

【Translation】

Stock Code: 5530

Lungyen Life Service
Handbook for the 2021 Annual Meeting of
Shareholders

June 25, 2021

Time: 09:30 am, June 25, 2021 (Fri.)

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

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Lungyen Life Service Corp.
Procedure for
2021 Annual Meeting of Shareholders

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

Lungyen Life Service Corp.

Agenda for 2021 Annual Meeting of Shareholders

Time: 09:30 a.m., Friday, June 25, 2021

Location: No.111, Dongshi St., Xizhi Dist., New Taipei City, Taiwan
(Auditorium of Lungyen's Headquarter)

1. Commencement of the Meeting (Reporting the quorum present)
2. Message from the Chairman
3. Matters to Report
 - (1) Report on the apportionment of Directors' and employees' compensation of the year 2020
 - (2) Report on the 2020 operation results
 - (3) Report on the 2020 business report, financial statements and profit apportionment audited by the Audit Committee is presented for approval
4. Matters for Ratification
 - (1) Ratification for the 2020 business report and financial statements
 - (2) Ratification for the 2020 profit apportionment
5. Matters for Discussion (I)
 - (1) Discussion of the revision of the Company's Procedure for Election of Directors
6. Election
 - (1) Election for 7 seats of the Company's 14th Board of Directors (including 3 seats of Independent Directors)
7. Matters for Discussion (II)
 - (1) Proposal for release competition restriction on new Directors
8. Extempore motions
9. Adjournment

Matters to Report

Case 1

Summary: Report on the apportionment of Directors' and employees' compensation of the year 2020 is presented for approval

Remarks: 1. The Company's income before tax with deductions from Directors' and employees' compensation for 2020 was NT\$1,614,990,614. It is proposed to apportion NT\$16,149,906 as employees' compensation and NT\$32,299,812 as Directors' compensation. All payment will be made in cash.

2. There is no difference between the above-mentioned compensation to employees and directors to be allotted and the amount listed in the financial report of 2020.

Case 2

Summary: Report on the 2020 operation results is presented for approval

Remarks: For the business report for the year of 2020, please refer to Appendix 1 (Page 12~16) of the Handbook

Case 3

Summary: Report on the 2020 business report, financial statements and profit apportionment audited by the Audit Committee is presented for approval

Remarks: For the business report, financial statements and profit apportionment audited by the Audit Committee for the year of 2020, please refer to Appendix 2 (Page 17~18) of the Handbook

Matters for Ratification

Case 1

(Proposed by the Board of Directors)

Summary: Ratification for the 2020 business report and financial statements is proposed for approval

Remarks: 1. For the Company's 2020 business report and financial report (including balance sheet, comprehensive income statement, changes in equity and cash flow statement), please refer to Appendix 3 (page 19~29) and Appendix 4 (page 30~40) of the Handbook.

2. Above mentioned financial reports have been audited by KPMG's accountants, Mr. Chih, Shih-Chin and Ms. Lai, Li-Zhen. (The complete version of the Company's financial report can be downloaded from MOPS website: <http://newmops.twse.com.tw>)

Resolutions:

Case 2

(Proposed by the Board of Directors)

Summary: Ratification for the 2020 profit apportionment is proposed for approval

Remarks: 1. The Company's net income for 2020 was NT\$1,244,562,492. After setting aside the legal reserve, reserving special reserve and adding other equity adjustments, with addition of beginning retained earnings, the unappropriated retained earnings as of December 31, 2020 were NT\$9,721,380,800. Considering the Company's future investment plan, it is proposed to distribute cash dividends of NT\$ 504,101,039 from current profit available for appropriation, which equals NT\$1.2 per share. For the Company's profit distribution table, please refer to Appendix 5 (Page 41) of the Handbook.

2. Cash dividend is distributed prorated 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. If the outstanding stock shares are affected and that have caused changes to shareholder's dividend ratio due to the Company's repurchasing treasury shares before the Ex-dividend date, the Chairman is authorized in the shareholders' meeting to deal with the correction needed.

4. For the distribution of cash dividend to shareholders, the Chairman is authorized to schedule the ex-dividend date as soon as it is resolved at the shareholders' meeting.

5. Hereby apply for approval.

Resolutions:

Matters for Discussion (I)

Case 1

Summary: Discussion of the revision of the Company's Procedure for Election of Directors.

Remarks: 1. In accordance with the provisions of Article 192-1 of the Company Law concerning the election of directors, it is proposed to amend part of the provisions of the Company's "Procedure for Election of Directors ". For the Comparison table for the 'Procedure for Election of Directors" before and after revision, please refer to Appendix 6 (page 42~43) of the Handbook.

2. Hereby apply for discussion.

Resolutions:

Election

Case 1

Summary: Election for 7 seats of the Company's 14th Board of Directors (including 3 seats of Independent Directors)

- Remarks:
1. The Company's Articles of Incorporation provides that the number of total Directors (including Independent Directors) shall be 5~11. Tenure of the 13th Board of Director ended on June 19, 2021, thus it is proposed to elect 7 seats of the Company's 14th Board of Directors (including 3 seats of Independent Directors) in the Annual Meeting of Shareholders. The term of new directors (including independent directors) is three years, which is from June 25, 2021 to June 24, 2024. Current Directors (including Independent Directors) will end their duty at the end of the Annual Meeting of Shareholders.
 2. The candidate nomination system is adopted for the Company's Director Election in accordance with Article 192-1 of the Company Act. Shareholders shall elect Directors from the candidate list, which has been approved by the Company's 35th Board Meeting of the 13th Board of Directors on May 11, 2021. For candidates' biography and other information, please refer to Appendix 7 (page 44~46) of the Handbook.
 3. Hereby apply for election.

Election Results:

Matters for Discussion (II)

Case 1

Summary: Proposal for release competition restriction on new Directors.

Remarks:

1. Article 209 of the Company Act provides that a director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.
2. New directors of the Company may invest or operate other company of same or similar business scope and act as Director, thus it is proposed to release competition restriction for the candidate list of the 14th Directors in the Annual Meeting of Shareholders. Details of the removal of competition restriction, please refer to Appendix 8 (page 47~48) of the Handbook.
3. Hereby apply for resolution.

Resolution:

Extemporaneous Motions

Adjournment

APPENDIX

2020 Business Report

The extension of the COVID-19 epidemic in 2020 has suppressed the original economic recovery. As the epidemic progresses, countries around the world have adopted lockdown and unblocking policies back and forth. In terms of policies, various countries have used loose fiscal stimulus and monetary stimulus to save the economy that has lost its growth momentum. Fortunately, manufacturers and consumers have begun to transform and learn to coexist with the epidemic, and the economy is gradually recovering its momentum under the epidemic. Taiwan is relatively outstanding in global performance, with an economic growth rate of 3.11% in 2020.

Looking to the future, with the active research and development of vaccines in various countries, it will help consumers and enterprises to resume normal economic activities, and international trade is also expected to return to the track of growth. The global economic recovery is just around the corner. The International Monetary Fund (IMF) estimated that the global economic growth rate in 2021 would be 5.2%; the Organization for Economic Cooperation and Development (OECD) predicted that the global GDP growth rate would be 4.2% in 2021. Although there are still many uncertain factors that affect the speed of the global economic recovery, such as the speed of easing the COVID-19 epidemic, the antagonism between the two major powers of the United States and China, and other geopolitical risks, the overall economy is recovering. The upward trend of economic recovery has not changed.

Facing the uncertainty of economic and political situation, the Company's management team and all employees still adhere to the spirit of the Company, focusing on the improvement of product and service quality, deepening brand value, and continuously pursuing steady growth. Here is the report on the business results for 2020 and the business plan for 2021 as follows:

1. Operating results for 2020

Looking back on the Company's 2020 operating results, it maintained stable operations in Taiwan, and continued to promote its Chinese projects. In April 2020, the "Light of Hill Life Memorial Hall, An Tai Memorial Cemetery" project in Kaohsiung was officially contracted, and the construction of the Century Cemetery Service Center in Sanzhi District, New Taipei City is also progressing as scheduled. With the development of many major constructions, the Company provides consumers with more sophisticated and high-quality hardware and software facilities to improve the differentiation of service quality, in order to continuously pursue growth and drive industrial innovation.

The net profit of the current period attributable to the owners of the parent company is NT\$1.245 billion. Due to the gain on disposal of investment real estate in the previous year, the net profit of the current period showed a significant decrease compared with the previous year. The net profit after tax was 39.0%, compared with the previous year's 52% after-tax net profit margin, it showed 25.0% decrease. Earnings per share of the current period reached NT\$2.96.

As of December 31, 2020, the total consolidated asset was NT\$64.11 billion, decreased by 1.5% compared to the previous year; the total liability was NT\$43.55 billion and debt ratio was 67.9%. It includes contract liabilities of NT\$40.53 billion. These contract liabilities are the nature of advance receipts and booked as unrealized income, and will be recognized as operating income once the funeral service is delivered or the permanent right of columbarium and cemetery is transferred to the client upon completion. The debt ratio was 12.8% if the company deducted the contract liabilities and relative asset amounts.

2. Summary of business plan for 2021

(1) Operations guidelines:

- i. Carry out business plan to achieve business target
- ii. Optimize capital allocation to improve financial performance
- iii. Strengthen risk management to solidify business fundamentals
- iv. Improve operations management to enhance corporate value
- v. Fulfill corporate social responsibilities to polish corporate image

(2) Executive summary:

1. Carry out business plan to achieve business target

Utilizing the advantages of high-standard facilities in the North, Central and South Cemetery, combined with the unified good quality of the funeral service and cemetery team throughout Taiwan, we integrate customer needs, channels and product diversification, and strengthen sales momentum. Our primary goal is to increase market share. At the same time, we will replicate the successful experience of Taiwan and actively explore overseas markets to become the best funeral service provider in Greater China.

2. Optimize capital allocation to improve financial performance

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

3. Strengthen risk management to solidify business fundamentals

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

4. Improve operational management to enhance corporate value

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

5. Fulfill corporate social responsibility and pursue sustainable operation

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

(3) Estimated production and sales in 2021 (including subsidiaries)

Unit: SET

Product Name	Targeted Sales Unit
Columbarium	4,836
Cemetery	148
Preneed Funeral	11,899
Total	16,883

3. The Company's development strategy

The society's perception of the life service industry and the concept of consumers are constantly changing. The demand for integration and diversified product planning is a certain trend. We are committed to the improvement of industrial quality, continues to reform the funeral industry and solidify the concept of pre-need funeral service contracts, through the diversification of sales methods and products, to achieve the goal of sustained growth.

For many years, the Company has regarded sustainable development and corporate social responsibility as important goals. To this end, it began to develop corporate upgrade and succession plans a few years ago. In September 2020, Mr. Wang Frank Chun Chung, the former independent director, was hired to take over as the general manager of the Company. He used his information technology and management talents to accelerate digital transformation and industrial upgrading. In December 2020, the Chairman of the board was taken over by KELLY LEE, injecting a new generation of thinking into the development of the enterprise and driving innovation and reform. Through the specialization between operation management and sustainable planning, the Company is reaching a new milestone.

Our 2021 development strategy will focus on the planning and design of the cemetery and columbarium in Taiwan and integrate the needs of the pre-need funeral service contract. With the combination of product sales, it is expected to bring integration to customers with one-stop service for funeral and burial across the country. In addition, we will continue to strengthen service quality

improvement, actively promote digital transformation, and at the same time improve the implementation of corporate governance, deepen brand value, and then penetrate into a wider consumer base. Therefore, the Company can effectively affect consumers by its brand value and continue to expand the market share of the funeral industry, to achieve the economies of scale and increase its profitability.

As Taiwan moves towards an aging society, and the problem of lower fertility rate becomes more serious (According to the World Fertility Review latest announcement of fertility rates in countries around the world, Taiwan is ranked as “the last” of the 200 countries in the world), the importance of being “prepared” for the last journey of life becomes increasingly apparent. In addition to the life service business as the foundation, the Company will gradually expand its operation into related businesses in the life service industry with a steady spirit. On the other hand, in addition to firmly operate Taiwan's existing market, it will replicate Taiwan's successful experience to actively expand the mainland China market, ally local superior teams to implement the Wenzhou project and continue to develop other high-quality projects to achieve the goal of becoming the best funeral service provider in Greater China.

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

Over the years, the Company has been committed to the reform of the funeral business, and to improve the overall industrial quality as a priority, to arouse the importance of consumer rights protection. The funeral business is being perfected under the relevant regulations by the domestic authorities, which will help improve the efficiency of industrial management, prevent unscrupulous operators from depriving consumers of their rights and interests, and further protect Lungyen’s long-term philosophy of integrity management. The Company has been continuously committed to the implementation of corporate governance. It has been rated as the top 5% of OTC Trading companies for six consecutive years in corporate governance assessment. In 2020, the Company won the "CSR Corporate Citizenship Little Giant Award" again held by Common Wealth Magazine. The Board of the Company has three functional committees, an Audit Committee, a Remuneration Committee, and a Corporate Governance and Nomination Committee, all of which are convened by independent directors. In order to improve the operation of the board of directors, and in accordance with the requirements of the competent authorities in advance, a dedicated corporate governance executive is set up to handle corporate governance related matters.

The function of the board of directors is not only to prevent fraud, but also to create benefits. The Company also listed the effectiveness evaluation of the board of directors as an annual target. In addition to self-assessment of the performance of the board of directors and functional committees, an external professional organization was appointed to conduct performance evaluations in 2020. Through the impartial and objective perspective of an external third party, the Company has a more in-depth review of the advantages and disadvantages of the company's board of directors, and continues to improve the effectiveness of the board. We hope that the board of directors and various

functional committees can play the four roles as leadership, supervision, partners, and mentors, and take international best practices as a benchmark to supervise the management team to achieve the goal of equal excellence in governance and operating performance.

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

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

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

Chairman: KELLY LEE President: Wang Frank Chun Chung Chief Accountant: Chan, Shu-Juan

2020 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, individual and consolidated financial reports, of which the individual and consolidated financial reports have been audited by CPA Chih, Shih-Chin and CPA Lai, Li-Zen of KPMG. An audit report for above financial reports has been issued as well.

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

To

Lungyen Life Service Corp. 2021 Annual Meeting of Shareholders

Convener of the Audit Committee: Yeh, Shu

March 29, 2021

2020 Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 proposal for profit apportionment, which has been audited and concluded being complied with related regulations by the Audit Committee. Hereby we submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law.

To

Lungyen Life Service Corp. 2021 Annual Meeting of Shareholders

Convener of the Audit Committee: Yeh, Shu

May 11, 2021

**2020 Independent Auditor's Audit Report
and
Consolidated Financial Statements**

INDEPENDENT AUDITORS' REPORT

To Board of Directors and Shareholders
Lungyen Life Service Corp.

Opinion

We have audited the accompanying consolidated financial statements of Lungyen Life Service Corporation and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audit results and the audit reports of other accountants (please refer to the other matters paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits of 2020 and 2019 consolidated financial statements in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provided a separate opinion on these matter. Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

1. Revenues Recognition

Accounting policies regarding revenues recognition can be found Notes 4 (18) Revenues Recognition; explanation for revenues recognition can be found in Notes 6 (20) Revenues.

Explanation for key audit matters:

The Company sells columbarium and cemetery products and provides funeral services, prepayments for products and services are paid by cash or installments. Timing of revenues recognition is judged by management team. Besides, as being a listed company, the Company may be affected by external investors and debtors' expectation and internal performance pressure to inflate revenues, which may bring risks to revenues recognition. Therefore, examination on revenues recognition is one of our key audit matters when auditing the Company's consolidated financial reports.

Adaptive auditing processes:

- Examine whether revenues were recognized based on the Company's internal control process;
- Conduct the selective examination of sales orders, contracts and collection records to clarify whether revenues were recognized at a proper timing.

2. Goodwill and Goodwill Impairment

Accounting policies regarding goodwill and goodwill impairment can be found in Notes 4 (16) Intangible Assets; estimation and uncertainty of assumption of goodwill and goodwill impairment can be found in Notes 5 (2); explanation of goodwill and goodwill impairment can be found in Notes 6 (11) of the consolidated financial report.

Explanation of key auditing matters:

The Company's goodwill and trademark were resulted from corporate acquisition; receivable amounts related to goodwill and trademark were estimated based on managers' subjective judgment thus including high uncertainty, which may result in material risks of inaccurate expression. For this reason, examination on goodwill and goodwill impairment is one of our key audit matters when auditing the Company's consolidated financial reports.

Adaptive auditing processes:

- Examine whether the cash generating unit and impairment test process recognized by managers were comprehensive and correct.
- Access the rationality of evaluation method adopted by managers to evaluate receivable amounts; access the accuracy of past forecast made by managers; examine calculating and accounting records of receivable amounts of cash unit evaluated by managers; access parameters used to estimate cash flow forecast and receivable amounts (e.g. sales growth rate);

and examine weighted average cost of capital and parameters (e.g. stock price) thereon used in the impairment tests.

Other Matter

Included in the investment of Lungyen Life Service Corp. under equity method, the financial report of the relevant part of the invested company has not been audited by us, but has been audited by other accountants. Therefore, in the accountant's opinion on the above-mentioned consolidated financial report, the amount listed in the financial report of the relevant part of the investee company is based on the audit report of other accountants. On December 31, 2020, the amount of investment recognized under the equity method in relevant part of the investee companies accounted for 2.07% of the total consolidated assets, and from January 1 to December 31, 2020 the relevant part of recognized investment gains and losses under the equity method accounts for 2.73% of the net profit before tax.

We also audited the individual financial report of Lungyen Life Service Corp. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion plus other matters paragraph and an unmodified opinion, respectively.

Responsibilities of Management and Those Charge with Governance of the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

We also provide those charged with governance with a statement that we have complied with relevant

ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA: *Chih, Shih-Chin*

Lai. Li-Zeng

Approval issued by the competent securities authority:

FSC VI. Tzi No. 1020000737

March 29, 2021

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2020 and 2019

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

		12.31.2020		12.31.2019				12.31.2020		12.31.2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1))	\$ 88,734	-	231,964	-	2100	Short-term loan (Note 6 (12))	\$ -	-	154,300	-
1110	Financial assets at fair value through profit or loss – current (Note 6 (2) & 9)	5,270,963	8	9,717,723	15	2130	Contract Liability—current(Note 6 (20) & 9)	40,529,122	63	38,999,745	60
1150	Notes receivable, net (Note 6 (3) & (20))	4,198	-	778	-	2150	Notes payable	6,856	-	7,023	-
1170	Accounts receivable, net (Note 6 (3) & (20))	9,323,456	15	8,728,644	14	2170	Payable accounts (Note 7)	626,649	1	663,204	1
1320	Inventory (Note 6(4), 7, & 8)	16,044,615	25	15,703,976	24	2200	Other payable accounts (Note 7)	856,429	1	832,177	2
1410	Prepayments	226,660	-	215,171	-	2230	Current income tax liabilities (Note 6 (17))	509,308	1	252,002	-
1460	Non-current assets for sale (net) (Note 6 (5) ,8 & 9)	105,239	-	-	-	2280	Lease liability-current (Note 7)	24,820	-	38,318	-
1476	Other financial assets – current (Note 6 (12), 8 & 9)	1,674,228	3	2,686,952	4	2310	Advance receipts (Note 10)	914,950	1	892,909	1
1479	Other current assets (Note 7)	16,794	-	14,048	-	2321	Corporate bonds payable within one year or one business cycle (Note 6 (14))	-	-	3,243,019	5
1480	Incremental cost of contract acquisition – current (Note 9)	8,259,038	13	8,124,238	13	2399	Other current liabilities - others	8,307	-	6,878	-
		41,013,925	64	45,423,494	70			43,476,441	67	45,089,575	69
Non-current assets:						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income (Note 6 (2), 8, & 9)	7,221,855	11	4,543,340	7	2570	Deferred income tax liabilities (Note 6 (17))	3,665	-	3,665	-
1535	Financial assets at amortized cost—non-current (Note 6(2) & 9)	1,228,727	2	1,463,240	2	2640	Net defined benefit liability – non-current (Note 6 (16))	21,018	-	32,601	-
1550	Investment under equity method (Note 6 (6) & (7))	1,492,433	2	945,905	1	2645	Deposit received	44,584	-	44,135	-
1600	Property, plant and equipment (Note 6 (8), 7, 8, & 9)	6,157,408	10	6,078,158	10	2670	Other non-current liabilities - others	2,981	-	2,981	-
1755	Right-of-use assets (Note 6 (9) & 7)	24,820	-	38,318	-			72,248	-	83,382	-
1760	Investment property, net (Note 6 (10), 8, & 9)	4,052,472	7	3,864,533	6		Total liabilities	43,548,689	67	45,172,957	69
1780	Intangible assets (Note 6 (11))	748,121	1	755,937	1	3100	Capital stock – common stock	4,200,842	7	4,200,842	7
1840	Deferred income tax assets (Note 6 (17))	814,838	1	856,719	1	3200	Capital surplus	2,519,954	4	2,519,954	4
1980	Other financial assets – non-current (Note 7)	278,127	-	351,002	1		Retained earnings:				
1990	Other non-current assets - others	1,073,336	2	786,162	1	3310	Legal reserve	2,053,954	3	1,498,055	2
		23,092,137	36	19,683,314	30	3320	Special reserve	156,696	-	-	-
						3350	Unappropriated retained earnings	9,693,988	16	10,373,806	16
						3400	Other equity interest	298,625	-	(156,696)	-
Total Assets		\$ 64,106,062	100	65,106,808	100		Total equity attributable to owners of parent	18,924,059	30	18,435,961	29
						36xx	Non-controlling interest (Note 6 (7) & (18))	1,633,314	3	1,497,890	2
							Total Equity	20,557,373	33	19,933,851	31
							Total liabilities and equity	\$ 64,106,062	100	65,106,808	100

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

For Year Ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 6 (5), (15), (20) & 7)	\$ 3,663,507	100	4,559,348	100
5000	Operating cost(Note 6 (15) & 7)	<u>1,190,830</u>	<u>33</u>	<u>1,343,202</u>	<u>29</u>
5900	Operating gross profit (loss)	<u>2,472,677</u>	<u>67</u>	<u>3,216,146</u>	<u>71</u>
	Operating expenses (Note 6 (16),(21) & 7) :				
6100	Selling expenses	631,187	17	617,805	14
6200	Administration expenses	522,149	14	612,176	13
6450	Expected credit losses	<u>13,657</u>	<u>-</u>	<u>16,491</u>	<u>-</u>
6000		<u>1,166,993</u>	<u>31</u>	<u>1,246,472</u>	<u>27</u>
6500	Other income and expenses (Note 6 (22))	<u>131,392</u>	<u>5</u>	<u>139,337</u>	<u>3</u>
6900	Operating income	<u>1,437,076</u>	<u>41</u>	<u>2,109,011</u>	<u>47</u>
	Non-operating income and expenses (Note 6(6), (23) & 7) :				
7100	Interest income	98,849	3	109,958	2
7010	Other income	210,850	6	488,497	11
7020	Other gains and losses	(18,906)	(1)	41,450	1
7050	Financial costs	(27,973)	(1)	(72,122)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6 (6))	33,420	1	(52,289)	(1)
		<u>296,240</u>	<u>8</u>	<u>515,494</u>	<u>11</u>
7900	Operating income before tax	1,733,316	49	2,624,505	58
7950	Less: Income tax expense (Note 6 (17))	<u>353,590</u>	<u>10</u>	<u>254,163</u>	<u>6</u>
	Net income	<u>1,379,726</u>	<u>39</u>	<u>2,370,342</u>	<u>52</u>
8300	Other comprehensive income:				
8310	Items that may not be subsequently reclassified to profit or loss:				
8311	Defined benefit obligation (Note 6(16))	98	-	(1,528)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	450,188	12	2,712,233	60
8349	Less: Income tax related to non-reclassified items (Note 6 (17))	<u>41,945</u>	<u>1</u>	<u>(164,770)</u>	<u>(4)</u>
	Total items that may not be subsequently reclassified to profit or loss	<u>492,231</u>	<u>13</u>	<u>2,545,935</u>	<u>56</u>
8360	Items that may be subsequently reclassified to profit or loss				
8361	Exchange differences on translation of foreign statements	(54,477)	(1)	(20,898)	-
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income	9,165	-	66,432	1
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method- items that may be reclassified to profit or loss	<u>57,213</u>	<u>2</u>	<u>(8,830)</u>	<u>-</u>
	Total items that may be subsequently reclassified to profit or loss	<u>11,901</u>	<u>1</u>	<u>36,704</u>	<u>1</u>
8300	Other comprehensive income, net	<u>504,132</u>	<u>14</u>	<u>2,582,639</u>	<u>57</u>
	Total comprehensive income	<u><u>\$ 1,883,858</u></u>	<u><u>53</u></u>	<u><u>4,952,981</u></u>	<u><u>109</u></u>
	Net income, attributable to:				
8610	Owners of parent	\$ 1,244,562	35	2,302,871	51
8620	Non-controlling interest	<u>135,164</u>	<u>4</u>	<u>67,471</u>	<u>1</u>
		<u><u>\$ 1,379,726</u></u>	<u><u>39</u></u>	<u><u>2,370,342</u></u>	<u><u>52</u></u>
	Total comprehensive income, attributable to:				
8710	Owners of parent	\$ 1,748,351	49	4,882,142	107
8720	Non-controlling interest	<u>135,507</u>	<u>4</u>	<u>70,839</u>	<u>2</u>
		<u><u>\$ 1,883,858</u></u>	<u><u>53</u></u>	<u><u>4,952,981</u></u>	<u><u>109</u></u>
	Earnings per share (Note 6 (19))				
9750	Basic earnings per share (NTD)	<u><u>\$ 2.96</u></u>		<u><u>5.48</u></u>	
9850	Diluted earnings per share (NTD)	<u><u>\$ 2.88</u></u>		<u><u>4.93</u></u>	

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Changes in Equity
For Year of 2020 and 2019

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Capital Stock		Retained Earnings				Exchange differnces	Others Unrealized gain(loss) on financial	Total equity attributable to owners of parent	Non- controlling interests	Total equity	
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Unappropri- ated Earnings	Total	on foreign translation	assets at fair value through other comprehensive income	Total			
Balance – January 1, 2019	\$ 4,200,842	2,519,954	1,280,001	-	6,293,123	7,573,124	(24,815)	713,268	688,453	14,982,373	1,490,620	16,472,993
Net income	-	-	-	-	2,302,871	2,302,871	-	-	-	2,302,871	67,471	2,370,342
Other comprehensive income	-	-	-	-	(1,528)	(1,528)	(29,728)	2,610,527	2,580,799	2,579,271	3,368	2,582,639
Total comprehensive income	-	-	-	-	2,301,343	2,301,343	(29,728)	2,610,527	2,580,799	4,882,142	70,839	4,952,981
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	218,054	-	(218,054)	-	-	-	-	-	-	-
Cash dividends on ordinary shares (NTD\$3.0 per share)	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)	-	(1,260,253)
Changes in ownership interest in subsidiaries	-	-	-	-	(3,531)	(3,531)	-	-	-	(3,531)	3,531	-
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	3,261,178	3,261,178	-	(3,425,948)	(3,425,948)	(164,770)	-	(164,770)
Obtaining subsidiary equity from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(67,100)	(67,100)
Balance –December 31, 2019	4,200,842	2,519,954	1,498,055	-	10,373,806	11,871,861	(54,543)	(102,153)	(156,696)	18,435,961	1,497,890	19,933,851
Net income	-	-	-	-	1,244,562	1,244,562	-	-	-	1,244,562	135,164	1,379,726
Other comprehensive income	-	-	-	-	98	98	2,736	500,955	503,691	503,789	343	504,132
Total comprehensive income	-	-	-	-	1,244,660	1,244,660	2,736	500,955	503,691	1,748,351	135,507	1,883,858
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	555,899	-	(555,899)	-	-	-	-	-	-	-
Special reserve	-	-	-	156,696	(156,696)	-	-	-	-	-	-	-
Cash dividends on ordinary shares (NTD\$3.0 per share)	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)	(83)	(1,260,336)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	48,370	48,370	-	(48,370)	(48,370)	-	-	-
Balance –December 31, 2020	\$ 4,200,842	2,519,954	2,053,954	156,696	9,693,988	11,904,638	(51,807)	350,432	298,625	18,924,059	1,633,314	20,557,373

Appendix 3: 2020 Independent Auditors' Report
and consolidated financial statements

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Cash Flows
Year Ended December 31, 2020 and 2019
(expressed in thousands of New Taiwan dollars)

	<u>2020</u>	<u>2019</u>
Cash flows from (used in) operating activities		
Profit (loss) before tax	\$ 1,733,316	2,624,505
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	146,450	142,174
Amortization expense	12,637	16,100
Allowance for bad debt	13,657	16,491
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	(55,747)	(75,311)
Interest expense	27,973	72,122
Interest revenue	(264,476)	(287,052)
Dividend income	(130,169)	(332,984)
Loss (gain) on affiliates under equity method	(33,420)	52,289
Gain on disposal of non-current assets for sale (investment property)	(22,486)	(834,167)
Loss (gain) on disposal and scrap of property, plant and equipment	(160)	(2,534)
Loss (gain) on disposal of investment under equity method	-	(2,331)
Exchange loss (profit) on financial assets at fair value through other comprehensive income	56,543	31,986
Loss on disposal of financial assets at fair value through other comprehensive income	<u>(24,064)</u>	<u>(3,444)</u>
Total adjustments to reconcile profit (loss)	<u>(273,262)</u>	<u>(1,206,661)</u>
Changes in operating assets and liabilities:		
(Increase) Decrease in financial assets at fair value through income	2,041,374	(4,035,230)
Decrease in notes receivable	(3,420)	5,567
(Increase) Decrease in account receivable	(608,287)	34,025
Increase in inventories	(340,733)	(263,212)
Decrease in prepayments	(11,489)	40,160
Disposal of non-current assets for sale (investment property)	56,488	3,406,853
Increase in other financial assets	(30,633)	(59,305)
Increase in other current assets	(2,746)	(6,450)
Increase (Decrease) in incremental cost of contract acquisition	(137,934)	(153,341)
Increase (Decrease) in contract liabilities	1,529,377	1,244,725
Increase in notes payable and accounts payable	(36,722)	45,366
Increase in other payable	28,759	1,212
Increase in advance receipts	22,041	58,518
Decrease in other current liabilities	1,428	(954)
Increase in defined benefits liabilities	<u>(11,485)</u>	<u>387</u>
Total net change in assets and liabilities related to operations	<u>2,496,018</u>	<u>318,321</u>
Total Adjustments	<u>2,222,756</u>	<u>(888,340)</u>
Cash inflow generated from operations	3,956,072	1,736,165
Interest received	270,355	251,143
Dividend received	126,612	332,984
Interest paid	(147,569)	(9,185)
Income taxes (paid)	<u>(12,455)</u>	<u>(426,488)</u>

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Cash Flows (Cont.)

Year Ended December 31, 2020 and 2019

(expressed in thousands of New Taiwan dollars)

	2020	2019
Net cash flows from (used in) operating activities	<u>4,193,015</u>	<u>1,884,619</u>
Cash flows from (used in) investment activities		
Acquisition of financial assets at fair value through other comprehensive income	(6,137,341)	(1,484,960)
Disposal of financial assets at fair value through other comprehensive income	3,883,617	9,574,028
Acquisition of financial assets at amortized cost	-	(530,342)
Repayment of financial assets at maturity measured at amortized cost	225,000	75,000
Acquisition of financial assets measured at fair value through profit and loss	-	(4,080,000)
Disposal of financial assets measured at fair value through profit and loss	2,462,273	-
Acquisition of investment under equity method	(505,950)	(46,563)
Disposal of investment under equity method	-	231,912
Acquisition of property, plant and equipment	(537,738)	(374,293)
Disposal of property, plant and equipment	325	2,657
Acquisition of intangible assets	(4,821)	(14,311)
Acquisition of investment property	(5,762)	(1,010)
Decrease (Increase) in other financial assets - current	1,039,722	(509,730)
Decrease (Increase) in other financial assets - non current	72,874	(295,165)
Decrease (Increase) of other non-current assets	<u>(283,247)</u>	<u>(12,502)</u>
Net cash flows from (used in) investing activities	<u>208,952</u>	<u>2,534,721</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	31,500	13,038,258
Decrease in short-term loans	(185,800)	(16,049,258)
Repayment of corporate debt	(3,113,000)	-
Increase in guarantee deposits	449	(27,407)
Repayment of lease principal	(13,697)	(13,670)
Cash dividends	(1,260,336)	(1,260,253)
Change in non-controlling interests	<u>-</u>	<u>(67,100)</u>
Net cash flows from (used in) financing activities	<u>(4,540,884)</u>	<u>(4,379,430)</u>
Effects of foreign exchange rates changes on cash and cash equivalents	(4,313)	(1,948)
Net (decrease) increase in cash and cash equivalents	(143,230)	37,962
Cash and cash equivalents at beginning of period	<u>231,964</u>	<u>194,002</u>
Cash and cash equivalents at end of period	<u>\$ 88,734</u>	<u>231,964</u>

**2020 Independent Auditor's Audit Report
and
Individual Financial Statements**

INDEPENDENT AUDITORS' REPORT

To Board of Directors and Shareholders

Lungyen Life Service Corp.

We have audited the financial statements of Lungyen Life Service Corporation, which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provided a separate opinion on these matter. Key audit matters for the Company's financial statements for the year ended December 31, 2020 are stated as follows:

1. Revenues Recognition

Accounting policies regarding revenues recognition can be found Notes 4 (17) Revenues Recognition; explanation for revenues recognition can be found in Notes 6 (18) Revenues.

Explanation for key audit matters:

The Company sells columbarium and cemetery products and provides funeral services, and the products and services are paid by cash or installments. Timing of revenues recognition is judged by management team.

Besides, as being a listed company, the Company may be affected by external investors and debtors' expectation and internal performance pressure to inflate revenues, which may bring risks to revenues recognition. Therefore, examination on revenues recognition is one of our key audit matters when auditing the Company's individual financial reports.

Adaptive auditing processes:

- Examine whether revenues were recognized based on the Company's internal control process;
- Conduct the selective examination of sales orders, contracts and collection records to clarify whether revenues were recognized at a proper timing.

2. Goodwill and Goodwill Impairment

Accounting policies regarding goodwill and goodwill impairment can be found in Notes 4 (15) Intangible Assets; estimation and uncertainty of assumption of goodwill and goodwill impairment can be found in Notes 5 (2); explanation of goodwill and goodwill impairment can be found in Notes 6 (10) of the individual financial report.

Explanation of key auditing matters:

The Company's goodwill and trademark were resulted from corporate acquisition; receivable amounts related to goodwill and trademark were estimated based on managers' subjective judgment thus including high uncertainty, which may result in material risks of inaccurate expression. For this reason, examination on goodwill and goodwill impairment is one of our key audit matters when auditing the Company's financial reports.

Adaptive auditing processes:

- Examine whether the cash generating unit and impairment test process recognized by managers were comprehensive and correct.
- Access the rationality of evaluation method adopted by managers to evaluate receivable amounts; access the accuracy of past forecast made by managers; examine calculating and accounting records of receivable amounts of cash unit evaluated by managers; access parameters used to estimate cash flow forecast and receivable amounts (e.g. sales growth rate); and examine weighted average cost of capital and parameters (e.g. stock price) thereon used in the impairment tests.

Other Matter

Included in the investment of Lungyen Life Service Corp. under equity method, the financial report of the relevant part of the invested company has not been audited by us, but has been

audited by other accountants. Therefore, in the accountant's opinion on the above-mentioned consolidated financial report, the amount listed in the financial report of the relevant part of the investee company is based on the audit report of other accountants. On December 31, 2020, the amount of investment recognized under the equity method in relevant part of the investee companies accounted for 2.15% of the total consolidated assets, and from January 1 to December 31, 2020 the relevant part of recognized investment gains and losses under the equity method accounts for 3.02% of the net profit before tax.

Management's Responsibility for the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

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

The Audit Committee of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the individual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Appendix 4: 2020 Independent Auditor's Audit Report
and individual financial statements

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the individual financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the individual financial statements, including the disclosures, and whether the individual financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the individual financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the individual financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Appendix 4: 2020 Independent Auditor's Audit Report
and individual financial statements

KPMG

CPA: *Chih, Shih-Chin*

Lai, Li-Zeng

Approval issued by the competent securities authority:
FSC VI. Tzi No. 1020000737
March 29, 2021

Lungyen Life Service Corp. and Subsidiaries
Individual Balance Sheets

December 31, 2020 and 2019

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

		12.31.2020		12.31.2019				12.31.2020		12.31.2019	
		Amount	%	Amount	%			Amonut	%	Amount	%
Assets						Liabilities and Equity					
Current Assets :						Current liabilities:					
1100	Cash and cash equivalents (Note 6 (1) & (22))	\$ 45,220	-	147,352	-	2130	Contract Liability — current (Note 6 (18) & 9)	\$ 39,946,992	65	38,608,206	62
1110	Financial assets at fair value through profit or loss – current	5,096,909	8	9,686,443	16	2150	Notes Payable (Note 6 (22))	6,771	-	6,941	-
(Note 6 (2) 、(22) and 9)						2170	Accounts Payable (Note 6 (22))	546,310	1	554,219	1
1150	Notes receivable, net (Note 6 (3) ,(18) & (22))	4,198	-	777	-	2180	Accounts Payable-related party (Note 6 (22) &7)	-	-	41,095	-
1170	Accounts receivable, net (Note 6 (3), (18) & (22))	8,521,121	14	8,106,032	13	2200	Other payable accounts (Note 6 (22) &7)	641,954	1	631,781	1
1320	Inventory (Note 6 (4) , 7 & 8)	13,219,482	21	12,991,222	21	2230	Current income tax liabilities	464,655	1	246,997	-
1410	Prepayments (Note 7)	226,365	-	222,373	-	2280	Lease liabilities-current-current (Note 6 (22) &7)	24,820	-	38,318	-
1460	Non-current assets for sale (net) (Note 6 (5))	105,239	-	-	-	2310	Advance receipts (Note 9)	873,331	1	871,543	1
1476	Other financial assets – current (Note 6 (22), 7, 8 & 9)	1,600,200	3	2,614,956	4	2321	Corporate bonds payable within one year or one business cycle	-	-	3,243,019	5
1479	Other current assets-other	16,693	-	11,578	-	(Note 6 (12), (22) & 7)					
1480	Incremental cost of contract acquisition - current	8,144,643	13	8,024,093	13	2399	Other current liabilities - others(Note 7)	27,694	-	28,295	-
		36,980,070	59	41,804,826	67			42,532,527	69	44,270,414	70
Non-current assets :						Non-current liabilities:					
1517	Financial assets at fair value through other comprehensive income (Note 6 (2),	7,115,528	12	4,453,495	7	2570	Deferred income tax liabilities (Note 6 (15))	3,665	-	3,665	-
(22), 8 & 9)						2640	Net defined benefit liability – non-current (Note 6 (14))	21,018	-	32,601	-
1535	Financial assets at amortized cost — non-current (Note 6 (2), (22) & 9)	1,228,727	2	1,463,240	2	2645	Deposit received (Note 6 (22))	44,584	-	44,135	-
1550	Investment under equity method (Note 6 (6))	3,460,257	6	2,807,576	5	Total liabilities		69,267	-	80,401	-
1600	Property, plant and equipment (Note 6 (7), 7, 8 & 9)	6,039,169	10	5,953,704	10			42,601,794	69	44,350,815	70
1755	Right-of-use assets (Note 6 (8))	24,820	-	38,318	-	Equity: (Note 6 (12) & (16))					
1760	Investment property, net (Note 6 (9), 8 & 9)	4,045,638	7	3,857,699	6	3100	Capital stock	4,200,842	7	4,200,842	7
1780	Intangible assets (Note 6 (10) & 9)	748,121	1	755,937	1	3200	Capital surplus	2,519,954	4	2,519,954	4
1840	Deferred income tax assets (Note 6 (15))	767,203	1	818,165	1	Retained earnings:					
1980	Other financial assets – non-current (Note 6 (22) & 7)	43,339	-	48,035	-	3310	Legal reserve	2,053,954	3	1,498,055	2
1990	Other non-current assets - others	1,072,981	2	785,781	1	3320	Special reserve	156,696	-	-	-
		24,545,783	41	20,981,950	33	3350	Unappropriated retained earnings	9,693,988	16	10,373,806	17
								11,904,638	19	11,871,861	19
Total Assets		\$ 61,525,853	100	62,786,776	100	Other equity interest:					
						3410	Exchange difference for conversion of financial statements of foreign operating	(51,807)	-	(54,543)	-
						institutions					
						3420	Unrealized gains and losses on financial assets measured at fair value through other	350,432	1	(102,153)	-
						comprehensive income					
						Total Equity		298,625	1	(156,696)	-
						Total liabilities and equity		18,924,059	31	18,435,961	30
								\$ 61,525,853	100	62,786,776	100

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

January 1 to December 31, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (Note 6 (13) & (18))	\$ 3,126,233	100	4,027,197	100
5000	Operating cost (Note 6 (13))	<u>1,159,092</u>	<u>37</u>	<u>1,146,307</u>	<u>28</u>
5900	Operating gross profit (loss)	<u>1,967,141</u>	<u>63</u>	<u>2,880,890</u>	<u>72</u>
Operating expenses:					
6100	Selling expenses	521,737	17	544,225	14
6200	Administration expenses (Note 6 (19) & 7)	494,470	16	539,521	13
6450	Expected credit impairment loss (gain) (Note 6 (3))	<u>4,451</u>	<u>-</u>	<u>16,491</u>	<u>-</u>
6000	Total operating expenses	<u>1,020,658</u>	<u>33</u>	<u>1,100,237</u>	<u>27</u>
6500	Other income and expenses (Note 6(20))	<u>120,365</u>	<u>4</u>	<u>129,021</u>	<u>3</u>
6900	Operating income (loss)	<u>1,066,848</u>	<u>34</u>	<u>1,909,674</u>	<u>48</u>
Non-operating income and expenses:					
7100	Interest income (Note 6 (21) & 7)	88,579	3	98,878	3
7010	Other income (Note 6 (21) & 7)	256,531	8	494,057	12
7020	Other gains and losses (Note 6(2) & (21))	(19,125)	-	41,269	1
7050	Financial costs (Note 6 (21) & 7)	(22,486)	(1)	(69,663)	(2)
7070	Share of profit (loss) of subsidiaries associates and joint ventures accounted for using equity method (Note 6 (6))	<u>196,193</u>	<u>6</u>	<u>49,761</u>	<u>1</u>
		<u>499,692</u>	<u>16</u>	<u>614,302</u>	<u>15</u>
7900	Operating income before tax	1,566,540	50	2,523,976	63
7950	Less: Income tax expense (Note 6 (15))	<u>321,978</u>	<u>10</u>	<u>221,105</u>	<u>5</u>
	Net income	<u>1,244,562</u>	<u>40</u>	<u>2,302,871</u>	<u>58</u>
8300	Other comprehensive income:				
8310	Items that may not be subsequently reclassified to profit or loss:				
8311	Revaluation of defined benefit plans (Note 6 (14))	98	-	(1,528)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	449,438	15	2,704,843	67
8330	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method- items that may not be reclassified to profit or loss	407	-	4,022	-
8349	Less: Income tax related to non-reclassified items (Note 6 (15))	<u>41,945</u>	<u>1</u>	<u>(164,770)</u>	<u>(4)</u>
	Total items that may not be subsequently reclassified to profit or loss	<u>491,888</u>	<u>16</u>	<u>2,542,567</u>	<u>63</u>
8360	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translation of foreign statements	(54,477)	(2)	(20,898)	(1)
8367	Unrealized loss on investments in liability instruments at fair value through other comprehensive income	9,165	-	66,432	2
8380	Share of other comprehensive profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method- items that may be reclassified to profit or loss	57,213	2	(8,830)	-
8399	Less: Income tax related items that may be reclassified	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Total items that may be subsequently reclassified to profit or loss	<u>11,901</u>	<u>-</u>	<u>36,704</u>	<u>1</u>
8300	Other comprehensive income, net	<u>503,789</u>	<u>16</u>	<u>2,579,271</u>	<u>64</u>
	Total comprehensive income	<u>\$ 1,748,351</u>	<u>56</u>	<u>4,882,142</u>	<u>122</u>
Earnings per share (Note 6(17))					
9750	Basic earnings per share (NTD)	<u>\$ 2.96</u>		<u>5.48</u>	
9850	Diluted earnings per share (NTD)	<u>\$ 2.88</u>		<u>4.93</u>	

Lungyen Life Service Corp. and Subsidiaries
Individual Statements of Changes in Equity
For Year of 2020 and 2019

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	Common Stock	Capital Surplus	Legal reserve	Retained Earnings		Total	Exchange differences on foreign translation	Others	Total	Total equity
					Unappropriated Earnings			Unrealized gain (loss) on financial assets at fair value through other comprehensive income		
Balance – January 1, 2019	\$ 4,200,842	2,519,954	1,280,001	-	6,293,123	7,573,124	(24,815)	713,268	688,453	14,982,373
Net income	-	-	-	-	2,302,871	2,302,871	-	-	-	2,302,871
Other comprehensive income	-	-	-	-	(1,528)	(1,528)	(29,728)	2,610,527	2,580,799	2,579,271
Total comprehensive income	-	-	-	-	2,301,343	2,301,343	(29,728)	2,610,527	2,580,799	4,882,142
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	218,054	-	(218,054)	-	-	-	-	-
Cash dividends on ordinary shares (NTD\$3.0 per share)	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)
Changes in ownership interest in subsidiaries	-	-	-	-	(3,531)	(3,531)	-	-	-	(3,531)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	3,261,178	3,261,178	-	(3,425,948)	(3,425,948)	(164,770)
Balance – December 31, 2019	4,200,842	2,519,954	1,498,055	-	10,373,806	11,871,861	(54,543)	(102,153)	(156,696)	18,435,961
Net income	-	-	-	-	1,244,562	1,244,562	-	-	-	1,244,562
Other comprehensive income	-	-	-	-	98	98	2,736	500,955	503,691	503,789
Total comprehensive income	-	-	-	-	1,244,660	1,244,660	2,736	500,955	503,691	1,748,351
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	555,899	-	(555,899)	-	-	-	-	-
Special reserve	-	-	-	156,696	(156,696)	-	-	-	-	-
Cash dividends on ordinary shares (NTD\$3.0 per share)	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	47,164	47,164	-	(47,164)	(47,164)	-
Disposal of equity instruments at fair value through other comprehensive income of subsidiaries	-	-	-	-	1,206	1,206	-	(1,206)	(1,206)	-
Balance – December 31, 2020	<u>\$ 4,200,842</u>	<u>2,519,954</u>	<u>2,053,954</u>	<u>156,696</u>	<u>9,693,988</u>	<u>11,904,638</u>	<u>(51,807)</u>	<u>350,432</u>	<u>298,625</u>	<u>18,924,059</u>

Lungyen Life Service Corp.

Statements of Cash Flows

For The Twelve Months Ended December 31, 2020 and 2019

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

	2020	2019
Cash flows from operating activities:		
Profit (loss) before tax	\$ 1,566,540	2,523,976
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	136,532	130,332
Amortization expense	12,637	16,100
Allowance for doubtful accounts	4,451	16,491
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(55,380)	(75,080)
Interest expense	22,486	69,663
Interest income	(243,180)	(265,657)
Dividend income	(125,975)	(327,869)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(196,193)	(49,761)
Loss (gain) on disposal and scrap of property, plant and equipment	(83)	(2,534)
Loss (gain) on disposal of non-current assets for sale (investment property)	(22,486)	(834,167)
Disposal of investment gains (losses)	-	(2,331)
Exchange (profit) loss on financial assets at fair value through other comprehensive income	56,543	31,986
Loss on disposal of financial assets at fair value through other comprehensive income	(24,064)	(3,444)
Total adjustments to reconcile profit (loss)	(434,712)	(1,296,271)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets at fair value through income	2,183,781	(4,304,065)
Notes receivable and account receivable, net	(422,965)	34,577
Inventories	(228,260)	(133,831)
Prepayments	(3,992)	38,991
Other financial assets - current	(35,918)	27,200
Other current assets	(5,004)	(4,764)
Incremental cost of contract acquisition	(116,098)	(111,624)
Disposal of non-current assets for sale (investment property)	56,488	3,406,853
Total net changes in operating assets	1,428,032	(1,046,663)
Net changes in operating liabilities:		
Contract liability	1,338,786	1,086,056
Notes payable and accounts payable (including related parties)	(49,174)	90,809
Other payable	5,716	17,636
Advance receipts	1,788	37,850
Other current liabilities	(600)	4,976
Net defined benefit liabilities	(11,485)	387
Total net changes in operating liabilities	1,285,031	1,237,714
Total net changes in operating assets and liabilities	2,713,063	191,051
Total adjustments	2,278,351	(1,105,220)
Cash inflow (outflow) generated from operations	3,844,891	1,418,756
Interest received	249,060	229,748

Lungyen Life Service Corp.

Consolidated Statements of Cash Flows (Cont.)

For The Twelve Months Ended December 31, 2020 and 2019

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

	2020	2019
Dividend received	126,969	327,869
Interest paid	(140,701)	(5,961)
Income taxes paid	(11,523)	(344,260)
Net cash flows from (used in) operating activities	<u>4,068,696</u>	<u>1,626,152</u>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(6,038,082)	(1,484,960)
Disposal of financial assets at fair value through other comprehensive income	3,800,084	9,574,028
Acquisition of financial assets at amortized cost	-	(530,342)
Repayment of financial assets at maturity measured at amortized cost	225,000	75,000
Acquisition of financial assets measured at fair value through profit or loss	-	(4,080,000)
Disposal of financial assets measured at fair value through profit or loss	2,462,273	-
Acquisition of investment under equity method	(457,897)	(46,563)
Disposal of investment under equity method	-	231,912
Returned capital of liquidation of invested companies under equity method	-	127
Acquisition of property, plant and equipment	(533,882)	(364,341)
Disposal of property, plant and equipment	95	2,657
Acquisition of intangible assets	(4,821)	(12,930)
Cash inflows from mergers	-	1,456
Acquisition of investment real estate	(5,762)	(1,010)
Decrease (increase) in other financial assets - current	1,047,216	(526,416)
Decrease (increase) in other financial assets - non current	4,696	(3,752)
Acquisition of other non-current assets	(283,247)	(12,502)
Net cash flows from (used in) investing activities	<u>215,673</u>	<u>2,822,364</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	-	11,682,500
Decrease in short-term loans	-	(14,790,000)
Repayment of corporate debt	(3,113,000)	-
Increase (decrease) in guarantee deposits received	449	(27,407)
Payment of lease principal	(13,697)	(13,670)
Payment for cash dividends	(1,260,253)	(1,260,253)
Net cash flows from (used in) financing activities	<u>(4,386,501)</u>	<u>(4,408,830)</u>
Net increase (decrease) in cash and cash equivalents	(102,132)	39,686
Cash and cash equivalents at beginning of period	<u>147,352</u>	<u>107,666</u>
Cash and cash equivalents at end of period	<u><u>\$ 45,220</u></u>	<u><u>147,352</u></u>

Lungyen Life Service Corp.

2020 Appropriation of Earnings

In NT\$

Item	Amount
Balance – January 1, 2020	8,400,957,987
Add(deduct) :	
Current net income	1,244,562,492
Current change of defined benefit plan actuarial gains and losses	97,546
Disposal of equity instrument investments measured at fair value through other comprehensive income, cumulative gains and losses transferred directly to retained earnings	48,370,312
Legal reserve (10% of total earnings)	(129,303,035)
Special reserve	156,695,498
Earnings available for appropriation for 2020	9,721,380,800
Appropriation:	
Cash dividends (estimate to be NT\$1.2 per share)	(504,101,039)
Balance – December 31, 2020	9,217,279,761

Chairman: KELLY LEE President: Wang Frank Chun Chung Chief Accountant: Chan, Shu-Juan

Comparison Table for the “Procedure for Election of Directors” Before and After Revision

Article	After the Revision	Before the Revision	Remarks
4	The Company’s Directors shall be elected by nomination in accordance with Article 192-1 of the Company Act.	The Company’s <u>Independent</u> Directors shall be elected by nomination in accordance with Article 192-1 of the Company Act.	Revised in accordance with Company Act and the Company’s articles of association.
9	(Deleted)	If the candidate is a shareholder, the elector is to state the candidate name and shareholder account number in the candidate column on the ballot. If the candidate is not a shareholder, the name and identity document number of the candidate should be detailed. If the candidate is a government or institutional shareholder, the name/title of the government or institutional shareholder should be filled in the candidate column on the ballot, including the name of the representative(s) of the government or institutional shareholder in detail.	In accordance with the Company Act, the election of directors and supervisors of listed companies should adopt a candidate nomination system. Shareholders can learn the names, academic experience and other information of the candidates from the list of candidates before the shareholders’ meeting. The way to identify the candidate's identity by ID or shareholder account number is not necessary, so this article is deleted.
10	Ballots that are found with any of the following are invalid: (1) Ballots as defined in accordance with the “Procedure for Election of Directors” are not used. (2) Blank ballots are cast into the ballot box. (3) Ballots are illegible or altered. (4) The candidates <u>filled in</u> are found to be inconsistent. (5) Ballots, in addition to assigned number of suffrage, are found with	Ballots that are found with any of the following are invalid: (1) Ballots as defined in accordance with the “Procedure for Election of Directors” are not used. (2) Blank ballots are cast into the ballot box. (3) Ballots are illegible or altered. (4) <u>If the candidate is a shareholder, the account name and shareholder account number are inconsistent with the Register of</u>	In accordance with the Company Act that the election of directors and supervisors of listed companies should adopt a candidate nomination system, shareholders should elect from the list of director candidates, so paragraphs 4 and 5

Appendix 6: Comparison Table for the “Procedure for
Election of Directors” before and after Revision
n

Article	After the Revision	Before the Revision	Remarks
	other texts written.	<p><u>Shareholders. If the candidate is not a shareholder, the name and identity document number are found to be inconsistent.</u></p> <p><u>(5) Ballots, in addition to the candidate account name (name) or shareholder account number (identity document number) and assigned number of suffrage, are found with other texts written.</u></p> <p><u>(6) The candidate name filled in the ballots is same as other shareholders and without the shareholder account number or identity document available for identification.</u></p>	<p>of this article are adjusted, and paragraph 6 is deleted.</p>

Director Candidates List

(Including Independent Directors)

Candidate Type	Name	Shares Owned	Education and Work Experience	Institution the Candidate Represents For
Director	KELLY LEE	63,000	Educational Background: Columbia Business School, MBA Work Experience: Founder/CEO, Generational Capital Management CEO, UNITED PACIFIC INDUSTRIES Deals Associate, MagiCapital Tax Associate, PriceWaterHouseCoopers Current Position: Chairman and CEO, Lungyen Life Service Corp. Chairman, Lung Capital Co., Ltd. Director of Wish Giver Limited Director of Beauty Mind Limited Director of Ultimate Plus Limited Director of Possiman International Limited Director of Cheng Chang Holding Inc.	WISH GIVER LIMITED
Director	Lin, Su-Chien	63,000	Educational Background: BA, Department of Hotel Management, Cornell University Work Experience: Vice president, Investment Business Group of Lungyen Life Service Group Vice president, Cemetary Business Group of Lungyen Life Service Group Senior Manager, Hong Kong Apple Retail Store Lobby Manager, Four Seasons Hotel Hong Kong Vice Director, Housekeeping Department, Four Seasons Hotel Paloto, USA Assistant manager, Housekeeping Department, Four Seasons Hotel San Diego, USA Assistant manager, Room Cleaning Department of Four Seasons Hotel Philadelphia, USA Current Position: CSO, Lungyen Life Service Corp.	WISH GIVER LIMITED

Appendix 7: Director Candidates List
(Including Independent Directors)

Candidate Type	Name	Shares Owned	Education and Work Experience	Institution the Candidate Represents For
			Director of Longyang Life (Cayman) Co., Ltd. Director of Longyang Life (Hong Kong) Co., Ltd. Director of Longyong Life (China) Holdings Limited Director of Longyong Life (Tianjin) Management Consulting Co., Ltd. Director of Wenzhou Lungyen Cemetery Co., Ltd. Director of Law Co., Ltd. Director of Xiao En Group, Malaysia	
Director	Liu, Chiang-Pao	63,000	Educational Background: Master, Institute of Accounting, National Cheng Chi University Work Experience: Parter Accountant, Deloitte Current Position: Independent director and convener of Audit Committee and Remuneration Committee, General Silicones Co., Ltd.	WISH GIVER LIMITED
Director	ORIX Asia Capital Limited	21,000,00	Not applicable	ORIX Asia Capital Limited
Independent Director	Wang, Huai	0	Educational Background: Master of Business Administration, NCCU Work Experience: Vice President, Champion Venture Vice President & Partner, KPMG Management Consulting Co. Ltd. Chairman, E Century Healthcare Corp. Chairman, New Century Technology Co. Supervisor, CHC Healthcare Holding Supervisor, Supreme Technology Co. Secretary General, Taiwan Corporate Governance Association Current Position: Independent director of PharmaEngine Inc. Director of Taiwan Corporate Governance Association Supervisor of CDIB Bio Science Ventures I, Inc. Independent Director and Convener of Corporate Governance and Nomination	None

Appendix 7: Director Candidates List
(Including Independent Directors)

Candidate Type	Name	Shares Owned	Education and Work Experience	Institution the Candidate Represents For
			Committee, Convener of Remuneration Committee, Lungyen Life Service Corp. Member of Remuneration Committee, PlexBio Co., Ltd.	
Independent Director	Yu, Ying-Chi	0	Educational Background: Master of Business Administration, NCYU Work Experience: Chairman and General Manager, Aspire Park Service Development Co. Ltd. Global Head of Human Resources, Acer Corporation Director/Supervisor/Lecturer, Chinese Human Resources Management Association Senior Consultant/Lecturer ,Aspire Academy Current Position: Independent director of E-life Mall Corporation Representative of institutional supervisor of Antung Trading Co. Ltd. Remuneration Committee member, Lungyen Life Service Corp. Member of Remuneration Committee of CTI wire and cable	None
Independent Director	Chen, Ming-Te	0	Educational Background: Master of Business Administration, NCCU Work Experience: Deputy General Manager of Administration Head Office, Jean Co.Ltd. Lecturer of Yunlin University of Science and Technology and Shih Chien University Lecturer of Special Class for Managers, NCCU Remuneration Committee member, Lungyen Life Service Corp. Current Position: CFO of Supreme Electronics Co., Ltd. Independent Director and member of the Remuneration Committee of COXON Precise Industrial Co., Ltd. Director of Gao Zhao International Co., Ltd.	None

Competition details of the fourteenth new directors (including their representatives)

Type of Candidate	Candidate	Company Name and Position the Candidate Concurrently Serves at
Director	WISH GIVER LIMITED Representative: KELLY LEE	Director of Yuji Development Corp. Director of Long Fu Enterprise Co. Ltd. Director of Jin Huang Construction Co., Ltd. Director of Dahan Property Management Co. Ltd. Director of Long Yi Sheng International Development Co. Ltd. Director of Long Capital Co. Ltd. Director of Wish Giver Limited Director of Beauty Mind Limited Director of Ultimate Plus Limited Director of Possiman International Limited Director of Cheng Chang Holding Inc.
Director	WISH GIVER LIMITED Representative: Lin, Su-Chien	Director of Longyang Life (Cayman) Co., Ltd. Director of Longyang Life (Hong Kong) Co., Ltd. Director of Longyong Life (China) Holdings Limited Director of Longyong Life (Tianjin) Management Consulting Co., Ltd. Director of Wenzhou Lungyen Cemetery Co., Ltd. Director of Law Co., Ltd. Director of Xiao En Group, Malaysia
Director	WISH GIVER LIMITED Representative: Liu, Chiang-Pao	General Silicones Co., Ltd. Independent Director and Convener of Audit Committee and Remuneration Committee
Independent Director	Wang, Huai	Independent director of PharmaEngine Inc. Director of Taiwan Corporate Governance Association Supervisor of CDIB BioScience Ventures I, Inc. Member of Remuneration Committee, PlexBio Co., Ltd.
Independent Director	Yu, Ying-Chi	Independent director of E-life Mall Corporation Representative of institutional supervisor of Antung Trading Co. Ltd. Member of Remuneration Committee of CTI wire and cable
Independent Director	Chen, Ming-Te	Independent Director and member of the Remuneration Committee of COXON Precise Industrial Co., Ltd. CFO of Supreme Electronics Co., Ltd. Director of Gao Zhao International Co., Ltd.

ANNEX

Lungyen Life Service Corp.

Articles of Incorporation

Section I – General Provisions

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

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

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

27. F399040 Non-store retail business
28. J101030 Waste collection business
29. J101040 Waste disposal business
30. JZ99990 Unclassified services business
31. H704031 Real estate brokerage business
32. H704041 Real estate marketing agency business
33. G801010 Warehousing
34. In addition to the chartered business, the business not prohibited or restricted by law

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

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

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

Article 6 Deleted

Section II – Capital Stock

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

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

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

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

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

Section III – Shareholders’ Meeting

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

Section IV –Board of Directors and Audit Committee

- Article 16 The Company shall have 11 Directors who are competent individuals elected in the shareholders’ meeting. The term of office for Directors shall be three year, and all Directors shall be eligible for re-election. The registered shares held by Directors are processed in accordance with the “Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies.”
- Article 16-1 For the number of Directors of the Company referred to above, the 3 to 5 Independent Directors are elected from the nominees who are nominated by the

shareholders from the list of candidates in accordance with Article 192.1 of the Company Act.

The election of Independent Directors and Directors shall be held together; provided, however, the number of Independent Directors and Directors elected shall be calculated separately.

The professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election of Independent Directors shall be handled in accordance with Securities and Exchange Act and relevant regulations.

Article 16-2 In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish the Audit Committee, which shall be composed of the entire number of Independent Directors.

Scope of responsibilities and regulations for the Company's Audit Committee shall be governed by relevant laws and regulations.

Article 16-3 Various functional committees may be set up under the board of directors of the Company, and these committees shall formulate rules for exercising their functions and powers, which shall be implemented after approval by the board of directors.

Article 16-4 A notice of convening a Board meeting shall be given to each Director in writing, via electronic mail or fax before 7 days prior to the meeting date.

Article 17 In the event that no new Directors can be elected immediately after the expiration of a term of office, the current Directors shall continue to perform their duties until the new Directors are elected and assume their office. However, the competent authority may demand the Company to elect new Directors within a certain time period or the current Board of Directors may be dismissed automatically on the expiration of the term of office.

Article 18 The Board of Directors shall be organized by the Directors. The Chairperson of the Board of Directors shall be elected among Directors by a majority of the Directors present at a meeting attended by two-thirds of all Directors. The Chairperson of the Board of Directors shall be the authorized representative of the Company externally and execute all matters of the Company in accordance with relevant laws, regulations and resolutions of the Board meeting and Shareholders' internally.

Article 19 The Company's business policies and other important matters shall be resolved by the Board of Directors. Except for the first board meeting, each term shall be convened by the Board of Directors in accordance with Article 203 of the Company Act, the Chairperson of the Board of Directors shall convene and chair

Board meetings thereafter. In the event that the Chairperson of the Board of Directors is unable to perform his/her duties, the Chairperson of the Board of Directors shall designate a representative to act on his/her behalf; however, in the absence of such a designation, a representative shall be elected from among the Directors.

- Article 20 Except where otherwise provided by the Securities and Exchange Act and the Company Act, the passage of a proposal at a Board meeting shall require the approval of a majority of the Directors in attendance at a Board of Directors meeting attended by a majority of all Directors. A Director unable to attend in person may issue a proxy stating the scope of authorization with respect to the reasons for convening the meeting to appoint another Director to attend the meeting. Any proxy may be appointed by one person only. Directors attending the Board meeting through a video conference will be deemed attendance in person.
- Article 21 The resolutions of the Board meeting shall be documented in the meeting minutes and signed or sealed by the Chairperson, and distributed to Directors within 20 days after the meeting. The minutes shall record the essentials and results of the proceedings and preserved with the attendance book and proxy in the Company.
- Article 22 Deleted
- Article 23 The remuneration payable to the Chairperson of the Board of Directors, Directors and Independent Directors shall be decided at the Board meeting according to their contributions to the Company and also with reference to the industry payout standard. The Board of Directors may, depending on the actual needs, acquire liability insurance for all the Directors throughout the service term with the attendance of a majority of the directors and the consent of a majority of the directors present.

Section V – Management and Employees

- Article 24 The Company may have a manager designated with the appointment, dismissal and remuneration processed in accordance with the Company Act.
- Article 25 Deleted

Section VI – Accounting

- Article 26 The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.
- Article 27 After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the ordinary shareholders meeting for

acceptance:

1. Business Report;
2. Financial Statements;
3. Proposal Concerning Appropriation of Earning or Covering of Losses

Article 28

The Company shall set aside not less than 1% of its annual profit, if any, as employee bonus and not more than 2% as compensation to Directors; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses, if any.

Employ bonus may be distributed in the form of stocks or cash. The employees qualifying for such distribution may include qualified employees of subsidiaries of the Company; the certain conditions are set by the board of directors.

The distribution of employee remuneration and directors' remuneration shall be made by the board of directors with more than two-thirds of the directors present and a resolution approved by more than half of the directors present, and reported to the shareholders' meeting.

The above-mentioned resolution of the board of directors for the payment of remuneration to employees in the form of stocks may make the resolution in the same meeting to issue new shares or purchase the Company's own shares.

Article 28-1

The Company shall not pay dividends when there are no earning for a certain fiscal year. Before paying dividends, the Company shall first pay out taxes, offset its losses in previous years and set aside a legal capital reserve at 10% of the earnings left over, until the accumulated legal capital reserve has equaled the total capital of the Company; and then set aside special capital reserve or reverse special capital reserve for the decrease in shareholders' equity of the year. The remainder earning after paying dividends shall be distributed according to an appropriation plan proposed by the Board of Directors and approved in the shareholders' meeting.

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

Section VII – Supplementary Provisions

Article 29

The organizational rules and by-laws of the Company shall be prescribed by the Board of the Directors.

Article 30

Any matters not provided for in these Articles of Incorporation shall be governed by the Company Act and other relevant laws and regulations.

Article 31

These Articles of Incorporation were made on February 27, 1987 and amended on:

The 1st amendment: March 20, 1987.

The 2nd amendment: January 18, 1991.

The 3rd amendment: September 2, 1992.

The 4th amendment: December 31, 1993.

The 5th amendment: March 1, 1995.

The 6th amendment: July 15, 1996.

The 7th amendment: March 19, 1997.

The 8th amendment: April 26, 1997.

The 9th amendment: October 24, 1997.

The 10th amendment: May 18, 1998.

The 11th amendment: December 4, 1998.

The 12th amendment: May 6, 1999.

The 13th amendment: June 22, 2001.

The 14th amendment: June 30, 2002.

The 15th amendment: February 8, 2006.

The 16th amendment: February 8, 2006.

The 17th amendment: June 15, 2007.

The 18th amendment: August 1, 2008.

The 19th amendment: June 10, 2009.

The 20th amendment: October 29, 2009.

The 21st amendment: October 12, 2010.

The 22nd amendment: June 28, 2011.

The 23rd amendment: June 6, 2012.

The 24th amendment: June 17, 2014.

The 25th amendment: June 18, 2016.

The 26th amendment: June 17, 2016.

The 27th amendment: June 20, 2018.

The 28th amendment: May 31, 2019.

Lungyen Life Service Corp.

Rules of Procedure for Shareholders Meetings

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

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

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

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

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

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

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

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

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

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

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

If there is more than one proxy appointed by the institutional shareholder to attend the shareholders' meeting, only one proxy can speak on the same motion.

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

Lungyen Life Service Corp.

Procedure for Election of Directors (pre-vision)

- Article 1 The Company's director elections shall be handled in accordance with the "Procedure for Election of Directors."
- Article 2 The Company's director elections is handled at the stockholders' meeting.
- Article 3 The competent individuals of the Company can be elected as directors in accordance with the "Procedure for Election of Directors." If the government or legal person is the Company's shareholder, its representatives can be elected as board directors. The letter of appointment should be issued to the designated representatives at the time of applying for registration.
- Article 4 The Company's Independent Directors shall be elected by nomination in accordance with Article 192-1 of the Company Act.
- Article 5 The election of the Company's directors adopts the cumulative voting system. Each stock share is entitled to the number of vote equivalent to the number of directors to be elected. The entire voting rights can be cast for one or more candidates. Independent directors and directors are elected at the same time but with the elected seats counted separately.
- Article 6 In the election of the Company's directors, those who have more voting rights represented by the votes obtained are elected in turn. If two or more candidates received the same number of votes while exceeding the seats to be filled, this shall be determined by holding a draw and the Chairman is to make a draw on behalf of the absent candidates.
- Article 7 The Chairman is to appoint the controllers of the ballot and tally clerks before the elections commence to handle election matters.
- Article 8 The Company is to have the ballots prepared and issued; also, coded in accordance with the serial numbers of the attendance cards and with the number of votes detailed.
- Article 9 If the candidate is a shareholder, the elector is to state the candidate name and shareholder account number in the candidate column on the ballot. If the candidate is not a shareholder, the name and identity document number of the candidate should be detailed. If the candidate is a government or institutional shareholder, the name/title of the government or institutional shareholder should be filled in the candidate column on the ballot, including the name of the representative(s) of the government or institutional shareholder in detail.
- Article 10 Ballots that are found with any of the following are invalid:
 (1) Ballots as defined in accordance with the "Procedure for Election of Directors" are not used.
 (2) Blank ballots are cast into the ballot box.
 (3) Ballots are illegible or altered.

- (4) If the candidate is a shareholder, the account name and shareholder account number are inconsistent with the Register of Shareholders. If the candidate is not a shareholder, the name and identity document number are found to be inconsistent.
- (5) Ballots, in addition to the candidate account name (name) or shareholder account number (identity document number) and assigned number of suffrage, are found with other texts written.
- (6) The candidate name filled in the ballots is same as other shareholders and without the shareholder account number or identity document available for identification.

- Article 11 When the total number of votes allocated to the ballots is less than the number of votes held by the electors, the reduced number of votes is deemed as a waiver.
- Article 12 The balloting result should be announced by the chairman immediately at the end of the voting period.
- Article 13 The matters that are not specified in the “Procedure for Election of Directors” should be handled in accordance with the Company Act, the Articles of Incorporation, and the relevant laws and regulations.
- Article 14 The “Procedure for Election of Directors” shall come into force with the resolutions reached at the shareholders’ meeting, same as for the amendments.

Current Shareholdings of Directors

1. Shareholdings of all Directors recorded in the Register of Shareholders on the book closure date (April 27, 2021) of the Annual Meeting of Shareholders all listed below.

Position	Name	Shareholdings Recorded in the Register of Shareholders on the Book Closure Date	
		Shares	%
Chairman	Wish Giver Limited	63,000	0.01%
	Representative: Liu, Wei-Lung		
Director	Wish Giver Limited		
	Representative: Anthony Lee		
Director	Wish Giver Limited		
	Representative: Fujibayashi Ichiro		
Director	ORIX Asia Capital Limited	21,000,000	5.00%
Independent Director	Yeh, Shu	0	0.00%
Independent Director	Wang, Huai	0	0.00%
Total		21,063,000	5.01%

2. The Company's paid-in capital is NT\$4,200,841,990 with issued outstanding shares totaling 420,084,199 shares. Minimum shareholding requirement for all Directors as a whole shall be 16,803,368 shares.
3. The Company established the Audit Committee thus no requirement on shareholding of Supervisor is applicable.
4. Shareholdings of the Company's Directors all conform to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".
5. Wish Giver Limited is established under the laws of the British Virgin Islands. In addition to directly holding shares of the Company, it also holds the shares of the Company through a trustee account established by Fubon Securities Co., Ltd. (hereinafter referred to as "FINI investment account "). As of April 27, 2021, Wish Giver Limited held 139,855,000 shares of the Company's common stock (including 139,792,000 shares directly held and 63,000 shares held through FINI investment account), accounting for 33.29% of the issued shares of the Company.

Other Supplementary Explanation

1. Register of shareholders' proposal for 2021 Annual Meeting of Shareholders are listed below:
 - (1) In accordance with Article 172-1 of Company Act, shareholders holding 1% or more of the total number of outstanding shares of the Company may propose to the Company a proposal for discussion at a regular shareholders' meeting, provided that only one matter shall be allowed and the number of words of a proposal to be submitted by a shareholder shall be limited to not more than 300 words.
 - (2) In accordance with Article 192-1 of the Company Act and the Company's articles of association, the directors adopt a candidate nomination system. Shareholders holding more than 1% of the total issued shares can submit a written list of director candidates to the Company, but the number of nominations shall not exceed the Company's 7 directors (including independent directors) to be elected.
 - (3) The period the Company accepted shareholders' proposal for the 2021 Annual Meeting of Shareholders was from April 16 to April 27, 2021, which was also announced in the Market Observation Post System web site in accordance to relevant laws and regulations.
 - (4) During the above mentioned period, the Company received no proposal from shareholders expect the nomination for candidate of Directors. The 7 candidates of Directors and Independent Directors nominated have been approve to be qualified by the Board meeting and were entered into the candidate list for the current election.
2. The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate:

The Company did not distribute stock dividend for year 2021, so does not applicable.