

Lungyen Life Service Corp.

2016 General meeting Agenda Hansard

Meeting : 9:00 a.m., Friday, June 17, 2016

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

Attendance : Attendance and Proxy total number of shares 315,114,273 shares shareholder; %of the company's shares in issue 399,084,199 shares of 78.96%.

Chairman : Wei-Lung Liu

Record : Hsin-Ping Sung

- I. Commencement of the Meeting : The total share number represented by shareholders present had reached statutory number, hence the chairman declared the meeting open.
- II. Chairman Report : Thank our shareholders to participate in the shareholders' meeting, in order to practice corporate governance and to respond to electronic voting manner, agenda of this meeting 【Matters for Discussion】 and 【Matters for Approval】 will be discussed respectively, followed by voting and counting respectively, and now we begin today's agenda.

III. Matters for Discussion

Case 1: (Proposed by the board of directors)

Summary: The Amendment to the "Memorandum and Articles of Association" is proposed for discussion.

Remark: 1. To comply with the amendment of Company Act, the Board of Directors proposes to amend the Memorandum and Articles of Association. For the comparison table of the "Memorandum and Articles of Association" amendment before and after, please refer to Appendix 1 (Page 7-9) of the Handbook.

2. Please proceed to discuss.

Summary of shareholders' statement:

Shareholder account number 2430: For Articles of Incorporation Article 2(9) H701030 Cemetery development and rental business, Ministry of Economic Affairs has announced to delete this item in June, 2015, so propose to delete this business item.

Shareholder account number 13194 with the proposed.

Chairman Resolution : Except for deletion of H701030 Cemetery development and rental business proposed by shareholder account number 2430, the remaining item in Articles of Incorporation will be voted in accordance with the Board's proposal.

Resolutions: Number of voting rights of the shareholders attending the vote:315,114,273 rights
(Including electronic voting:49,582,276 rights)

Voting results	% of Attending shareholders right
Agree rights : 265,471,997 rights (Including electronic voting : 0 rights)	84.25%
Against rights : 0 rights (Including electronic voting : 0 rights)	0%
Invalid rights : 0 rights	0%

(Including electronic voting : 0 rights)	
Abstention & no voting rights : 49,582,276 rights (Including electronic voting : 49,582,276 rights)	15.75%

The field case shareholder ballot results, according to the amended bill vote.

IV. Matters for Reporting

Case 1 : The remuneration to employees and directors in 2015 and distribution approach is presented for approval. (Please refer to Handbook)

Case2 : The Company's 2015 business report is presented for approval. (Please refer to Appendix)

Case 3 : The 2015 Audit Committee's report is proposed for approval. (Please refer to Appendix)

V. Matters for Approval

Case 1: (Proposed by the board of directors)

Summary: The Company has the operation and financial statement reviews in 2015 presented for approval.

Remark: 1.The Company's 2015 business report, 2015 individual and consolidated financial statements have been audited by CPA Tseng, Guo-Yang and CPA Chih, Shih-Chin of KPMG Taiwan. The above financial statements have been submitted to the Audit Committee for review and approval and the Audit Committee has issued its Review Report accordingly.

2. For the Company's 2015 individual and consolidated financial statements, please refer to Appendix.

(Please visit the website at on the MOPS for the financial statements in details:

<http://newmops.twse.com.tw>)

Resolutions: Number of voting rights of the shareholders attending the vote:315,324,273 rights
(Including electronic voting:49,582,276 rights)

Voting results	% of Attending shareholders right
Agree rights : 313,184,547 rights (Including electronic voting : 47,712,550 rights)	99.32%
Against rights : 126,685 rights (Including electronic voting : 126,685 rights)	0.04%
Invalid rights : 0 rights (Including electronic voting : 0 rights)	0%
Abstention & no voting rights : 2,013,041 rights (Including electronic voting : 1,743,041 rights)	0.64%

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

Case 2: (Proposed by the board of directors)

Summary: The Company's proposal for distribution of earnings in 2015 is presented for approval.

Remark: 1. The Company's net income amounted to NT\$1,089,361,255 in 2015. After deducting the legal reserve, special reserve and other adjustments, distributable net profit is NT\$576,420,921. Adding beginning retained earnings, the unappropriated retained earnings is NT\$1,833,455,726. Please refer the Profit Distribution Table as Appendix.

2. The Company aims to become No. 1 brand in Greater China, and has been continually

seeking opportunities of overseas investment for the past few years. The Company is willing to duplicate successful experience in Taiwan to other overseas Chinese communities, and to expand its business domain. Recently, several overseas investment projects have already reached to substantively significant progress. In response to future potential fund demand and substantial capital expenditure which results from domestic cemetery parks entering to intensive construction stage, it is proposed to retain 2015 distributable earnings in part and distribute cash dividends for NT\$199,542,100 (NT\$0.5 per share).

3. Cash dividend is distributed prorated currently with the amount rounded up to the dollar. Also, it is adjusted by a decimal point from large to small and the account number from front to back in order to match up with the total cash dividends distributed.
4. If the outstanding stock shares are affected that have caused changes to shareholder's dividend ratio due to the Company's repurchasing treasury shares and cash capitalization before the Ex-dividend date, the board of directors is authorized in the shareholders' meeting to deal with the correction needed.
5. For the distribution of cash dividend to shareholders, the Chairman is authorized to schedule the ex-dividend date as soon as it is resolved at the shareholders' meeting.
6. Hereby apply for recognition.

Resolutions: Number of voting rights of the shareholders attending the vote:315,324,273 rights
(Including electronic voting:49,582,276 rights)

Voting results	% of Attending shareholders right
Agree rights : 306,719,987 rights (Including electronic voting : 41,247,990 rights)	97.27%
Against rights : 6,589,745 rights (Including electronic voting : 6,589,745 rights)	2.09%
Invalid rights : 0 rights (Including electronic voting : 0 rights)	0%
Abstention & no voting rights : 2,014,541 rights (Including electronic voting : 1,744,541 rights)	0.64%

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

VI. Extempore motions

Shareholder account number 41908 provided suggestion related to the Company's operation and share price. After the chairman explained and answered, the shareholder did not have further opinion.

VI. Meeting adjourned(9:40 a.m., Friday, June 17, 2016)

Lung Yen Life Service Co., Ltd.

Comparison table for “Articles of Incorporation” before and after revision

Article	New	Old	Amendment basis and reasons
Article 2	<p>The Company’s business services are as follows:</p> <ol style="list-style-type: none"> 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.J801030 Tournament and leisure stadium business 	<p>The Company’s business services are as follows:</p> <ol style="list-style-type: none"> 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 <u>7.I503010 Landscape and interior design business</u> 8.H701050 Investments in the construction of public works business 9.H701030 Cemetery development and rental business 10.H703090 Real estate trade business 11.H703100 Real estate rental business 12.H703110 Senior homes business 13.H701080 Urban renewal and reconstruction business 14.JZ99141 Funeral facilities operations business 15.JZ99151 Funeral and liturgical services business 16.J202010 Industrial incubation business 17.J901020 General hotel business 18.J701040 Recreational club business 19.J701070 Information and leisure business 20.J801030 Tournament and leisure stadium business 	<p>Delete the business item in accordance with Ministry of Economic Affairs</p>

Article	New	Old	Amendment basis and reasons
	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	21.JZ99050 Agency services business 22.JZ99090 Festive general service business 23.F401010 International trade business 24.F206060 The ritual supplies retail business 25.F203010 Food, sundries and beverage retail business 26.F201070 Flower retail business 27.F201010 Agricultural products retail business 28.F399040 Non-store retail business 29.J101030 Waste collection business 30.J101040 Waste disposal business 31.JZ99990 Unclassified services business 32.H704031 Real estate brokerage business 33.H704041 Real estate marketing agency business 34.G801010 Warehousing 35.In addition to the chartered business, the business not prohibited or restricted by law	
Article 12	All company shareholders are entitled to one vote for every share held, except for the circumstances described in Section 179-2 of The Company Act where shareholders cannot exercise their voting rights.	All company shareholders are entitled to one vote for every share held, <u>except for the circumstances described in Section 179 of The Company Act where shareholders cannot exercise their voting rights.</u>	Revised the wording
Article 28	<u>The Company's annual earnings, if any, should be appropriated not less than 1% to employees' remuneration and not less than 2% to directors' remuneration. However, if the Company has accumulated losses, the make up amount should be retained.</u> <u>The employees' remuneration can be stock or cash, and employees of subsidiaries certain conditions should</u>	<u>After the settlement , if any, of the company's annual earnings , tax money should be appropriated to make up for losses in prior years , times set aside as legal reserve and it occurs when the stockholders' equity for the year as special reduction of the amount of surplus public after turning the plot or special reserve , then the balance will be distributed according to the following ratio:</u> <u>(1)the directors ' remuneration of not</u>	Revised according to amendment of Article 235-1 of Company Act

Article	New	Old	Amendment basis and reasons
	be included.	<p><u>more than 2% .</u> <u>(2)the employee bonus of 1% . In stock issuer , the recipients must include the employees of subsidiaries certain conditions .</u> <u>After deducting the preceding paragraph amounts , the amount of the remaining available for distribution to plus pre cumulative undistributed earnings as dividends , the Board of Directors in accordance with the company dividend policy based on the total percentage of shares distributed or retained by the proposed appropriation of earnings will be distributed in the preceding paragraph for resolution of shareholders .</u> <u>The Company's dividend policy is based on the interests of shareholders and in accordance with the Company's future capital budget planning for future years as measured by capital requirements , dividends or stock dividends of cash dividends to be paid. Priority of cash dividends may also be made by way of stock dividend distribution , only cash dividends shall not be less than 10% of total shareholders' dividends</u></p>	
Article	<p><u>The total annual earnings, if any, should be applied to pay tax, make up losses of prior years, then appropriated 10% legal reserve, but excluded the case that legal reserve has reached to the Company's paid-up capital, and if necessary, appropriated or revered special reserve based on less item of current shareholder equity; the rest amount is distributed as dividend, if any available balance, which pluses prior period accumulative unappropriated earnings, the Board will propose distribution plan for shareholding meeting resolution.</u> <u>The Company's dividend policy is to protect shareholders' equity and in response to to the annual fund</u></p>	(newly added)	Revised according to amendment of Article 235-1 of Company Act

Article	New	Old	Amendment basis and reasons
	<u>demands estimated in accordance with the Company's capital budget planning. The distribution of cash dividends may not be less than 10% of the dividend to shareholders.</u>		
Article 27	<p>This Memorandum of Association was created on 27 February 1987.</p> <p>1st amendment - 20 March 1987.</p> <p>2nd amendment - 18 January 1991.</p> <p>3rd amendment - 2 September 1992.</p> <p>4th amendment - 31 December 1993.</p> <p>5th amendment - 1 March 1995.</p> <p>6th amendment - 15 July 1996.</p> <p>7th amendment - 19 March 1997.</p> <p>8th amendment - 26 April 1997.</p> <p>9th amendment - 24 October 1997.</p> <p>10th amendment - 18 May 1998.</p> <p>11th amendment - 4 December 1998.</p> <p>12th amendment - 6 May 1999.</p> <p>13th amendment - 22 June 2001.</p> <p>14th amendment - 30 June 2002.</p> <p>15th amendment - 8 February 2006.</p> <p>16th amendment - 8 February 2006.</p> <p>17th amendment - 15 June 2007.</p> <p>18th amendment - 1 August 2008.</p> <p>19th amendment - 10 June 2009.</p> <p>20th amendment - 29 October 2009.</p> <p>21st amendment - 12 October 2010.</p> <p>22nd amendment - 28 June 2011.</p> <p>23rd amendment - 6 June 2012.</p> <p>24th amendment - 17 June 2014.</p> <p>25th amendment - 18 June 2015.</p> <p><u>26th amendment - 17 June 2016.</u></p>	<p>This Memorandum of Association was created on 27 February 1987.</p> <p>1st amendment - 20 March 1987.</p> <p>2nd amendment - 18 January 1991.</p> <p>3rd amendment - 2 September 1992.</p> <p>4th amendment - 31 December 1993.</p> <p>5th amendment - 1 March 1995.</p> <p>6th amendment - 15 July 1996.</p> <p>7th amendment - 19 March 1997.</p> <p>8th amendment - 26 April 1997.</p> <p>9th amendment - 24 October 1997.</p> <p>10th amendment - 18 May 1998.</p> <p>11th amendment - 4 December 1998.</p> <p>12th amendment - 6 May 1999.</p> <p>13th amendment - 22 June 2001.</p> <p>14th amendment - 30 June 2002.</p> <p>15th amendment - 8 February 2006.</p> <p>16th amendment - 8 February 2006.</p> <p>17th amendment - 15 June 2007.</p> <p>18th amendment - 1 August 2008.</p> <p>19th amendment - 10 June 2009.</p> <p>20th amendment - 29 October 2009.</p> <p>21st amendment - 12 October 2010.</p> <p>22nd amendment - 28 June 2011.</p> <p>23rd amendment - 6 June 2012.</p> <p>24th amendment - 17 June 2014.</p> <p>25th amendment - 18 June 2015.</p>	Revision date added

2015 Business Report

In 2015, global central banks continually implemented Quantitative Easing (QE) Policy. However, in spite of concern of US raising interest rates, slowdown of China growth, slump of commodities and increase of default rate in credit market, the global economy only showed moderate growth. Due to slowdown of global growth and crowding out effect of red supply chains, the economy growth rate in Taiwan has fallen to the lowest level over the past six years.

According to the latest “World Economic Outlook report” issued by International Monetary Fund (IMF), the global economy is facing risks of weaker growth, in addition to impact of currency depreciations and geopolitical discord, IMF decreased the forecast of 2016 global growth from 3.4% estimated in January to 3.2%. In February 2016, Directorate General of Budget, Accounting and Statistics of Executive Yuan in Taiwan also lowered the estimated 2016 economic growth rate from 2.32% estimated in November 2015 to 1.47%, owing to weak growth of external demand. Although the economic environment is unfavorable, the management team and all of the Company will still strive for continued and steady growth in business operation.

Business performance for the year 2015 and the business plan for 2016 is hereby presented to the Company’s shareholders as follows:

I. 2015 Operating results:

For 2015 operating results, while the entire market was influenced by weak economy, with the cooperation of operating and sales teams, the Company’s new sales has reached a historic high and slightly increased compared with the previous year. While new sales slightly grew, since several uncompleted columbarium and cemetery products cannot be recognized, the 2015 consolidated revenue was NT\$352.9 billion and decreased by 35.3% compared with the previous year; the net profit after tax was NT\$108.9 billion and decreased by 50.3% compared with the previous year; the net profit after tax rate was 33.7% and decreased by 20.1% compared with 20.1%.

As of December 31, 2015, the total consolidated asset was NT\$47.5 billion and increased 14.5% compared with the previous year; the total liability was NT\$38.2 billion and liability ratio was 80.4%. The proceeds collected for the sales of funeral service, columbarium, and cemetery are booked as advance receipts 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 liability ratio was 48.1% if the Company deducted the advance receipts and relative asset amounts.

II. Summary of the 2016 business plan

(1) Operating principle:

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

(2) Summary of execution:

1. Substantiate business plans and achieve business goals

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

2. Properly allocate capital and improve financial performance

Grasp the capital market opportunity, plan the optimal capital to improve financial performance, provide comprehensive operational management procedures with the regulations update and enhance operating effectiveness.

3. Strengthen risk management and enhance operating foundation

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

4. Upgrade business management and exercise enterprise value

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

5. Fulfill corporate social responsibility and optimize corporate image

Work with the Government to execute the policies, to convey business philosophy by

combining it with public service, to exercise the synergy of business operations, to continuously feedback to the society, to serve the citizens, and to fulfill the satisfaction of customers, employees, and shareholders.

(3) Estimated production and sales in 2016 (including subsidiaries)

Unit: SET

Product Name	Estimated sales unit
Columbarium	8,541
Cemetery	279
Preneed Funeral Contract	15,700
Total	24,520

III. The Company's development strategy

In 2016, we shall focus on planning new columbarium and cemetery products, actively launching various products in terms of different areas and different prices, bundling with columbarium and preneed funeral contract, so as to satisfy various demands from consumer segments. Under the philosophy of integrated funeral services of the entire country, we shall further effectively augment the benefits of Lungyen brand logo and further expand market shares in the funeral service industry.

We shall continually promote funeral industry reform and create market segmentation, so as to achieve sales continual growth by providing new demands. Meanwhile, we shall be continually strengthen internal control and demand in upgrade quality of services so that the hardware commodities and software services will be continually upgraded. Through such efforts, Lungyen will further step into extensive consumers and expand market share.

As Taiwan is in increasingly significant aging society and decreased childbirth, and amidst the limited territories and population, on the grounds of our existent life service bases, we shall, step-by-step, expand our horizons to cover life service related medical treatment services and elder citizen hotels and such business lines. Other than our efforts on the already well developed business lines and markets in Taiwan, we shall, under the well designed programs, expand our services toward China. Where China is transforming from interment toward incineration, Lungyen will be one step ahead of competitors to stand firmly in the vast markets in China. As always, Lungyen shall render high quality and elaborate thoughtful services. In the efforts of marketing

pre-need contracts and tower units, we shall spearhead the entire markets as the leading brand name toward more brilliant tomorrow.

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

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

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

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

Chairman: Lee, Shih-Tsung President: Liu, Wei Lung Chief Accountant: Chan, Shu-Juan

Lungyen Life Service Corp.

2015 Audit Committee's Review Report

Authorized

The Board of Directors has the Company's 2015 business report, financial statements, and earnings distribution report prepared and presented, in which the financial statements have been audited by CPA Tseng, Guo-Yang and CPA Chih, Shih-Chin of KPMG Taiwan with an independent auditor's report issued.

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

To

Lungyen Life Service Corp. 2016 General Shareholders' Meeting

Independent Director: Yeh, Shu

Independent Director: Chang, Show-Lian

Independent Director: Chang, Cai-Yuan

March 28, 2016

Independent Auditor's Report

To Board of Directors of Lungyen Life Service Corp.,

We have audited the balance sheets of Lungyen Life Service Corp. as of December 31, 2015 and 2014, and the related statements of income, statement of changes in shareholders' equity and consolidated statement of cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, based on our audit and the other independent auditor's reports, the financial statements referred in the first paragraph, in all materials respects, the financial position of Lungyen Life Service Corporation Ltd. as of December 31, 2015 and 2014, and the results of its operations and its cash flows for twelve months ended in 2015 and 2014 in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Firms.

KPMG Taiwan

CPA:

Securities and Futures
Committee of
the Ministry of
Finance
approval no.
March 28, 2016

FSC VI. Tzi No. 0940129108
: FSC No. 1020000737

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp.
Comprehensive Income Statement
For The Twelve Months Ended December 31, 2015 and 2014
 (All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2015		2014	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000 Operating revenue (Note 6(9) & (14))	\$ 3,271,239	100	5,083,418	100
5000 Operating cost	1,227,439	38	1,688,917	33
5900 Operating gross profit (loss)	2,043,800	62	3,394,501	67
Operating expenses:				
6100 Selling expenses	625,734	19	1,105,893	22
6200 Administration expenses (Note 7)	408,078	12	406,884	8
6000 Total operating expenses	1,033,812	31	1,512,777	30
6500 Other income and expenses (Note 6(6))	-	-	15,731	-
6900 Operating income (loss)	1,009,988	31	1,897,455	37
Non-operating income and expenses:				
7010 Other income (Note 6(16) & 7)	339,962	10	267,877	5
7020 Other gains and losses (Note 6(16))	(81,708)	(2)	167,587	4
7050 Financial costs (Note 6(3) & (16))	(73,260)	(2)	(17,463)	-
7060 Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(4))	74,673	2	117,257	2
	259,667	8	535,258	11
7900 Operating income before tax	1,269,655	39	2,432,713	48
7950 Less: Income tax expense (Note 6(11))	180,294	6	239,851	5
Net income	1,089,361	33	2,192,862	43
8300 Other comprehensive income:				
8310 Items not to be reclassified into profit or loss				
8311 Remeasurements of defined benefit plans (Note 6(10))	(3,086)	-	(1,993)	-
8360 Items that may be subsequently reclassified to profit or loss:				
8361 Exchange differences on translation of foreign statements	3,395	-	7,118	-
8362 Unrealized losses on available-for-sale financial assets	(390,602)	(12)	(6,296)	-
8380 Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method - items that may be reclassified to profit or loss	-	-	(56)	-
8300 Other current comprehensive income (after tax)	(390,293)	(12)	(1,227)	-
Total comprehensive income	\$ 699,068	21	2,191,635	43
Basic earnings per share (Note 6(13))				
9750 Basic earnings per share (NTD)	\$ 2.73		5.49	
9850 Diluted earnings per share (NTD)	\$ 2.73		5.49	

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

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp.

Statements of Changes in Equity

For The Twelve Months Ended December 31, 2015 and 2014

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

	Retained earnings						Other equity		Total	Total equity
	Common stock capital	Additional paid-in capital	Legal reserves	Special reserves	Unappropriated earnings	Total	Exchange differences from the translation of foreign institution's financial statements	Unrealized gain (loss) of the available-for-sale financial instruments		
Balance – January 1, 2014	\$ 3,990,842	1,395,659	467,987	19,835	2,517,500	3,005,322	(15,280)	56	(15,224)	8,376,599
Net profit	-	-	-	-	2,192,862	2,192,862	-	-	-	2,192,862
Other comprehensive income	-	-	-	-	(1,993)	(1,993)	7,118	(6,352)	766	(1,227)
Total comprehensive income	-	-	-	-	2,190,869	2,190,869	7,118	(6,352)	766	2,191,635
Appropriation and distribution of earnings (Note 1):										
Legal reserve	-	-	201,608	-	(201,608)	-	-	-	-	-
Special reserve	-	-	-	(4,611)	4,611	-	-	-	-	-
Shareholders' dividend – cash, 4 per share	-	-	-	-	(1,596,337)	(1,596,337)	-	-	-	(1,596,337)
Actual acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	(3,587)	-	-	(2,776)	(2,776)	-	-	-	(6,363)
Balance – December 31, 2014	3,990,842	1,392,072	669,595	15,224	2,912,259	3,597,078	(8,162)	(6,296)	(14,458)	8,965,534
Net profit	-	-	-	-	1,089,361	1,089,361	-	-	-	1,089,361
Other comprehensive income	-	-	-	-	(3,086)	(3,086)	3,395	(390,602)	(387,207)	(390,293)
Total comprehensive income	-	-	-	-	1,086,275	1,086,275	3,395	(390,602)	(387,207)	699,068
Appropriation and distribution of earnings (Note 2):										
Legal reserve	-	-	219,286	-	(219,286)	-	-	-	-	-
Special reserve	-	-	-	(766)	766	-	-	-	-	-
Shareholders' dividend – cash, 3.6 per share	-	-	-	-	(1,436,703)	(1,436,703)	-	-	-	(1,436,703)
Actual acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	20,972	-	-	(13,711)	(13,711)	-	-	-	7,261
Balance – December 31, 2015	\$ 3,990,842	1,413,044	888,881	14,458	2,329,600	3,232,939	(4,767)	(396,898)	(401,665)	8,235,160

Note1: Remuneration for directors and supervisors for NT\$27,154 thousand and bonus to employees for NT\$13,577 thousand are deducted in the Income Statement.

Note2: Remuneration for directors and supervisors for NT\$39,471 thousand and bonus to employees for NT\$19,736 thousand are deducted in the Income Statement.

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

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp.

Statement of Cash Flow

For The Twelve Months Ended December 31, 2015 and 2014

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

	2015	2014
Cash flows from operating activities:		
Profit (loss) before tax	\$ 1,269,655	2,432,713
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	119,043	99,468
Amortization expense	10,057	8,802
Provision (reversal of provision) for bad debt expense	(721)	6,935
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	112,727	(76,551)
Interest expense	73,260	17,463
Interest income	(116,824)	(90,336)
Dividend income	(83,101)	(9,375)
Share of loss (gain) of associates and joint ventures accounted for using equity method	(74,673)	(117,257)
Loss (gain) on disposal of property, plan and equipment	1,677	12
Loss (gain) on disposal of investment properties	-	(15,731)
Loss (gain) on disposal of investment income	-	(207)
Loss (gain) on reduction financial assets carried at cost	3,000	7,000
Exchange loss (gain) of available-for-sale financial assets	13,931	(80,648)
Loss (gain) on disposal of available-for-sale financial assets	(2,254)	-
Total adjustments to reconcile profit (loss)	<u>56,122</u>	<u>(250,425)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	(292,286)	(2,058)
Notes receivable and accounts receivable, net	15,289	(92,765)
Inventories	(274,764)	(440,668)
Prepayments	(258,647)	61,493
Other financial assets	746,192	(489,368)
Other current assets	(125)	157
Total changes in operating assets	<u>(64,341)</u>	<u>(963,209)</u>
Changes in operating liabilities:		
Notes payable and accounts payable, net	(75,276)	56,325
Accounts payable - related parties	31,113	6,638
Other payable	37,416	(143,903)
Advance receipts	1,788,033	173,765
Other current liability	(1,090)	379
Accrued pension liabilities	608	568
Total changes in operating liabilities	<u>1,780,804</u>	<u>93,772</u>
Total changes in operating assets and liabilities	<u>1,716,463</u>	<u>(869,437)</u>
Total adjustments	<u>1,772,585</u>	<u>(1,119,862)</u>
Cash inflow (outflow) generated from operations	3,042,240	1,312,851
Interest received	120,983	72,556
Dividend received	211,631	121,245
Interest paid	(69,859)	(14,579)
Income taxes refund	-	38,197
Income taxed (paid)	(187,253)	(325,500)
Net cash flows from (used in) operating activities	<u>3,117,742</u>	<u>1,204,770</u>

Lungyen Life Service Corp.

Statement of Cash Flow

For The Twelve Months Ended December 31, 2015 and 2014

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

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	(6,037,833)	(1,794,639)
Proceeds from disposal of available-for-sale financial assets	1,190,886	-
Acquisition of financial assets carried at cost	(4,500)	-
Proceeds from disposal of financial assets carried at cost	-	3,013
Proceeds from capital reduction of financial assets carried at cost	5,040	21,586
Acquisition of investment using equity method	(831,579)	(67,805)
Refunds from decapitalization of the invested company under the equity method	-	174,299
Acquisition of property, plant and equipment	(308,685)	(703,436)
Proceeds from disposal of property, plant and equipment	8,032	220
Acquisition of intangible assets	(6,041)	(3,025)
Acquisition of investment properties	(276)	(1,019)
Proceeds from disposal of investment properties	-	32,393
Other financial assets	(247,146)	230,194
Other non-current assets	(227,303)	-
Net cash flows from (used in) investing activities	<u>(6,459,405)</u>	<u>(2,108,219)</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	12,697,900	5,050,500
Decrease in short-term loans	(8,020,900)	(3,502,500)
Increase (decrease) in guarantee deposits received	17,024	162
Cash dividends	(1,436,703)	(1,596,337)
Net cash flows from (used in) financing activities	<u>3,257,321</u>	<u>(48,175)</u>
Net increase (decrease) in cash and cash equivalents	(84,342)	(951,624)
Cash and cash equivalents at beginning of period	160,762	1,112,386
Cash and cash equivalents at end of period	<u>\$ 76,420</u>	<u>160,762</u>

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

Chairman :

General Manager :

Chief Accountant :

Independent Auditor's Audit Report

To Board of Directors of Lungyen Life Service Corp.,

We have audited the consolidated balance sheets of Lungyen Life Service Corp. as of December 31, 2015 and 2014, and the related consolidated statements of income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the period then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Lungyen Life Service Corporation as of December 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in conformity with the Guidelines Governing the Preparation of Financial Reports by Securities Issuers, requirements of the Business Accounting Law and Guidelines Governing Business Accounting with respect to financial accounting standards, and accounting principles generally accepted in the Republic of China.

Lungyen Life Service Corp. has prepared standalone financial statement as of 2015 and 2014 and it has been audited by our audits, for your reference.

KPMG

CPA:

Approval
Document
issued by the
competent
securities
authority
March 28, 2016

FSC VI. Tzi No. 0940129108
: FSC No. 1020000737

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For The Twelve Months Ended December 31, 2015 and 2014

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

		2015		2014	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
4000	Operating revenue (Note 6(13), (18) & 7)	\$ 3,529,106	100	5,451,308	100
5000	Operating cost (Note 6(9), (13) & 7)	1,235,213	35	1,732,157	32
5900	Operating gross profit (loss)	2,293,893	65	3,719,151	68
	Operating expenses (Note 6(9) & 7):				
6100	Selling expenses	658,871	19	1,160,993	21
6200	Administration expenses	429,173	12	438,595	8
6000	Total operating expenses	1,088,044	31	1,599,588	29
6500	Non-operating income and expenses (Note 6(8) & (20)):	41,109	1	49,588	2
6900	Operating income (loss)	1,246,958	35	2,169,151	41
	Non-operating income and expenses (Note 6(21)):				
7010	Other income	308,555	9	250,417	4
7020	Other gains and losses	(85,014)	(2)	150,362	2
7050	Financial costs (Note 6(21))	(76,083)	(2)	(17,717)	-
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(5))	(6,992)	-	-	-
		140,466	5	383,062	6
7900	Operating income before tax	1,387,424	40	2,552,213	47
7950	Less: Income tax expense (Note 6(15))	197,844	6	251,786	5
	Net income	1,189,580	34	2,300,427	42
8300	Other comprehensive income:				
8310	Items not to be reclassified into profit or loss				
8311	Remeasurements of defined benefit plans	(3,086)	-	(1,993)	-
8360	Items that may be subsequently reclassified to profit or loss:				
8361	Exchange differences on translation of foreign statements	3,395	-	7,118	-
8362	Unrealized losses on available-for-sale financial assets	(390,602)	(11)	(6,296)	-
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method - items that may be reclassified to profit or loss	-	-	(56)	-
8300	Other comprehensive income, net	(390,293)	(11)	(1,227)	-
	Total comprehensive income	<u>\$ 799,287</u>	<u>23</u>	<u>2,299,200</u>	<u>42</u>
	Net income, attributable to:				
8610	Owners of parent	\$ 1,089,361	31	2,192,862	40
8620	Non-controlling interest	100,219	3	107,565	2
		<u>\$ 1,189,580</u>	<u>34</u>	<u>2,300,427</u>	<u>42</u>
	Total comprehensive income, attributable to:				
8710	Owners of parent	\$ 699,067	20	2,191,635	40
8720	Non-controlling interest	100,220	3	107,565	2
		<u>\$ 799,287</u>	<u>23</u>	<u>2,299,200</u>	<u>42</u>
	Earnings per share (Note 6(15))				
9750	Basic earnings per share (NTD)	<u>\$ 2.73</u>		<u>5.49</u>	
9850	Diluted earnings per share (NTD)	<u>\$ 2.73</u>		<u>5.49</u>	

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

Chairman :

General Manager :

Chief Accountant :

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Changes in Equity

For The Twelve Months Ended December 31, 2015 and 2014

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

	Equity attributable to owners of parent						Other equity interest			Non-controlling interest	Total equity	
	Retained earnings					Total	Unrealized gains (losses) on available-for-sale financial assets		Total equity attributable to owners of parent			
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings		Exchange differences on foreign translation	Total				
Balance – January 1, 2014	\$ 3,990,842	1,395,659	467,987	19,835	2,517,500	3,005,322	(15,280)	56	(15,224)	8,376,599	959,005	9,335,604
Net profit	-	-	-	-	2,192,862	2,192,862	-	-	-	2,192,862	107,565	2,300,427
Other comprehensive income	-	-	-	-	(1,993)	(1,993)	7,118	(6,352)	766	(1,227)	-	(1,227)
Total comprehensive income	-	-	-	-	2,190,869	2,190,869	7,118	(6,352)	766	2,191,635	107,565	2,299,200
Legal reserve	-	-	201,608	-	(201,608)	-	-	-	-	-	-	-
Special reserve	-	-	-	(4,611)	4,611	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT\$4 per share	-	-	-	-	(1,596,337)	(1,596,337)	-	-	-	(1,596,337)	-	(1,596,337)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	(3,587)	-	-	(2,776)	(2,776)	-	-	-	(6,363)	6,363	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(102,486)	(102,486)
Balance – December 31, 2014	3,990,842	1,392,072	669,595	15,224	2,912,259	3,597,078	(8,162)	(6,296)	(14,458)	8,965,534	970,447	9,935,981
Net profit	-	-	-	-	1,089,361	1,089,361	-	-	-	1,089,361	100,219	1,189,580
Other comprehensive income	-	-	-	-	(3,086)	(3,086)	3,395	(390,602)	(387,207)	(390,293)	-	(390,293)
Total comprehensive income	-	-	-	-	1,086,275	1,086,275	3,395	(390,602)	(387,207)	699,068	100,219	799,287
Legal reserve	-	-	219,286	-	(219,286)	-	-	-	-	-	-	-
Special reserve	-	-	-	(766)	766	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT\$3.6 per share	-	-	-	-	(1,436,703)	(1,436,703)	-	-	-	(1,436,703)	-	(1,436,703)
Acquisition or disposal of shares in subsidiaries difference between the price and the book value	-	20,972	-	-	(13,711)	(13,711)	-	-	-	7,261	(7,261)	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	20,994	20,994
Balance – December 31, 2015	\$ 3,990,842	1,413,044	888,881	14,458	2,329,600	3,232,939	(4,767)	(396,898)	(401,665)	8,235,160	1,084,399	9,319,559

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp. and Subsidiaries**Consolidated Statements of Cash Flows**

For The Twelve Months Ended December 31, 2015 and 2014

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

	<u>2015</u>	<u>2014</u>
Cash flows from operating activities:		
Profit (loss) before tax	\$ 1,387,424	2,552,213
Adjustments:		
Adjustments to reconcile profit (loss)		
Depreciation expense	136,717	105,666
Amortization expense	10,910	11,379
Provision (reversal of provision) for bad debt expense	(721)	6,935
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	112,187	(75,646)
Interest expense	76,083	17,717
Interest income	(113,054)	(90,198)
Dividend income	(83,458)	(15,158)
Share of loss (gain) of associates and joint ventures accounted for using equity method	6,992	-
Loss (gain) on disposal of property, plan and equipment	2,845	3,144
Loss (gain) on disposal of investment properties	-	(15,731)
Loss (gain) on disposal of intangible assets	573	3,745
Loss (gain) on disposal of investment	(2,254)	(207)
Exchange loss (gain) on disposal of financial assets	3,000	7,000
Loss (gain) on disposal of available-for-sale financial assets	13,931	(80,648)
Total adjustments to reconcile profit (loss)	<u>163,751</u>	<u>(122,002)</u>
Changes in operating assets and liabilities:		
Changes in operating assets:		
Financial assets held for trading	(337,585)	24,470
Decrease (Increase) in notes receivable	24,529	(19,969)
Decrease (Increase) in accounts receivable	(49,291)	(89,556)
Decrease (Increase) in construction contract receivable	-	8,492
Decrease (Increase) in inventories	(800,727)	(436,389)
Decrease (Increase) in biological assets	(20,555)	(22,706)
Decrease (Increase) in prepayments	(246,271)	69,139
Decrease (Increase) in other financial assets - current	572,775	(289,676)
Decrease (Increase) in other current assets	3,072	(1,140)
Total changes in operating assets	<u>(854,053)</u>	<u>(757,335)</u>
Changes in operating liabilities:		
Increase (Decrease) in accounts payable	(75,958)	47,372
Increase (Decrease) in construction contract receivable	(36,577)	21,675
Increase (Decrease) in other payable	56,846	(106,586)
Increase (Decrease) in advance receipts	1,811,822	188,285
Increase (Decrease) in other current liabilities	(17,032)	11,183
Accrued pension liabilities	608	568
Total changes in operating liabilities	<u>1,739,709</u>	<u>162,497</u>
Total changes in operating assets and liabilities	<u>885,656</u>	<u>(594,838)</u>
Total adjustments	<u>1,049,407</u>	<u>(716,840)</u>
Cash inflow (outflow) generated from operations	2,436,831	1,835,373
Interest received	117,213	72,418
Dividend received	83,458	15,158
Interest paid	(72,696)	(14,819)
Income taxes refund	-	38,197
Income taxes (paid)	<u>(207,958)</u>	<u>(338,460)</u>
Net cash flows from (used in) operating activities	<u>2,356,848</u>	<u>1,607,867</u>

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows (continued)

For The Twelve Months Ended December 31, 2015 and 2014

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

	<u>2015</u>	<u>2014</u>
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	(6,037,833)	(1,794,639)
Proceeds from disposal of available-for-sale financial assets	1,190,886	-
Acquisition of financial assets carried at cost	(4,500)	-
Proceeds from disposal of financial assets carried at cost	-	3,013
Proceeds from capital reduction of financial assets carried at cost	5,805	21,586
Acquisition of investment using equity method	(196,723)	-
Acquisition of property, plant and equipment	(434,176)	(970,997)
Proceeds from disposal of property, plant and equipment	8,493	2,675
Acquisition of intangible assets	(7,967)	(3,040)
Proceeds from disposal of intangible assets	239	188
Acquisition of investment properties	(277)	(1,019)
Proceeds from disposal of investment properties	-	32,393
Decrease in other financial assets	(244,109)	197,004
Increase in other non-current assets	(227,006)	84
Net cash flows from (used in) investing activities	<u>(5,947,168)</u>	<u>(2,512,752)</u>
Cash flow from (used in) financing activities:		
Increase in short-term loans	12,930,400	5,114,500
Decrease in short-term loans	(8,278,900)	(3,527,500)
Increase in long-term loans	172,700	-
Increase (decrease) in guarantee deposits received	17,590	(404)
Cash dividends	(1,436,703)	(1,596,337)
Change in non-controlling interests	20,994	(102,486)
Net cash flows from (used in) financing activities	<u>3,426,081</u>	<u>(112,227)</u>
Effects of foreign exchange rates changes on cash and cash equivalents	4,620	7,111
Net increase (decrease) in cash and cash equivalents	(159,619)	(1,010,001)
Cash and cash equivalents at beginning of period	372,338	1,382,339
Cash and cash equivalents at end of period	<u>\$ 212,719</u>	<u>372,338</u>

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

Chairman :

General Manager :

Chief Accountant :

Lungyen Life Service Corp.
2015 Distribution of Earnings

Unit: NT\$

Item	Amount
Balance – beginning	1,257,034,805
Add (less):	
Current net income after tax	1,089,361,255
Current change of defined benefit plan actuarial gains and losses	(3,085,779)
Difference between actual acquisition or disposal of subsidiaries and book value	(13,711,336)
Appropriate 10% legal reserve	(108,936,126)
Appropriation of special reserves	(387,207,093)
Current earnings available for distribution	1,833,455,726
Distribution:	
1. Cash dividend to shareholders – 100% (0.5 per share)	(199,542,100)
The ending balance of unappropriated retained earnings	1,633,913,626

Chairman: Lee, Shih-Tsung President: Liu, Wei Lung
Chief Accountant: Chan, Shu-Juan