

Lungyen Life Service Corp.
(Formerly Known as Dahan Development Corp.)
2014 General meeting Agenda Hansard

Meeting : 17/06/2014 9:00am

Venue : 2F, No.100, Dun Hua North Road, Taipei

Attendance : Attendance and Proxy Proxy total number of shares 317,046,688 shares shareholder; %of the company's shares in issue 399,084,199 shares of 79.44%.

Chairman : Wei-Lung Liu

Record : Tsung-Ming Ho

Chairman Report :

Thank our shareholders to participate in the shareholders' meeting, the meeting agenda items)
(admitted to adopt by-case basis after discussion, at the same time a poll and were counting;
another (discuss matters) mining by-case discussions, at the same time a poll and please
shareholders are counting speak against the motion, master speaking time, let the meeting proceed
smoothly efficient, and now we begin today's agenda

Matters for Reporting

Case 1 : Operation and financial statement reviews in 2013

Summary: The Company's 2013 business report presented for approval.

Remarks: The 2013 business report is as follows:

In the wake of the announcement by the Federal Reserve System (the Fed) in 2013 the policy to progressively withdraw from Quantitative Easing(QE), the stock and bond markets throughout the world have undergone drastic turbulence. The People's Republic of China government dealt with the fluctuations by means of economic stability through sound adjustment without pursuit of growth at a rapid pace. In Taiwan, the economic development has been in entanglement amidst the structure and political problems which could not be solved radically through the very root where industries were in difficulty transforming themselves, and the efforts in economic reform progressed at a very slow pace, lacking the very momentum of growth. The economy grew in Taiwan by a pace below 2% in two years in a row.Thanks to the common efforts by the entire team and entire staff members, nevertheless, we still strive for continued and steady growth in business operation.

Here at Lungyen Life Service Corp., our sales turnover came to NT\$4.152 billion in 2013, declining by 14.26% from the preceding year. The net earnings after tax came to NT\$2.109 billion, a slight decline at 2.24% from the preceding year. But the net income after tax as of December 31, 2013 was up to 51%, growing by as significantly as 24% over the 44% net income after tax of the preceding year. As of December 31, 2013, the consolidated total assets came to NT\$39.2 billion, growing by 2.62% from NT\$38.2 billion of the preceding year's.

Business performance for the year 2012 and the business plan for 2013 is hereby presented to the Company's shareholders as follows:

I. 2013 Operating results:

(1) Operating results of the business plan: Unit: NT Thousand EPS in NT/%

Item	2013	2012	Increase (decrease) Amount	Increase (decrease) %
Net operating income	3,641,810	4,382,632	(740,822)	(16.90%)
Operating costs	1,146,767	1,218,764	(71,997)	(5.91%)
Gross profits	2,495,043	3,163,868	(668,815)	(21.14%)
Operating expenses	1,109,496	1,166,684	(57,188)	(4.90%)
Net operating profits	1,819,664	1,996,755	(177,091)	(8.87%)
Net non-operating income and expenses	418,799	329,950	88,849	26.93%
Income tax expenses	222,376	241,590	(19,214)	(7.95%)
Net income	2,016,087	2,085,115	(69,028)	(3.31%)

(2) Financial income and expenses

As of December 31, 2013, the total assets amounted to NT38,103,107,000; total liabilities amounted to NT29,726,508,000; the debt ratio was 78.02%; the liability net of the collections amounted to NT2,153,564,000; and debt ratio net of the collections was 5.65 %.

(3) Profitability analysis:

Item	2013	2012
Return on assets (%)	5.50	5.64
Return on equity (%)	23.71	27.04
Profit ratio (%)	50.79	44.54
Earnings per share (NT)	5.05	5.22

II. Summary of the 2014 business plan

(1) Operating principle

1. Substantiate business plans and achieve business goals
2. Properly allocate capital and improve financial performance
3. Strengthen risk management and enhance operating foundation
4. Upgrade business management and exercise enterprise value
5. Fulfill corporate social responsibility and optimize corporate image

(2) Summary of execution

1. Substantiate business plans and achieve business goals

Exercise the merger effect of northern, central and southern cemetery; also, the cross integration of customers, channels, and commodities with unified liturgical service provided to effectively increase product penetration rate, to fulfill the primary goal of increasing market share, and to actively explore the Chinese market.

2. Properly allocate capital and improve financial performance
Grasp the capital market opportunity, plan the optimal capital to improve financial performance, provide comprehensive operational management procedures with the regulations update and enhance operating effectiveness.
3. Strengthen risk management and enhance operating foundation
Strengthen the functions of internal audit and internal control, substantiate corporate governance, review and modify the risk management regulations and update the internal control operating procedures in a timely manner in order to enhance risk management capability.
4. Upgrade business management and exercise enterprise value
Promote human resources exchanges and talents incubation plan within the Group to develop the cross-industry management talent needed, enhance manpower capital, and strengthen competitiveness. Utilize information technology for integrating workflow and service innovation to ensure competitive advantage. Exercise the bargaining power of procurement, effectively reduce operating costs and maintain the Group's long-term stability of profit growth.
5. Fulfill corporate social responsibility and optimize corporate image
Work with the Government to execute the policies, to convey business philosophy by combining it with public service, to exercise the synergy of business operations, to continuously feedback to the society, to serve the citizens, and to fulfill the satisfaction of customers, employees, and shareholders.

(3) Estimated production and sales in 2014 Unit: SET

Product / Name	Estimated production and sales
Columbarium	5,163
Cemetery	209
Preneed contract	12,206
Total	17,578

III. The Company's development strategy

In 2014, we shall focus on re-planning and reorganization of the cemeteries and towers obtained through merger/acquisition (M&A) efforts. Under the philosophy of integrated funeral services of the entire country, we shall further effectively augment the benefits of Lungyen brand logo and further expand market shares in the funeral service industry.

Amidst the mounting environmental protection awareness, the need for interment services still widely existent. As people are in heated protest against the special funeral zones, the interment service licenses will be increasingly unavailable. We shall prudentially map out our current cemetery land and augment the benefits in combination of Lungyen brand name to assure maximum possible benefits and values of Lungyen cemetery assets.

At the moment, people seem to strive for simplified ways in funeral services. Here at Lungyen, we shall elaborately adjust and upgrade marketing efforts and target products to create segmentation in the market. In turn, we will provide new needs in the market and assure continued growth and development. Meanwhile, we shall be continually strengthen internal control and demand in upgrade quality of services so that the hardware commodities and software services will be continually upgraded. Through such efforts, Lungyen will further step into extensive consumers and expand market share.

As Taiwan is in increasingly significant aging society and decreased childbirth, and amidst the limited territories and population, on the grounds of our existent life service bases, we shall,

step-by-step, expand our horizons to cover life service related medical treatment services and elder citizen hotels and such business lines. Other than our efforts on the already well developed business lines and markets in Taiwan, we shall, under the well designed programs, expand our services toward China. Where China is transforming from interment toward incineration, Lungyen will be one step ahead of competitors to stand firmly in the vast markets in China. As always, Lungyen shall render high quality and elaborate thoughtful services. In the efforts of marketing pre-need contracts and tower units, we shall spearhead the entire markets as the leading brand name toward more brilliant tomorrow.

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

The national competent authority has gradually established comprehensive management of funeral services and published funeral-related laws and regulations for the protection of consumers. The action may have had the funeral industry subject to more strict regulations; however, it will help establish a higher operating threshold that will keep the inferior operators away. Under these circumstances, the long-lasting legitimate business operations of Lungyen will be well protected.

The funeral business is for daily necessities; therefore, the sales are not subject to the influence of the economy. In perspective, we will continue to uphold the business philosophy of professionalism, integrity and compassion to strengthen operating performance, solid operating foundation, generate outstanding business performance, create greater shareholders' equity, contribute to the prosperity of society and set the record again for national economic development.

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

Chairman: Li Shih Tsung
President: Liu Wei Lung
Chief Accountant: Chan Shu Chuan

Case 2 : Proposal for distribution of earnings in 2013

Summary: **The 2013 Audit Committee's report** is proposed for approval.

Remarks: **The 2013 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 2013

Authorized

The Board of Directors has the Company's 2013 business report, financial statements, and earnings distribution report prepared and presented, in which the financial statements have been audited by CPA CPA Li Zhen Lai and Shi-Qin, Chi 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.) 2014 General
Shareholders' Meeting

Independent Director: Liu Chi-Husan
Independent Director: Yeh Shu
Independent Director: Huang You-Bin
March 28, 2014

Points of Recognition

Case 1: (Proposed by the board of directors)

Summary: The Company has the **operation and financial statement reviews in 2013** presented for approval.

- Remark: 1. The Company's **operation and financial statement reviews in 2013** (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>)

Number of voting rights of the shareholders attending the vote: 315,805,471 rights

<input checked="" type="checkbox"/> Voting results		% of Attending shareholders right
Agree right :	284,702,318	90.15%
Disagree right :	0	0%
Abstain right :	31,103,153	9.85%

Resolutions: The field case shareholder ballot results, according to the original bill vote.

Case 2 :

Summary: The Company's **proposal for distribution of earnings in 2013** is presented for recognition.

Remarks:

- The Company's net income amounted to NT 2,016,087,376 in 2013 and the unappropriated earnings amounted to NT 506,022,708 in 2012 for a grand total of NT 2,522,110,084 that is proposed to be distributed as follows:
 - Legal reserve appropriated: NT 201,608,738
 - Shareholders' dividends: NT 1,316,977,857 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.

3. Remuneration to directors and supervisor: It is estimated to be NT 27,154,181.
 4. Bonus to employees: The cash dividend is estimated to be NT 13,577,092.
 5. Please refer to Attachment 4 for the distribution of earnings in detail.
 6. 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.
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.

Shareholder account number 11295 statement:

Shareholder account number 11295 Certificate No. 2005 attended fiduciary agent, I think that in the year 102 after-tax earnings of about 20 billion proposal to shareholders cash dividends per share increased to allocate \$ 4, and I try to forget a surplus distribution table Please refer to the Chairman and the accountant.

Shareholder account number 13194 with the proposed

Chairman Resolution :

The appropriations bill in accordance with the shareholder's number 11295 proposed that four yuan per share allotted a vote and asked the master of ceremonies after reading the Republic Fixed a ○ Two Years shareholder dividend of NT \$ 1,596,336,796 first wife cash dividend per share allotment \$ 4. Directors' remuneration amounted to NT \$ 32,914,160 allotted director remuneration. Bonuses to employees of NT \$ 16,457,081 allotted employee cash bonus. Surplus Distribution Table 4 yuan allocated in accordance with the calculation of earnings per share as follows:

Attachment 4

The proposed amendment to the shareholders

Lungyen Life Service Corp.
2013 Distribution of Earnings

Item	Unit: NT
	Amount
Balance – beginning	506,022,708
Added: Net income	2,016,087,376
Earnings available for distribution	2,522,110,084
Appropriate 10% legal reserve	201,608,738
Appropriation of special reserves	0
Current earnings available for distribution	2,320,501,346

Distribution:	
1. Cash dividend to shareholders – 97% (estimated NT4 per share)	1,596,336,796
2. Stock dividend to shareholders – 0%	-

Note: (NT4 per share)

Remuneration to directors and supervisors – 2% (NT32,914,160)

Bonus to employees – 1% (NT16,457,081)

Resolutions:

The amended motion according to NT \$ 4 per share allotted voting results are as follows

Number of voting rights of the shareholders attending the vote: 315,805,471 rights

<input checked="" type="checkbox"/> Voting results		% of Attending shareholders right
Agree right :	266,907,648	84.52%
Disagree right :	0	0%
Abstain right :	48,897,823	15.48%

The field case shareholder ballot results, according to the amended motion to allot NT 4 yuan per vote.

Point of Discussion

Case 1:

(Proposed by the board of directors)

Summary: **The Amendment to the “Amendment of the Articles table”** is proposed for discussion.

Remark: The Company’s **“Amendment of the Articles table”** will be amended line with the laws and regulations amendments and the needs for business operations. The comparison table of the **“Amendment of the Articles table ”** amendment before and after is as follow:

Endorsement” amendment before and after

Article	Old	New	Amendment basis and reasons
Article 2	The company's business activities are: 01.H701010 Residence and Buildings Lease Construction and Development 02.H701040 Specialized Field Construction and Development. 03.H701060 New County and Community Construction and Investment. 04.F111090 Wholesale of Building Materials. 05.F205040 Retail Sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures. 06.F211010 Retail Sale of Building	The company's business activities are: 01.H701010 Residence and Buildings Lease Construction and Development 02.H701040 Specialized Field Construction and Development. 03.H701060 New County and Community Construction and Investment. 04.F111090 Wholesale of Building Materials. 05.F205040 Retail Sale of Furniture, Bedclothes, Kitchen Equipment and Fixtures.	With its operations and adjustment items.

	<p>Materials.</p> <p>07.I503010 Landscape and Interior Design.</p> <p>08.H701050 Public Works Construction and Investment.</p> <p>09.H701030 Funeral Places Lease Construction and Development.</p> <p>10.H703090 Real Estate Commerce.</p> <p>11.H703100 Real Estate Rental and Leasing.</p> <p>12.H703110 Senior Citizen's Development.</p> <p>13.H701080 Reconstruction within the renewal area.</p> <p>14.JZ99141 Burial Ground Services.</p> <p>15.JZ99151 Burial Services.</p> <p>16.J202010 Industry Innovation and Incubation Services.</p> <p>17.J901020 Hotels and Motels.</p> <p>18.J701040 Recreational Activities Grounds and Facilities.</p> <p>19.J701070 Computer Recreational Activities.</p> <p>20.J801030 Athletics and Recreational Sports Stadium.</p> <p>21.J701020 Amusement Parks.</p> <p>22.JZ99050 Agency Services.</p> <p>23.JZ99090 Joyous Events Services.</p> <p>24.F401010 International Trade.</p> <p>25.J303010 Magazine and Periodical Publication.</p> <p>26.F206060 Retail Sale of Articles to Offer Sacrifices to Gods or Ancestors.</p> <p>27.F203010 Retail Sale of Food and Grocery.</p> <p>28.F201070 Retail Sale of Flowers.</p> <p>29.F201010 Retail Sale of Agricultural Products.</p> <p>30.F399040 Retail Business without Shop.</p> <p>31.J101030 Waste Disposal.</p> <p>32.J101040 Waste Management.</p> <p>33.JZ99990 Other services not elsewhere classified.</p> <p>34.H704031 Real estate agency brokerage industry.</p>	<p>06.F211010 Retail Sale of Building Materials.</p> <p>07.I503010 Landscape and Interior Design.</p> <p>08.H701050 Public Works Construction and Investment.</p> <p>09.H701030 Funeral Places Lease Construction and Development.</p> <p>10.H703090 Real Estate Commerce.</p> <p>11.H703100 Real Estate Rental and Leasing.</p> <p>12.H703110 Senior Citizen's Development.</p> <p>13.H701080 Reconstruction within the renewal area.</p> <p>14.JZ99141 Burial Ground Services.</p> <p>15.JZ99151 Burial Services.</p> <p>16.J202010 Industry Innovation and Incubation Services.</p> <p>17.J901020 Hotels and Motels.</p> <p>18.J701040 Recreational Activities Grounds and Facilities.</p> <p>19.J701070 Computer Recreational Activities.</p> <p>20.J801030 Athletics and Recreational Sports Stadium.</p> <p>21.JZ99050 Agency Services.</p> <p>22.JZ99090 Joyous Events Services.</p> <p>23.F401010 International Trade.</p> <p>24.F206060 Retail Sale of Articles to Offer Sacrifices to Gods or Ancestors.</p> <p>25.F203010 Retail Sale of Food and Grocery.</p> <p>26.F201070 Retail Sale of Flowers.</p> <p>27.F201010 Retail Sale of Agricultural Products.</p> <p>28.F399040 Retail Business without Shop.</p> <p>29.J101030 Waste Disposal.</p> <p>30.J101040 Waste Management.</p> <p>31.JZ99990 Other services not elsewhere classified.</p> <p>32.H704031 Real estate agency brokerage industry.</p> <p>33.H704041 Real estate agency brokerage industry.</p>	
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	<p>35.H704041 Real estate agency brokerage industry.</p> <p>36.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	<p>34.G801010 Warehousing</p> <p>35.ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.</p>	
Article 12	<p>All company shareholders are entitled to one vote for every share held, except for the circumstances described in Section 179 of The Company Act where shareholders cannot exercise their voting rights.</p>	<p>All company shareholders are entitled to one vote for every share held, except for the circumstances described in Section 179 of The Company Act where shareholders cannot exercise their voting rights.</p> <p>Shareholders may exercise their voting rights adopted in writing or by electronic means, and shall specify in the notice convening the shareholders' meeting.</p>	Updating shareholder's exercise voting
Article 16-1	<p>The composition of the company's board of directors mentioned above include three independent directors appointed by way of nomination which requires shareholders to select from a list of independent director nominees. The nomination shall comply with section 192-1 of The Company Act.</p> <p>Independent directors and non-independent directors must be selected during the same election. Their electoral quota must be calculated separately.</p> <p>Independent directors' eligibility, shareholding, concurrent employment, names, the method of election, and all other compliance issues shall be governed by the rules of the securities authority</p>	<p>The directors of the Company are mining system for nominating candidates, elected by the shareholders of the list of candidates for directors, nomination of one hundred ninety-two handled in accordance with the Companies Act.</p> <p>Independent directors and non-independent directors must be selected during the same election. Their electoral quota must be calculated separately.</p> <p>Independent directors' eligibility, shareholding, concurrent employment, names, the method of election, and all other compliance issues shall be governed by the rules of the securities authority.</p>	Implementation of corporate governance policies
Article 28	<p>If the company concludes a surplus for the financial year, it must first fulfill all tax duties and reimburse previous losses, followed by a 10% provision for statutory earnings reserve and a special earnings reserve if necessary.A</p>	<p>After the settlement , if any, of the company's annual earnings , tax money should be appropriated to make up for losses in prior years , times set aside as legal reserve and it occurs when the stockholders' equity</p>	Amendments to the shareholder's dividends plus undistribute

	<p>discretionary amount of retained earnings can be withheld from the remaining surpluses, and the remainder will be subject to the following distributions:</p> <p>(1) Ordinary share dividends and bonuses no less than 97%.</p> <p>(2) Directors' remuneration no more than 2%.</p> <p>(3) Employees' bonuses no less than 1%.</p> <p>If the above-mentioned bonus to employees is paid in shares, the beneficiaries may include the employees of the company's subsidiaries who have met certain criteria. The company may distribute retained earnings in shares out of concern toward shareholders equity and based on its capital requirements derived from future capital budgets. The amount distributed in cash must be no less than 10% of shareholders' stock dividends.</p> <p>Chapter Seven Additional rules</p>	<p>for the year as special reduction of the amount of surplus public after turning the plot or special reserve , then the balance will be distributed according to the following ratio:</p> <p>(1) the directors ' remuneration of not more than 2% .</p> <p>(2) the employee bonus of 1% . In stock issuer , the recipients must include the employees of subsidiaries certain conditions .</p> <p>After deducting the preceding paragraph amounts , the amount of the remaining available for distribution to plus pre cumulative undistributed earnings as dividends , the Board of Directors in accordance with the company dividend policy based on the total percentage of shares distributed or retained by the proposed appropriation of earnings will be distributed in the preceding paragraph for resolution of shareholders .</p> <p>The Company's dividend policy is based on the interests of shareholders and in accordance with the Company's future capital budget planning for future years as measured by capital requirements , dividends or stock dividends of cash dividends to be paid. Priority of cash dividends may also be made by way of stock dividend distribution , only cash dividends shall not be less than 10% of total shareholders' dividends</p>	<p>d earnings for the early accumulation and clearly defined distribution ratio</p>
<p>Article 31</p>	<p>This Memorandum of Association was created on 27 February 1987.</p> <p>1st amendment - 20 March 1987.</p> <p>2nd amendment - 18 January 1991.</p> <p>3rd amendment - 2 September 1992.</p> <p>4th amendment - 31 December 1993.</p> <p>5th amendment - 1 March 1995.</p> <p>6th amendment - 15 July 1996.</p> <p>7th amendment - 19 March 1997.</p> <p>8th amendment - 26 April 1997.</p> <p>9th amendment - 24 October 1997.</p>	<p>This Memorandum of Association was created on 27 February 1987.</p> <p>1st amendment - 20 March 1987.</p> <p>2nd amendment - 18 January 1991.</p> <p>3rd amendment - 2 September 1992.</p> <p>4th amendment - 31 December 1993.</p> <p>5th amendment - 1 March 1995.</p> <p>6th amendment - 15 July 1996.</p> <p>7th amendment - 19 March 1997.</p>	<p>Revision Date added</p>

10th amendment - 18 May 1998. 11th amendment - 4 December 1998. 12th amendment - 6 May 1999. 13th amendment - 22 June 2001. 14th amendment - 30 June 2002. 15th amendment - 8 February 2006. 16th amendment - 8 February 2006. 17th amendment - 15 June 2007. 18th amendment - 1 August 2008. 19th amendment - 10 June 2009. 20th amendment - 29 October 2009. 21st amendment - 12 October 2010. 22nd amendment - 28 June 2011 23rd amendment - 6 June 2012	8th amendment - 26 April 1997. 9th amendment - 24 October 1997. 10th amendment - 18 May 1998. 11th amendment - 4 December 1998. 12th amendment - 6 May 1999. 13th amendment - 22 June 2001. 14th amendment - 30 June 2002. 15th amendment - 8 February 2006. 16th amendment - 8 February 2006. 17th amendment - 15 June 2007. 18th amendment - 1 August 2008. 19th amendment - 10 June 2009. 20th amendment - 29 October 2009. 21st amendment - 12 October 2010. 22nd amendment - 28 June 2011 23rd amendment - 6 June 2012 24th amendment - 17 June 2014
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Number of voting rights of the shareholders attending the vote: 317,046,688 rights

<input checked="" type="checkbox"/> Voting results	% of Attending shareholders right	
Agree right :	290,666,786	91.68%
Disagree right :	0	0%
Abstain right :	26,379,902	8.32%

Resolutions: The field case shareholder ballot results, according to the original bill vote.

Case 2: (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:

Disposal of Assets" amendment before and after

Clause	Original clause	Amended clause	References and reasons for amendments
Clause II	The term "assets" as used in these handling procedures includes the following: i. Investments in stocks, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put) warrants,	The term "assets" as used in these handling procedures includes the following: i. Investments in stocks, government bonds, corporate bonds, financial bonds, fund-based securities, depositary receipts, call (put)	The definition of real estate is amended based on Article III under "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>beneficial securities, and asset-backed securities.</p> <p>II. Real estate (excluding the inventory of the construction industry) and other fixed assets.</p> <p>III. Membership card.</p> <p>IV. Intangible assets including patents, copyrights, trademarks and charter.</p> <p>V. Financial institutions' claims (including receivables, foreign exchange discount and loans and nonperforming loans).</p> <p>VI. Directives.</p> <p>VII. The acquisition or disposal of assets by lawful merger, spins-off, acquisition or assignment of shares.</p> <p>VIII. Other important assets.</p>	<p>warrants, beneficial securities, and asset-backed securities.</p> <p>II. Real estate (<u>including land, premises and buildings, investment property, rights to use land, and inventories and equipment of construction companies</u>).</p> <p>III. Membership card.</p> <p>IV. Intangible assets including patents, copyrights, trademarks and charter.</p> <p>V. Financial institutions' claims (including receivables, foreign exchange discount and loans and nonperforming loans).</p> <p>VI. Directives.</p> <p>VII. The acquisition or disposal of assets by lawful merger, spins-off, acquisition or assignment of shares.</p> <p>VIII. Other important assets.</p>	
Clause IV	<p>Decision making procedures for the acquisition and disposal of assets adopted by the Company:</p> <p>I. 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.</p> <p>II. 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</p>	<p>Decision making procedures for the acquisition and disposal of assets adopted by the Company:</p> <p>I. When acquiring or disposing of an asset, <u>the handling unit shall provide information to the corresponding decision making authority, including the reasons for the transaction, the assets, the trading parties, transferring price, payment terms, and reference price, etc.</u> If the case qualifies for announcement and filing, before proceeding the deal shall <u>be processed by the Company in accordance with approved procedures.</u> If it is subject to Company Act #185, before proceeding the deal shall receive approval</p>	In accordance with actual operating needs

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>competent authorities for decision-making</p> <p>## The assets acquired or disposed of by the Company according to the procedures abovementioned or related regulations shall first go through discussions by the board. All opinions, with supporting reasons offered by each board member, regardless whether supporting or opposing, shall be recorded in the meeting minutes.</p> <p>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.</p>	<p>from the shareholders' meeting.</p> <p>II. The assets acquired or disposed of by the Company according to the procedures abovementioned or related regulations shall first go through discussions by the board. All opinions, with the supporting reasons offered by each board member, regardless whether supporting or opposing, shall be recorded in the meeting minutes.</p> <p>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.</p>	
Clause VI	<p>Under any of the following circumstances, the Company shall, when acquiring or disposing of assets, within 2 days publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations, commencing immediately from the date of occurrence of the event:</p> <p>I. 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</p>	<p>Under any of the following circumstances, the Company shall, when acquiring or disposing of assets, within 2 days publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations, commencing immediately from the date of occurrence of the event:</p> <p>I. 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</p>	<p>The supervising authority has restructured and changed its name and amended the details in accordance with Article XXX under "Regulations Governing the Acquisition and Disposal of Assets by Public Companies."</p>

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>trading of bonds or bonds with repurchase or resale agreements is not subject to this restriction.</p> <p>II. Process mergers, spin-offs, acquisitions or assignment of shares.</p> <p>III. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.</p> <p>IV. 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:</p> <ol style="list-style-type: none"> 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 	<p>the paid-in capital, 10% of the total assets, or NT300 million; This shall not apply to trading of government bonds <u>or</u> bonds under repurchase and resale agreements, <u>or a subscription for or redemption of domestic money market funds.</u></p> <p>II. Process mergers, spin-offs, acquisitions or assignment of shares.</p> <p>III. Engaged in derivatives transaction with a loss up to the limit of the total or individual contract amount regulated in this procedure.</p> <p>IV. 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:</p> <ol style="list-style-type: none"> 1. Bond trade <u>2. Securities trading by investment professionals on foreign or domestic securities exchanges or over-the-counter markets, or a subscription for securities by a securities firm, either in the primary market or in accordance with relevant regulations.</u> <u>3.</u> Trading of bonds under repurchase and resale agreements, <u>or a subscription for or redemption of domestic</u> 	

Clause	Original clause	Amended clause	References and reasons for amendments
	percentage and jointly built by separate sales.	<u>money market funds.</u> <u>4.</u> Where the type of asset acquired or disposed of is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million. <u>5.</u> 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 <u>6.</u> 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 VII Paragraph I	In case any of the following circumstances occurs after a public-announced transaction in accordance with the preceding article, the Company shall, within 2 days, report the relevant information on the FSC's designated website, commencing immediately from the date of occurrence of the event:	In case any of the following circumstances occurs after a public-announced transaction in accordance with the preceding article, the Company shall, within 2 days, report the relevant information on the FSC's designated website, commencing immediately from the date of occurrence of the event:	The supervising authority has restructured and changed its name.
Article IX	When acquiring or disposing of an asset, the Company will, based on the rules below, invite an impartial and independent professional to issue an appraisal report according to the type of asset:	When acquiring or disposing of an asset, the Company will, based on the rules below, invite an impartial and independent professional to issue an appraisal report according to the type of asset:	In accordance with Articles IX and XI concerning "Regulations Governing the Acquisition and

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>I. The Company acquisition or disposal of real estate or other fixed assets, 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:</p> <ol style="list-style-type: none"> 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 	<p>I. In acquiring or disposing of real property or <u>equipment</u> where the transaction amount reaches 20 percent of the company's paid-in capital or NT\$300 million or more, the Company shall, unless when transacting with a government agency, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions:</p> <ol style="list-style-type: none"> 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. In case any one of the following circumstances applies with respect to the professional appraiser's appraisal results, unless all the appraisal results for the assets to be acquired are 	<p>Disposal of Assets by Public Companies” and the amended name of the supervising authority.</p>

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>Accounting Research and Development Foundation; also, express an opinion on the cause of the nonconformity and the adequacy of the transaction price:</p> <p>(1) The spread between the appraisal results and the transaction amount exceeds 20%.</p> <p>(2) The appraisal spread between the two or more appraisers exceeds 10% of the transaction amount.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>II. For the acquisition or disposal of securities, the Company should receive the latest financial statements audited or reviewed by the CPAs of the underlying</p>	<p>higher than the transaction amount, or all the appraisal results for the assets to be disposed of are lower than the transaction amount, a certified public accountant shall be engaged to perform the appraisal in accordance with the provisions of Statement of Auditing Standards No. 20, published by the <u>ROC Accounting Research and Development Foundation (ARDF)</u>, rendering a specific opinion regarding the reason for the discrepancy and the appropriateness of the transaction price:</p> <p>(1) The spread between the appraisal results and the transaction amount exceeds 20%.</p> <p>(2) The appraisal spread between the two or more appraisers exceeds 10% of the transaction amount.</p> <p>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.</p> <p>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.</p> <p>5. In addition to having the</p>	

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>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.</p> <p>III. 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.</p> <p>IV. 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.</p>	<p>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.</p> <p>II. 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. This does not include securities that have public-quoted prices from the active market or assets that are otherwise prescribed by FSC.</p>	

Clause	Original clause	Amended clause	References and reasons for amendments
		<p>III. When acquiring or disposing of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, <u>except in transactions with a government agency</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20, published by the ROC Accounting Research and Development Foundation.</p> <p>IV. 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.</p>	
Article IX-I	The calculation of the transaction amounts referred to in the preceding articles shall be done in accordance with Article 30-2, with the phrase "within the preceding year" as used therein referring to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need not be counted toward the transaction amount.	The calculation of the transaction amounts referred to in the preceding articles shall be done in accordance with Article 30-2 under " <u>Regulations Governing the Acquisition and Disposal of Assets by Public Companies,</u> " with the phrase " <u>within the preceding year</u> " as used therein referring to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a CPA's opinion has been obtained need	Clear designation of names of the laws that need to be complied with.

Clause	Original clause	Amended clause	References and reasons for amendments
		not be counted toward the transaction amount.	
Article X	<p>When acquiring or disposing of real property from or to a related party, or when acquiring or disposing of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and recognized by the board of directors:</p> <ol style="list-style-type: none"> I. The purpose, necessity, and expected benefits of the acquisition or disposal of assets II. The reasons for selecting the related party as the counterparty III. 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" IV. The matters of the related party's original acquisition date and price, counterparty and the relationship between the Company and the related party V. 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. VI. Acquire the appraisal report from the professional appraisal 	<p>When acquiring or disposing of real property from or to a related party, or when acquiring or disposing of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the company's total assets, or NT\$300 million or more, <u>except in trading of government bonds or bonds under repurchase and resale agreements, or subscription for or redemption of domestic money market funds</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the audit committee and recognized by the board of directors:</p> <ol style="list-style-type: none"> I. The purpose, necessity, and expected benefits of the acquisition or disposal of assets. II. The reasons for selecting the related party as the counterparty. III. 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". IV. The matters of the related party's original acquisition 	<p>In accordance with Article XIV concerning "Regulations Governing the Acquisition and Disposal of Assets by Public Companies" and the clearly designated names of the laws that need to be complied with.</p>

Clause	Original clause	Amended clause	References and reasons for amendments
	<p>company or the opinions of the CPAs in accordance with the provisions referred to above.</p> <p>VII. The restrictions and other important stipulations of the transaction</p> <p>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.</p> <p>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 NT300 million and then reported to 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.</p>	<p>date and price, counterparty and the relationship between the Company and the related party.</p> <p>V. 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.</p> <p>VI. Acquire the appraisal report from the professional appraisal company or the opinions of the CPAs in accordance with the provisions referred to above.</p> <p>VII. The restrictions and other important stipulations of the transaction.</p> <p>The calculation of the transaction amounts referred to in the preceding articles shall be done in accordance with Article 30-2 under <u>"Regulations Governing the Acquisition and Disposal of Assets by Public Companies,"</u> and the <u>phrase "within the preceding year"</u> as used therein refers to the year preceding the date of occurrence of the current transaction. Items for which an appraisal report from a professional appraiser or a <u>CPA's</u> opinion has been obtained need not be counted toward the transaction amount.</p> <p>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</p>	

Clause	Original clause	Amended clause	References and reasons for amendments
		<p>have a decision made within an amount of NT300 million and then reported to the most recent board meeting for ratification. In addition, as the Company has established independent directors, when the transaction is sent for board discussion according to <u>Article 1</u>, all opinions from the independent board members, regardless whether supporting or opposing, shall be considered thoroughly and recorded in the meeting minutes.</p>	
Article XI-IV	<p>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:</p> <ol style="list-style-type: none"> 1. The acquisition of real estate by a related party is by inheritance or gift. 2. A related party is 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. 	<p>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:</p> <ol style="list-style-type: none"> 1. The acquisition of real estate by a related party is by inheritance or gift. 2. A related party is contracting for the acquisition of real estate is more than five years from the date of the trade contract signing. 3. The real property is acquired through signing of a joint development contract with the related party, or through engaging a related party to <u>build real property, either on the Company's own land or on rented land.</u> 	In accordance with Article XV concerning "Regulations Governing the Acquisition and Disposal of Assets by Public Companies".
Article XIII	Before engaging in transactions in derivative instruments, the Company shall establish "Standard procedures for handling transactions in derivative instruments" in accordance with the "Regulations Governing the Acquisition	Before engaging in transactions in derivative instruments, the Company shall establish "Standard procedures for handling transactions in derivative instruments" in accordance with	The supervising authority has restructured and changed its name.

Clause	Original clause	Amended clause	References and reasons for amendments
	and Disposal of Assets by Public Companies” promulgated by the FSC.	the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” promulgated by the FSC.	
Article XIV	Before transactions connected with mergers, demergers, acquisitions, or transfer of shares, the Company shall establish “Standard procedures for handling transactions connected with mergers, demergers, acquisitions, or transfer of shares” in accordance with the Company Act, “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” as promulgated by the FSC and related regulations.	Before transactions connected with mergers, demergers, acquisitions, or transfer of shares, the Company shall establish “Standard procedures for handling transactions connected with mergers, demergers, acquisitions, or transfer of shares” in accordance with the Company Act, “Regulations Governing the Acquisition and Disposal of Assets by Public Companies” as promulgated by the FSC and related regulations.	The supervising authority has restructured and changed its name.
Article XVII Paragraph I Paragraph I	The Company’s standard procedures regarding acquiring assets by subsidiaries: I. The subsidiary’s acquisition or disposal of assets shall be processed in accordance with the relevant requirements of the Company and the FSC.	The Company’s standard procedures regarding acquiring assets by subsidiaries: I. Transactions connected with assets by subsidiaries shall follow the related regulations set forth by the Company and the FSC.	The supervising authority has restructured and changed its name.
Article XXI	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 5 th amendment was on June 28, 2011 The 6 th amendment was on June 6, 2012 The 7 th amendment was on June 4, 2013	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 5 th amendment was on June 28, 2011 The 5 th amendment was on June 6, 2012 The 7 th amendment was on June 4, 2013 The 8 th amendment was on June 17, 2014	Adding the clauses and the current amendment date.

Number of voting rights of the shareholders attending the vote: 317,046,688 rights

<input checked="" type="checkbox"/> Voting results		% of Attending shareholders right
Agree right :	285,879,786	90.17%
Disagree right :	0	0%
Abstain right :	31,166,902	9.83%

Resolutions: The field case shareholder ballot results, according to the original bill vote.

Case 3: (Proposed by the board of directors)

Summary: **The Amendment to the “Procedures for Derivative Instrument Transactions”** is proposed for discussion.

Remark: The Company’s **“Procedures for Derivative Instrument Transactions”** 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:

Endorsement” amendment before and after

Article	Old	New	Amendment basis and reasons
10-1-3	Any personnel authorized according to the company's derivatives trading procedures to carry out derivatives trading activities must be reported to the board of directors afterward.	The Company engaged in derivatives trading, according to the Order Derivative transaction processing requirements handled by authorized personnel, and afterwards shall submit the most recent Board of Directors.	
13	This policy was passed during the shareholders meeting held on 28 June 2011, and become effective on the date of announcement.	This policy was passed during the shareholders meeting held on 28 June 2011, and become effective on the date of announcement. 2nd amendment - 17 June 2014	

Number of voting rights of the shareholders attending the vote: 317,046,688 rights

<input checked="" type="checkbox"/> Voting results		% of Attending shareholders right
Agree right :	288,353,786	90.95%
Disagree right :	22,000	0.007%
Abstain right :	28,670,902	9.043%

Resolutions: The field case shareholder ballot results, according to the original bill vote.

Other proposals and impromptu motions : No

Meeting adjourned

Independent Auditor's Report

From the Board of Directors, Lungyen Life Service Corporation

We have audited the accompanying consolidated balance sheet of Lungyen Life Service Corporation Ltd. as of December 31, 2013 and 2012 and January 1, 2012, and the related statements of income, retained earnings, and cash flows for the years 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 audit. We have not audited the financial statements of some of the invested companies under the equity method of Lungyen Life Service Corporation Ltd., which were audited by the other independent auditors; therefore, our opinions expressed on those financial statements and the amounts reported were based on the other independent auditor's report. The investment in these invested companies under the equity method were NT\$0, NT\$30,024 thousand, and NT\$29,305 thousand as of December 31, 2013 and 2012, and January 1, 2012, representing 0%, 0.08%, and 0.08% of total assets, respectively. The earnings from the subsidiary under the equity method and affiliated company and joint venture were NT\$151 thousand and NT\$49 thousand on January 1 ~ December 31, 2013 and 2012, representing 0.007% and 0.002% of net income before tax, respectively.

We conducted our audit in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and generally accepted auditing standards 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 that of the other independent auditor's report provide a reasonable basis for our opinion.

In our opinion, based on our audit and the other independent auditor's reports, the financial statements referred to above present fairly, in all materials respects, the financial position of Lungyen Life Service Corporation Ltd. as of December 31, 2013 and 2012, and January 1, 2012, and the results of its operations and its cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

The Significant Accounting Ledger of the 2013 individual financial statements is mainly for supplementary analysis and is also audited by the accountant using the audit procedure described in the first paragraph. In our opinion, the significant accounting ledger referred to above that is prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms present fairly, in all materials respects, corresponding to the individual financial statements in the first paragraph.

KPMG Taiwan

CPA:

Securities and Futures Committee of : (89) Tai.chai.jen(VI) No. 62474
the Ministry of Finance approval no. FSC(I).tzi No. 1020000737

March 27, 2014

Lungyen Life Service Corp.
Balance Sheet
December 31, 2013 and 2012, and January 1, 2012

Unit: NT Thousands

	2013.12.31		2012.12.31		2012.1.1			2013.12.31		2012.12.31		2012.1.1										
	Amount	%	Amount	%	Amount	%		Amount	%	Amount	%	Amount	%									
Assets																						
Current assets																						
1100	Cash and cash equivalent (Note 6 [1] and [17])	\$	1,112,386	3	191,984	1	413,762	1	2100	Short-term loans (Note 6 [9] and (17))	\$	1,002,000	3	1,940,000	5	3,040,000	8					
1110	Financial assets-current measured at fair value through profit or loss (Note 6 [2] and (17))		796,585	2	310,292	1	623,890	2	2170	Notes payable and accounts payable (Note 6 [17])		342,627	1	312,123	1	252,425	1					
1150	Notes receivable – net (Note VI(XVII))		19,929	-	13,774	-	41,648	-	2180	Increase of accounts payable - related party (Note 6 [17] and (7))		35,916	-	28,436	-	47,864	-					
1170	Accounts receivable – net (Note VI(XVII) and VII)		315,058	1	194,443	1	80,202	-	2200	Other payables (Note 7)		496,006	1	389,952	1	318,966	1					
1320	Inventories (Note 6 [4])		10,631,570	28	10,141,628	27	10,654,735	29	2230	Current income tax liabilities (Note VI(XVII))		159,316	-	84,189	-	311,959	1					
1410	Prepayments (Note VII and IX)		8,257,412	22	8,228,991	21	8,277,869	22	2310	Collections (Note 9)		27,572,944	73	26,480,574	72	26,363,562	71					
1476	Other financial assets – current (Note 6 [17], 7 and 9)		2,149,360	6	1,732,956	5	1,399,901	4	2399	Other current liabilities		14,290	-	6,381	-	13,669	-					
1479	Other current assets		2,372	-	17,109	-	8,847	-				<u>29,623,099</u>	<u>78</u>	<u>29,241,655</u>	<u>79</u>	<u>30,348,445</u>	<u>82</u>					
			<u>23,284,672</u>	<u>62</u>	<u>20,831,177</u>	<u>56</u>	<u>21,500,854</u>	<u>58</u>	Non-current liabilities:													
Noncurrent assets																						
1543	Financial assets valued at cost – noncurrent (Note 6 [3] and (17))		56,333	-	521,819	1	65,471	-	2570	Deferred income tax liabilities (Note 6 [12])		30,683	-	24,413	-	9,906	-					
1550	The investment under equity method (Note 6 [5])		1,492,342	4	1,615,864	4	1,722,407	5	2640	Accrued pension liabilities (Note 6 [11])		22,306	-	21,472	-	19,044	-					
1600	Realty, factory buildings and equipment (Note 6 [6])		5,096,228	13	4,604,554	13	4,251,751	11	2645	Guaranteed deposit and margin received		50,420	-	42,994	-	46,074	-					
1760	Investment property (Note 6 [7])		6,177,305	16	7,572,418	21	7,787,156	21				<u>103,409</u>	<u>-</u>	<u>88,879</u>	<u>-</u>	<u>75,024</u>	<u>-</u>					
1780	Intangible assets (Note 6 [8])		777,315	2	777,676	2	781,653	2	Total liabilities													
1840	Deferred income tax assets (Note 6 [12])		711,747	2	577,591	2	645,090	2				<u>29,726,508</u>	<u>78</u>	<u>29,330,534</u>	<u>79</u>	<u>30,423,469</u>	<u>82</u>					
1915	Prepayment for equipment		40,324	-	42,618	-	36,534	-	Equity:													
1980	Other financial assets – noncurrent (Note 6 [17])		36,253	-	25,955	-	41,601	-	3100	Capital stock (Note [13])		3,990,842	10	3,990,842	11	3,990,842	11					
1990	Other noncurrent assets		430,588	1	430,587	1	380,531	1	3200	Additional paid-in capital (Note VI(XIII))		1,395,659	4	1,392,072	4	1,392,072	4					
			<u>14,818,435</u>	<u>38</u>	<u>16,169,082</u>	<u>44</u>	<u>15,712,194</u>	<u>42</u>		Retained earnings												
			<u>\$ 38,103,107</u>	<u>100</u>	<u>37,000,259</u>	<u>100</u>	<u>37,213,048</u>	<u>100</u>	3310	Legal reserves		467,987	1	263,270	1	77,142	-					
									3320	Special reserves		19,835	-	14,152	-	26,009	-					
									3350	Unappropriated earnings (Note VI(XII) & (XIII))		<u>2,517,500</u>	<u>7</u>	<u>2,029,224</u>	<u>5</u>	<u>1,317,666</u>	<u>3</u>					
												<u>3,005,322</u>	<u>8</u>	<u>2,306,646</u>	<u>6</u>	<u>1,420,817</u>	<u>3</u>					
										Other equity:												
									3410	Exchange differences from the translation of foreign institution's financial statements (Note [13])		(15,280)	-	(20,204)	-	(13,851)	-					
									3425	Unrealized gain or loss of the available-for-sale financial assets (Note [13])		56	-	369	-	(301)	-					
												<u>(15,224)</u>	<u>-</u>	<u>(19,835)</u>	<u>-</u>	<u>(14,152)</u>	<u>-</u>					
										Total equity		8,376,599	22	7,669,725	21	6,789,579	18					
										Total liabilities and equity		<u>\$ 38,103,107</u>	<u>100</u>	<u>37,000,259</u>	<u>100</u>	<u>37,213,048</u>	<u>100</u>					

(Please refer to the enclosed Notes to Financial Statements)

Chairman

Manager

Chief Accountant

Lungyen Life Service Corp.
Comprehensive Income Statement
January 1 ~ December 31, 2013 and 2012

Unit: NT Thousand

		<u>2013year</u>		<u>2012year</u>	
		Amount	%	Amount	%
4000	Operating income (Note 6 [15])	\$ 3,641,810	100	4,382,632	100
5000	Operating costs	<u>1,146,767</u>	<u>31</u>	<u>1,218,764</u>	<u>28</u>
5900	Gross profits	<u>2,495,043</u>	<u>69</u>	<u>3,163,868</u>	<u>72</u>
Operating expenses					
6100	Marketing expenses	751,773	21	869,713	20
6200	Administrative expenses (Note VII)	<u>357,723</u>	<u>10</u>	<u>296,971</u>	<u>7</u>
6000	Total operating expenses	<u>1,109,496</u>	<u>31</u>	<u>1,166,684</u>	<u>27</u>
6500	Other income and expense - net (Note VI(VII))	<u>434,117</u>	<u>12</u>	<u>(429)</u>	<u>-</u>
6900	Net operating profits	<u>1,819,664</u>	<u>50</u>	<u>1,996,755</u>	<u>45</u>
Non-operating income and expenses (Note VI(XVI)):					
7010	Other income (Note 6 [15])	274,243	8	238,301	6
7020	Other profit and loss	64,821	1	33,976	1
7050	Finance costs (Note VI(IV))	(20,660)	(1)	(26,715)	(1)
7060	Shareholding in the profit or loss of the affiliated company and joint venture under the equity method (Note 6 [5])	<u>100,395</u>	<u>3</u>	<u>84,388</u>	<u>2</u>
		<u>418,799</u>	<u>11</u>	<u>329,950</u>	<u>8</u>
7900	Net income before tax from continuing operations	2,238,463	61	2,326,705	53
7950	Minus: Income tax expense (Note 6 [12])	<u>222,376</u>	<u>6</u>	<u>241,590</u>	<u>6</u>
8200	Net income	<u>2,016,087</u>	<u>55</u>	<u>2,085,115</u>	<u>47</u>
8300	Other comprehensive profit or loss (Note VI(XIII))				
8310	Exchange differences on the translation of financial statements of foreign operations	4,924	-	(6,353)	-
8360	Actuarial gains (losses) of the defined benefit plan	(433)	-	(2,033)	-
8380	Shareholding in the other comprehensive profit or loss of the subsidiaries, affiliated companies, and joint ventures under the equity method	(313)	-	670	-
8399	Less: Income tax related to the other comprehensive profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
8300	Other comprehensive profit or loss (net of tax)	<u>4,178</u>	<u>-</u>	<u>(7,716)</u>	<u>-</u>
8500	Other total comprehensive income	<u>\$ 2,020,265</u>	<u>55</u>	<u>2,077,399</u>	<u>47</u>
Basic earnings per share (NT) (Note 6 [14])					
9750	Basic earnings per share (Unit: NT)	<u>\$ 5.05</u>		<u>5.22</u>	
9850	Diluted earnings per share (Unit: NT)	<u>\$ 5.05</u>		<u>5.22</u>	

(Please refer to the enclosed Notes to Financial Statements)

Chairman

Manager

Chief Accountant

Lungyen Life Service Corp.
Statement of Retained Earnings
January 1 ~ December 31, 2013 and 2012

Unit: NT Thousand

	Common stock capital	Additional paid-in capital	Retained earnings			Total	Other equity		Total	Total equity
			Legal reserves	Special reserves	Unappropriated earnings		Exchange differences from the translation of foreign institution's financial statements	Unrealized gain (loss) of the available-for-sale financial instruments		
Balance – 01/01/2012	\$ 3,990,842	1,392,072	77,142	26,009	1,317,666	1,420,817	(13,851)	(301)	(14,152)	6,789,579
Net income(loss)	-	-	-	-	2,085,115	2,085,115	-	-	-	2,085,115
Other comprehensive income	-	-	-	-	(2,033)	(2,033)	(6,353)	670	(5,683)	(7,716)
Other total comprehensive income	-	-	-	-	2,083,082	2,083,082	(6,353)	670	(5,683)	2,077,399
Appropriation and distribution of earnings (Note 1):										
Appropriation of legal reserves	-	-	186,128	-	(186,128)	-	-	-	-	-
Shareholders' dividend – cash, 3 per share	-	-	-	-	(1,197,253)	(1,197,253)	-	-	-	(1,197,253)
Special reserve reversed	-	-	-	(11,857)	11,857	-	-	-	-	-
Balance – 12/31/2012	3,990,842	1,392,072	263,270	14,152	2,029,224	2,306,646	(20,204)	369	(19,835)	7,669,725
Net income(loss)	-	-	-	-	2,016,087	2,016,087	-	-	-	2,016,087
Other comprehensive income	-	-	-	-	(433)	(433)	4,924	(313)	4,611	4,178
Other total comprehensive income	-	-	-	-	2,015,654	2,015,654	4,924	(313)	4,611	2,020,265
Appropriation and distribution of earnings (Note 2):										
Appropriation of legal reserves	-	-	204,717	-	(204,717)	-	-	-	-	-
Appropriation of special reserves	-	-	-	5,683	(5,683)	-	-	-	-	-
Shareholders' dividend – cash, 3.3 per share	-	-	-	-	(1,316,978)	(1,316,978)	-	-	-	(1,316,978)
Difference between the equity price and book value of the subsidiary's equity acquired or disposed	-	3,587	-	-	-	-	-	-	-	3,587
Balance – 12/31/2013	\$ 3,990,842	1,395,659	467,987	19,835	2,517,500	3,005,322	(15,280)	56	(15,224)	8,376,599

Note1: Remuneration for directors and supervisors for NT27,154, 000 and bonus to employees for NT13,577,000 are deducted in the Income Statement.

Note2: Remuneration for directors and supervisors for NT27,154, 000 and bonus to employees for NT13,577,000 are deducted in the Income Statement.

(Please refer to the enclosed Notes to Financial Statements)

Chairman

Manager

Chief Accountant

Lungyen Life Service Corp.
Statement of Cash Flow
January 1 ~ December 31, 2013 and 2012

	Unit: NT Thousand	
	2013year	2012year
Cash flow from operating activities:		
Net income before tax	\$ 2,238,463	2,326,705
Adjustments:		
Income and expense that does not affect cash flows		
Depreciation expense	107,349	99,227
Amortization expense	8,074	7,806
Appropriation of bad debt expenses	10,755	17,089
Net earnings of financial assets and liabilities measured at fair value through profit or loss	(54,072)	(32,218)
Interest expense	20,660	26,715
Interest income	(23,350)	(11,784)
Dividend income	(18,477)	(21,574)
Shareholding in the profit or loss of the affiliated companies and joint ventures under the equity method	(100,395)	(84,388)
Disposal and obsolescence of property, plant, and equipment loss (gain)	170	(2,844)
Disposal of investment property (gain) loss	(434,117)	429
Disposal of investment gain	(33,745)	-
Total income and expense that does not affect cash flows	<u>(517,148)</u>	<u>(1,542)</u>
Changes in assets/liabilities related to operating activities:		
Net changes in assets related to operating activities:		
Held-for-sale financial assets	(432,221)	345,816
Notes and accounts receivable	(137,525)	(103,456)
Inventories	(340,362)	453,634
Prepayments	(58,706)	53,896
Other financial assets	(190,093)	(196,181)
Other current assets	14,737	(8,262)
Total net changes in assets related to operating activities	<u>(1,144,170)</u>	<u>545,447</u>
Net changes in liabilities related to operating activities:		
Notes and accounts payable – net	127,052	59,698
Accounts payable – related party	7,480	(19,428)
Other payables	108,349	64,902
Collections	1,092,369	117,012
Other current liabilities	7,908	(7,288)
Accrued pension liability	401	395
Total net changes in the liability related to operating activities	<u>1,343,559</u>	<u>215,291</u>
Total net changes in assets and liabilities related to operating activities	<u>199,389</u>	<u>760,738</u>
Total Adjustments	<u>(317,759)</u>	<u>759,196</u>
Cash inflow from operations	1,920,704	3,085,901
Interest received	23,350	11,784
Dividends received	31,242	21,574
Interest paid	(20,660)	(26,715)
Income taxes paid	<u>(244,848)</u>	<u>(391,072)</u>
Net cash inflow from operating activities	<u>1,709,788</u>	<u>2,701,472</u>

Lungyen Life Service Corp.
Statement of Cash Flow (continued)
January 1 ~ December 31, 2013 and 2012

Unit: NT Thousand

	2013year	2012year
Cash flow from investment activities		
Disposal of financial assets measured at cost	489,290	-
Refunds from decapitalization of financial assets measured at cost	12,000	-
Acquisition of investments under the equity method	(61,250)	(272,400)
Disposal of investments under the equity method	23,732	-
Refunds from decapitalization of the invested company under the equity method	254,810	-
Acquisition of property, plant, and equipment	(530,839)	(270,743)
Disposal of property, plant, and equipment	113	3,063
Acquisition of intangible assets	(7,713)	(3,829)
Acquisition of investment property	(4,782)	(236)
Disposal of investment property	1,765,544	92,512
Other financial assets	(482,738)	(121,228)
Other noncurrent assets	-	(50,056)
Net cash inflow (outflow) from investing activities	1,458,167	(622,917)
Cash flows from financing activities:		
Increase in short-term loans	2,421,000	3,660,000
Decrease in short-term loans	(3,359,000)	(4,760,000)
Increase (decrease) of guaranteed deposit and margin received	7,425	(3,080)
Distribution of cash dividends	(1,316,978)	(1,197,253)
Net cash outflow from financing activities	(2,247,553)	(2,300,333)
Current cash and cash equivalents Increase (decrease)	920,402	(221,778)
Balance of cash and cash equivalent – beginning	191,984	413,762
Balance of cash and cash equivalent – ending	\$ 1,112,386	191,984

(Please refer to the enclosed Notes to Financial Statements)

Chairman

Manager

Chief Accountant

Independent Auditor's Audit Report

To Board of Directors of Lungyen Life Service Corp.

We have audited the consolidated balance sheets of Lungyen Life Service Corp. as of December 31, 2013 and 2012, 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. 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 were 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\$0, NT\$30,024 thousand and NT\$29,305 thousand as of December 31, 2013 and 2012, accounting for 0%, 0.08% and 0.08% of the consolidated total assets. The investment loss, net recognized in 2012 and 2011, were NT\$151 thousand and NT\$49 thousand, accounting for 0.006% and 0.002% 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, 2013 and 2012, 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.

Lungyen Life Service Corp. has prepared standalone financial statement as of 2013 and 2012 and it has been audited by our audits, for your reference.

KPMG

CPA:

Approval Document issued by the
competent securities authority:

(89) Tai-Tsai-Chen (6) No. 62474
FSC No. 1020000737

March 27, 2014

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2013, December 31, 2012, and January 1, 2012

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

	12.31.2013		12.31.2012		1.1.2012			Liabilities and Equity		Amount	%	Amount	%	Amount	%
	Amount	%	Amount	%	Amount	%		Amount	%						
Assets															
Current assets:															
1100 Cash and cash equivalents (Note 6 (1) & (18))	\$ 1,382,339	4	372,427	1	1,565,112	4	2100 Short-term loan (Note 6(10) & (19))	\$ 1,002,000	3	2,140,000	6	3,040,000	8		
1110 Financial assets at fair value through profit or loss - current (Note 6(2),&(19))	859,527	2	693,530	2	916,903	2	2170 Payable notes and accounts (Note 6(19))	462,026	1	450,986	1	1,521,114	4		
1150 Notes receivable, net (Note 6(19))	26,780	-	15,638	-	41,648	-	2180 Payable accounts – related parties (Note 6(19)&7)	-	-	12,400	-	-	-		
1170 Accounts receivable, net (Note 6(19)) & 7)	335,734	1	212,298	1	161,712	1	2190 Constructions contract payable	14,902	-	48,814	-	18,402	-		
1190 Constructions contract receivable	8,492	-	632	-	-	-	2200 Other payable accounts (Note 7)	498,677	1	365,720	1	322,445	1		
1320 Inventories (Note 6(4))	12,698,018	32	12,033,365	31	12,173,632	31	2230 Current income tax liabilities (Note 6(19))	171,844	-	99,539	-	314,561	1		
1400 Biological assets – current (Note 6(5))	12,162	-	6,957	-	-	-	2310 Advance receipts (Note 9)	27,595,812	71	26,480,575	70	26,385,968	67		
1410 Prepayments (Note 9)	8,270,464	21	8,368,806	22	8,411,531	21	2399 Other current liabilities (Note 6(2)&9)	15,401	-	9,199	-	16,194	-		
1476 Other financial assets – current (Note 6(19), 7 and 9)	2,167,787	6	1,756,849	5	1,376,366	4		<u>29,760,662</u>	<u>76</u>	<u>29,607,233</u>	<u>78</u>	<u>31,618,684</u>	<u>81</u>		
1479 Other current assets (Note 9)	5,420	-	18,530	-	9,762	-	Non-current liabilities:								
	<u>25,766,723</u>	<u>66</u>	<u>23,479,032</u>	<u>62</u>	<u>24,656,666</u>	<u>63</u>	2570 Deferred income tax liabilities (Note 6(13))	30,683	-	24,413	-	9,906	-		
Non-current assets:								2640 Accrued pension liabilities (Note 6(13))	22,306	-	21,471	-	19,044	-	
1543 Financial assets carried at cost – non-current (Note 6(3)&19)	58,883	-	524,819	1	68,471	-	2645 Deposit received	50,420	-	42,995	-	46,075	-		
1550 Investment under equity method (Note 6(6))	-	-	64,902	-	508,032	1	2670 Other non-current liabilities (Note 6(2)&9)	2,981	-	2,981	-	2,981	-		
1600 Property, plant and equipment (Note 6(7))	5,182,831	13	4,644,862	12	4,260,803	11		<u>106,390</u>	<u>-</u>	<u>91,860</u>	<u>-</u>	<u>78,006</u>	<u>-</u>		
1760 Investment property, net (Note 6(8))	6,184,139	16	7,579,213	20	7,793,947	20	Total liabilities	<u>29,867,052</u>	<u>76</u>	<u>29,699,093</u>	<u>78</u>	<u>31,696,690</u>	<u>81</u>		
1780 Intangible assets (Note 6(9))	785,148	2	777,676	2	781,684	2	Equity attributable to owners of parent (Note 6(14)):								
1840 Deferred income tax assets (Note 6(13))	711,747	2	581,900	2	650,567	2	3100 Capital stock – common stock	3,990,842	10	3,990,842	10	3,990,842	10		
1915 Prepayment for equipment	40,324	-	42,618	-	36,534	-	3200 Capital surplus	1,395,659	4	1,392,072	4	1,392,072	4		
1980 Other financial assets – non-current (Note 6(19))	41,891	-	27,032	-	61,092	-	Retained earnings:								
1990 Other non-current assets (Note 9)	430,970	1	430,587	1	380,531	1	3310 Legal reserve	467,987	1	263,270	1	77,142	-		
	<u>13,435,933</u>	<u>34</u>	<u>14,673,609</u>	<u>38</u>	<u>14,541,661</u>	<u>37</u>	3320 Special reserve	19,835	-	14,152	-	26,009	-		
							3350 Unappropriated retained earnings	2,517,500	7	2,029,224	5	1,317,666	3		
							3400 Other equity interest	(15,224)	-	(19,835)	-	(14,152)	-		
							Total equity attributable to owners of parent	<u>8,376,599</u>	<u>22</u>	<u>7,669,725</u>	<u>20</u>	<u>6,789,579</u>	<u>17</u>		
							36xx Non-controlling interest	959,005	2	783,823	2	712,058	2		
							Total equity	<u>9,335,604</u>	<u>24</u>	<u>8,453,548</u>	<u>22</u>	<u>7,501,637</u>	<u>19</u>		
Total assets	<u>\$ 39,202,656</u>	<u>100</u>	<u>38,152,641</u>	<u>100</u>	<u>39,198,327</u>	<u>100</u>	Total liabilities and equity	<u>\$ 39,202,656</u>	<u>100</u>	<u>38,152,641</u>	<u>100</u>	<u>39,198,327</u>	<u>100</u>		

12.31.2013	12.31.2012	1.1.2012
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(The accompanying notes are an integral part of the financial statements.)

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income

The Twelve Months Ended December 31, 2013 and 2012

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

	2013		2012	
	Amount	%	Amount	%
4000 Operating revenue (Note 6(16) & 7)	\$ 4,151,854	100	4,842,343	100
5000 Operating cost (Note 7)	1,174,975	28	1,321,325	27
5900 Operating gross profit (loss)	2,976,879	72	3,521,018	73
Operating expenses (Note 7):				
6100 Selling expenses	962,847	23	1,026,689	21
6200 Administration expenses	408,064	10	321,328	7
6000	1,370,911	33	1,348,017	28
6500 Net other income (expenses) (Note 6(17))	444,752	11	4,750	-
6900 Operating income	2,050,720	50	2,177,751	45
Non-operating income and expenses (Note 6(3)(6)&(18))				
7010 Other income	258,125	6	219,432	5
7020 Other gains and losses	72,278	2	47,681	1
7050 Financial costs	(23,170)	(1)	(29,483)	(1)
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method	876	-	937	-
	308,109	7	238,567	5
7900 Operating income before tax	2,358,829	57	2,416,318	50
7950 Less: Income tax expense (Note 6(12))	250,291	6	259,438	6
8200 Net income	2,108,538	51	2,156,880	44
8300 Other comprehensive income:				
8310 Exchange differences on translation of foreign statements	4,924	-	(6,353)	-
8360 Determine the benefit plan actuarial losses	(433)	-	(2,033)	-
8370 Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method	(313)	-	670	-
8399 Less: Income tax relating to the composition and part of other comprehensive income	-	-	-	-
8300 Other comprehensive income, net	4,178	-	(7,716)	-
8500 Total comprehensive income	\$ 2,112,716	51	2,149,164	44
Net income, attributable to:				
8610 Owners of parent	\$ 2,016,087	49	2,085,115	43
8620 Non-controlling interest	92,451	2	71,765	1
	\$ 2,108,538	51	2,156,880	44
Total comprehensive income, attributable to:				
8710 Owners of parent	\$ 2,020,265	49	2,077,399	43
8720 Non-controlling interest	92,451	2	71,765	1
	\$ 2,112,716	51	2,149,164	44
Earnings per share (Note 6(15))				
9750 Basic earnings per share (NTD)	\$ 5.05		5.22	
9850 Diluted earnings per share (NTD)	\$ 5.05		5.22	

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

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)
Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
The Twelve Months Ended December 31, 2013 and 2012
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)
Equity attributable to owners of parent

	Retained earnings						Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on foreign translation	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interest	Total equity
Balance – January 1, 2012	\$ 3,990,842	1,392,072	77,142	26,009	1,317,666	1,420,817	(13,851)	(301)	(14,152)	6,789,579	712,058	7,501,637
Net profit	-	-	-	-	2,085,115	2,085,115	-	-	-	2,085,115	71,765	2,156,880
Other comprehensive income	-	-	-	-	(2,033)	(2,033)	(6,353)	670	(5,683)	(7,716)	-	(7,716)
Total comprehensive income	-	-	-	-	2,083,082	2,083,082	(6,353)	670	(5,683)	2,077,399	71,765	2,149,164
Allocation of earnings in 2011												
Legal reserve	-	-	186,128	-	(186,128)	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT\$3 per share	-	-	-	-	(1,197,253)	(1,197,253)	-	-	-	(1,197,253)	-	(1,197,253)
Reversal of special reserve	-	-	-	(11,857)	11,857	-	-	-	-	-	-	-
Balance – December 31, 2012	3,990,842	1,392,072	263,270	14,152	2,029,224	2,306,646	(20,204)	369	(19,835)	7,669,725	783,823	8,453,548
Net profit	-	-	-	-	2,016,087	2,016,087	-	-	-	2,016,087	92,451	2,108,538
Other comprehensive income	-	-	-	-	(433)	(433)	4,924	(313)	4,611	4,178	-	4,178
Total comprehensive income	-	-	-	-	2,015,654	2,015,654	4,924	(313)	4,611	2,020,265	92,451	2,112,716
Allocation of earnings in 2012 (Note2)												
Legal reserve	-	-	204,717	-	(204,717)	-	-	-	-	-	-	-
Special reserve	-	-	-	5,683	(5,683)	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT\$3.3 per share	-	-	-	-	(1,316,978)	(1,316,978)	-	-	-	(1,316,978)	-	(1,316,978)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	3,587	-	-	-	-	-	-	-	3,587	(3,587)	-
Increase in non-controlling interest	-	-	-	-	-	-	-	-	-	-	86,318	86,318
Balance – December 31, 2013	\$ 3,990,842	1,395,659	467,987	19,835	2,517,500	3,005,322	(15,280)	56	(15,224)	8,376,599	959,005	9,335,604

Note 1: The directors and supervisors 27,154 and \$ 13,577 thousand was charged to the employee bonus combined consolidated income statement.

Note 2: The directors and supervisors 27,154 and \$ 13,577 thousand was charged to the employee bonus combined consolidated income statement.

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

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For The Twelve Months Ended December 31, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Profit (loss) before tax	\$ 2,358,829	2,416,318
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	112,399	100,673
Amortization expense	10,755	7,837
Provision (reversal of provision) for bad debt expense	10,755	17,089
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(62,056)	(46,027)
Interest expense	23,170	29,483
Interest income	(34,133)	(15,329)
Dividend income	(19,057)	(23,176)
Share of loss (gain) of associates and joint ventures accounted for using equity method	(876)	(937)
Loss (gain) on disposal of property, plan and equipment	477	(2,844)
Loss (gain) on disposal of investment properties	(434,117)	429
Disposal of investment income	(33,745)	-
Total adjustments to reconcile profit (loss)	<u>(426,428)</u>	<u>67,198</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	(103,941)	269,400
Notes receivable, net	(11,142)	26,010
Accounts receivable, net	(134,191)	(67,675)
Receivables from construction contracts	(7,860)	(632)
Inventories	(664,653)	80,794
Biological assets	(6,102)	(6,957)
Prepayments	84,404	42,725
Other financial assets	63,647	(217,597)
Other current assets	13,110	(8,767)
Total changes in operating assets	<u>(766,728)</u>	<u>117,301</u>
Changes in operating liabilities:		
Accounts payable	11,040	(1,070,128)
Accounts payable to related parties	(12,400)	12,400
Construction contract receivable	(33,912)	30,412
Other payable	134,791	42,049
Advance receipts	1,115,237	87,924
Other current liability	6,202	(6,995)
Accrued pension liabilities	402	395
Total changes in operating liabilities	<u>1,221,360</u>	<u>(903,943)</u>
Total changes in operating assets and liabilities	<u>454,632</u>	<u>(786,642)</u>
Total adjustments	<u>28,204</u>	<u>(719,444)</u>
Cash inflow (outflow) generated from operations	2,387,033	1,696,874
Interest received	34,133	15,329
Dividend received	19,057	23,176
Interest paid	(23,170)	(29,483)
Income taxes refund (paid)	(271,286)	(395,424)
Net cash flows from (used in) operating activities	<u>2,145,767</u>	<u>1,310,472</u>

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows (Cont'd)

For The Twelve Months Ended December 31, 2013 and 2012

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

	<u>2013</u>	<u>2012</u>
Cash flows from (used in) investing activities:		
Proceeds from disposal of financial asset carried at cost	489,290	-
Proceeds from capital reduction of financial assets carried at cost	12,450	-
Acquisition of investments accounted for using equity method	-	(12,600)
Proceeds from disposal of investments accounted for using equity method	23,732	-
Proceeds from capital reduction of investments accounted for using equity method	27,000	-
Acquisition of property, plant and equipment	(575,695)	(302,853)
Proceeds from disposal of property, plant and equipment	113	3,063
Acquisition of intangible assets	(16,516)	(3,829)
Acquisition of subsidiaries cash flow	11,613	-
Acquisition of investment properties	(4,821)	(236)
Proceeds from disposal of investment properties	1,765,544	92,512
Decrease (increase) in other financial assets – non current	(489,444)	(128,826)
Decrease (increase) in other non-current assets	(383)	(50,055)
Net cash flows from (used in) investing activities	<u>1,242,883</u>	<u>(402,824)</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	2,421,000	3,860,000
Decrease in short-term loans	(3,559,000)	(4,760,000)
Increase in guarantee deposits received	7,425	(3,080)
Cash dividends	(1,316,978)	(1,197,253)
Change in non-controlling interests	68,815	-
Net cash flows from (used in) financing activities	<u>(2,378,738)</u>	<u>(2,100,333)</u>
Net increase (decrease) in cash and cash equivalents	1,009,912	(1,192,685)
Cash and cash equivalents at beginning of period	<u>372,427</u>	<u>1,565,112</u>
Cash and cash equivalents at end of period	<u>\$ 1,382,339</u>	<u>372,427</u>

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

Chairman :

General Manager :

Chief Accountant :