directors Meetings by Public Companies.”</p> <p>Renamed by the</p>

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>date:</p> <p>1. Independent director's recorded or documented objections or reservations;</p> <p>2. The Company's matters without the consent of the Audit Committee but with the consent of more than two thirds of the board directors.</p> <p>The board of director's attendance register is an integral part of the meeting minutes and should be kept properly throughout the duration of the company.</p> <p>The minutes of the meeting must be signed or sealed by the Chairman and the clerk. The minutes of meeting must be distributed to the directors and supervisors within 20 days after the meeting. The minutes of the meeting are an important document of the Company and must be kept throughout the duration of the Company's existence.</p> <p>The preparation and distribution of the minutes of the meeting referred to in Section 1 can be processed electronically.</p>	<p><u>involved, the reasons for having or not having themselves excused from attending the meeting,</u> their being excused from attending the meeting, and documented or written objections or reservations.</p> <p>9. Other noticeable particulars. The resolutions reached by the Board of Directors that fall under any of the following categories must be documented in the minutes of meeting and announced and reported online on the website designated by the competent authorities within two days from the board meeting date:</p> <p>1. Independent director's recorded or documented objections or reservations.</p> <p>2. The Company's matters without the consent of the Audit Committee but with the consent of more than two thirds of the board directors.</p> <p>The board of director's attendance register is an integral part of the meeting minutes and should be kept properly throughout the duration of the company.</p> <p>The minutes of the meeting must be signed or sealed by the Chairman and the clerk. The minutes of meeting must be distributed to the directors and supervisors within 20 days after the meeting. The minutes of the meeting are an important document of the Company and must be kept throughout the duration of the Company's existence.</p> <p>The preparation and distribution of the minutes of the meeting referred to in Section 1 can be processed electronically.</p>	<p>competent authority</p>

The 1st amendment was on January 1, 2007
The 2nd amendment was on March 31, 2011
The 3rd amendment was on March 19, 2012

The 4th amendment was on March 14, 2013

Case 4:

Summary: **Report on the application for listing the company on the TWSE/GTSM** is presented for approval.

Remarks: The Company is currently listed with GreTai and traded over-the-counter. The Company intends to apply to the Taiwan Stock Exchange for listing at the right time in line with its long-term development and competitiveness-strengthening plans.

Points of Recognition

Case 1: (Proposed by the board of directors)

Summary: The Company has the **operation and financial statement reviews in 2012** presented for approval.

Remark: 1. The Company's **operation and financial statement reviews in 2012** (including balance sheet, income statement, statement of changes in shareholders' equity and statement of cash flow and consolidated balance sheet, consolidated income statement, consolidated statements of changes in shareholders' equity and consolidated statement of cash flow) as detailed in Attachment 1 and Attachment 2. (Please refer to Page 25~35 of the Agenda Handbooks)

2. The financial statements referred to above that were audited by CPA Lai Li-Zhen and CPA Chen Jia-Xiu of KPMG Taiwan is presented for recognition.

(Please visit the website at on the MOPS for the financial statements in details
<http://newmops.twse.com.tw>)

Resolutions:

Case 2: (Proposed by the board of directors)

Summary: The Company's **proposal for distribution of earnings in 2012** is presented for recognition.

Remarks:

1. The Company's net income amounted to NT 2,047,168,785 in 2012 and the unappropriated earnings amounted to NT 559,396,215 in 2011 for a grand total of NT 2,606,565,000 that is proposed to be distributed as follows:
 1. Legal reserve appropriated: NT 204,716,879
 2. Special reserve appropriated: NT 5,682,602
 3. Shareholders' dividends: NT 1,316,977,856 of the distributable earnings will be appropriated for the distribution of cash dividend at NT3.3 per share. Cash dividend is distributed prorated currently with the amount rounded up to the dollar. Also, it is adjusted by a decimal point from large to small and the account number from front to back in order to match up with the total cash dividends distributed.
 4. Remuneration to directors and supervisor: It is estimated to be NT 27,154,183.
 5. Bonus to employees: The cash dividend is estimated to be NT 13,577,091.
 6. Please refer to Attachment 4 for the distribution of earnings in detail.
 7. For the distribution of cash dividends to shareholders, the board of directors is authorized to schedule the ex-dividend date as soon as it is resolved at the shareholders' meeting.
 8. The Company's adopting the International Financial Reporting Standards (IFRSs) for the first time is as follows:
 - (1) The Company's adopting the IFRSs for the compilation of the financial statements

on January 1, 2012 (conversion date) caused the additional paid-in capital reduced by NT59,736,000, the retained earnings reduced by NT613,255,000, so the grand total of shareholders' equity reduced by NT672,991,000. The additional paid-in capital on January 1, 2013 after adding the reduction amount referred to above was reduced by NT59,736,000, retained earnings was reduced by NT576,924,000, so the grand total of shareholders' equity was reduced by NT636,660,000.

- (2) According to 101.4.6 the FSC.f.a.t.zi No. 1010012865 Letter, no appropriation of special reserve is needed for the impact on the retained earnings.
9. Please refer to Attachment 4 for the distribution of earnings in detail.
2. If the outstanding stock shares are affected that have caused changes to shareholder's dividend ratio due to the Company's repurchasing treasury shares and cash capitalization before the Ex-dividend date, the board of directors is authorized in the shareholders' meeting to deal with the correction needed.
3. For the distribution of cash dividend to shareholders, the board of directors is authorized to schedule the ex-dividend date as soon as it is resolved at the shareholders' meeting.
4. Hereby apply for recognition.

Resolutions:

Lungyen Life Service Corp.
2012 Distribution of Earnings

Item	Unit: NT
	Amount
Balance – beginning	559,396,215
Added: Net income	2,047,168,785
Earnings available for distribution	2,606,565,000
Appropriate 10% legal reserve	204,716,879
Appropriation of special reserves	5,682,602
Current earnings available for distribution	2,396,165,519
Distribution:	
1. Cash dividend to shareholders – 97% (estimated NT3.3 per share)	1,316,977,856
2. Stock dividend to shareholders – 0%	-

Note: (NT3.3 per share)

Remuneration to directors and supervisors – 2% (NT27,154,183)

Bonus to employees – 1% (NT13,577,091)

Chairman: Lee Shih-Tsung

Manager: Liu Wei-Lung

Chief Accountant: Chan Shu-Chuan

Point of Discussion - Topic No. 1

- Case 1: (Proposed by the board of directors)
- Summary: **The Amendment to the “Procedure for the Acquisition and Disposition of Assets”** is proposed for discussion.
- Remark: The Company’s **“Procedure for the Acquisition and Disposition of Assets”** will be amended line with the laws and regulations amendments and the needs for business operations. The comparison table of the **“Procedure for the Acquisition and Disposition of Assets”** amendment before and after is as follow:

Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.)

The comparison table of the “Procedure for the Acquisition and Disposition of Assets” amendment before and after

Clause	Original clause	Amended clause	References and reasons for amendments
Article 10 Section 3	For the acquisition or disposal of operating machinery and equipment between the public company and the parent company or the subsidiary, the board of directors may authorize the Chairman in accordance with Article 7 Section 1 Paragraph 3 to have a decision made within the quota and then reported at the most recent board meeting for ratification.	For the acquisition or disposal of operating machinery and equipment between the public company and the parent company or the subsidiary, the board of directors may authorize the Chairman in accordance with Article 7 Section 1 Paragraph 3 to have a decision made within an amount of NT\$300 million and then reported to the most recent board meeting for ratification.	Define the amount authorized to the chairman in accordance with the “Guidelines for Handling Acquisition and Disposal of Assets by Public Companies.”
Amendment date	The 1st amendment was on May 27, 2003. The 2nd amendment was on June 10, 2007. The 3rd amendment was on October 29, 2009. The 4th amendment was on October 12, 2010. The 5th amendment was on June 28, 2011. The 6th amendment was on June 6, 2012.	The 1st amendment was on May 27, 2003. The 2nd amendment was on June 10, 2007. The 3rd amendment was on October 29, 2009. The 4th amendment was on October 12, 2010. The 5th amendment was on June 28, 2011. The 6th amendment was on June 6, 2012. <u>The 7th amendment was on June 4, 2013</u>	

Resolutions:

Case 2:

(Proposed by the board of directors)

Summary:

The Amendment to the “Procedure for Guarantees and Endorsements” is proposed for discussion.

Remark:

The Company’s **“Procedures for Endorsement and Guarantee”** will be amended in line with the need of business operation. The comparison table of the **“Procedures for Endorsement and Guarantee” amendment** before and after is as follow:

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

The comparison table of the “Procedures for Endorsement and Guarantee” amendment before and after

Clause	Original clause	Amended clause	References and reasons for amendments
Article 7 Section 3	(3) The total endorsement and guarantee amount made for one single enterprise by the Company and its subsidiaries exceeds NT10 million; also, the total endorsement and guarantee, long-term investment and loaning of funds exceed 30% of the net value on the Company’s most recent financial statements.	(3) The endorsement or guarantee amount for individual enterprise made by the Company and its subsidiaries shall not exceed NT10 million; also, the endorsement and guarantee for <u>long-term</u> investment and loaning of funds exceeds 30% of the net value in the most recent financial statements.	Revise the wordings of long-term investment in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees by Public Companies.”
Article 12	<Addition>	<u>The matters that are not properly addressed in the operating procedure should be processed in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees” published by Financial Supervisory Commission.</u>	The operating procedure is amended in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees by Public Companies”. If the operating procedure is not amended in time, it should be processed in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees by Public Companies”.
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 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. <u>The 6th amendment was on June 4, 2013</u>	Adding the current amendment date

Resolutions:

Case 3: (Proposed by the board of directors)
 Summary: **The Amendment to the “Procedure for Loaning of Funds”** is proposed for discussion.
 Remark: The Company’s **“Procedure for Loaning of Funds”** will be amended in line with the need of business operation. The comparison table of the “Procedures for Endorsement and Guarantee” amendment before and after is as follow:

Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.)

The comparison table of the “Procedures for Loaning of Funds” amendment

Clause	Original clause	Amended clause	References and reasons for amendments
Article 4 Section 3	3. The loaning of funds between the foreign companies with 100% shareholdings with voting rights held by the Company directly and indirectly is not subject to the two restrictions referred to above.	3. The loaning of funds between the foreign companies with 100% shareholding with voting right held by the Company directly and indirectly is not subject to the two restrictions referred to above. <u>However, financing amount shall not exceed 40% of the net value of the debtor; also, it is not applicable to Article 12 Section 1 Paragraph 7 and Article 17 Section 4 of the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees by Public Companies”.</u>	Define the loan quota granted to foreign companies and replacing a seal with a signature by the foreign company in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees by Public Companies.”
Article 12	<Addition>	<u>The matters that are not properly addressed in the operating procedure should be processed in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees” published by Financial Supervisory Commission.</u>	The operating procedure is amended in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees by Public Companies”. If the operating procedure is not amended in time, it should be processed in accordance with the “Guidelines for Handling Loaning of Funds and Endorsements and Guarantees by Public Companies”.

Clause	Original clause	Amended clause	References and reasons for amendments
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 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 <u>The 6th amendment was on June 4, 2013</u>	Adding the current amendment date

Resolutions:

Election matters

Case 1: (Proposed by the board of directors)

Summary: Proposed to **election of the 11th term of the board of directors.**

Remarks: In order to comply with the corporate governance principles and guidelines for listing, the by-election of two directors is proposed for a term from June 4, 2013 to June 5, 2015.

Election results:

Point of Discussion - Topic No. 2

Case 1: (Proposed by the board of directors)

Summary: Proposed agreement to **lift the ban on newly-elected directors on the avoidance of conflict of interests.**

Remark: 1. According to Article 209 of the Company Law, board directors that have acted within the Company's business scope for themselves or others should explain their behavior during the shareholders' meeting to obtain permission.
2. For the Company's newly elected directors or the companies that have invested in or have operated the same or similar business as the Company and served as directors, an agreement is hereby proposed in the shareholders' meeting to lawfully lift the competition restrictions on the newly elected directors and the representatives of the statutory directors.

Resolutions:

Other proposals and impromptu motions

Meeting adjourned

Independent Auditor's Audit Report and financial statements in 2012

To Board of Directors of Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.):

We have audited the balance sheets of Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.) as of December 31, 2012 and 2011, and the related statements of income, statement of changes in shareholders' equity and statement of cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. The financial statements of some investees of Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.) and its subsidiaries evaluated under equity method were audited by other auditors. All amounts related to investment income and the information about the investees presented in the foregoing financial statements was accounted for on the basis of the investee's financial statement audited by other auditors. The long-term equity investment under equity method of said investees were NT\$30,024 thousand and NT\$29,305 thousand as of December 31, 2012 and 2011, accounting for 0.08% and 0.08% of the total assets, respectively. The investment loss, net recognized in 2012 and 2011, were NT\$49 thousand and NT\$394 thousand, accounting for 0.002% and 0.020% of the net income before income tax, respectively.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.) and its subsidiaries of December 31, 2012 and 2011, and the results of their operations and their cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

As stated in Note 1 of Financial Statements, Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.) has had been with Lungyen Life Service Co., Ltd. upon resolution made by the temporary shareholders' meeting on October 12, 2010. The consolidation was completed on February 1, 2011. The surviving company upon consolidation was Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.) and the company was renamed Lungyen Life Service Corp.

Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.) has prepared its financial statements for 2012 and 2011, and we also expressed revised unqualified opinions and unqualified opinions in our auditor's reports for reference.

KPMG

CPA:

Approval Document issued by the competent securities authority:
March, 2012

(2000) Tai-Tsai-Chen (6) No. 62474
(1999) Tai-Tsai-Chen (6) No. 18311

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Balance Sheet

For The Years Ended December 31, 2012 and 2011

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

		12.31.2012		12.31.2011					
		Amount	%	Amount	%			Amount	%
Assets									
Current assets:									
1100	Cash and cash equivalents (Note 4(1))	\$ 191,984	1	413,762	1	2100	Short-term loan (Note 4(12))	\$ 1,940,000	5
1120	Receivable notes and accounts, net (Note 7(7))	208,217	1	121,851	-	2120	Payable notes and accounts, net	322,149	1
1310	Financial assets at fair value through profit or loss – current (Notes 4(2) and (6))	310,292	1	623,890	2	2130	Payable accounts – related parties (Note 5)	28,436	-
1190	Other financial assets – current (Note 5 and 7)	1,520,155	4	1,194,025	3	2160	Payable income tax (Note 4(16))	84,189	-
1221	Building and land held for sale (Note 4(3))	5,957	-	8,810	-	2170	Payable expenses (Note 4(19))	205,573	1
1222	Columbarium and Cemetery for sale (Note 4(3))	1,441,333	4	1,804,939	5	2210	Other payables (Note 5)	150,312	-
1223	Construction land (Notes 4(4) and 6)	1,094,244	3	1,094,244	3	2262	Advance receipts for real estate (Note 4(13) and 7)	144	-
1224	Construction in process (Notes 4(5), 5, 6 and 7)	6,721,921	18	6,871,121	18	2263	Advance receipts (Notes 4(14), 5 and 7)	26,466,334	70
1225	Land prepayment (Notes 4(6) and 7)	486,565	1	484,013	1	2280	Other current liabilities	39,132	-
1285	Deferred marketing expenses (Note 4(7))	8,746,108	23	8,878,656	23			<u>29,236,269</u>	<u>77</u>
1291	Restricted (Note 6)	194,476	1	195,922	1				
1298	Other current assets (Note 4(16))	223,634	1	158,999	1	2810	Accrued pension liabilities (Note 4(15))	20,314	-
		<u>21,144,886</u>	<u>58</u>	<u>21,850,232</u>	<u>58</u>	2820	Deposit received	42,995	-
Fund and long-term investment:								<u>63,309</u>	<u>-</u>
1421	Long-term equity investment under the equity method (Note 4(8))	1,615,864	4	1,722,407	5				
1480	Financial assets carried at cost – non-current (Note 4(2))	521,819	1	65,471	-			<u>65,534</u>	<u>-</u>
1440	Other financial assets – non-current (Note 5)	25,955	-	41,601	-				
		<u>2,163,638</u>	<u>5</u>	<u>1,829,479</u>	<u>5</u>			<u>29,299,578</u>	<u>77</u>
Property, plant and equipment (Notes 4(5), (9), 5, 6 and 7):									
1501	Land	1,974,767	5	2,671,636	7	3110	Capital stock:	3,990,842	11
1521	House and building	639,816	2	714,976	2		Common stock		
1531	Office equipments	91,210	-	90,428	-	3211	Capital surplus:	1,392,072	4
1551	Transportation equipment	86,756	-	45,750	-		Common stock premium	59,736	-
1552	Other equipments	38,612	-	33,710	-	3260	Long-term investment	1,451,808	4
1553	Assets rented to others	7,853,680	21	8,001,689	21				
1621	Leased assets	30,035	-	30,035	-	3310	Retained earnings:	263,270	1
1631	Leasehold improvement	821	-	821	-		Legal reserve	14,153	-
1671	Unfinished construction	2,166,028	6	1,076,935	3	3320	Special reserve	2,606,565	7
1672	Advance receipts for real estate and equipment	42,619	-	36,534	-	3351	Unappropriated earnings	2,883,988	8
		<u>12,924,344</u>	<u>34</u>	<u>12,702,514</u>	<u>33</u>				
15X9	Less: accumulated depreciation	<u>(712,307)</u>	<u>(2)</u>	<u>(634,625)</u>	<u>(2)</u>	3420	Other shareholders' equity:	(20,204)	-
		<u>12,212,037</u>	<u>32</u>	<u>12,067,889</u>	<u>31</u>		Accumulated translation adjustment	369	-
Intangible assets (Note 4(10)):						3451	Unrealized loss from financial assets	(19,835)	-
1710	Trademark right	192,750	1	192,750	1				
1760	Goodwill	542,428	1	542,428	1			<u>8,306,803</u>	<u>23</u>
		<u>735,178</u>	<u>2</u>	<u>735,178</u>	<u>2</u>				<u>20</u>
Other assets:									
1860	Deferred income tax assets – non-current (Note 4(16))	478,396	1	561,915	2				
1880	Other deferred expenses	42,498	-	46,475	-				
1888	Other assets – others (Notes 4(11) and 6)	829,748	2	779,692	2				
		<u>1,350,642</u>	<u>3</u>	<u>1,388,082</u>	<u>4</u>				
Total assets		<u>\$ 37,606,381</u>	<u>100</u>	<u>37,870,860</u>	<u>100</u>				
		<u>12.31.2012</u>		<u>12.31.2011</u>					
							Liabilities and shareholders' equity		
							Current liabilities:		
							Short-term loan (Note 4(12))	\$ 1,940,000	5
							Payable notes and accounts, net	322,149	1
							Payable accounts – related parties (Note 5)	28,436	-
							Payable income tax (Note 4(16))	84,189	-
							Payable expenses (Note 4(19))	205,573	1
							Other payables (Note 5)	150,312	-
							Advance receipts for real estate (Note 4(13) and 7)	144	-
							Advance receipts (Notes 4(14), 5 and 7)	26,466,334	70
							Other current liabilities	39,132	-
								<u>29,236,269</u>	<u>77</u>
									<u>80</u>
							Other liabilities:		
							Accrued pension liabilities (Note 4(15))	20,314	-
							Deposit received	42,995	-
								<u>63,309</u>	<u>-</u>
								<u>65,534</u>	<u>-</u>
								<u>29,299,578</u>	<u>77</u>
								<u>30,408,290</u>	<u>80</u>
							Total liabilities		
							Shareholders' equity (Notes 4(8), 4(16), 4(17), 4(18) and 4(19)):		
							Capital stock:	3,990,842	11
							Common stock		
							Capital surplus:	1,392,072	4
							Common stock premium	59,736	-
							Long-term investment	1,451,808	4
							Retained earnings:	263,270	1
							Legal reserve	14,153	-
							Special reserve	2,606,565	7
							Unappropriated earnings	2,883,988	8
							Other shareholders' equity:	(20,204)	-
							Accumulated translation adjustment	369	-
							Unrealized loss from financial assets	(19,835)	-
							Total shareholders' equity	8,306,803	23
							Significant undertakings or contingencies (Note 7)		
							Total liabilities and shareholders' equity	<u>\$ 37,606,381</u>	<u>100</u>
								<u>37,870,860</u>	<u>100</u>

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

Chairman:

General Manager:

Chief Accountant:

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Income Statement

For The Years Ended December 31, 2012 and 2011

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		<u>2012</u>		<u>2011</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 5):				
4511	Construction revenue	\$ 4,839	-	431,682	11
4310	Leasehold revenue	221,338	5	169,570	4
4700	Columbarium and Cemetery revenue	2,859,008	65	2,457,575	59
4710	Funeral service revenue	1,215,347	28	1,050,752	25
4881	Other operating revenue	73,728	2	62,319	1
		<u>4,374,260</u>	<u>100</u>	<u>4,171,898</u>	<u>100</u>
5000	Operating cost (Note 5):				
5510	Construction cost	3,141	-	170,354	4
5310	Leasehold cost	132,526	3	109,538	3
5690	Columbarium and Cemetery cost	328,170	8	258,698	6
5691	Funeral service cost	726,203	17	677,996	16
5800	Other operating costs	28,724	1	22,952	1
		<u>1,218,764</u>	<u>29</u>	<u>1,239,538</u>	<u>30</u>
5910	Gross profit	3,155,496	71	2,932,360	70
6000	Operating expenses:				
6100	Selling expenses	900,069	21	838,553	20
6200	General and administrative expenses (Note 5)	299,506	7	333,788	8
		<u>1,199,575</u>	<u>28</u>	<u>1,172,341</u>	<u>28</u>
6900	Operating profit (loss)	<u>1,955,921</u>	<u>43</u>	<u>1,760,019</u>	<u>42</u>
7100	Non-operating revenue and gain:				
7110	Interest revenue (Note 5)	11,784	-	2,612	-
7121	Income from investment under the equity method (Note 4(8) and 5)	84,388	2	49,929	1
7122	Stock dividend revenue	21,574	-	29,728	1
7130	Gain from disposal of Property, plant and equipment	2,415	-	-	-
7170	Revenue from counter-party default	167,243	4	215,789	5
7310	Gain on valuation of financial assets (Note 4(2))	32,218	1	-	-
7480	Miscellaneous revenues (Note 5)	37,700	1	18,598	-
		<u>357,322</u>	<u>8</u>	<u>316,656</u>	<u>7</u>
7500	Non-operating expenses and losses:				
7510	Interest expenses (Note 4(5))	26,715	1	17,758	-
7530	Loss from disposal of Property, plant and equipment	-	-	30,029	1
7640	Loss on valuation of financial assets (Note 4(2))	-	-	10,691	-
7560	Exchange loss	408	-	1,290	-
7880	Miscellaneous expenses	678	-	16,568	-
		<u>27,801</u>	<u>1</u>	<u>76,336</u>	<u>1</u>
7900	Continuing operating income before tax	2,285,442	50	2,000,339	48
8110	Income tax expense (Note 4(16))	238,273	5	139,062	3
9600	Net income	<u>\$ 2,047,169</u>	<u>45</u>	<u>1,861,277</u>	<u>45</u>
				<u>Before Tax</u>	<u>After Tax</u>
9750	Basic earnings per share (NTD) (Note 4(20))	<u>\$ 5.73</u>	<u>5.13</u>	<u>5.03</u>	<u>4.68</u>
9850	Diluted earnings per share (NTD) (Note 4(20))	<u>\$ 5.72</u>	<u>5.13</u>	<u>5.03</u>	<u>4.68</u>

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

Chairman:

General Manager:

Chief Accountant:

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Statement of Changes in Shareholders' Equity

For The Years Ended December 31, 2012 and 2011

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Common stock	Capital surplus	Retained earnings			Other shareholders' equity adjustment:		Total
			Legal reserve	Special reserve	Unappropria ted earnings	Accumulated translation adjustment	Unrealized loss from financial assets	
Balance – January 1, 2011	\$ 3,821,593	389	-	-	771,421	(26,009)	-	4,567,394
Long-term investment acquired by issuance of new shares	169,249	1,392,072	-	-	-	-	-	1,561,321
Allocation of earnings in 2010 (note 1):								
Legal reserve	-	-	77,142	-	(77,142)	-	-	-
Special reserve	-	-	-	26,009	(26,009)	-	-	-
Shareholders' bonus – cash, NT\$1.5 per share	-	-	-	-	(598,626)	-	-	(598,626)
Net profit in 2011	-	-	-	-	1,861,277	-	-	1,861,277
Change in net value of investee's equity under equity method	-	59,347	-	-	-	12,158	(301)	71,204
Balance – December 31, 2011	3,990,842	1,451,808	77,142	26,009	1,930,921	(13,851)	(301)	7,462,570
Allocation of earnings in 2011 (note 2):								
Legal reserve	-	-	186,128	-	(186,128)	-	-	-
Special reserve	-	-	-	(11,856)	11,856	-	-	-
Shareholders' bonus – cash, NT\$3.0 per share	-	-	-	-	(1,197,253)	-	-	(1,197,253)
Net profit in 2012	-	-	-	-	2,047,169	-	-	2,047,169
Change in net value of investee's equity under equity method	-	-	-	-	-	(6,353)	670	(5,683)
Balance – December 31, 2012	\$ 3,990,842	1,451,808	263,270	14,153	2,606,565	(20,204)	369	8,306,803

Note 1: The remuneration to directors/supervisors, NT\$12,343 thousand and bonus to employees, NT\$6,171 thousand, have been eliminated from the income statement.

Note 2: The remuneration to directors/supervisors, NT\$24,686 thousand and bonus to employees, NT\$12,343 thousand, have been eliminated from the income statement.

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

Chairman:

General Manager:

Chief Accountant:

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Statement of Cash Flow

For The Years Ended December 31, 2012 and 2011

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2012	2011
Cash flows from operating activities:		
Net income before income tax	\$ 2,047,169	1,861,277
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expenses	107,033	114,054
Allowance for doubtful accounts	17,089	16,816
Gain from price recovery of inventory	(1,800)	(21,100)
Gain from investment under equity method	(84,388)	(49,929)
Loss (gain) from disposal and scrapping of Property, plant and equipment	(2,415)	30,029
Loss (gain) on valuation of financial assets	(32,218)	10,691
Acquisition of cash dividends of investees under equity method	-	2,372
Net changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease (increase) in financial assets held for trading	345,816	304,511
Decrease (increase) in receivable notes and accounts	(103,455)	(101,655)
Decrease (increase) in inventory	455,435	(19,108)
Decrease in deferred marketing expenses	132,548	144,523
Decrease (increase) in other current assets	(61,576)	(824)
Increase in other financial assets	(343,800)	(1,146,908)
Increase in deferred income tax assets	53,529	(59,557)
Net changes in operating liabilities:		
Increase (decrease) in payable notes and accounts	50,296	30,002
Decrease in payable income tax	(199,538)	(155,473)
Increase in payable expenses	25,267	96,221
Increase (decrease) in advance receipts for real estate	112,360	234,491
Increase (decrease) in other current liabilities	16,697	41,005
Increase in accrued pension liabilities	855	632
Net cash provided by operating activities	2,534,904	1,332,070
Cash flows from investing activities:		
Long-term equity investment under equity method	(272,400)	(1,094,748)
Purchase of property, plant and equipment	(260,401)	(3,922,281)
Proceeds from disposal of property, plant and equipment	95,575	67,934
Increase in deferred expenses	(3,829)	(4,570)
Increase in restricted assets	1,446	(10,946)
Cash inflows generated from consolidation	-	1,715,996
Decrease in other financial assets	33,316	11,392
Increase in other assets	(50,056)	(147,479)
Net cash used by investing activities:	(456,349)	(3,384,702)

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Statement of Cash Flow (Cont'd)

For The Years Ended December 31, 2012 and 2011

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2012	2011
Cash flows from financing activities:		
Increase (decrease) in short-term loan	(1,100,000)	3,040,000
Increase in deposit received	(3,080)	14,601
Allocation of cash dividend	(1,197,253)	(598,626)
Net cash inflow (outflow) from financing activities	(2,300,333)	2,455,975
Net increase (decrease) in cash and cash equivalents this period	(221,778)	403,343
Cash and cash equivalents, beginning of the period	413,762	10,419
Cash and cash equivalents, ending of the period	\$ 191,984	413,762
Supplemental disclosures of cash flow information:		
Interest paid this period	\$ 26,715	17,758
Less: Capitalized interest	-	-
Excluding the interest paid this period for capitalized interest	\$ 26,715	17,758
Income tax paid	\$ 391,072	353,740
Investing and financing activities not affecting cash flows:		
Property, plant and equipment translated into inventory	\$ -	423,092
Inventory translated into property, plant and equipment	\$ 59,472	848,789
Long-term equity investment acquired by issuance of new shares	\$ -	1,561,321

Disclosure of information about subsidiaries:

The Company acquired 25% of the equity of Lungyen Life Service Co., Ltd. on February 1, 2011, and held the shares of Lungyen Life Service Corp. wholly accumulated. On the same day, the Company was consolidated with Lungyen Life Service Corp. The fair values of its assets/liabilities are stated as follows:

Cash and cash equivalents	\$ 1,715,996
Other current assets	18,820,426
Financial assets carried at cost – non-current	65,471
Long-term equity investment under the equity method	512,627
Other financial assets – non-current	55,037
Property, plant and equipment	8,402,172
Other assets	1,161,989
	30,733,718
Current liabilities	26,909,185
Long-term liabilities with interest:	800
Other liabilities	50,301
	26,960,286
Net	3,773,432
% of equity	25%
Net value of equity	943,358
Add: Goodwill	425,213
Trademark right	192,750
The market value for the shares issued upon acquisition of 25% of shares of Lungyen Life Service Co., Ltd.	\$ 1,561,321

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

Chairman:

General Manager:

Chief Accountant:

Independent Auditor's Audit Report consolidated financial statements in 2012

To Board of Directors of Lungyen Life Service Corp. (Formerly Known as Dahan Development Corp.):

We have audited the consolidated balance sheets of Lungyen Life Service Corp. (formerly known as Dahan Development Corp.) as of December 31, 2012 and 2011, and the related consolidated statements of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. The financial statements of some investees of Lungyen Life Service Corp. (formerly known as Dahan Development Corp.) and its subsidiaries evaluated under equity method were audited by other auditors. All amounts related to investment income and the information about the investees presented in the foregoing financial statements was accounted for on the basis of the investee's financial statement audited by other auditors. The long-term equity investment under equity method of said investees were NT\$30,024 thousand and NT\$29,305 thousand as of December 31, 2012 and 2011, accounting for 0.08% and 0.08% of the consolidated total assets, respectively. The investment loss, net recognized in 2012 and 2011, were NT\$49 thousand and NT\$394 thousand, accounting for 0.002% and 0.020% of the consolidated net income before income tax, respectively.

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits and the other auditors' report provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Lungyen Life Service Corp. (formerly known as Dahan Development Corp.) and its subsidiaries of December 31, 2012 and 2011, and the results of their consolidated operations and their consolidated cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers and accounting principles generally accepted in the Republic of China.

KPMG

CPA:

Approval Document issued by
the competent securities
authority:
March 14, 2013

(2000) Tai-Tsai-Chen (6) No. 62474
(1999) Tai-Tsai-Chen (6) No. 18311

Lungyen Life Service Corp. and Subsidiaries
(Formerly Known as Dahan Development Corp.)

Consolidated Income Statements

For The Years Ended December 31, 2012 and 2011

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2012		2011	
	Amount	%	Amount	%
4000 Operating revenue (Note 5):				
4511 Construction revenue	\$ 89,644	2	475,025	11
4310 Leasehold revenue	217,773	5	176,116	4
4700 Columbarium and cemetery revenue	3,203,301	66	2,589,539	58
4710 Funeral service revenue	1,215,347	25	1,146,153	26
4881 Other operating revenue	111,141	2	68,009	1
	4,837,206	100	4,454,842	100
5000 Operating cost (Note 5)				
5510 Construction cost	83,886	2	211,324	5
5310 Leasehold cost	132,526	3	113,022	3
5690 Columbarium and cemetery cost	332,387	7	276,594	6
5691 Funeral service cost	726,203	15	737,073	17
5800 Other operating cost	44,379	1	26,004	1
	1,319,381	28	1,364,017	32
5910 Operating gross profit (loss)	3,517,825	72	3,090,825	68
6000 Operating expenses:				
6100 Selling expenses	1,057,045	22	877,996	20
6200 General and administrative expenses (Note 5)	323,863	7	388,358	9
	1,380,908	29	1,266,354	29
6900 Operating profit	2,136,917	43	1,824,471	39
7100 Non-operating revenue and gain :				
7110 Interest revenue (Note 5)	15,329	-	2,731	-
7121 Income from investment under the equity method (Note 4(8) and 5)	937	-	12,176	-
7122 Dividend revenue	23,176	-	31,179	1
7130 Gain from disposal of property, plant and equipment	2,415	-	-	-
7170 Revenue from counter-party default	167,243	3	222,231	5
7310 Gain from valuation of financial assets (Note4(2))	46,027	1	-	-
7480 Miscellaneous revenues (Note 5)	13,684	-	13,812	-
	268,811	4	282,129	6
7500 Non-operating expenses and losses:				
7510 Interest expenses (Note 4(5))	29,483	1	17,769	-
7530 Loss from disposal of property, plant and equipment	-	-	30,029	1
7640 Loss from valuation of financial assets (Note4(2))	-	-	410	-
7560 Exchange loss	408	-	1,292	-
7880 Miscellaneous loss	782	-	23,465	1
	30,673	1	72,965	2
7900 Non-operating expenses and losses:	2,375,055	46	2,033,635	43
8110 Income tax expense (Note 4(15))	256,121	5	148,086	3
Consolidated total income	\$ 2,118,934	41	1,885,549	40
Attributed to :				
Consolidated net income	\$ 2,047,169	40	1,861,277	39
9602 Net income on minority interest	71,765	1	24,272	1
	\$ 2,118,934	41	1,885,549	40
	Before Tax	After Tax	Before Tax	After Tax
9750 Basic earnings per share (NTD) (Note 4(19))	\$ 5.73	5.13	5.03	4.68
9850 Diluted earnings per share (NTD) (Note 4(19))	\$ 5.72	5.13	5.03	4.68

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp. and Subsidiaries
(Formerly Known as Dahan Development Corp. and Subsidiaries)

Consolidated Statements of Changes in Shareholders' Equity
For The Years Ended December 31, 2012 and 2011
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Common stock	Capital surplus	Retained earnings			Other shareholders' equity adjustment:		Minority interest	Total
			Legal reserve	Special reserve	Unappropriated earnings	Accumulated translation adjustment	Unrealized loss from financial assets		
Balance – January 1, 2011	\$ 3,821,593	389	-	-	771,421	(26,009)	-	663,287	5,230,681
Long-term investment acquired by issuance of new shares	169,249	1,392,072	-	-	-	-	-	(676,459)	884,862
Allocation of earnings in 2010(note 1) :									
Legal reserve	-	-	77,142	-	(77,142)	-	-	-	-
Special reserve	-	-	-	26,009	(26,009)	-	-	-	-
Shareholders' bonus – cash, NT\$1.5 per share	-	-	-	-	(598,626)	-	-	-	(598,626)
Net profit for the year ended 2011	-	-	-	-	1,861,277	-	-	24,272	1,885,549
Change in net value of investee's equity under equity method	-	59,347	-	-	-	12,158	(301)	-	71,204
Change in minority interest	-	-	-	-	-	-	-	700,958	700,958
Balance – December 31, 2011	3,990,842	1,451,808	77,142	26,009	1,930,921	(13,851)	(301)	712,058	8,174,628
Allocation of earnings in 2011(note 2) :									
Legal reserve	-	-	186,128	-	(186,128)	-	-	-	-
Special reserve	-	-	-	(11,856)	11,856	-	-	-	-
Shareholders' bonus – cash, NT\$3.0 per share	-	-	-	-	(1,197,253)	-	-	-	(1,197,253)
Net profit for the year ended 2012	-	-	-	-	2,047,169	-	-	71,765	2,118,934
Change in net value of investee's equity under equity method	-	-	-	-	-	(6,353)	670	-	(5,683)
Balance – December 31, 2012	\$ 3,990,842	1,451,808	263,270	14,153	2,606,565	(20,204)	369	783,823	9,090,626

Note 1 : The remuneration to directors/supervisors, NT\$12,343 thousand, and bonus to employees, NT\$6,171 thousand, have been eliminated from the income statement.

Note 2 : The remuneration to directors/supervisors, NT\$24,686 thousand, and bonus to employees, NT\$12,343 thousand, have been eliminated from the income statement.

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp. and Subsidiaries
(Formerly Known as Dahan Development Corp.)

Consolidated Statements of Cash Flows

For The Years Ended December 31, 2012 and 2011

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2012	2011
Cash flows from operating activities:		
Consolidated total income	\$ 2,118,934	1,885,549
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expenses	108,510	122,769
Allowance for doubtful accounts	17,089	16,895
Gain from price recovery of inventory	(600)	(21,100)
Gain from investment under equity method	(937)	(12,176)
Loss (gain) from disposal of property, plant and equipment	(2,415)	30,029
Gain on valuation of financial assets	(46,027)	410
Net changes in operating assets and liabilities:		
Net changes in operating assets:		
Decrease in financial assets held for trading	265,454	435,156
Decrease (increase) in receivable notes and accounts	(41,665)	(127,274)
Decrease (increase) in receivable accounts (incl. related parities)	-	(22,747)
Decrease (increase) in inventory	82,595	(547,831)
Decrease in construction in progress less unearned receipts for construction	(632)	40,379
Decrease (increase) in deferred marketing expenses	132,548	101,630
Decrease (increase) in other current assets	(88,849)	(9,927)
Decrease (increase) in other financial assets	(341,501)	(928,808)
Decrease (increase) in deferred income tax assets	58,202	(59,556)
Net changes in operating liabilities:		
Increase (decrease) in payable notes and accounts	(1,047,702)	82,112
Increase (decrease) in payable income tax	(186,791)	(146,866)
Increase (decrease) in payable expenses	31,851	30,665
Increase in advance receipts	89,955	444,738
Increase (decrease) in unearned receipts for construction less construction in progress	30,412	18,402
Increase (decrease) in other current liabilities	(3,360)	9,395
Increase in accrued pension liabilities	855	632
Net cash flow (outflow) from operating activities	1,175,926	1,342,476
Cash flows from investing activities :		
Acquisition of financial assets carried at cost	-	3,000
Long-term equity investment under equity method	(12,600)	(30,000)
Payment for acquisition of subsidiaries from minority interest	-	700,958
Purchase of property, plant and equipment	(311,868)	(3,941,476)
Proceeds from disposal of Property, plant and equipment	95,575	67,934
Increase in deferred expenses	(3,829)	(4,214)
Increase in restricted assets	(19,560)	(10,946)
Decrease in other financial assets	34,060	(6,055)
Increase in other assets	(50,056)	(148,473)
Net cash outflow flow from investing activities:	(268,278)	(3,369,272)

Lungyen Life Service Corp. and Subsidiaries
(Formerly Known as Dahan Development Corp.)

Consolidated Statements of Cash Flows (Cont'd)

(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	2012	2011
Cash flows from financing activities :		
Increase (decrease) in short-term loan	(900,000)	3,040,000
Increase (decrease) in deposit received	(3,080)	14,775
Decrease in payable lease	-	(800)
Allocation of cash dividend	(1,197,253)	(598,626)
Net cash outflow flow from financing activities	(2,100,333)	2,455,349
Net increase in cash and cash equivalents	(1,192,685)	428,553
Cash and cash equivalents, beginning of the period	1,565,112	1,136,559
Cash and cash equivalents, ending of the period	\$ 372,427	1,565,112
Supplemental disclosures of cash flow information:		
Interest paid this period	\$ 29,483	17,769
Less: Capitalized interest	-	-
Excluding the interest paid this period for capitalized interest	\$ 29,483	17,769
Income tax paid	\$ 395,424	354,016
Investing and financing activities not affecting cash flows:		
Property, plant and equipment translated into inventory	\$ -	423,092
Inventory translated into Property, plant and equipment	\$ 59,472	848,789
Issuance of new shares upon consolidation	\$ -	1,561,321
Disclosure of information about subsidiaries :		
The Company acquired 25% of the equity of Lungyen Life Service Co., Ltd. on February 1, 2011, and held the shares of Lungyen Life Service Corp. wholly accumulated. On the same day, the Company was consolidated with Lungyen Life Service Corp. The fair values of its assets/liabilities are stated as follows:		
Cash and cash equivalents	\$ 1,715,996	
Other current assets	18,820,426	
Financial assets carried at cost – non-current	65,471	
Long-term equity investment under the equity method	512,627	
Other financial assets – non-current	55,037	
Property, plant and equipment	8,402,172	
Other assets	1,161,989	
	30,733,718	
Current liabilities	26,909,185	
Long-term liabilities with interest	800	
Other liabilities	50,301	
	26,960,286	
Net	3,773,432	
% of equity	25%	
Net value of equity	943,358	
Add: Goodwill	425,213	
Trademark right	192,750	
The market value for the shares issued upon acquisition of 25% of shares of Lungyen Life Service Co., Ltd.	\$ 1,561,321	

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Articles of Incorporation

Chapter 1 General Rules

Article 1: The Company is organized in accordance with the Company Law and named “Lungyen Life Service Corp.”

Article 2: The Company’s business services are as follows:

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. H701030 Cemetery development and rental business
10. H703090 Real estate trade business
11. H703100 Real estate rental business
12. H703110 Senior homes business
13. H701080 Urban renewal and reconstruction business
14. JZ99141 Funeral facilities operations business
15. JZ99151 Funeral and liturgical services business
16. J202010 Industrial incubation business
17. J901020 General hotel business
18. J701040 Recreational club business
19. J701070 Information and leisure business
20. J801030 Tournament and leisure stadium business
21. J701020 Amusement park business
22. JZ99050 Agency services business
23. JZ99090 Festive general service business
24. F401010 International trade business
25. J303010 Magazines (periodicals) publishing business
26. F206060 The ritual supplies retail business
27. F203010 Food, sundries and beverage retail business
28. F201070 Flower retail business

- 29. F201010 Agricultural products retail business
- 30. F399040 Non-store retail business
- 31. J101030 Waste collection business
- 32. J101040 Waste disposal business
- 33. JZ99990 Unclassified services business
- 34. H704031 Real estate brokerage business
- 35. H704041 Real estate marketing agency business
- 36. ZZ99999 In addition to the chartered business, the business not prohibited or restricted by law

Article 3: The Company may operate external guarantee business.

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 has 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.

Chapter 2 Stock shares

Article 7: The Company's authorized capital stock amounts to NT6 billion with 600 million shares issued at NT10 Par. The Board of Directors is authorized to have stock shares issued separately, in which, NT600 million divided into 60 million shares at NT10 Par are reserved for subscription when the stock option is exercised.

Article 8: The Company's stock shares are straight stock shares that must be signed or stamped by at least three directors and are listed and stamped with the corporate seal; also, the stock shares are issued after being certified by the certification agency designated by the competent authority.

Article 8.1: The Company's straight stock shares are issued with the stock printed, but should be registered with the security centralized depository enterprise.

Article 9: The Company's stock affairs are processed in accordance with the "Criteria Governing Handling of Stock Affairs by Public Stock Companies" and other relevant laws and regulations.

Chapter 3 Shareholders' meeting

Article 10: Shareholders' meetings are divided into general shareholders' meetings and extraordinary shareholders' meetings. A general shareholders' meeting is convened annually within six months after each fiscal year ends. An extraordinary shareholders' meeting is convened, when necessary. Shareholders should be informed as to the reason for convening a meeting 30 days before the general shareholders' meeting and 15 days before the extraordinary shareholders' meeting.

- Article 11: The Board Chairman is the chairman of the shareholders' meeting. If the Board Chairman is on leave of absence or is unable to perform his duty for a reason, one of the board directors is designated to chair on behalf of the Board Chairman. If the Board Chairman does not have a representative appointed to perform his duty, one of the directors is elected to chair on behalf of the Board Chairman.
- Article 12: Shareholders are entitled to one voting right per share except for those without any voting rights granted according to Article 179 of the Company Law.
- 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 and 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 resolution reached in the Company's shareholders' meeting, unless otherwise provided for in the Company Law, must be approved with the majority votes of the shareholders present that represent majority shareholdings.
- Article 15: The resolutions reached in the shareholders' meeting must be documented in the minutes of the meeting in accordance with Article 183 of the Company Law.

Chapter 4 Board of Directors and Audit Committee

- Article 16: There are 5 to 9 board directors who are competent individuals elected in the shareholders' meeting for a term of three years and can be elected for a second term. The straight stock shares held by the board directors taken as a whole 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 three 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 Law.
- Independent directors and directors are elected at the same time but with the elected seats counted separately.
- The requirements for professional qualifications, shareholdings, part-time constraints, the nomination and election, and other binding matters for independent directors are handled in accordance with the governing provisions of the securities competent authorities.
- Article 16.2: The Company has the Audit Committee set-up in accordance with Article 14.4 of the Securities and Exchange Act. The Audit Committee shall be composed by all independent directors.
- The Audit Committee is to exercise power and compliance in accordance with the governing laws or regulations.
- Article 16.3: The board directors should be informed in writing or by e-mail or fax seven days

before convening the board meeting.

Article 17: If a board director reelection cannot be held after the expiry date of the current term, the office term of the current board directors is extended until the newly elected board director reports for duty. However, the competent authority may demand that the Company must have the board of directors' reelection processed before the deadline. If the reelection is not held before the deadline, the current board of directors is dismissed automatically on the expiry date.

Article 18: The formation of the Board of Directors by the directors should be with the attendance of more than two thirds of the directors and the consent of a majority of the directors present. The chairman is elected among the directors to represent the Company to the public and to resolve all matters in accordance with the governing law and regulations, the Articles of Incorporation, the resolutions reached in the shareholders' meetings and the decisions of the board of directors internally.

Article 19: The Company's business policies and other important matters are to be resolved by the Board of Directors. Except for the first board meeting, each term is to be convened by the Board of Directors in accordance with Article 203 of the Company Law, the Board Chairman is to convene and chair the board meetings thereafter. If the Board Chairman cannot perform his/her duties as chairman, the Board Chairman is to designate a representative to act on his/her behalf. If a representative of the board chairman is not specified, a representative is to be elected from among the directors.

Article 20: The resolution of the Board of Directors, unless otherwise provided in the Company Law, should be approved with the attendance of a majority of the directors and the consent of a majority of the directors present. When directors are represented in the board meeting by other directors for valid reasons, a proxy must be issued with the scope of authorization cited for the meeting convened. However, this is limited to one shareholder per proxy.

Board directors who have attended the board meeting through a conference call are deemed as attending the meeting in person.

Article 21: The resolutions of the board of directors must be documented in the minutes of meeting and signed or sealed by the Chairman and then distributed to the board directors within 20 days after the meeting. The essentials and results of the proceedings should be detailed in the minutes of meeting. The minutes of meeting, attendance register and proxies should be kept for records in the Company.

Article 22: Deleted

Article 23: The board of directors is authorized to determine the remunerations to the Chairman, board directors and independent directors in accordance with the degree of involvement and the value of contribution to the Company's operations and the payment standards of the domestic and international industry. The Board of Directors

may, depending on the actual needs, acquire liability insurance for all the board directors throughout the service term with the attendance of a majority of the directors and the consent of a majority of the directors present.

Article 5 Managers and staff

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

Article 25: Deleted.

Chapter 6 Accounting

Article 26: The Company's fiscal year is defined as from January 1 to December 31.

Article 27: The Company's Board of Directors is to have the following accounting books compiled at the end of the fiscal year and submitted to the Audit Committee for audit 30 days before convening the Shareholders' Meeting and then presenting it in the general shareholders' meeting for recognition.

1. Business report
2. Financial statements
3. Proposal for earnings distribution or loss supplement

Article 28: The Company's annual earnings, if any, should be applied to pay for taxes and to make up losses of prior years, then appropriate 10% of the remaining earnings as legal reserves and, if necessary, special reserves. The remaining amount, if any, is for retained earnings and distribution proportionally as follows:

- (1) Common stock dividend and bonus may not be less than 97%
- (2) Remuneration to directors and supervisors may not be more than 2%
- (3) Bonus to employees may not be less than 1%

If the distribution of bonus to employees is paid with stock shares, the recipients shall include the qualified employees of the subsidiaries. Retained earnings can be distributed in the form of stock dividends for the purpose of protecting shareholders' equity and in response to the annual fund demands estimated in accordance with the Company's capital budget planning. The distribution of cash dividends may not be less than 10% of the dividend to shareholders.

Chapter 7 Supplementary Rules

Article 29: The Company's Articles of Incorporation and enforcement rules are stipulated separately by the Board of Directors.

Article 30: Matters that are not addressed in the Articles of Incorporation are to be governed in accordance with the Company Law and other relevant laws and regulations.

Article 31: The Articles of Incorporation were stipulated on February 27, 1987.

The 1st amendment was on March 20, 1987.
The 2nd amendment was on January 18, 1991.
The 3rd amendment was on September 2, 1992.
The 4th amendment was on December 31, 1993.
The 5th amendment was on March 1, 1995.
The 6th amendment was on July 15, 1996.
The 7th amendment was on March 19, 1997.
The 8th amendment was on April 26, 1997.
The 9th amendment was on October 24, 1997.
The 10th amendment was on May 18, 1998.
The 11th amendment was on December 4, 1998.
The 12th amendment was on May 6, 1999.
The 13th amendment was on June 22, 2001.
The 14th amendment was on June 30, 2002.
The 15th amendment was on February 8, 2006.
The 16th amendment was on February 8, 2006.
The 17th amendment was on June 15, 2007.
The 18th amendment was on August 1, 2008.
The 19th amendment was on June 10, 2009.
The 20th amendment was on October 29, 2009.
The 21st amendment was on October 12, 2010.
The 22nd amendment was on June 28, 2011.
The 23rd amendment was on June 6, 2012.

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)
Chairman: Lee Shih-Tsung

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Rules of Procedure for Shareholders' Meetings

1. The Company's Shareholders' Meeting, unless otherwise provided by law, shall be handled in accordance with the Rules of Procedure for Shareholders' Meetings.
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.
3. The attendance and votes of the Shareholders' Meeting are counted by the number of shares.
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.
5. If the Shareholders' Meeting is convened by the Board of Directors, the Chairman is to chair the meeting. The Chairman who is on leave of absence or is unable to perform his/her duty is to be represented by the Vice Chairman. If there is no Vice Chairman or if the Vice Chairman is also on leave of absence or is unable to perform his/her duty, the Chairman is to appoint one general director to perform this duty. If there is no general director, the Chairman is to appoint one director to perform this duty. If the Chairman 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 chairman to chair the meeting.
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.
7. The shareholders' meeting in session should be recorded or filmed and kept for at least one year.
8. The Chairman shall declare the board meeting in session. However, the Chairman 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 Law if there are insufficient attendees to attend the meeting after two meeting postponements that represent more than one thirds of shareholders. The Chairman 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 Law.

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 Chairman 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 chairman to continue the meeting at the original meeting place or in a new location after the meeting is adjourned. If the Chairman has announced the meeting adjourned in violation of the procedures, the shareholders present with a majority of voting rights may elect a chairman to continue the meeting.

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 Chairman 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 chairman and the speaking shareholder. The chairman must stop the offender from speaking.

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 Chairman.

However, the Chairman 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.

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.

13. The Chairman may have the speech of the shareholder represented in person or by the designated personnel.

14. The Chairman of the board meeting is to have the motion in discussion that is ready for balloting put to the vote.

15. The Chairman 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.

16. The Chairman at his/her discretion may announce the meeting in recess.

17. Unless otherwise provided in the Company Law 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 Chairman 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.

18. For the motion with an amendment or alternative put to vote, the Chairman 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.
19. The Chairman 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."

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Rules Governing the Election of Directors

1. The Company's director elections shall be handled in accordance with the "Rules Governing the Election of Directors."
2. The Company's director elections is handled at the stockholders' meeting.
3. The competent individuals of the Company can be elected as directors in accordance with the "Rules Governing the Election of Directors."
If the government or legal person is the Company's shareholder, its representatives can be elected as board directors. The letter of appointment should be issued to the designated representatives at the time of applying for registration.
4. The Company's Independent Directors shall be elected by nomination in accordance with Article 192.1 of the Company Law.
5. Adopt a cumulative voting system for electing the Company's directors. Each stock share is entitled to the number of vote equivalent to the number of directors to be elected. The entire voting rights can be cast for one or more candidates. Independent directors and directors are elected at the same time but with the elected seats counted separately.
6. The Company's director election is based on the votes received from highest to lowest. If two or more candidates received the same number of votes, exceeding the seats to be filled, this shall be determined by holding a draw and the Chairman is to make a draw on behalf of the absent candidates.
7. The Chairman is to appoint the controllers of the ballot and tally clerks before the elections commence to handle election matters.
8. The Company is to have the ballots prepared and issued; also, coded in accordance with the serial numbers of the attendance cards and with the number of votes detailed.
9. If the candidate is a shareholder, the elector is to state the candidate name and shareholder account number in the candidate column on the ballot. If the candidate is not a shareholder, the name and identity document number of the candidate should be detailed. If the candidate is a government or institutional shareholder, the name/title of the government or institutional shareholder should be filled in the candidate column on the ballot, including the name of the representative(s) of the government or institutional shareholder in detail.
10. Ballots that are found with any of the following are invalid:
 - (1) Ballots as defined in accordance with the "Rules Governing the Election of Directors" are not used.
 - (2) Blank ballots are cast into the ballot box.
 - (3) Ballots are illegible or altered.
 - (4) If the candidate is a shareholder, the account name and shareholder account number are inconsistent with the Register of Shareholders. If the candidate is not a shareholder, the name and identity document number are found to be inconsistent.
 - (5) Ballots, in addition to the candidate account name (name) or shareholder account number (identity document number) and assigned number of suffrage, are found with other texts written.
 - (6) The candidate name filled in the ballots is same as other shareholders and without the shareholder account number or identity document available for identification.
11. When the total number of votes allocated to the ballots is less than the number of votes held

- by the electors, the reduced number of votes is deemed as a waiver.
12. The balloting result should be announced by the chairman immediately at the end of the voting period.
 13. The matters that are not specified in the “Rules Governing the Election of Directors” should be handled in accordance with the Company Law, the Articles of Incorporation, and the relevant laws and regulations.
 14. The “Rules Governing the Election of Directors” shall come into force with the resolutions reached at the shareholders’ meeting, same as for the amendments.

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Procedure for the Acquisition and Disposition of Assets

2012.06.06

Article 1 The “Guidelines for Handling the Acquisition and Disposal of Assets” is stipulated in accordance with Article 36.1 of the Securities and Exchange Act and the Guidelines for Handling the Acquisition and Disposal of Assets by Public Companies.”

Article 2 The applicability of “assets” defined in the Guidelines is as follows:

1. Investments in stocks, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put) warrants, beneficial securities, and asset-backed securities;
2. Real estate (excluding the inventory of the construction industry) and other Property, plant and equipment;
3. Membership card;
4. Intangible assets including patents, copyrights, trademarks and charter;
5. Financial institutions’ claims (including receivables, foreign exchange discount and loans and nonperforming loans);
6. Directives;
7. The acquisition or disposal of assets by law full merger, spins-off, acquisition or assignment of shares;
8. Other important assets;

Article 3 The assessment process of the Company’s acquisition or disposal of assets is as follows:

1. The Company’s acquisition or disposal of real estate and other Property, plant and equipment is handled in accordance with the Company’s Internal Control System Property, plant and equipment Circulatory Procedure.
2. The factors of feasibility, necessity and reasonableness of pricing must be included in assessing the Company’s acquisition or disposal of assets.
3. The price determination method and reference for the Company’s acquisition or disposal of assets:
 - (1) The acquisition or disposal of marketable securities that were traded in the listed market or GreTai Securities Market (GTSM) shall be

determined in accordance with the stock price or bond price.

- (2) The acquisition or disposal price of the marketable securities that were not traded in the listed market or GreTai Securities Market (GTSM) shall be determined with the references to the net worth per share, profitability, potential for development, market interest rates, bond coupon rate, and debtor's credit, including the prevailing trade price or the opinions on the reasonableness of the transaction amount issued by securities analysts.
- (3) The acquisition or disposal price of assets other than the ones referred to above should be determined by parity, negotiation or tender, with reference to the announced present value, appraised value, and the actual transaction price of the nearby real estate. Please refer to the appraisal report issued by a professional appraisal agency for assets that must be announced and reported in accordance with the Guidelines.

Article 4 The Company's decision-making process for the acquisition or disposal of assets:

1. The Company's acquisition or disposal of assets that must be announced and reported in accordance with the Guidelines should be resolved by the board of directors in advance. The Company's acquisition or disposal of assets that must be announced and reported in accordance with Article 185 of the Company Law should be resolved in advance at the shareholders' meeting.
2. For the Company's acquisition or disposal of assets, the undertaking unit should have the reasons, underlying subject, counterparties, transfer price, payment terms and price reference presented to the competent authorities for decision-making.
3. The Company's acquisition or disposal of assets that must be done with the consent of the Audit Committee and reported to the board of directors for discussion in accordance with the Guidelines or other governing laws. The opinions of each independent director should be considered sufficiently and have their supporting or opposing opinions and reasons documented in the minutes of meeting.

In addition, if the Company has independent directors appointed, for the acquisition or disposal of assets presented to the board of directors for discussion as referred to above, the opinions of each independent director should be considered sufficiently and have their supporting or opposing opinions and reasons documented in the minutes of meeting.

- Article 5 The unit that is responsible for the Company's acquisition or disposal of assets should have them presented for approval in accordance with the Company's authorization hierarchy and then the competent unit will have them implemented accordingly.
- Article 6 The Company should have the acquisition or disposal of assets fall under one of the following circumstances reported in the designated format on-line at the information network designated by the competent authorities within 2 days from the date of occurrence:
1. The acquisition or disposal of real estate from and to the related party or the acquisition or disposal of assets other than real estate from and to the related party exceeds an amount of 20% of the paid-in capital, 10% of the total assets, or NT300 million; The trading of bonds or bonds with repurchase or resale agreements is not subject to this restriction.
 2. Process mergers, spin-offs, acquisitions or assignment of shares.
 3. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.
 4. The amount of the assets traded other than the ones in the three Sections referred to above, the disposal of credit by the financial institutions or the investments in Mainland China exceeds 20% of the paid-in capital or NT300 million, except for the following circumstances:
 1. Bond trade
 2. Bond trade with repurchase and resale agreements
 3. The acquisition or disposal of assets that are operating machinery and equipment and the counterparty is not a related party; also, the trade amount does not exceed NT500 million
 4. The acquisition or disposal of real estate that is for construction and the counterparty is not a related party; also, the trade amount does not exceed NT500 million
 5. The Company expects to invest less than NT500 million for the acquisition of real estate with the methods of commissioned to build by the land owner, commissioned to build by lessee, jointly built by separate estate, jointly built by percentage and jointly built by separate sales.
- Article 7 The Company should have the acquisition or disposal of assets fall under one of the following circumstances reported on-line at the information network designated by the Financial Supervisory Commission, Executive Yuan within 2

days from the date of occurrence:

1. The original transaction contract is modified, terminated, or revoked.
2. Mergers, spin-offs, acquisitions or assignment of shares are not completed in accordance with the deadline stated in the contract signed.
3. Changes made to the original announcement and report.

Article 8 For the appraisal report or the opinions obtained from the CPAs, attorney or security underwriter by the Company, the professional appraisers and their appraising personnel, CPAs, attorneys, security underwriters and the trade parties must be not related.

Article 9 Objective, impartial and independent specialists should be commissioned to issue a report on the Company's acquisition or disposal of assets in accordance with the general category of assets:

1. The Company's acquisition or disposal of real estate or other Property, plant and equipment, except for the transactions conducted with government agencies, commissioned to build by land owner, commissioned to build by lessee, and machinery equipment for business operations, the transaction amount exceeding 20% of the paid-in capital or NT300 million should be accompanied by the appraisal report collected from the professional appraisers before the date of occurrence in accordance with the following requirements:

1. If the transaction price is determined by referral to an attributive price, a specific price or a special price for a good cause, the transaction should be presented to the board of directors for resolution. The changes in trading conditions should be processed in the same manner.
2. A transaction amounting to NT1 billion or more should be appraised by two or more professional appraisers.
3. For the professional appraiser's appraisal results with one of the following circumstances, unless the appraisal results of the assets acquired are higher than the transaction amount or the appraisal results of the assets disposed are lower than the transaction amount, they should be processed in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the ROC Accounting Research and Development Foundation; also, express an opinion on the cause of the nonconformity and the adequacy of the transaction price:

- (1) The spread between the appraisal results and the transaction amount

exceeds 20%.

- (2) The appraisal spread between the two or more appraisers exceeds 10% of the transaction amount.
4. The date of the appraisal report issued for the appraisal performed before the professional appraisal contract date may not be more than three months from the contract date. However, if it is applicable to the same present value announced and is not over six months old, the original professional appraiser may have an opinion issued.
5. In addition to having the transaction price determined by referring to an attributive price, a specific price or a special price, if an appraisal report cannot be received in time for a good reason, the Company must have an appraisal report received in 2 weeks from the date of occurrence and the opinion of the CPAs referred to in paragraph 3.
2. For the acquisition or disposal of securities, the Company should receive the latest financial statements audited or reviewed by the CPAs of the underlying company before the date of occurrence as a reference for evaluating the transaction prices. In addition, for the transactions amounting over 20% of the paid-in capital or NT300 million, the commissioned CPA should be contacted before the date of occurrence to comment on the reasonableness of the transaction prices. If a professional report is needed by the CPAs, it should be processed in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation. However, if the securities are offered publicly with a quote available in the market or otherwise authorized by the competent authorities; it is not subject to this restriction.
3. For the acquisition or disposal of membership cards or intangible assets with the transactions amount over 20% of the paid-in capital or NT300 million, the commissioned CPA shall comment on the reasonableness of the transaction prices before the date of occurrence in accordance with the Generally Accepted Auditing Standards (GAAS) No. 20 of the Accounting Research and Development Foundation.
4. For the Company's acquisition or disposal of assets through the court auction process, the supporting documents issued by the court can be used instead of the appraisal report or CPA's opinions.

Article 9.1 The transactions amount referred to above should be calculated in accordance

with Article 30 Section 2. Also, the alleged “within one year” means for the one year prior to the date of occurrence excluding the appraisal report issued by the professional appraiser or the CPA’s opinions rendered in accordance with the guidelines.

Article 10

For the acquisition or disposal of real estate of the Company with the related party or the acquisition or disposal of assets other than the real estate traded with the related party for an amount over 20% of the paid-in capital, 10% of the total assets, or NT300 million, the following information should be submitted to the Audit Committee for approval and the Board of Directors for resolution before having the Trade Contract signed and the payments paid:

1. The purpose, necessity, and expected benefits of the acquisition or disposal of assets.
2. The reasons for selecting the related party as the counterparty.
3. The related information applied to assess the reasonableness of the trade terms and conditions for the acquisition of real estate from the related party in accordance with Article 15 and Article 16 of the “Guidelines for Handling Acquisition and Disposal of Assets by Public Companies”.
4. The matters of the related party’s original acquisition date and price, counterparty and the relationship between the Company and the related party.
5. The monthly cash income and expense forecast within the year from the month of the contract signing; also, assess the necessity of the trade and the reasonableness of the use of funds.
6. Acquire the appraisal report from the professional appraisal company or the opinions of the CPAs in accordance with the provisions referred to above.
7. The restrictions and other important stipulations of the transaction.

The transactions amount referred to above shall be calculated in accordance with Article 30 Section 2. Also, the alleged “within one year” means for the one year prior to the date of occurrence excluding the part that had already been resolved in the board meeting and accepted by the supervisors.

For the acquisition or disposal of operating machinery and equipment between the public company and the parent company or the subsidiary, the board of directors may authorize the Chairman in accordance with Article 7 Section 1 Paragraph 3 to have a decision made within the quota and then reported at the most recent board meeting for ratification.

In addition, after the Company has independent directors appointed lawfully and presented to the board of directors for discussion accordingly, the opinions of

each independent director should be considered sufficiently and have their opposing opinions and qualified opinions documented in the minutes of meeting.

Article 11

The Company should assess the reasonableness of the transaction costs for the acquisition or disposal of real estate from or to the related party in accordance with the following methods:

1. Based on the transaction prices of the related party plus the necessary funds interest and buyer's cost by law. The alleged necessary funds interest cost is calculated in accordance with the weighted average interest rate of the loans in the year the assets purchased were provided and it should not be higher than the non-financial industry's highest loan interest rate announced by the Ministry of Finance.
2. If the related party has the underlying subject used as collateral for a loan from financial institutions, the financial institutions are to assess the gross lending value of the subject matter. However, the actual cumulative lending value of the subject matter granted by the financial institutions should be over 70% of the assessed gross lending value for a lending period over a period of one year. However, this is not applicable if the financial institution and counterparty are related.

For the combined purchase of the same underlying land and house, the transaction costs of land and house can be assessed by any of the methods referred to above.

The cost of the real estate acquired by the Company from the related party should be assessed in accordance with Section 1 and Section 2 referred to above; also, a CPA should be commissioned to review and express an opinion.

The acquisition of real estate by the Company from the related parties that fall under one of the following situations should be handled in accordance with Article 10 instead of the provisions referred to in the last three sections:

1. The acquisition of real estate by a related party is by inheritance or gift.
2. A related party's contracting for the acquisition of real estate is more than five years from the date of the trade contract signing.
3. The acquisition of real estate is by signing a construction contract with the related party.

Article 11.1

If the assessment results of the Company's acquisition or disposal of real estate from or to the related party is lower than the trade price in accordance with Section 1 and Section 2 referred to above, it must be processed in accordance

with Article 11.2. However, as a result of the following circumstances, it is not subject to the limitations with the objective evidence presented and an appraisal report received from the professional real estate appraiser and the solid and reasonable opinion of the CPAs:

1. A related party that has obtained prime land or rental land for construction has submitted the proof of complying with one of the following conditions:
 1. The prime land is assessed in accordance with the methods referred to above. The house is assessed in accordance with the sum of the related party's construction costs and a reasonable profit that exceeds the actual transaction price. The term "reasonable construction profit" is based on the average gross profit rate in the last three years of the related party's construction department or the latest gross profit rate of the construction industry announced by the Ministry of Finance, whichever is lower.
 2. The successful trade of other floors of the same underlying house and land or the successful trade of the unrelated party in the neighborhood within one year with a similar floor area; also, the trading conditions are assessed to be equivalent with the reasonable price spread of the same floors or area in a general real estate trade.
 3. For the lease of other floors of the same underlying house and land by the unrelated party within one year, the trading conditions are assessed to be equivalent with the reasonable price spread of the same floors in a general real estate lease.
2. The Company evidences that the terms of acquiring the real estate from the related parties are similar to the successful trade by the unrelated party in the neighborhood within one year with the similar floor area.

The alleged "successful trade" in the neighborhood referred to above means for the underlying subject on the same street or an adjacent street/block within the 500m-radius of the subject matter or with the similarly announced present value. The alleged "similar floor area" means for the successful trade of the subject matter by the other unrelated party is not less than 50% of the floor area of the subject matter. The alleged "within one year" means for the one year prior to the date of occurrence for the acquisition of the real estate.

Article 11.2 If the assessment results of the acquisition or disposal of real estate from and to the related party is lower than the trade price in accordance with Article 11.1, the Company is to have the following matters processed:

1. A special reserve is to be appropriated with respect to the spread between the transaction price and the assessment costs of the real estate in accordance with Article 41 Section 1 of the Securities and Exchange Act. Also, the special reserve may not be distributed or capitalized for stock dividends. If the public company has its investments in the Company valued under the equity method, a special reserve should be appropriated proportionately to the shareholding ratio with respect to the appropriated amount in accordance with Article 41 Section 1 of the Securities and Exchange Act.
2. Audit Committee shall apply mutatis mutandis with Article 218, Article 218.1, and Article 218.2 of the Company Law.
3. The process referred to in Paragraph 1 and Paragraph 2 should be presented at the shareholders' meeting. Also, the transaction details should be disclosed in the annual report and prospectus.

If the Company has a special reserve appropriated in accordance with the provisions referred to above, the special reserve can be used with the approval of the Financial Supervisory Commission, Executive Yuan as soon as the high-price assets acquired are with the devaluation recognized, are disposed of, are appropriately compensated or restored, or are evidenced otherwise without any unreasonableness.

The acquisition of real estate by the Company from the related party that is evidenced not in compliance with general business practices should be handled in accordance with the two sections referred to above.

Article 12 If the Company's acquisition or disposal of credit is acquired from financial institutions, it is classified as "financial institution claims" in accordance with Article 2 Section 1 Paragraph 5 of the Guidelines. However, if it is not acquired from financial institutions, it is classified as "other material assets" in accordance with Article 2 Section 1 Paragraph 8 of the Guidelines.

Article 13 The Company before engaging in derivative transactions must have the "Guidelines Governing Derivatives Transactions" stipulated in accordance with the "Guidelines for Handling Acquisition and Disposal of Assets by Public Companies" announced by the Financial Supervisory Commission of the Executive Yuan.

Article 14 The Company prior to the mergers, spin-offs, acquisitions or assignment of shares shall have the "Guidelines for Handling Merger, Spins-off, Acquisition, or Assignment of Shares" stipulated in accordance with the Company Law, the

“Guidelines for Handling Acquisition and Disposal of Assets by Public Companies” published by the Financial Supervisory Commission, Executive Yuan and the related laws and regulations.

Article 15 The total amount of the non-operating real estate or securities acquired by the Company; also, the limits of each security acquired are as follows:

1. The total amount of the non-operating real estate may not exceed 50% of the total assets on the Company’s most recent financial statements.
2. The total investment amount of the securities, except for long-term equity investments, may not exceed 20% of the total assets on the Company’s most recent financial statements.
3. Except for long-term equity investments, the investments in each marketable security may not exceed 5% of the total assets on the Company’s most recent financial statements.

Article 16 The investments commissioned to financial institutions by the Company and its subsidiaries and the asset utilization are limited as follows:

1. Amount: The total commissioned amount shall not exceed 20% of the total assets on the Company’s most recent financial statements.
2. Single financial institution commissioned amount shall not exceed 10% of the total assets on the Company’s most recent financial statements.
3. Scope of Investments: It is in compliance with the Guidelines for Discretionary Management.
4. Each commissioned investment account added or cancelled must be presented to the internal competent authority in advance for approval.
5. The amount change in each commissioned investment account must be presented to the internal competent authority in advanced for approval.

Article 17 The acquisition or disposal of assets by the Company’s subsidiary is processed in accordance with the governing regulations.

1. The subsidiary’s acquisition or disposal of assets shall be processed in accordance with the relevant requirements of the Company and the Financial Supervisory Commission.
2. If the subsidiary is not a public company in Taiwan, the Company is to have the subsidiary’s acquisition or disposal of assets announced and reported in accordance with Article 6 and Article 7 of the Guidelines.
3. The “amount equivalent to 20% of the company’s paid-in capital or 10% of the total assets” as defined in the subsidiary’s announcement and reporting

standard is based on the Company's actual capital stock collected or the total assets.

Article 18 The Company's management and clerk in charge of violations in the Guidelines that are detrimental to the Company's interests will be punished in accordance with the Company's Personnel Management Rules.

Article 19 The matters that are not properly addressed in the Guidelines shall be processed in accordance with the "Guidelines for Handling Acquisition and Disposal of Assets by Public Companies."

Article 20 The "Guidelines" is with the consent of the Audit Committee, the approval of the board of directors and the resolutions reached in the shareholders' meeting before implementation, same as the amendments.

The stipulations or amendments in the Guidelines for Handling Acquisition or Disposal of Assets should be with the consent of a majority of the Audit Committee members and resolved by the Board of Directors.

The matters referred to above without the consent of a majority of the Audit Committee must be with the consent of more than two thirds of the board directors; also, the resolutions of the Audit Committee should be clearly stated in the minutes of the board meeting.

The Audit Committee body referred to above is meant for the incumbents.

For the acquisition or disposal of assets that must be resolved by the board of directors in accordance with the Guidelines or other governing law, the opinions of each independent director should be considered sufficiently; also, their supporting or opposing opinions and reasons should be documented in the minutes of the meeting.

Amendment date The 1st amendment was on May 27, 2003.

The 2nd amendment was on June 10, 2007.

The 3rd amendment was on October 29, 2009.

The 4th amendment was on October 12, 2010.

The 5th amendment was on June 28, 2011.

The 6th amendment was on June 6, 2012.

**Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)**

Procedure for Guarantees and Endorsements

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 Company’s endorsement and guarantee matters are processed in accordance with the Procedures.

Article 3: Scope

The endorsements and guarantees stated in the Procedures are as follows:

1. Financing endorsement and guarantee include:
 - (1) Checks discounting and financing
 - (2) Arranging endorsements or guarantees for financing purpose of other companies
 - (3) Issuing checks to non-financial institutions as collateral for the financing purposes of the Company
2. Tariff guarantees meant for endorsements or guarantees made for the Company’s or other company’s tariff matters
3. Other endorsements and guarantees are those that cannot be classified under the two categories referred to above

The property or real estate mortgaged or pledged as collateral for the loans of other companies should be processed in accordance with the Guidelines.

Article 4: Underlying subject:

The Company may provide endorsements and guarantees to the following companies:

The Company may provide endorsements and guarantees to the following companies:

1. The company with the majority shareholdings with voting rights held by the Company directly and indirectly;
2. The company holds the majority shareholdings with voting rights of the Company directly and indirectly;

The companies with over 90% shareholdings with voting rights held by the Company directly and indirectly may provide endorsements and guarantees to each other for an amount not exceeding 10% of the Company’s net value. However, the endorsements

and guarantees provided between the companies with 100% shareholdings with voting rights held by the Company directly and indirectly are not subject to this restriction.

If a mutual guarantee is needed for the Company and the industry or the joint proprietors due to the needs of the construction engineering undertaken, the endorsements and guarantees can be provided for one another. If the endorsements and guarantees are made to the invested company by the investing shareholders proportionally to the shareholding ratio for the joint venture, the endorsements and guarantees can be provided for one another.

The investments referred to above means the fund contributed by the Company directly or through the company with 100% shareholdings with voting rights held by the Company.

Article 5: Assessment standards and limitations

1. The endorsement and guarantee amount made by the Company shall not exceed 50% of the net value on the most recent financial statements.
2. The endorsement or guarantee amount made by the Company for individual enterprise shall not exceed 20% of the net value on the most recent financial statements.
3. The endorsement or guarantee amount made by the Company for the enterprise that has business transactions conducted with the Company shall not exceed the transaction amount in the latest business cycle; also, it shall not exceed 20% of the net value on the Company's most recent financial statements.
4. If the object for the endorsements and guarantees is a subsidiary with a net value less than 1/2 of the paid-in capital, the subsequent control measures should be clearly specified.
5. The endorsements and guarantees provided between the companies with 100% shareholdings with voting rights held by the Company directly and indirectly are not subject to the three restrictions referred to above.
6. The endorsements and guarantees provided in the industry or between the joint proprietors in accordance with the contract due to the needs of the construction engineering undertaken or the endorsements and guarantees made to the invested company by the investing shareholders proportionately to the shareholding ratio for the joint venture are not subject to the three restrictions referred to above.

Article 6: Processing and audit procedures

1. Applications:

When the endorsements and guarantees are needed by the company with a majority shareholding with voting rights held by the Company directly and indirectly or by the company that has the majority shareholdings with voting rights of the Company directly and indirectly, the application form (letter) for endorsements and guarantees must be filled out with the information of the endorsement and guarantee object, amount, intended use, duration, with or without guarantees and collateral, and basic information and financial information in order to apply to the finance and accounting unit. The Company may have the information of the guarantor provided for the process of a credit check, if it is necessary.

2. Credit information:

- (1) For the first-time applicants, investigate the authenticity of the information provided by the applicant and the business and financial conditions with the written documents presented to the President and Chairman for approval.
- (2) For a repeat application, in general, the credit is checked once a year. If the amount of endorsements and guarantees exceeds NT50 million, the credit is checked every six-months, if it is necessary.
- (3) If the applicant is financially sound and the annual financial statements have been audited by independent auditors, the investigation report that is over one year but less than two years old can be used continuously. Also, please refer to the independent auditor's report announced and reported.

3. Review and approval:

- (1) Assess the necessity and reasonableness in accordance with the endorsements and guarantees object, intended use, amount and duration.
- (2) Assess the reasonableness of the endorsement and guarantee amount in accordance with the closeness of the business relationship and the transaction amount of the most recent operating cycle.
- (3) Assess the risk of the endorsement and guarantees in accordance with the credit check results.
- (4) Assess the impact of the application filed on the Company's operating risks, financial position and shareholders' equity.
- (5) Assess whether it is necessary to levy collateral for the application filed and the valuation of the collateral.
- (6) Assess whether it is necessary to have another guarantor commissioned and a credit check made on the guarantor.

- (7) After a credit check and assessment performed, if the applicant has a good credit rating and the intended use is reasonable, the clerk shall draft the endorsement guarantee conditions for the approval of the Chairman and the resolution of the board of directors. For the endorsements and guarantees with an amount of NT 50 million (inclusive), the Chairman is authorized to have a decision made and then reported it at the next board meeting for ratification. The subsidiaries with over 90% shareholdings with voting rights held by the Company directly and indirectly need not have the endorsement and guarantee processed in accordance with Article 4 Section 2 until it is reported to the board of directors for resolution. The endorsement and guarantee may not be processed between the subsidiaries with 100% shareholdings with voting rights held by the Company directly and indirectly until it is reported to the board of directors for resolution. 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.
- (8) If endorsements and guarantees will not be processed for the applicants with poor credit ratings or for other reasons, the clerk should have the reason for the rejection stated for the authorization of the competent staff and then replied to the applicant promptly.

4. Notices to applicants:

The clerk should communicate the approved application to the applicant in writing or by phone with the conditions of approval detailed, including the endorsement and guarantee amount, duration, handling charge, collateral, and guarantor. The applicant shall have the collateral mortgage (pledge) and the confirmation of guarantor completed before the deadline for the process of endorsements and guarantees.

5. Contract signing and confirmation:

The clerk is to have the contractual clauses of the application drafted for the review and approval of the competent staff. If necessary, it is to be sent to the legal advisers for an opinion before having the contractual confirmation processed.

6. Collateral mortgage:

If an approval is granted only when collateral is collected, the applicant should provide collateral with the pledge or mortgage procedure completed to ensure the claims of the Company.

7. Insurance:

- (1) Except for land and securities, all collateral must be protected with a fire insurance acquired. A comprehensive insurance is acquired for vehicles. Operating equipment should be insured appropriately. An insurance policy must be acquired with sufficient coverage and 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.
- (2) The clerk must have the applicant informed before the expiry date of the insurance policy for its renewal.

8. Endorsement and guarantee process

- (1) Once the collateral mortgage (pledge) registration and confirmation process is completed and the contract is signed; also, the reserve promissory note is deposited and verified, the seal can be affixed on the endorsed or guaranteed note or document accordingly.
- (2) The specific seal for endorsement and guarantee is the corporate seal registered with the Ministry of Economic Affairs and it is placed in the custody of the designated personnel with the consent of the Board of Directors.
- (3) The endorsement and guarantee documents and notes must be sealed in accordance with the Company's Rules Governing the Use and Management of the Corporate Seal.
- (4) For the guarantees made for foreign companies, the letter of guarantee issued by the Company must be signed by the person authorized by the Board of Directors.

9. Service fees:

- (1) If an approval is granted only when a service fee is charged, it should be for an amount not less than the guarantee service fee charged by the financial institutions of the Company.
- (2) The service fee is charged in a lump sum in accordance with the fee rates approved throughout the guarantee period.
- (3) If the guarantee liability is terminated early, the service fee will be refunded proportionately to the actual period of time upon the request of the applicant.
- (4) If the applicant fails to lift the Company's endorsement and guarantee liability on the expiry date, the Company is entitled to charge an additional 10% of the service fee in accordance with the contracted rates until the

Company is discharged of the guarantee liability.

10. Endorsement and guarantee management:

- (1) The clerk is to have the claims evidence including application document, contract, and promissory notes; also, the data of collateral documents, insurance policies, and correspondences placed orderly in the custody bag after handling the endorsement and guarantee. The custody bag should be identified with the customer's name and the collateral contents before presenting it to the supervisor for inspection. The custody bag should be sealed upon the completion of the inspection; also, sealed along its border with the stamp of the clerk and the supervisor. The custody bag should be locked in the cabinet under the custody of the supervisor after it is recorded in the Register.
- (2) The clerk should frequently observe the finance, business and credit of the applicant and guarantor for any abnormality after processing the endorsements and guarantees. Pay attention to the change in the value of the collateral, if any. If the devaluation of the collateral is detrimental to the claims obtained, assess the need for requesting additional collateral and take appropriate measures.

11. Endorsement and guarantee discharge:

- (1) Once the reason for arranging endorsements and guarantees is lifted, the applicant should communicate the relevant information to the Company in order to discharge the Company's endorsement guarantee liability and have it recorded on the log.
- (2) For the cancellation of mortgage and pledge, the applicant should first investigate whether there is any pending endorsement and guarantee liability.

12. Procedures for handling nonperforming loan:

- (1) If the applicant fails to have the Company's endorsement and guarantee liability discharged for valid reasons, the clerk shall immediately report it to the supervisor and inform the applicant to handle it; also, try to understand the reasons for the failure in performance.
- (2) If the Company's endorsement and guarantee liability is a result of the applicant's credit deterioration or business and financial failure, the Company shall immediately take necessary security measures and have the collateral disposed of and/or the recourse demanded from the guarantor directly.

Article 7: Announcement and reporting:

1. The Company and its subsidiaries should have the endorsement and guarantee 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 endorsement and guarantee fall under one of the following circumstances announced and reported within 2 days from the date of occurrence:
 - (1) The endorsement and guarantee amount of the Company and its subsidiaries exceeds 50% of the net value on the most recent financial statements.
 - (2) The total endorsement and guarantee amount made for one single enterprise by the Company and its subsidiaries exceeds 20% of the net value on the Company's most recent financial statements.
 - (3) The total endorsement and guarantee amount made for one single enterprise by the Company and its subsidiaries exceeds NT 10 million; also, the total endorsement and guarantee, long-term investment and loaning of funds exceed 30% of the net value on the Company's most recent financial statements.
 - (4) The additional endorsement and guarantee made by the Company and its subsidiaries exceeds NT 30 million; also, exceeds 5% of the net value on the Company's most recent financial statements.
3. If the subsidiary is not a public company in Taiwan, the Company is to have the four announcements and reporting referred to above made on behalf of the subsidiary.
4. The Company is to have endorsement and guarantee and contingent loss assessed or recognized in accordance with the SFAS No. 9; also, have the endorsements and guarantees 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 endorsements and guarantees of the Company, the finance and accounting units should establish a Log for the records of endorsements and guarantees object, amount, the date of resolutions reached by the Board of Directors or the date of decisions made by the Chairman, the endorsement and guarantee date and the matters to be carefully assessed.
2. The Company's internal auditors shall at least quarterly audit the Procedures for Handling Endorsements and Guarantees 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.

3. If the Company's endorsements and guarantees liability exceed the threshold defined in the Procedures for Handling Endorsements and Guarantees due to the need for business operations and they are in compliance with the Procedures for Handling Endorsements and Guarantees; it should be reported in the shareholder's meeting for ratification with the consent of the board of directors, with the possible loss from the excessive endorsements and guarantees liability guaranteed utterly by a majority of the board directors and with the Procedures for Handling Endorsements and Guarantees amended. If the shareholders disapprove of the ratification, there should be plans to eliminate the excessive endorsements and guarantees liability within a certain period of time. If the Company is with independent directors appointed, for the discussion of the board of directors as referred to above, 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. If the underlying subject of the endorsement and guarantee does not comply with the requirements of the Procedures or the endorsement and guarantee 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 endorsement and guarantee processed by the subsidiaries

1. The Company's subsidiaries may not arrange endorsements and guarantees for others without the consent of the Company.
2. The Company's subsidiaries that intend to have endorsements and guarantees arranged for others should have the Procedures for Handling Endorsement and Guarantee stipulated for compliance in accordance with the "Guidelines for Handling Endorsements and Guarantees by Public Companies."
3. Subsidiaries that have endorsements and guarantees made for others should have the statement of endorsements and guarantees of the prior month 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 Endorsements and Guarantees and their implementation with a written record kept for the subsidiaries that have endorsements and guarantees 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 this Guideline 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 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 supervisors and in the shareholders' meeting for discussion, same as for the amendments.

If the Company is with independent directors appointed, for the discussion of the board of directors as referred to above, 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.

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.

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Procedure for Loaning of Funds

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. The short-term financing needed between the foreign companies (hereinafter referred to as “the borrower”) with 100% shareholdings with voting rights held by the Company directly or indirectly.

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 20% 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 is not subject to the two restrictions referred to above.

Article 5: Duration

It is limited to one business cycle for those in business with the Company and the rest is limited to one year.

Article 6: Processing and audit procedures

1. Applications:

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. Credit information:

- (1) For first-time applicants, investigate the authenticity of the information provided by the borrowers and the business and financial conditions with the written documents presented to the President and Chairman for approval.
- (2) For a repeat loan application, in general, the credit is checked once a year. If the loan amount exceeds NT50 million, the credit is checked every six-months, if it is necessary.
- (3) If the borrower is financially sound and the annual financial statements have been audited by independent auditors, the investigation report that is over one year but less than two years old can be used continuously. Also, please refer to the independent auditor's report for the loaning of funds.

3. Review and approval:

- (1) Assess the necessity and reasonableness of the loan in accordance with the intended use, amount and duration.
- (2) Assess the reasonableness of the loan amount in accordance with the closeness of the business relationship and the transaction amount of the most recent operating cycle.
- (3) Assess the risks of the loaning of funds in accordance with the credit check results.
- (4) Assess the impact of the application filed on the Company's operating risks, financial position and shareholders' equity.
- (5) Assess whether it is necessary to levy collateral for the application filed and

the valuation of the collateral.

- (6) Assess whether it is necessary to have another guarantor commissioned and a credit check made on the guarantor.
- (7) After the credit check and assessment are performed, if the borrower is with good credit rating and the intended use is reasonable, the clerk 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.
- (8) To ensure the Company's claims, the borrower shall issue a guarantee promissory note for the same amount.
- (9) If the loaning of funds will not be processed for borrowers with poor credit rating or for other reasons, the clerk should have the reasons for rejection stated for the authorization of the competent staff and then replied to the borrowers promptly.

4. Notice to loan borrower:

The clerk should communicate the approved loaning of funds to the borrower in writing or by phone with the conditions of approval detailed, including the loan amount, duration, interest rate, collateral and guarantor. The borrower shall have the collateral mortgage (pledge) and the confirmation of guarantor completed before the deadline for the process of loaning of funds.

5. Contract signing and confirmation:

The clerk is to have the contractual clauses of the loaning of funds drafted for the review and approval of the supervisor. If necessary, it is to be sent to the legal advisers for an opinion before having the contractual confirmation processed.

6. Collateral mortgage:

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.

7. Insurance:

- (1) Except for land and securities, all collateral must be protected with a fire insurance acquired. A comprehensive insurance is acquired for vehicles. Operating equipment should be insured appropriately. An insurance policy

must be acquired with sufficient coverage and 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.

- (2) The clerk must have the borrower informed before the expiry date of the insurance policy for its renewal.

8. Fund appropriation:

Once the collateral mortgage (pledge) registration and confirmation process is completed and the contract is signed; also, the reserve promissory note is deposited and verified, the fund can be distributed by bank transfer or remittance.

9. Loan management:

- (1) The clerk is to have the claims evidence including application document, contract, and promissory notes; also, the data of collateral documents, insurance policies, and correspondences placed orderly in the custody bag after handling the endorsement and guarantee. The custody bag should be identified with the customer's name and the collateral contents before presenting it to the supervisor for inspection. The custody bag should be sealed upon the completion of the inspection; also, sealed along its border with the stamp of the clerk and the supervisor. The custody bag should be locked in the cabinet under the custody of the supervisor after it is recorded in the Register.
- (2) The clerk should frequently observe the finance, business and credit of the borrower and guarantor for any abnormalities after distributing the loan fund. Pay attention to the change in the value of the collateral, if any. If the devaluation of the collateral is detrimental to the claims obtained, assess the need for requesting additional collateral or collecting part of the loan and taking appropriate measures.
- (3) Borrower should be informed two months prior to the loan expiry date to settle the principal and interest.

10. Interest accrual:

- (1) Interest is accrued in accordance with the agreed interest rates that shall not be less than the maximum interest rate of the financing received from the financial institutions.
- (2) Unless otherwise provided, interest is collected on a monthly basis within one week from the agreed interest payment date.

- (3) If the borrower fails to have the loan repaid on the expiry date, the Company may charge a 10% fine for breach of contract and charged the deferred interest in accordance with the agreed interest rate until it is paid in full.

11. Loan repayment:

- (1) The interest receivable should be calculated on the expiry date of the loan and should be then collected together with the principal before having the claims evidences including promissory notes and other debt obligations cancelled and returned to the borrowers.
- (2) For the cancellation of mortgage and pledge, if it is agreed upon, the borrower should first investigate whether there are any pending loans.

12. Loan extension or renewal:

Inform the borrower the expiry date on which to pay back the loan as agreed and an application for loan extension or renewal can be filed, if it is necessary.

13. Procedures for handling nonperforming loans:

- (1) If the borrower fails to have the loan repaid on the expiry date, the clerk shall immediately report it to the supervisor and inform the borrower to settle the principal and interest; also, try to understand the reason for the failure in performance.
- (2) If the nonperforming loan is over two months old, send out a Legal Confirmation Letter to prompt the borrower to pay.
- (3) If the nonperforming loan is over three months old, send out a Lawyer's Letter to prompt the borrower to pay; also, to have the collateral disposed of and/or the recourse demanded from the guarantor directly.
- (4) If the loan is not repaid on the expiry date as a result of the borrower's credit deterioration or business and financial failure, the Company shall immediately take the necessary security measures.

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 consent 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 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 supervisors and in the shareholders’ meeting for discussion, same as for the amendments.

If the Company is with independent directors appointed, for the discussion of the board of directors as referred to above, 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.

The 1st amendment was on May 27, 2003.

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Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)

Directory of Directors

1. The shareholdings of an individual director and the directors taken as a whole in the shareholder's register on the Ex-Dividend date (April 6, 2013) is as follows, which is in compliance with the shareholding ratio standard defined in Article 26 of the Securities and Exchange Act.

Job title	Name	Shareholding
Chairman	Cheng Chang Investment Co., Ltd. Representative: Lee Shih-Tsung	25,304,482 share
Director	Bai Ruei Investment Co., Ltd. Representative: Liu Wei-Lung	15,635,590 share
Director	Bai Ruei Investment Co., Ltd. Representative: Teng Lin-Lang	15,635,590 share
Director	Bai Ruei Investment Co., Ltd. Representative: Kuo Ya-Tao	15,635,590 share
Director	Bai Ruei Investment Co., Ltd. Representative: Chen Chun-Kui	15,635,590 share
Director	Bai Ruei Investment Co., Ltd. Representative: Ren Li-Chung	15,635,590 share
Independent Director	Liu Chi-Husan	0 share
Independent Director	Yeh Shu	0 share
Independent Director	Huang You-Pin	0 share

2. The required shareholdings of the directors taken as a whole: 15,963,368 shares. The actual shareholdings of the directors taken as a whole: 40,940,072 shares
3. The Company has an Audit Committee established; therefore, there is no requirement on the minimum shareholdings of the supervisors.