

**【Translation】**

Stock Code: 5530

# **Lungyen Life Service Corporation**

## **Handbook for the 2023 Annual Meeting of Shareholders**

May 26, 2023

**Time:** 10:30 am, May 26, 2023 (Friday)

**Method:** physical shareholders' meeting

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

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

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**Lungyen Life Service Corp.**  
**Procedure for**  
**2023 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. Extempore motions
- VI. Adjournment

# **Lungyen Life Service Corp.**

## **Agenda for 2023 Annual Meeting of Shareholders**

Time: 10:30 a.m., Friday, May 26, 2023

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

1. Commencement of the Meeting (Reporting the quorum present)
2. Message from the Chairman
3. Matters to Report
  - (1) Report on the 2022 operation results
  - (2) Report on the 2022 business report, financial statements and profit apportionment audited by the Audit Committee is presented for approval
  - (3) Report on the apportionment of Directors' and employees' compensation of the year 2022
  - (4) Report on 2022 Cash Dividend Distribution
4. Matters for Ratification
  - (1) Ratification for the 2022 business report and financial statements
  - (2) Ratification for the 2022 profit apportionment
5. Extempore motions
6. Adjournment

# Matters to Report

## Case 1

Summary: Report on the 2022 operation results is presented for approval

Remarks: For the business report for the year of 2022, please refer to Appendix 1 (Page 9~13) of the Handbook

## Case 2

Summary: Report on the 2022 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 2022, please refer to Appendix 2 (Page 14~15) of the Handbook

## Case 3

Summary: Report on the apportionment of directors' and employees' compensation of the year 2022 is presented for approval

Remarks:

1. The Company's income before tax with deductions from directors' and employees' compensation for 2022 was NT\$1,639,637,421. It is proposed to apportion NT\$32,792,748 as employees' compensation and NT\$32,792,748 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 2022.

## Case 4

Summary: Report on 2022 Cash Dividend Distribution

Remarks:

1. This case is handled in accordance with the provisions of Article 28-1 of the Company's Articles of Incorporation.
2. Considering the Company's overall future business development and capital planning, the Board of Directors resolved on April 11, 2023 to retain the full amount of distributable surplus for this year and not distribute cash dividends.

# Matters for Ratification

## Case 1

(Proposed by the Board of Directors)

Summary: Ratification for the 2022 business report and financial statements is proposed for approval

Remarks: 1. For the Company's 2022 business report and financial report (including balance sheet, comprehensive income statement, changes in equity and cash flow statement), please refer to Appendix 3 (page 16~26) and Appendix 4 (page 27~36) 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: <https://mops.twse.com.tw/>)

Resolutions:

## Case 2

(Proposed by the Board of Directors)

Summary: Ratification for the 2022 profit apportionment is proposed for approval

Remarks: 1. The Company's net income for 2022 was NT\$ 1,328,836,078. After setting aside the legal reserve and special reserve, and adding other equity adjustments, distributable surplus was NT\$988,593,098, with addition of beginning retained earnings, the unappropriated retained earnings as of December 31, 2022 were NT\$10,979,486,083. Considering the Company's overall future operating development and capital planning, the full amount of distributable surplus for this year will be retained, and cash dividends will not be distributed. For the Company's profit distribution table, please refer to Appendix 5 (Page 37) of the Handbook.

2. Hereby apply for approval.

Resolutions:

## **Extemporaneous Motions**

## **Adjournment**

## **APPENDIX**



## 2022 Business Report

The 2022 Russia-Ukraine War led to rising global energy and raw material prices. Coupled with China's epidemic prevention and control measures, inflation in major countries around the world has exceeded the tolerance of the central bank. In order to deal with inflation, the central banks of major countries have begun to adopt tightening monetary policies by aggressively raising interest rates or reducing the scale of bond purchases. But at the same time, it has exacerbated the volatility of the global financial market, depreciated non-US dollar currencies, and caused the pressure of imported inflation to surge in many countries. Taiwan's performance in the world is relatively good. As the impact of the epidemic gradually disappears, the performance of domestic consumption and related industries has improved. The annual economic growth rate in 2022 is estimated to be 2.43%. Taiwan's annual CPI increased by 2.95% year-on-year, and inflation pressure was relatively small compared to the global level, which supported the economy and remained stable on the whole.

Looking forward to 2023, as the duration and extent of interest rate hikes by the central banks of major European and American countries affect the global economic and financial situation, coupled with the fact that the conflict between Russia and Ukraine will not be resolved in the short term and the cooling of Sino-US relations, there are still many downside risks to the global economy, and the momentum of Taiwan's economic growth is also facing challenges. Taiwan's export performance has slowed down since the second half of 2022, and exports turned negative in the fourth quarter. Although the performance of consumption-related industries has improved, as well as the positive factors of domestic demand supporting the economy, such as the continued positive growth of retail and catering sales, it is still necessary to observe the extent of the impact of the recovery or soft landing of the world's major economies to judge the time when the economy will bottom out.

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 2022 and the business plan for 2023 as follows:

### 1. Operating results for 2022

2022 is an important milestone for the 30th anniversary of the establishment of the Company. In this meaningful year, we launched a brand new brand image, continued to deepen the brand value, provided a number of innovative services, and adhered to the original intention to provide customers with the best quality service. In addition to a number of major constructions continued in 2022, the usage of various life technology services such as digital auditoriums, electronic obituaries, and online live broadcasts of conferences has also gradually increased, and we will continue to strive towards the goal of net zero carbon emissions. In addition to continuing to develop more humanized technology application services, we also strengthen quality management and improve customer satisfaction, pursue service quality differentiation in order to achieve the goal of sustainable operation.

The net profit for the period was NT\$1.457 billion, of which the net profit attributable to the owners of the parent company was NT\$1.329 billion. The net profit for the current period decreased by 0.36% compared with the previous year, the after-tax net profit rate was 36.7%, and the earnings per share was NT\$3.16.

As of December 31, 2022, the total consolidated asset was NT\$66.82 billion, decreased by 0.41% compared to the previous year; the total liability was NT\$45.30 billion and debt ratio was 67.8%. It includes contract liabilities of NT\$41.68 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 14.4% if the company deducted the contract liabilities and relative asset amounts.

## 2. Summary of business plan for 2023

### (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 pursue sustainable operation

### (2) Executive summary:

#### 1. Carry out business plan to achieve business target

In March 2023, the Lightland Service Center was officially opened in Sanchih, New Taipei City. It is the first green building landmark work of Japanese architect Tadao Ando in Taiwan. It aims to provide a better customer service experience while working towards a net zero carbon footprint. Utilizing the advantages of high-standard facilities in the North, Central and South Cemetery, combined with the unified good quality of the funeral service and cemetery team throughout Taiwan, we integrate customer needs, channels and product diversification, and strengthen sales momentum. Our primary goal is to increase market share. At the same time, we continue to promote life technology and digital transformation, leading the industry to upgrade again.

#### 2. Optimize capital allocation to improve financial performance

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

#### 3. Strengthen risk management to solidify business fundamentals

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

#### 4. Improve operational management to enhance corporate value

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

#### 5. Fulfill corporate social responsibility and pursue sustainable operation

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

### (3) Estimated production and sales in 2023 (including subsidiaries)

Unit: SET

Product Name	Targeted Sales Unit
Columbarium	4,633
Cemetery	202
Preneed Funeral	11,302
<b>Total</b>	<b>16,137</b>

### 3. The Company's development strategy

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

The Company has always put great emphasis on the sustainable development of the enterprise, incorporating the implementation of ESG into the Company's strategy and linking it with the core business. In addition to continuously promoting life service education, conveying the correct concept of life and death, worship, and caring for the disadvantaged groups in society, in terms of environmental protection, in the development and maintenance of the cemetery park, the Company

has introduced environmentally sustainable and green strategies and measures, striving to reduce the generation of waste, and advocates the industry jointly promote the issue of environmental sustainability, hoping to make concrete contributions to reducing the risk of global climate change. In addition, in order to improve the operational efficiency of the Company and strengthen corporate governance, the Company started to formulate plans for corporate upgrading and succession several years ago. The current chairman takes the new generation of thinking and international outlook combined with the general manager's information technology talents, jointly led the management team to accelerate digital transformation and industrial upgrading, and launch a number of innovative services successively, which are closer to customer needs and widen the gap with peers.

Our 2023 development strategy will still focus on the planning and design of the cemetery and columbarium in Taiwan and integrate the needs of the pre-need funeral service contract. With the combination of product sales, it is expected to bring integration to customers with one-stop service for funeral and burial across the country. In addition, we will continue to strengthen service quality improvement, actively promote digital transformation to provide customers with more technological life services, implement energy saving and carbon reduction, and drive the industrial chain to jointly pursue sustainable development. At the same time, we will also improve the implementation of corporate governance, deepen brand value, and then penetrate into a wider consumer base. Therefore, the Company can effectively affect consumers by its brand value and continue to expand the market share of the funeral industry, to achieve the economies of scale and increase its profitability.

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

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

Over the years, the Company has been committed to reform the funeral business, and to improve the overall industrial quality as a priority, to arouse the importance of consumer rights protection. The funeral business is being perfected under the relevant regulations by the domestic authorities, which will help improve the efficiency of industrial management, prevent unscrupulous operators from depriving consumers of their rights and interests, and further protect Lungyen’s long-term philosophy of integrity management. The Company has been continuously committed to the implementation of corporate governance. It has been rated as the top 5% of OTC Trading companies for eight consecutive years in corporate governance assessment. In 2022, the Company won the "Sustainable Citizenship Award Little Giant Award" again held by Common Wealth Magazine. The Board of the Company has three functional committees, an Audit Committee, a Remuneration Committee, and a Corporate Governance and Nomination Committee, all of which are convened by independent directors. In order to improve the operation of the board of directors, and in accordance

with the requirements of the competent authorities in advance, a dedicated corporate governance executive is set up in 2019 to handle corporate governance related matters.

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

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

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

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

Chairman: KELLY LEE    President: Wang Frank Chun Chung    Chief Accountant: Wu, Hung-En

## **2022 Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 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. 2023 Annual Meeting of Shareholders

Convener of the Audit Committee: Chen, Ming-Te

February 22, 2023

## **2022 Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2022 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. 2023 Annual Meeting of Shareholders

Convener of the Audit Committee: Chen, Ming-Te

April 11, 2023

**2022 Independent Auditor's Audit Report  
and  
Consolidated Financial Statements**



## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the consolidated financial statements of Lungyen Life Service Corp. and its subsidiaries ( "the Group" ), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ( "IFRSs" ), International Accounting Standards ( "IASs" ), Interpretations developed by the International Financial Reporting Interpretations Committee ( "IFRIC" ) or the former Standing Interpretations Committee ( "SIC" ) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

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

### Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### 1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

2. Goodwill and Trademark Impairment

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

**Other Matter**

We did not audit the financial statements of some the Group's equity accounted investees. These statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for some of the Group's equity accounted investees, is based

solely on the report of another auditor. The recognized investment in some equity accounted investees constituted 1.25% and 1.23% of the total consolidated assets as of December 31, 2022 and 2021, and the recognized share of profit or loss accounted for using the equity method constituted (1.30)% and (1.00)% of profit before tax for the year ended December 31, 2022 and 2021.

Lungyen Life Service Corp. has prepared its parent company only financial statements as of and for the years ended December 31, 2022 and 2021, on which we have issued an unmodified opinion with 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, interpretation as well as related guidance endorsed by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from

error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shih Chin Chih

and Li Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)

February 22, 2023

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

**Consolidated Balance Sheets**

**December 31, 2022 and 2021**

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

						12.31.2022		12.31.2021			
						Amount	%	Amount	%		
Assets		December 31, 2022		December 31, 2021		Liabilities and Equity					
		Amount	%	Amount	%	Current liabilities:					
	Current assets:					2130	Current contract liabilities (Notes 6(r) and 9)	\$ 41,678,905	63	41,811,724	64
1100	Cash and cash equivalents (Note 6(a))	\$ 502,218	1	120,716	-	2150	Notes payable	6,679	-	9,010	-
1110	Current financial assets at fair value through profit or loss (Notes 6(b) and 9)	3,039,700	4	4,337,943	6	2170	Accounts payable	844,853	1	699,682	1
1150	Notes receivable, net (Notes 6(c) and (r))	699	-	157	-	2200	Other payables	1,231,844	2	934,206	1
1170	Accounts receivable, net (Notes 6(c) and (r))	8,911,426	13	9,813,491	15	2230	Current tax liabilities	268,490	-	198,211	-
1320	Inventories (Notes 6(d) and 8)	17,393,973	26	16,683,713	25	2280	Current lease liabilities (Note 7)	39,778	-	13,139	-
1410	Prepayments	218,813	-	226,065	-	2310	Advance receipts	1,002,398	2	958,773	1
1460	Non-current assets classified as held for sale, net (Notes 6(e) and (f))	-	-	595,897	1	2399	Other current liabilities, others	6,286	-	7,990	-
1476	Other current financial assets (Notes 6(l), 8 and 9)	2,011,438	3	1,786,593	3			45,079,233	68	44,632,735	67
1479	Other current assets, others	75,823	-	27,015	-		Non-current liabilities:				
1480	Current assets recognized as incremental costs to obtain contract with customers (Note 9)	8,499,037	14	8,279,824	12	2570	Deferred tax liabilities (Note 6(o))	21,155	-	8,588	-
		40,653,127	61	41,871,414	62	2640	Net defined benefit liability, non-current (Note 6(n))	18,509	-	23,604	-
	Non-current assets:					2580	Non-current lease liabilities (Note 7)	131,546	-	13,176	-
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b), 7 and 9)	8,112,384	13	9,357,486	14	2645	Guarantee deposits received	43,219	-	43,751	-
1535	Non-current financial assets at amortised cost (Notes 6(b) and 9)	2,850,375	4	1,220,819	2	2670	Other non-current liabilities, others	2,981	-	2,981	-
1550	Investments accounted for using equity method (Notes 6(e) and (f))	955,914	1	971,918	1			217,410	-	92,100	-
1600	Property, plant and equipment (Notes 6(h), 8 and 9)	7,289,116	11	6,761,908	10		Total liabilities	45,296,643	68	44,724,835	67
1755	Right-of-use assets (Notes 6(i) and 7)	171,324	-	26,315	-		Equity attributable to owners of parent (Note 6(16))				
1760	Investment property, net (Notes 6(j), 8 and 9)	3,949,427	6	4,018,460	7	3100	Capital stock	4,200,842	6	4,200,842	6
1780	Intangible assets (Note 6(k))	766,733	1	764,107	1	3200	Capital surplus	2,644,181	4	2,519,954	4
1840	Deferred tax assets (Note 6(o))	800,458	1	792,245	1		Retained earnings:				
1980	Other non-current financial assets (Note 7)	194,387	-	233,926	-	3310	Legal reserve	2,325,225	3	2,183,257	3
1990	Other non-current assets, others	1,073,886	2	1,073,849	2	3350	Unappropriated retained earnings	11,527,940	18	10,636,961	16
		26,164,004	39	25,221,033	38	3400	Other equity interest	(394,751)	(1)	1,156,640	2
							Total equity attributable to owners of parent:	20,303,437	30	20,697,654	31
						36xx	Non-controlling interests (Notes 6(g) and (p))	1,217,051	2	1,669,958	2
							Total equity	21,520,488	32	22,367,612	33
							Total liabilities and equity	\$ 66,817,131	100	67,092,447	100
	Total assets	\$ 66,817,131	100	67,092,447	100						

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

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

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

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Note 6(e), (m), (r) and 7)</b>	\$ 3,964,496	100	3,550,642	100
5000	<b>Operating costs (Notes 6(m) and 7)</b>	1,349,990	34	1,212,337	34
	<b>Gross profit</b>	2,614,506	66	2,338,305	66
	<b>Operating expenses (Notes 6(n), (s) and 7):</b>				
6100	Selling expenses	778,400	19	640,654	18
6200	Administrative expenses	637,977	16	608,165	17
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c))	23,030	1	37,022	1
		1,439,407	36	1,285,841	36
6500	<b>Net other income (expenses) (Note 6(t))</b>	91,832	2	108,180	3
	<b>Net operating income</b>	1,266,931	32	1,160,644	33
	<b>Non-operating income and expenses (Notes 6(f), (u) and 7):</b>				
7100	Interest income	103,646	3	82,007	2
7010	Other income	296,836	7	266,759	8
7020	Other gains and losses, net	110,363	3	145,054	4
7050	Finance costs, net	(7,333)	-	(31,846)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method	(28,424)	(1)	82,353	2
		475,088	12	544,327	15
	<b>Profit before tax from continuing operations</b>	1,742,019	44	1,704,971	48
7950	<b>Less: Income tax expenses (Note 6(o))</b>	284,857	7	242,617	7
	<b>Net income</b>	1,457,162	37	1,462,354	41
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(n))	4,010	-	(2,917)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,313,165)	(33)	890,356	25
8320	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	-	-	(2)	-
	<b>Items that will not be reclassified subsequently to profit or loss</b>	(1,309,155)	(33)	887,437	25
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	109,254	3	(30,358)	(1)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 6(y))	(59,645)	(2)	(27,799)	(1)
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	(91,935)	(2)	22,728	1
	<b>Items that may be reclassified subsequently to profit or loss</b>	(42,326)	(1)	(35,429)	(1)
8300	<b>Other comprehensive income, net of tax</b>	(1,351,481)	(34)	852,008	24
	<b>Total comprehensive income</b>	<b>105,681</b>	<b>3</b>	<b>2,314,362</b>	<b>65</b>
	<b>Profit attributable to:</b>				
8610	Owners of parent	1,328,836	34	1,413,028	40
8620	Non-controlling interests	128,326	3	49,326	1
		<b>1,457,162</b>	<b>37</b>	<b>1,462,354</b>	<b>41</b>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	(14,343)	-	2,277,696	64
8720	Non-controlling interests	120,024	3	36,666	1
		<b>\$ 105,681</b>	<b>3</b>	<b>2,314,362</b>	<b>65</b>
	<b>Earnings per share (in dollar) (Note 6(q)):</b>				
9750	<b>Basic earnings per share (in New Taiwan Dollars)</b>	<b>\$ 3.16</b>		<b>3.36</b>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<b>\$ 3.16</b>		<b>3.36</b>	

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

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**

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

	Equity attributable to owners of parent											
	Share capital						Total other equity interest					
	Retained earnings						Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
<b>Balance at January 1, 2021</b>	\$ 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
Profit for the year ended December 31, 2021	-	-	-	-	1,413,028	1,413,028	-	-	-	1,413,028	49,326	1,462,354
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(2,917)	(2,917)	(7,630)	875,215	867,585	864,668	(12,660)	852,008
Comprehensive income for the year ended December 31, 2021	-	-	-	-	1,410,111	1,410,111	(7,630)	875,215	867,585	2,277,696	36,666	2,314,362
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	129,303	-	(129,303)	-	-	-	-	-	-	-
Cash dividends of ordinary shares-\$1.2 per share	-	-	-	-	(504,101)	(504,101)	-	-	-	(504,101)	(22)	(504,123)
Reversal of special reserve	-	-	-	(156,696)	156,696	-	-	-	-	-	-	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	9,570	9,570	-	(9,570)	(9,570)	-	-	-
Balance at December 31, 2021	4,200,842	2,519,954	2,183,257	-	10,636,961	12,820,218	(59,437)	1,216,077	1,156,640	20,697,654	1,669,958	22,367,612
Profit for the year ended December 31, 2022	-	-	-	-	1,328,836	1,328,836	-	-	-	1,328,836	128,326	1,457,162
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	4,010	4,010	17,319	(1,364,508)	(1,347,189)	(1,343,179)	(8,302)	(1,351,481)
for the year ended December 31, 2022	-	-	-	-	1,332,846	1,332,846	17,319	(1,364,508)	(1,347,189)	(14,343)	120,024	105,681
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	-	-	141,968	-	(141,968)	-	-	-	-	-	-	-
Cash dividends of ordinary share-\$1.2 per share	-	-	-	-	(504,101)	(504,101)	-	-	-	(504,101)	-	(504,101)
Other changes in capital surplus:												
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	124,227	-	-	-	-	-	-	-	124,227	(572,931)	(448,704)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	204,202	204,202	-	(204,202)	(204,202)	-	-	-
<b>Balance at December 31, 2022</b>	<b>\$ 4,200,842</b>	<b>2,644,181</b>	<b>2,325,225</b>	<b>-</b>	<b>11,527,940</b>	<b>13,853,165</b>	<b>(42,118)</b>	<b>(352,633)</b>	<b>(394,751)</b>	<b>20,303,437</b>	<b>1,217,051</b>	<b>21,520,488</b>



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

**Consolidated Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

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

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,742,019	1,704,971
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	168,141	151,552
Amortization expense	14,643	12,768
Impairment loss determined in accordance with IFRS 9	23,030	37,022
Net gain on financial assets or liabilities at fair value through profit or loss	(187,493)	(181,551)
Interest expense	7,333	31,846
Interest income	(219,806)	(221,423)
Dividend income	(214,924)	(176,665)
Share of (profit) loss of associates and joint ventures accounted for using equity method	28,424	(82,353)
Proceeds from disposal of non-current assets classified as held for sale (investment property)	(55,814)	(39,573)
Gains on disposal of property, plant and equipment	(3,340)	(14)
Proceeds from disposal of investments accounted for using equity method	162,760	-
Exchange loss on financial assets at fair value through other comprehensive income	(54,829)	28,243
Loss on disposal of financial assets at fair value through other comprehensive income	-	354
<b>Total adjustments to reconcile profit (loss)</b>	<b>(331,875)</b>	<b>(439,794)</b>
<b>Changes in operating assets and liabilities:</b>		
Decrease in financial assets at fair value through profit or loss	1,486,888	1,114,555
(Increase) decrease in notes receivable	(542)	4,041
Decrease (increase) in accounts receivable	885,686	(538,067)
Increase in inventories	(707,540)	(639,098)
Decrease (increase) in other prepayments	7,252	595
Proceeds from disposal of non-current assets classified as held for sale (Investment property)	98,700	160,438
Increase in other financial assets	(58,441)	(12,878)
Increase in other current assets	(48,656)	(10,222)
Increase in assets recognized as incremental costs to obtain contract with customers	(41,181)	(42,602)
(Decrease) increase in contract liabilities	(132,819)	1,282,602
Increase (decrease) in notes and accounts payable	142,876	75,187
Increase in other payable	119,765	99,795
Increase in advance receipts	43,625	43,823
Increase in other current liabilities	(1,703)	(317)
(Decrease) increase in net defined benefit liability	(1,085)	(331)
<b>Total changes in operating assets and liabilities</b>	<b>1,792,825</b>	<b>1,537,521</b>
<b>Total adjustments</b>	<b>1,460,950</b>	<b>1,097,727</b>
Cash inflow generated from operations	3,202,969	2,802,698
Interest received	202,260	235,699
Dividends received	212,006	180,222
Interest paid	(620)	(22,153)
Income taxes paid	(210,225)	(526,198)
<b>Net cash flows from operating activities</b>	<b>3,406,390</b>	<b>2,670,268</b>

Appendix 3: 2022 Independent Auditors' Report  
and consolidated financial statements

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

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

**For the years ended December 31, 2022 and 2021**

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

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,192,041)	(2,477,587)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,118,165	1,174,187
Acquisition of financial assets at amortised cost	(1,685,440)	-
Proceeds from disposal of financial assets at amortized cost	49,943	-
Proceeds from disposal of non-current assets classified as held for sale	433,137	-
Acquisition of property, plant and equipment	(654,558)	(730,313)
Proceeds from disposal of property, plant and equipment	4,228	171
Acquisition of intangible assets	(11,474)	(19,699)
Acquisition of investment properties	-	(4,755)
Decrease in other financial assets	(153,519)	(104,497)
Decrease in other non-current financial assets	39,539	44,201
Decrease (increase) in other non-current assets	67	(523)
Net cash inflows (outflows) from investing activities	(2,051,953)	(2,118,815)
Cash flows from (used in) financing activities:		
Decrease in guarantee deposits received	(532)	(833)
Payment of lease liabilities	(24,304)	(13,862)
Cash dividends paid	(504,101)	(504,101)
Acquisition of ownership interests in subsidiaries	(448,704)	-
Changes of non-controlling interests	-	(22)
Net cash flows used in financing activities	(977,641)	(518,818)
Effect of exchange rate changes on cash and cash equivalents	4,706	(653)
Increase in cash and cash equivalents	381,502	31,982
Cash and cash equivalents at beginning of period	120,716	88,734
Cash and cash equivalents at end of period	<b>\$ 502,218</b>	<b>120,716</b>

**2022 Independent Auditor's Audit Report  
and  
Parent-company-only Financial Statements**

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

We have audited the non consolidated financial statements of Lungyen Life Service Corp. ("the Company"), which comprise the non consolidated balance sheets as of December 31, 2022 and 2021, the statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the non consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying non consolidated financial statements present fairly, in all material respects, the non consolidated financial position of the Company as of December 31, 2022 and 2021, and its non consolidated financial performance and its non consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the non consolidated Financial Statements section of our report. We are independent of Lungyen Life Service Corp. in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the report of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the non-consolidated financial statements of the current period. These matters were addressed in the context of our audit of the non-consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

#### 1. Revenue recognition

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

## 2. Goodwill and Trademark Impairment

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

## Other Matter

We did not audit the financial statements of some of the Company's equity accounted investees. These statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for some of the Company's equity accounted investees, is

based solely on the report of another auditor. The recognized investment in some equity accounted investees constituted 1.29% and 1.28% of the total assets as of December 31, 2022 and 2021, and the recognized share of profit or loss accounted for using the equity method constituted (1.44)% and (1.04)% of profit before tax for the year ended December 31, 2022 and 2021.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the non-consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Appendix 4: 2022 Independent Auditor's Audit Report  
and Parent-company-only financial statements

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the non-consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the non-consolidated financial statements, including the disclosures, and whether the non-consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the investment in other entities accounted for using the equity method to express an opinion on the non-consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audit resulting in this independent auditors' report are Shih-Chin Chih and Li-Chen Lai.

KPMG

Taipei, Taiwan (Republic of China)

February 22, 2023

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

**Non-Consolidated Balance Sheets**

**December 31, 2022 and 2021**

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

		December 31, 2022		December 31, 2021				December 31, 2022		December 31, 2021	
		Amonut	%	Amount	%			Amonut	%	Amount	%
Assets											
Current assets:											
1100	Cash and cash equivalents (Notes 6(a) and (u))	\$	418,006	1	92,160	-	2130	Current contract liabilities (Notes 6(q) and 9)	\$	41,199,721	64
1110	Current financial assets at fair value through profit or loss (Notes 6(b), (u) and 9)		2,713,734	4	4,198,231	6	2150	Notes payable (Note 6(u))		6,591	-
1150	Notes receivable, net (Notes 6(c), (q) and (u))		699	-	157	-	2170	Accounts payable (Note 6(u))		785,014	2
1170	Accounts receivable, net (Notes 6(c), (q) and (u))		8,101,229	13	8,995,587	14	2200	Other payables (Notes 6(u) and 7)		965,142	1
1320	Inventories (Notes 6(d) and 8)		14,540,976	23	13,841,066	21	2230	Current tax liabilities		226,042	-
1410	Prepayments (Note 7)		220,465	-	225,195	-	2280	Current lease liabilities (Notes 6(u) and 7)		39,778	-
1460	Non-current assets classified as held for sale, net (Notes 6(e) and (f))		-	-	595,897	1	2310	Advance receipts (Note 9)		925,926	1
1476	Other current financial assets (Notes 6(k), (u), 7, 8 and 9)		1,745,551	3	1,703,060	3	2399	Other current liabilities, others (Note 7)		34,562	-
1479	Other current assets, others		29,654	-	25,713	-				44,182,776	68
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 9)		8,398,259	13	8,198,570	13				43,838,665	67
			36,168,573	57	37,875,636	58					
Non-current assets:											
1517	Non-current financial assets at fair value through other comprehensive income (Notes 6(b), (u), 7 and 9)		8,022,624	12	9,248,134	15				21,155	-
1535	Non-current financial assets at amortised cost (Notes 6(b), (u) and 9)		2,850,375	4	1,220,819	2	2570	Deferred income tax liabilities (Note 6 (n))		131,546	-
1550	Investments accounted for using equity method (Notes 6(e) and 7)		3,728,183	6	2,981,212	5	2580	Lease liabilities - non-current (Notes 6 (u) & 7)		18,509	-
1600	Property, plant and equipment (Notes 6(g), 8 and 9)		7,174,893	11	6,642,498	10	2640	Net defined benefit liability – non-current (Note 6 (m))		43,219	-
1755	Right-of-use assets (Note 6(h))		171,324	-	26,315	-	2645	Guarantee deposits received (Note 6 (u))		214,429	-
1760	Investment property, net (Notes 6(i), 8 and 9)		3,942,593	6	4,011,626	6				44,397,205	68
1780	Intangible assets (Notes 6(j) and 9)		766,733	1	764,107	1				43,927,784	67
1840	Deferred tax assets (Note 6(n))		740,081	1	738,664	1					
1980	Other non-current financial assets (Notes 6(u) and 7)		61,760	-	42,924	-					
1990	Other non-current assets, others		1,073,503	2	1,073,503	2					
			28,532,069	43	26,749,802	42					
Total assets											
		\$	64,700,642	100	64,625,438	100	Total liabilities and equity		\$	64,700,642	100



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

**LUNGYEN LIFE SERVICE CORP.**

**Non-Consolidated Statements of Comprehensive Income**

**For the years ended December 31, 2022 and 2021**

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

		<b>2022</b>		<b>2021</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Notes 6(i), (q) and 7)</b>	\$ 3,439,475	100	3,104,473	100
5000	<b>Operating costs (Note 6(l))</b>	1,284,266	37	1,155,198	37
5900	<b>Gross profit</b>	2,155,209	63	1,949,275	63
	<b>Operating expenses :</b>				
6100	Selling expenses	681,979	20	490,408	16
6200	Administrative expenses (Notes 6(r) and 7)	617,850	18	567,542	18
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c))	17,836	1	18,850	1
		1,317,665	39	1,076,800	35
6500	<b>Net other income (expenses) (Note 6(s))</b>	86,098	3	110,047	4
6900	<b>Net operating income</b>	923,642	27	982,522	32
	<b>Non-operating income and expenses:</b>				
7100	Interest income (Note 6(t))	96,459	3	73,570	2
7010	Other income (Notes 6(t) and 7)	331,170	10	307,287	10
7020	Other gains and losses, net (Notes 6(b), (f) and (t))	109,554	3	144,648	5
7050	Finance costs, net (Notes 6(t) and 7)	(7,290)	-	(10,200)	-
7070	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (Note 6(f))	122,842	3	140,813	4
		652,735	19	656,118	21
	<b>Profit before tax from continuing operations</b>	1,576,377	46	1,638,640	53
7950	<b>Less: Income tax expenses (Note 6(n))</b>	247,541	7	225,612	7
	<b>Profit for the year ended December 31, 2020</b>	1,328,836	39	1,413,028	46
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(m))	4,010	-	(2,917)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(1,295,174)	(38)	918,131	30
8330	Share of other comprehensive income of subsidiaries, associates, and joint ventures under equity method, components of other comprehensive income that will not be reclassified to profit or loss	(9,689)	(1)	(15,117)	(1)
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(n))	-	-	-	-
	<b>Items that will not be reclassified subsequently to profit or loss</b>	(1,300,853)	(39)	900,097	29
8360	<b>Components of other comprehensive income (loss) that will be reclassified to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	109,254	3	(30,358)	(1)
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income	(59,645)	(2)	(27,799)	(1)
8380	Share of other comprehensive income of subsidiaries, associates, and joint ventures under equity method, components of other comprehensive income that will not be reclassified to profit or loss	(91,935)	(3)	22,728	1
8399	Less: Income tax related to components of other comprehensive income that may be reclassified to profit or loss	-	-	-	-
	<b>Items that may be reclassified subsequently to profit or loss</b>	(42,326)	(2)	(35,429)	(1)
8300	<b>Other comprehensive income for the year ended December 31, 2020</b>	(1,343,179)	(41)	864,668	28
	<b>Comprehensive income for the year ended December 31, 2020</b>	<b>\$ (14,343)</b>	<b>(2)</b>	<b>2,277,696</b>	<b>74</b>
	<b>Earnings per share (in dollar) (Note 6(p)):</b>				
9750	<b>Basic earnings per share (in New Taiwan dollars)</b>	<b>\$ 3.16</b>		<b>3.36</b>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<b>\$ 3.16</b>		<b>3.36</b>	

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

**Non-Consolidated Statements of Changes in Equity**

**For the years ended December 31, 2022 and 2021**

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

	Retained earnings						Total other equity interest			
	Shares capital	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity
Balance on January 1, 2021	\$ 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
Profit for the year ended December 31, 2021	-	-	-	-	1,413,028	1,413,028	-	-	-	1,413,028
Other comprehensive income for the year ended December 31, 2021	-	-	-	-	(2,917)	(2,917)	(7,630)	875,215	867,585	864,668
Comprehensive income for the year ended December 31, 2021	-	-	-	-	1,410,111	1,410,111	(7,630)	875,215	867,585	2,277,696
Appropriation and distribution of retained earnings:										
Legal reserve	-	-	129,303	-	(129,303)	-	-	-	-	-
Special reserve	-	-	-	(156,696)	156,696	-	-	-	-	-
Cash dividends of ordinary shares-\$1.2 per share	-	-	-	-	(504,101)	(504,101)	-	-	-	(504,101)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	9,570	9,570	-	(9,570)	(9,570)	-
Balance on December 31, 2021	4,200,842	2,519,954	2,183,257	-	10,636,961	12,820,218	(59,437)	1,216,077	1,156,640	20,697,654
Profit for the year ended December 31, 2022	-	-	-	-	1,328,836	1,328,836	-	-	-	1,328,836
Other comprehensive income for the year ended December 31, 2022	-	-	-	-	4,010	4,010	17,319	(1,364,508)	(1,347,189)	(1,343,179)
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	1,332,846	1,332,846	17,319	(1,364,508)	(1,347,189)	(14,343)
Appropriation and distribution of retained earnings:										
Legal reserve appropriated	-	-	141,968	-	(141,968)	-	-	-	-	-
Cash dividends of ordinary share-\$1.2 per share	-	-	-	-	(504,101)	(504,101)	-	-	-	(504,101)
Other changes in capital surplus:										
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	124,227	-	-	-	-	-	-	-	124,227
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	204,202	204,202	-	(204,202)	(204,202)	-
Balance on December 31, 2022	\$ 4,200,842	2,644,181	2,325,225	-	11,527,940	13,853,165	(42,118)	(352,633)	(394,751)	20,303,437

Appendix 4: 2022 Independent Auditor's Audit Report  
and Parent-company-only financial statements

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

**LUNGYEN LIFE SERVICE CORP.**

**Non-Consolidated Statements of Cash Flows**

**For the years ended December 31, 2022 and 2021**

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

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<b>Cash flows from (used in) operating activities:</b>		
Profit before tax	\$ 1,576,377	1,638,640
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	157,398	140,827
Amortization expense	14,643	12,768
Impairment loss determined in accordance with IFRS 9	17,836	18,850
Net profit from financial assets or liabilities at fair value through profit or loss	(186,238)	(181,193)
Interest expense	7,290	10,200
Interest income	(206,885)	(214,853)
Dividend income	(210,010)	(172,639)
Share of profit (loss) of subsidiaries and associates under the equity method	(122,842)	(140,813)
Loss (gain) on disposal of property, plan and equipment	(3,352)	37
Proceeds from disposal of non-current assets classified as held for sale (investment property)	(55,814)	(39,573)
Proceeds from disposal of investments accounted for using equity method	162,760	-
Exchange loss on financial assets at fair value through other comprehensive income	(54,829)	28,243
Exchange loss (gain) on financial assets at fair value through other comprehensive income	-	354
<b>Total adjustments to reconcile profit (loss)</b>	<b>(480,043)</b>	<b>(537,792)</b>
<b>Changes in operating assets and liabilities:</b>		
<b>Changes in operating assets:</b>		
Financial assets or liabilities at fair value through profit or loss	1,671,888	1,079,856
Notes and accounts receivable, net	876,240	(489,030)
Inventories	(697,190)	(621,584)
Prepayments	4,730	1,170
Other current financial assets	(3,326)	(1,630)
Other current assets	(3,941)	(9,020)
Incremental costs of obtaining a contract	(21,657)	(75,742)
Proceeds from disposal of non-current assets classified as held for sale (investment property)	98,700	160,438
<b>Total changes in operating assets</b>	<b>1,925,444</b>	<b>44,458</b>
<b>Changes in operating liabilities:</b>		
Contract liabilities	(202,918)	1,455,647
Notes and accounts receivable (including related parties)	152,934	85,590
Other payables	116,122	51,304
Advance receipts	24,496	28,099
Other current liabilities	(2,762)	9,631
Net defined benefit liabilities	(1,085)	(331)
<b>Total changes in operating liabilities</b>	<b>86,787</b>	<b>1,629,940</b>
<b>Total changes in operating assets and liabilities</b>	<b>2,012,231</b>	<b>1,674,398</b>
<b>Total adjustments</b>	<b>1,532,188</b>	<b>1,136,606</b>
Cash inflow generated from operations	3,108,565	2,775,246
Interest received	195,719	217,884
Dividends received	207,092	177,410
Interest paid	(577)	(506)
Income taxes paid	(184,565)	(482,589)
<b>Net cash flows from operating activities</b>	<b>3,326,234</b>	<b>2,687,445</b>

Appendix 4: 2022 Independent Auditor's Audit Report  
and Parent-company-only financial statements

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

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

**For the years ended December 31, 2022 and 2021**

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

	<b>For the years ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,192,041)	(2,446,787)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,116,564	1,174,187
Acquisition of financial assets at amortised cost	(1,685,440)	-
Proceeds from disposal of financial assets at amortised cost	49,943	-
Acquisition of investments accounted for using equity method	(492,272)	-
Proceeds from disposal of non-current assets classified as held for sale	433,137	-
Acquisition of property, plant and equipment	(648,990)	(718,297)
Proceeds from disposal of property, plant and equipment	4,227	-
Acquisition of intangible assets	(11,474)	(19,699)
Acquisition of investment properties	-	(4,755)
Other current financial assets	(26,269)	(106,251)
Other non-current financial assets	(18,836)	415
Other non-current assets	-	(522)
Net cash flows from investing activities	<u>(2,471,451)</u>	<u>(2,121,709)</u>
Cash flows from (used in) financing activities:		
Increase (decrease) in guarantee deposits received	(532)	(833)
Payments of lease liabilities	(24,304)	(13,862)
Cash dividends paid	<u>(504,101)</u>	<u>(504,101)</u>
Net cash flows used in financing activities	<u>(528,937)</u>	<u>(518,796)</u>
Net increase (decrease) in cash and cash equivalents	325,846	46,940
Cash and cash equivalents at beginning of period	<u>92,160</u>	<u>45,220</u>
Cash and cash equivalents at end of period	<u><b>\$ 418,006</b></u>	<u><b>92,160</b></u>

# Lungyen Life Service Corp.

## 2022 Appropriation of Earnings

In NT\$

Item	Amount
Balance – January 1, 2021	9,990,892,985
Add(deduct) :	
Current net income	1,328,836,078
Current change of defined benefit plan actuarial gains and losses	4,010,067
Disposal of equity instrument investments measured at fair value through other comprehensive income, cumulative gains and losses transferred directly to retained earnings	204,202,970
Legal reserve (10% of total earnings)	(153,704,912)
Special reserve	(394,751,105)
Earnings available for appropriation for 2022	10,979,486,083
Appropriation:	
Cash dividends	0
Balance – December 31, 2022	10,979,486,083

Chairman: KELLY LEE      President: Wang Frank Chun Chung      Chief Accountant: Wu, Hung-En

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

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

- Article 16 The Company shall have 11 Directors who are competent individuals elected in the shareholders' meeting. The term of office for Directors shall be three year, and all Directors shall be eligible for re-election. The registered shares held by Directors are processed in accordance with the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies."
- Article 16-1 For the number of Directors of the Company referred to above, the 3 to 5 Independent Directors are elected from the nominees who are nominated by the shareholders from the list of candidates in accordance with Article 192.1 of the Company Act.  
The election of Independent Directors and Directors shall be held together; provided, however, the number of Independent Directors and Directors elected shall be calculated separately.  
The professional qualifications, restrictions on shareholdings and concurrent positions held, method of nomination and election of Independent Directors shall be handled in accordance with Securities and Exchange Act and relevant regulations.
- Article 16-2 In compliance with Article 14-4 of the Securities and Exchange Act, the Company shall establish the Audit Committee, which shall be composed of the entire number of Independent Directors.  
Scope of responsibilities and regulations for the Company's Audit Committee shall be governed by relevant laws and regulations.
- Article 16-3 Various functional committees may be set up under the board of directors of the Company, and these committees shall formulate rules for exercising their functions and powers, which shall be implemented after approval by the board of directors.
- Article 16-4 A notice of convening a Board meeting shall be given to each Director in writing, via electronic mail or fax before 7 days prior to the meeting date.
- Article 17 In the event that no new Directors can be elected immediately after the expiration of a term of office, the current Directors shall continue to perform their duties until the new Directors are elected and assume their office. However, the competent authority may demand the Company to elect new Directors within a certain time period or the current Board of Directors may be dismissed automatically on the expiration of the term of office.
- Article 18 The Board of Directors shall be organized by the Directors. The Chairperson of the Board of Directors shall be elected among Directors by a majority of the Directors present at a meeting attended by two-thirds of all Directors The Chairperson of the Board of Directors shall be the authorized representative of the

Company externally and execute all matters of the Company in accordance with relevant laws, regulations and resolutions of the Board meeting and Shareholders' internally.

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

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

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

Article 22 Deleted

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

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

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

Article 25 Deleted

**Section VI – Accounting**

Article 26 The fiscal year for the Company shall be from January 1 of each year to December 31 of the same year.

Article 27 After the close of each fiscal year, the following reports shall be prepared by the Board of Directors, and submitted to the ordinary shareholders meeting for acceptance:

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

Article 28 The Company shall set aside not less than 1% of its annual profit, if any, as employee bonus and not more than 2% as compensation to Directors; provided, however, that the Company shall have reserved a sufficient amount to offset its accumulated losses, if any.

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. When dividends are distributed by way of issuing new shares, a resolution shall be submitted to the shareholders' meeting for distribution; when dividends are distributed by way of cash distribution, the distribution of dividends may be approved by a majority vote at a meeting of the board of directors attended by two-thirds of the total number of directors; and in addition thereto a report of such distribution shall be submitted to

the shareholders' meeting.

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

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

## **Section VII – Supplementary Provisions**

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

The 19<sup>th</sup> amendment: June 10, 2009.

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

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

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

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

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

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

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

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

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

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

## **Lungyen Life Service Corp.**

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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

## Current Shareholdings of Directors

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

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

2. The Company's paid-in capital is NT\$4,200,841,990 with issued outstanding shares totaling 420,084,199 shares. Minimum shareholding requirement for all Directors as a whole shall be 16,803,368 shares.
3. The Company established the Audit Committee thus no requirement on shareholding of Supervisor is applicable.
4. Shareholdings of the Company's Directors all conform to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies".
5. Wish Giver Limited is established under the laws of the British Virgin Islands. In addition to directly holding shares of the Company, it also holds the shares of the Company through a trustee account established by Fubon Securities Co., Ltd. (hereinafter referred to as "FINI investment account "). As of March 28, 2023, 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 2023 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) The period the Company accepted shareholders' proposal for the 2023 Annual Meeting of Shareholders was from March 17 to March 28, 2023, which was also announced in the Market Observation Post System web site in accordance to relevant laws and regulations.
  - (3) During the above mentioned period, the Company received no proposal from shareholders.
2. The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate:

The Company did not distribute stock dividend for year 2023, so does not applicable.