(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The 12 Months Ended December 31, 2016 and 2015
(Including an Independent Auditor's Audit Report)

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Statement of Declaration

The Company is required to prepare consolidated financial statements 2016 (for the year ended December 31, 2016) with its subsidiaries under the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises". Subsidiaries of the Company under the aforementioned legal rule are identical with the subsidiaries defined under IFRS No.10. Information on Financial Status and operation performance of such subsidiaries has been included in the disclosure of the aforementioned consolidated financial statement between parent and subsidiaries and therefore will not be prepared separately.

We hereby make said statement accordingly.

Company name: Lungyen Life Service Corp.
Chairman: Lee Shih-Tsung
Date: March 29, 2017

Independent Auditors' Report

To the Board of Directors of LUNGYEN LIFE SERVICE CORPERATION:

Audit Opinion

We have audited the financial statements of LUNGYEN LIFE SERVICE CORPERATION and its subsidiaries (“LUNGYEN GROUP”), which comprises the balance sheets as of December 31, 2016 and 2015; the statements of comprehensive income, the statements of changes in equity and the statements of cash flows for the years ended December 31, 2016 and 2015, and notes to the 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 financial Statements present fairly, in all material respects, the financial position of LUNGYEN GROUP as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our 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 Financial Statements section of our report. We are independent of LUNGYEN GROUP 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. We believe that the audit evidence we have obtained, inclusive of the report from other auditors, 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 financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Key audit matters for LUNGYEN GROUP 's financial statements are stated as follows:

1. Revenue recognition

Please refer to note 4(18) "Revenue recognition" for the accounting policy related to revenue recognition, and note 6(18) "Revenue" for information related to revenue recognition for the individual financial statement.

How the matter was addressed in our audit

Lungyen Group sales columbarium & Cemetery products and funeral services through cash prepayment or ways of installment prepayment to collect income, therefore, the time of income recognition needs to be judged.

In addition, due to Lungyen Group is public listed company, it may be subject to the expectation of external investors or creditors and the pressure of internal earnings to inflate the income, resulting in exposing income recognition to risks. Therefore, the income recognition test was one of the most important assessments for the accountants in implementing the auditing for Lungyen Group's consolidated financial report.

Our principal audit procedures included the following:

- Testing whether revenue recognition is following related auditing internal control procedures.
- Sampling external orders such as purchase orders, sales contracts and receipt records for the current year's sales cases, and assessing if the revenue is recognized at the recognition point.

2. Valuation of inventories

Please refer to note 4(8) "Inventories" for the accounting policy related to valuation of inventories, and note 6(3) "Inventories" for information related to valuation of inventories for the consolidated financial Statement.

<u>How the matter was addressed in our audit</u>

The inventories held by Lungyen Group are mainly columbarium, cemeteries, construction of land and construction in progress. The evaluation in accordance with the IAS 2 specification was expressed and measured by the lower of the cost and market from the financial statements reports.

But the decision of the net realizable value was influenced by funeral products market and the prosperity of real estate, resulting in the possibility of significant false risk. Therefore, the inventory evaluation was one of the most important assessments for the accountants in implementing the auditing for Lungyen Group's consolidated financial report.

<u>Our principal audit procedures included the following:</u>

- Obtaining the same or similar product prices for construction sites and Columbarium & Cemeteries for sale in order to the evaluation for net realizable value.
- As for the buildings under construction, the analysis of the return on investment obtained from the management, and examining the parameters of the return on investment (such as the selling price) could assess its rationality and achievability.

3. Impairment of goodwill

Please refer to Note 4(15) intangible assets for accounting policies related to impairment of goodwill. Please refer to Note 5(1) for impairment of goodwill in accounting estimates and assumptions uncertainty. Please refer to Note 6(9) intangible assets for impairment of goodwill and trademark.

<u>How the matter was addressed in our audit</u>

The goodwill recognized by Lungyen Group is due to mergers and acquisitions, and the recoverable amount of goodwill is subject to the subjective judgment and highly uncertain, and the estimated uncertainty may have significant false risk. Therefore, the impairment of goodwillwas one of the most important assessments for the accountants in implementing the auditing for Lungyen Group's consolidated financial report.

Our principal audit procedures included the following:

・Assessing whether the cash-generating units identified by the management and the process of performing the impairment test are complete and correct.

・ Assessing the management at the main assumption of the weighted average use cost (eg, stock price) and the calculation method, and compare the pre-budget cash inflow with the actual cash inflow to suit the assumptions and methodologies for estimating future cash flows and the weighted average cost of capital use. Based on the demographic data obtained by the Department of Home Affairs of the Ministry of the Interior, to assess the projected growth rate from the Group's management.

Other Matters

Lungyen Life Service Corporation has prepared the individual financial report for the year of 2016 and 2015, and issued by the accountant with unqualified audit report for reference.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

In preparing the financial statements, management is responsible for assessing LUNGYEN 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 LUNGYEN GROUP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing LUNGYEN GROUP 's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 LUNGYEN 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 LUNGYEN 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 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 LUNGYEN GROUP to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 this financial statements. We are responsible for the direction, supervision and performance of the group audit.

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 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.

KPMG

CPA:

Approval Document issued by the competent securities authority : FSC VI. Tzi No. 0940129108

March 29, 2017

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

For December 31, 2016 and December 31, 2015

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

	Assets	12.31.2016 Amount	%	12.31.2015 Amount	%
	Current assets:				
1100	Cash and cash equivalents (Note 6(1))	$199,621	-	212,719	-
1110	Financial assets at fair value through profit or loss – current (Note 6 (2), (22)&(8))	907,233	2	1,136,101	2
1150	Notes receivable, net	9,712	-	22,220	-
1170	Accounts receivable, net (Note 7)	428,616	1	468,688	1
1320	Inventories (Note 6(3),8 & 9)	14,425,211	28	13,563,567	29
1400	Biological assets – current	-	-	54,222	-
1410	Prepayments (Note 7 & 9)	8,670,520	17	8,447,596	18
1476	Other financial assets – current (Note 6(10), 7, 8 & 9)	2,173,130	4	2,209,109	5
1479	Other current assets (Note 7 & 9)	5,055	-	3,614	-
		26,819,098	52	26,117,836	55
	Non-current assets:				
1524	Available-for-sale financial assets – non-current (Note 6 (2), (22) & 8)	8,679,735	17	6,309,634	13
1527	Hold to maturity financial assets- non-current (Note 6(2) & (22))	307,915	-	-	-
1543	Financial assets carried at cost – non-current (Note 6(2))	18,992	-	23,130	-
1550	Investment under equity method (Note 6(4) & (5))	450,296	1	187,793	-
1600	Property, plant and equipment (Note 6(7), 7 & 8)	5,866,648	12	6,516,579	14
1760	Investment property, net (Note 6(8) & 8)	6,534,031	13	6,089,328	13
1780	Intangible assets (Note 6(9) & 7)	775,226	2	769,496	2
1840	Deferred income tax assets (Note 6(15))	801,963	2	809,184	2
1980	Other financial assets – non-current	25,159	-	28,149	-
1990	Other non-current assets	697,365	1	657,892	1
		24,157,330	48	21,391,185	45
	Total assets	**$50,976,428**	**100**	**47,509,021**	**100**

	Liabilities and Equity	12.31.2016 Amount	%	12.31.2015 Amount	%
	Current liabilities:				
2100	Short-term loan (Note 6(11) & (22))	$7,174,900	14	7,240,500	15
2170	Payable notes and accounts (Note 6(22) & 7)	444,138	1	433,440	1
2200	Other payable accounts (Note 6(22) & 7)	404,691	1	442,134	1
2230	Current income tax liabilities (Note 6(15))	88,654	-	191,764	1
2310	Advance receipts (Note 9)	31,668,990	62	29,550,662	62
2399	Other current liabilities	11,951	-	9,527	-
		39,793,324	78	37,868,027	80
	Non-current liabilities:				
2540	Long-term loan (Note 6 (12) & (22))	-	-	172,700	-
2570	Deferred income tax liabilities (Note 6(15))	24,287	-	49,587	-
2640	Accrued pension liabilities (Note 6(14))	30,058	-	28,561	-
2645	Deposit received	52,802	-	67,606	-
2670	Other non-current liabilities	2,981	-	2,981	-
		110,128	-	321,435	-
	Total liabilities	39,903,452	78	38,189,462	80
	Equity attributable to owners of parent (Note 6(16)):				
3100	Capital stock – common stock	3,990,842	8	3,990,842	9
3200	Capital surplus	1,420,112	3	1,413,044	3
	Retained earnings:				
3310	Legal reserve	997,817	2	888,881	2
3320	Special reserve	401,665	1	14,458	-
3350	Unappropriated retained earnings	2,610,784	5	2,329,600	5
3400	Other equity interest	397,357	1	-401,665	-1
	Total equity attributable to owners of parent	9,818,577	20	8,235,160	18
36xx	Non-controlling interest (Note 6(6) & (16))	1,254,399	2	1,084,399	2
	Total equity	11,072,976	22	9,319,559	20
	Total liabilities and equity	**$50,976,428**	**100**	**47,509,021**	**100**

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Comprehensive Income
For The Twelve Months Ended December 31, 2016 and 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

		2016		2015	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(13), (18) & 7)**	$ 3,463,382	100	3,529,106	100
5000	**Operating cost (Note 6(9), (13) & 7)**	1,362,123	39	1,235,213	35
5900	**Operating gross profit (loss)**	2,101,259	61	2,293,893	65
	Operating expenses (Note 6(9),(14) & 7):				
6100	Selling expenses	652,664	19	658,871	19
6200	Administration expenses	599,121	17	429,173	12
6000	**Total operating expenses**	1,251,785	36	1,088,044	31
6500	**Non-operating income and expenses (Note 6(20)):**	82,751	2	41,109	1
6900	**Operating income (loss)**	932,225	27	1,246,958	35
	Non-operating income and expenses (Note 6(21)):				
7010	Other income	351,579	10	308,555	9
7020	Other gains and losses	6,694	-	(85,014)	(2)
7050	Financial costs (Note 6(3))	(87,778)	(3)	(76,083)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(4))	803	-	(6,992)	-
		271,298	7	140,466	5
7900	**Operating income before tax**	1,203,523	34	1,387,424	40
7950	**Less: Income tax expense (Note 6(15))**	135,613	4	197,844	6
	Net income	1,067,910	30	1,189,580	34
8300	**Other comprehensive income:**				
8310	**Items not to be reclassified into profit or loss**				
8311	Remeasurements of defined benefit plans	(971)	-	(3,086)	-
8360	**Items that may be subsequently reclassified to profit or loss:**				
8361	Exchange differences on translation of foreign statements	(5,365)	-	3,395	-
8362	Unrealized losses on available-for-sale financial assets	806,638	23	(390,602)	(11)
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	(1,168)	-	-	-
8300	**Other comprehensive income, net**	799,134	23	(390,293)	(11)
	Total comprehensive income	**$ 1,867,044**	**53**	**799,287**	**23**
	Net income, attributable to:				
8610	Owners of parent	$ 977,840	27	1,089,361	31
8620	Non-controlling interest	90,070	3	100,219	3
		$ 1,067,910	**30**	**1,189,580**	**34**
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 1,775,891	51	699,067	20
8720	Non-controlling interest	91,153	2	100,220	3
		$ 1,867,044	**53**	**799,287**	**23**
	Earnings per share (Note 6(17))				
9750	**Basic earnings per share (NTD)**	**$**	**2.45**		**2.73**
9850	**Diluted earnings per share (NTD)**	**$**	**2.45**		**2.73**

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For The Twelve Months Ended December 31, 2016 and 2015

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

	Equity attributable to owners of parent											
			Retained earnings				Other equity interest					
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Total	Exchange differences on foreign translation	Unrealized gains (losses) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interest	Total equity
Balance – January 1, 2015	$ 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)
Changes in ownership of Subsidiaries	-	20,972	-	-	(13,711)	(13,711)	-	-	-	7,261	(7,261)	-
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	20,994	20,994
Balance – December 31, 2014	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
Net profit	-	-	-	-	977,840	977,840	-	-	-	977,840	90,070	1,067,910
Other comprehensive income	-	-	-	-	(971)	(971)	(6,533)	805,555	799,022	798,051	1,083	799,134
Total comprehensive income	-	-	-	-	976,869	976,869	(6,533)	805,555	799,022	1,775,891	91,153	1,867,044
Legal reserve	-	-	108,936	-	(108,936)	-	-	-	-	-	-	-
Special reserve	-	-	-	387,207	(387,207)	-	-	-	-	-	-	-
Shareholders' bonus – cash, NT$0.5 per share	-	-	-	-	(199,542)	(199,542)	-	-	-	(199,542)	-	(199,542)
Increase/decrease in non-controlling interest												
Changes in ownership of Subsidiaries	-	7,068	-	-	-	-	-	-	-	7,068	(267,127)	(260,059)
Increase/decrease in non-controlling interest	-	-	-	-	-	-	-	-	-	-	345,974	345,974
Balance – December 31, 2016	**$ 3,990,842**	**1,420,112**	**997,817**	**401,665**	**2,610,784**	**4,010,266**	**(11,300)**	**408,657**	**397,357**	**9,818,577**	**1,254,399**	**11,072,976**

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For The Twelve Months Ended December 31, 2016 and 2015

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

		2016	2015
Cash flows from operating activities:			
Profit (loss) before tax	$	1,203,523	1,387,424
Adjustments:			
Adjustments to reconcile profit (loss)			
Depreciation expense		172,813	136,717
Amortization expense		16,446	10,910
Provision (reversal of provision) for bad debt expense		11,664	(721)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		(58,116)	112,187
Interest expense		87,778	76,083
Interest income		(106,690)	(113,054)
Dividend income		(136,969)	(83,458)
Share of loss (gain) of associates and joint ventures accounted for using equity method		(803)	6,992
Loss (gain) on disposal of property, plant and equipment		199	2,845
Amount of property, plant and equipment transferred to expenses		342	-
Loss (gain) on disposal of intangible assets		-	573
Loss (gain) on disposal of investment properties		-	(2,254)
Exchange loss (gain) on disposal of financial assets		5,140	3,000
Profits for disposal of financial assets available for sale		(48,707)	-
Disposal for loss of financial assets carried at costs		804	-
Loss (gain) on disposal of available-for-sale financial assets		69,553	13,931
Total adjustments to reconcile profit (loss)		13,454	163,751
Changes in operating assets and liabilities:			
Changes in operating assets:			
Financial assets held for trading		286,984	(337,585)
Decrease (Increase) in notes receivable		13,301	24,529
Decrease (Increase) in accounts receivable		8,666	(49,291)
Decrease (Increase) in construction contract receivable		(885,709)	(800,727)
Decrease (Increase) in inventories		16,421	(20,555)
Decrease (Increase) in biological assets		(225,259)	(246,271)
Decrease (Increase) in prepayments		7,190	572,775
Decrease (Increase) in other financial assets - current		(698)	3,072
Decrease (Increase) in other current assets		(779,104)	(854,053)
Total changes in operating assets			
Changes in operating liabilities:		1,554	(75,958)
Increase (Decrease) in accounts payable		-	(36,577)
Increase (Decrease) in construction contract receivable		(37,086)	56,846
Increase (Decrease) in other payable		2,119,119	1,811,822
Increase (Decrease) in advance receipts		2,645	(17,032)
Increase (Decrease) in other current liabilities		526	608
Accrued pension liabilities		2,086,758	1,739,709
Total changes in operating liabilities		1,307,654	885,656
Total changes in operating assets and liabilities		1,321,108	1,049,407
Total adjustments		2,524,631	2,436,831
Cash inflow (outflow) generated from operations		99,347	117,213
Interest received		136,969	83,458
Dividend received		(84,932)	(72,696)
Interest paid		49,398	-
Income taxes refund		(306,097)	(207,958)
Income taxes (paid)		2,419,316	2,356,848

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Cash Flows (continued)
For The Twelve Months Ended December 31, 2016 and 2015
(All Amounts Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

	2016	2015
Cash flows from (used in) investing activities:		
Acquisition of available-for-sale financial assets	$ (2,804,968)	(6,037,833)
Proceeds from disposal of available-for-sale financial assets	1,226,136	1,190,886
Acquisition of hold to maturity financial assets	(308,491)	-
Acquisition of financial assets carried at cost	(9,900)	(4,500)
Proceeds from capital reduction of financial assets carried at cost	2,856	5,805
Acquisition of investment using equity method	(13,008)	(196,723)
Acquisition of property, plant and equipment	(250,233)	(434,176)
Proceeds from disposal of property, plant and equipment	256	8,493
Acquisition of intangible assets	(26,991)	(7,967)
Proceeds from disposal of intangible assets	-	239
Acquisition of investment properties	(480)	(277)
Increase (Decrease) in other financial assets	35,901	(244,109)
Cash outflows by loss of subsidiaries' control	(134,867)	-
Increase (Decrease) in other non-current assets	(39,473)	(227,006)
Net cash flows from (used in) investing activities	(2,323,262)	(5,947,168)
Cash flow from (used in) financing activities:		
Increase in short-term loans	7,663,400	12,930,400
Decrease in short-term loans	(7,729,000)	(8,278,900)
Increase in long-term loans	-	172,700
Return in long-term loans	(172,700)	-
Increase (decrease) in guarantee deposits received	(14,804)	17,590
Cash dividends	(199,542)	(1,436,703)
Change in non-controlling interests	345,974	20,994
Net cash flows from (used in) financing activities	(106,672)	3,426,081
Effects of foreign exchange rates changes on cash and cash equivalents	(2,480)	4,620
Net increase (decrease) in cash and cash equivalents	(13,098)	(159,619)
Cash and cash equivalents at beginning of period	212,719	372,338
Cash and cash equivalents at end of period	**$ 199,621**	**212,719**

Lungyen Life Service Corp. and Subsidiaries

Notes to Consolidated Financial Statements

For The Twelve Months Ended December 31, 2016 and 2015

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company profile

Lungyen Life Service Corp. (formerly known as Dahan Development Corp.) (hereinafter referred to as the "Company") was incorporated in March 1987. The Company and its subsidiaries (hereinafter referred to as the "consolidated Company") are primarily engaged in funeral service, development and lease of interment premises, and development and lease of residential areas and buildings.

II. Approval and procedures of the consolidated financial statements

The quarterly consolidated financial statements were accepted and published by the Board of Directors on March 29, 2017.

III. Application of new and revised standards and interpretations

(I) The following IFRS standards have been announced but not yet approved by the Financial Supervisory Commission:

According to the Financial Supervisory Commission (hereinafter referred to as the "FSC") Rule No. 1050026834 from July 18th, 2016. Starting in 2017, all public companies shall fully adhere to the IFRS rules issued by International Accounting Standards Board (hereinafter referred to as the "IAS Board") and approved by the FSC before January 1, 2016, and become effective from January 1, 2017 to prepare the financial statements. Approved New／Amended／Revised Standards and Interpretations are as below:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
Amendments to IFRS No. 10, No.12 and IAS No.28 "Investment Entities-Applying the Consolidation Exception"	January 1, 2016
Amendments to IFRS No. 11 "Accounting for Acquisitions of Interests in Joint Operations"	January 1, 2016
Amendments to IFRS No. 14 "Regulatory Deferral Accounts"	January 1, 2016
Amendments to IAS No. 1 "Disclosure Initiative"	January 1, 2016
Amendments to IAS No. 16 and No.38 "Clarification of Acceptable Methods of Depreciation and Amortization"	January 1, 2016
Amendments to IAS No. 16 and No.41 "Agriculture: Bearer Plants"	January 1, 2016
Amendments to IAS No. 19 "Defined benefit plans: employee contributions"	July 1, 2014
Amendments to IAS No. 27 "Equity Method in Separate Financial Statements"	January 1, 2016
Amendments to IAS No. 36 "Recoverable Amount Disclosures for Non-Financial Assets"	January 1, 2014
Amendments to IAS No. 39 "Novation of Derivatives and Continuation of Hedge Accounting"	January 1, 2014
Annual improvements (2010-2012 cycle and 2011-2013 cycle)	July 1, 2014

Improvements to International Financial Reporting Standards (2012-2014 cycle)	January 1, 2016
Amendments to IFRIC 21 "Levies"	January 1, 2014

The above approved standards and interpretations have no significant impact to the consolidated financial statements.

(II) New and revised standards and interpretations not yet approved by Financial Supervisory Commission

The following table depicts new, amended, revised standards and interpretations issued by the IAS Board, but not yet approved by the FSC:

New／Amended／Revised Standards and Interpretations	**Effective date per IASB**
IFRS No.9 "Financial Instruments"	January 1, 2018
Amendments to IFRS No.10 and IAS No.28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures"	Not yet decided by IAS Board
Amendments to IFRS No.15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS No.16 "Leases"	January 1, 2019
Amendments to IFRS No.2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS No.15 "Clarifications to IFRS 15"	January 1, 2018
Amendments to IAS No. 7 "Disclosure Initiative"	January 1, 2017
Amendments to IAS No. 12 "- Recognition of Deferred Tax Assets for Unrealized Losses"	January 1, 2017
Amendments to the International Financial Reporting Standards No. 4 "Insurance Contracts" (International Financial Reporting Standards No. 9 "Financial Instruments" and International Financial Reporting Standards No. 4 "Insurance Contracts")	January 1, 2018
2014-2016 International Financial Reporting Year Improvement: International Financial Reporting Standards No. 12 "Disclosure of the rights and interests of other individuals"	January 1, 2017
International Financial Reporting Standards No. 1 "International Financial Reporting Standards for the First Time" and International Accounting Standards No. 28 "Investment-related enterprises and joint ventures"	January 1, 2018
International Financial Reporting Interpretation No. 22 "Foreign Currency Transactions and Advance Payment Consideration"	January 1, 2018
Amendments to International Accounting Standards No. 40 "Conversion of Investment Real Estate"	January 1, 2018

Assessment of possible impact to consolidated financial statements as below:

Issued date	New／Amended／Revised Standards	Major Amendments
May 28, 2014 April 12, 2016	IFRS No. 15 "Revenue from Contracts with Customers"	IFRS 15 establishes a single analytical model with five steps for recognizing revenue by recognition method, timing, and amount that applies to all contracts with customers, and will supersede IAS 18, "Revenue," IAS 11, "Construction Contracts," and a number of revenue-related interpretations April 12, 2016, Issued revised rules to declare the following items: Identify the performance obligations in the contract, consideration of principal and agent, authorization and transition of intellectual property.
November 19, 2013 July 24, 2014	IFRS No. 9 "Financial Instruments"	New standard will replace IAS 39 "Financial Instruments: Recognition and Measurement", major revised as below: • Classification and measurement: Financial assets are measured at amortized cost, fair value through profit or loss, or fair value through other comprehensive income, based on both the entity's business model for managing the financial assets and the financial asset's contractual cash flow characteristics. Financial liabilities are measured at amortized cost or fair value through profit or loss. Furthermore, there is a requirement that 'credit risk' adjustments should be recognized in other comprehensive income (loss). • Impairment: New expected credit loss model is used to replace the existing loss recognition model. • Hedge accounting: Apply more rules using a Principle-based approach, to enable hedge accounting to more closely aligned with risk management activities, including amendments, continue, or cease the use of hedging accounting provisions, and increase more types of risks qualified as hedged items.
January 13, 2016	IFRS No. 16 "Leases"	Revisions to accounting standards applied to leases as follows:

- The new standard requires all lease contracts to be recognized on the balance sheet as a "right-of-use assets" and lease liabilities. Lease expenses during the lease term shall be measured as the amount of depreciation of the "right-of-use assets" plus amortization of interest on lease liabilities
- Lessor accounting shall still be classified as operating leases or finance leases, with the accounting treatment similar to IAS No.17 “Leases”.

The group is in the process of assessing the impact of the above-mentioned standards and interpretations on the financial condition and operating results of the consolidated group. The quantitative impact will be disclosed when the assessment in complete.

IV. Summary of significant accounting policies

The consolidated financial report utilizes significant accounting policies summary as below. Despite other explanations, the following accounting policies are all applied to the period presented in this consolidated financial report.

(I) Compliance Statement

The consolidated financial report is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as "the Regulations" hereinafter) and the international financial reporting standard, international accounting standards, interpretation, and bulletin (referred to as "the IFRS approved by the FSC" hereinafter) approved by the FSC.

(II) Basis of consolidation

1. Basis of measurement

Except for the important items in the balance sheet as below, the consolidated financial report has been prepared in accordance with the historical cost:

(1) Financial instruments measured at fair value through profit or loss (including derivatives);

(2) Available-for-sale financial assets valued at fair value;

(3) Biological assets valued at fair value net of selling cost; and

(4) Defined benefit liabilities (or assets) are recognized in accordance with the fair value of pension fund assets deducted by net present value of defined benefit obligation and maximum effects in Note 4(14).

2. Functional currency and presentation currency

Each vehicle of the Consolidated Company makes the currency of the primary economic environment its functional currency. The consolidated financial report is prepared in the Company's functional currency, NT Dollar. All financial information expressed in New Taiwan Dollar is with the monetary unit of NT$ Thousand.

(III) Basis of consolidation

1. Principle for preparation of consolidated financial statements

The Company and its subsidiaries are the business entity of the consolidated financial report prepared. The Company controls the investee when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are integrated into the consolidated financial statements from the day acquired control over the subsidiaries until the day loss control over the subsidiaries. The inter-company transaction, balance amount, and unrealized income and expense of the Consolidated Company are eliminated from the quarterly consolidated financial statements prepared. The consolidated profit or loss of the subsidiaries should be attributable to owners of the parent and non-controlling equity even if the non-controlling equity is with a deficit balance.

Financial statements of subsidiaries have already been adjusted properly, so that of which accounting policy consists with that used by the Consolidated Company.

If the Consolidated Company's equity ownership change in a subsidiary does not result in loss of control, it is treated as equity transaction with the shareholders. The adjusted amount of non-controlling interests, which resulted in the difference between the fair value and consideration paid or received, is recognized directly in equity and attributed to owners of the Company.

2. Losing control of the subsidiaries

When the consolidated company lost control of the subsidiary, the consolidated financial report eliminated the assets (including goodwill) and liabilities and non-controlling interests of the former subsidiary by the amount of the loss control day and revalued the retention of the investment from former subsidiary through fair value of the loss control day. The differences of disposal of profit and loss:(1)the total amount of the fair value of the consideration received and the total value of the retention of the investment in the loss control day, and (2) the assets (including goodwill) of the subsidiary and the liabilities and non-controlling interests in the loss control day. For all amounts previously recognized in the other consolidated profits and losses affiliated to the subsidiary, the basis of its accounting methods is the same as the basis as if the consolidated company disposed of the related assets or liabilities.

3. The subsidiaries included in the quarterly consolidated financial statements

The subsidiaries included in the quarterly consolidated financial statements include:

Name of investment company	Name of subsidiary	Nature of business	Shareholding ratio		Remarks
			12.31.2016	12.31.2015	
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	-
The Company	Yuji Development Corp.	Funeral services business operations	54.42%	54.42%	Note4 (3).5(1)
The Company	Longding Life Sciences Inc.	Flowers growing, wholesale, and retail business operations	49.00%	84.29%	Note4 (3).5(3)
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	-
The Company	Sea Dragon Traders Ltd. (BVI)	Investment business	100.00%	100.00%	Note4 (3).5(4)
The Company	Singapore Lungyen Life Service Pte. Ltd.	Funeral services	100.00%	100.00%	-
The Company	Lung An Company Limited	Funeral services	70.00%	100.00%	Note4 (3).5(2)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services	77.75%	77.75%	
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Company Limited	Investment business	100.00%	- %	Note4 (3).5(5)
Lungyen Cayman Company Limited	Lungyen HK Company Limited	Investment business	100.00%	- %	Note4 (3).5(5)
Lungyen HK Company Limited	Lungyen Trading (Wenzhou) Co. Ltd	Wholesale and export operations	100.00%	- %	Note4(3).5(5)

4. The subsidiaries that are not included in the consolidated financial statements: None.

5. Changes in subsidiary:

(1) Yuji Development Corp. increased cash capital for NT$79,410 thousand and NT$9,545 thousand, issued at premium in February and September, 2015. The Company did not take up new shares as proportion previously held, and this has caused the Company's ownership to decrease from 56.25% to 54.61% and then from 54.61% to

54.42%.

(2) On January 13, 2016, Board of Directors resolved to revise the "Articles of Incorporation" of a subsidiary company, changing the company name from “Zekaen Co. Ltd.” to “Lung An Company Limited”, and changed the business headquarters to Kaohsiung City. The nature of the business includes funeral service business.
In December 2015, Lung An Company Limited (the original Zekaen Co. Ltd.) conducted a capital reduction to offset company losses for NT$39,392 thousand, share par value NT$10, with 3,939 thousand total shares issued. Lung An also conducted a capital injection in December 2015 for NT$443,391 thousand, issued at par, totaling 44,339 thousand shares. The Company did not take up new shares as a proportion of previously held shares, causing the Company's ownership to decrease from 100% to 70%.

(3) In September 2015, Longding Life Sciences increased cash capital for NT$210,000 thousand, share par value NT$10. The Company took up all the shares, resulting in the Company's ownership to increase from 60.71% to 84.29%, In addition, Longding Life Science increased cash capital for NT$345,110 thousand in November 2016, issued at par value. The company took up 104,117 thousand shares, resulting in the company’s ownership decreased from 84.29% to 49.00% reaching to the standard of losing significant control which resulted in changing the investment type from consolidated company to affiliated company.

(4) The Company increased capitals in Sea Dragon Traders Ltd. in 2016 and 2015. Increasing capital amount is US$11,000 thousand and US$4,700 thousand respectively, with 100% ownership.

(5) In October 2016, the Company invested in Longyen (Cayman) and Longyen (Hong Kong) through Sea Dragon Co. Ltd., and then invested in the establishment of Wenzhou Longyen with a total investment of US$11,000 thousand and with 100% ownership.

(IV) Foreign currency

1. Transactions in foreign currencies

Foreign currency transactions are translated in accordance with the exchange rate on the transactions date as the functional currency. Foreign currency monetary items are translated in accordance with the prevailing exchange rates into the functional currency on the end of reporting period. The exchange gain or loss is the difference between the amortized cost valued in functional currency at the beginning less the adjusted current effective interest and payment and the amortized cost value in foreign currency translated in accordance with the exchange rate on the reporting date.

The foreign currency non-monetary item measured at fair value is translated into functional currency in accordance with the exchange rate on the valuation date. The foreign currency non-monetary item valued at historical cost is translated in accordance with the exchange rates on the transaction date.

Except for non-monetary available-for-sale equity instrument, financial liabilities designated as hedges of foreign institution’s net investment or qualified cash flow hedge, the foreign currency exchange difference arising from translation is recognized in “Other comprehensive profit or loss” while others are recognized in “Profit or loss.”

2. Foreign operating agency

Foreign institution’s assets and liabilities include goodwill arising on acquisition and fair value adjustments that are translated into the functional currency on the reporting date. Except for highly inflationary economy, income and expenses are translated into the functional currency in accordance with the current average exchange rates; also, the resulted exchange differences are recognized in “Other comprehensive profit or loss.”

When the disposal of a foreign operation causes a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation is entirely reclassified as "Profit or loss." If some of the foreign institution's subsidiaries are disposed of, the related cumulative exchange difference is proportionally re-attributed to the non-controlling equity. If some of the foreign institution's affiliated enterprises or joint ventures are disposed of, the related cumulative exchange difference is proportionally re-attributed to the "Profit or loss".

For the foreign institution's monetary receivable or payable, if there is no settlement plan available and without possibility in the foreseeable future to be settled, the resulted foreign exchange gains and losses is deemed as the foreign institution's net investment and is recognized in "Other comprehensive profit or loss."

(V) Classification of assets and liabilities as current and non-current

Assets in compliance with one of the following conditions are classified as current assets. Assets other than current assets are classified as noncurrent assets:

1. Expected to realize in the normal business cycle of the Consolidated Company, or with intent to sell or consume.
2. Primarily for trading purposes.
3. Expected to be realized within 12 months after the balance sheet date.
4. Cash or cash equivalent, but does not include those to be used for exchange or settlement of liabilities within 12 months after the balance sheet date or the restricted cash or cash equivalent.

Liabilities in compliance with one of the following conditions are classified as current liabilities. Liabilities other than current liabilities are classified as noncurrent liabilities:

1. Expected to be settled in the normal business cycle of the Consolidated Company.
2. Primarily for trading purposes.
3. Expected to be settled within 12 months after the balance sheet date.
4. The Consolidated Company cannot unconditionally have the settlement period extended for at least 12 months after the balance sheet date. The classification of the liabilities that are settled with equity instrument issued at the choice of the counterparty is not affected thereafter.

(VI) Cash and cash equivalent

Cash and cash equivalent includes cash on hand, demand deposits, and short-term with high liquidity investment that is readily convertible to known amounts of cash with insignificant risk of changes in value.

(VII) Financial instruments

Financial assets and financial liabilities are recognized when the Consolidated Company has become a party to the financial instrument contract.

1. Financial assets

The Consolidated Company's financial assets are classified as follows: Financial assets, available-for sale financial assets, loans, and receivables measured at fair value through profit or loss.

(1) Financial assets measured at fair value through profit or loss

The type of financial assets meant for the ones available-for-sale or measured at fair value through profit or loss. Available-for-sale financial assets are acquired or incurred principally for the purpose of sales or repurchase in a short term.

These financial assets are initially recognized at fair value. Transaction cost is recognized in profit or loss upon incurred. Subsequent valuation is based on the fair value measurement. The resulting gain or loss (including the related dividend income and interest income) is recognized as profit or loss; also, it is booked in the "Other profit or loss" of the "Non-operating income and expenses." The financial assets that are purchased or sold in accordance with the general trade practice are processed in accordance with the trade date accounting.

If these financial assets are an equity investment "without quoted market price and reliably measured fair value," they are measured at cost less the amount of impairment loss and it is reported in "Financial assets carried at cost."

(2) Available-for-sale financial assets

This kind of financial assets is appointed as available-for-sale or non-derivative financial assets that are not classified as other categories. Initial recognition is measured in accordance with fair value adding transaction cost which can be directly classified. Subsequent measurement is in accordance with fair value, despite deducting impairment loss, interest income calculated based on effective interest rate method, dividend income and foreign currency exchange gain or loss of monetary financial assets, other changes of book value should be recognized as other comprehensive profit or loss, and accumulated at the unrealized gain or loss of the available-for-sale financial assets under equity. When derecognizing, the accumulative profit or loss under equity is reclassified to profit or loss. When purchasing or selling financial assets utilizes transaction date accounting treatment based on transaction practices.

If this kind of financial assets is classified as equity investment "without quoted market price in active market and of which fair value cannot be reliably measured", then it should be measured based on cost deducting impairment loss, and presented as "financial assets valued at cost.

Dividend income of equity investment should be recognized when the Consolidated Company has the right to receive dividends (usually on ex-dividend date).

(3) Held-to-maturity financial assets

Such financial assets are for the comprehensive company with positive intention and ability to hold debt securities to maturity. The original recognition is based on the fair value plus the direct attributable transaction cost. The follow-up evaluation takes the effective interest rate method to be measured after the amortization cost deducted by impairment loss. When purchasing or selling financial assets in accordance with trading practices, use the trading day accounting methods.

Interest income is reported in non-operating income and other income under expenses.

(4) Loans and receivables

Loans and receivables are financial assets without quoted market price and with fixed or determinable payments, including accounts receivable and other receivables. Initially recognized at fair value plus directly attributable transaction cost. Subsequent measurement is with the use of the effective interest method by having the amortized cost less impairment loss, except for the insignificant interest recognition of short-term receivables. The financial assets that are purchased or sold in accordance with the general trade practice are processed in accordance with the trade date accounting.

Interest income is reported in the "Other income" of the "Non-operating income and expenses."

(5) Financial assets impairment

For the financial assets that are not measured at fair value through profit or loss, the impairment is assessed on each reporting date. When there is objective evidence that the estimated future cash flow of the financial asset is affected by one or more events occurred after the initial recognition, the impairment of the financial assets has already occurred.

Objective evidence of financial assets impairment includes significant financial difficulty of issuer or obligor, default (such as, interest or principal payments delay or non-performing), the debtor faces possible bankruptcy or other financial reorganization, and active financial assets market disappeared due to financial difficulty. Besides, when the fair value of available-for-sale equity investment decreases significantly or continually to lower than its cost, it is also objective impairment evidence.

The individually assessed accounts receivable without impairment is further assessed for impairment on a collective basis. Objective evidence of collective receivables impairment includes the Consolidated Company's experience in collections, the increase of delay payment over the average credit period, and the national or regional economic changes related to the delay payment on receivables.

The impairment loss amount of the financial assets measured at amortized cost is recognized for the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the financial asset's initial effective interest rate.

The impairment loss amount of the financial assets measured at cost is recognized for the difference between the book value of the asset and the present value of the estimated future cash flows discounted at the market rate of return for similar assets. The impairment loss shall not be reversed in the subsequent periods.

All financial assets impairment loss is directly deducted from the book value of the financial asset. However, the book value of accounts receivable is decreased through the allowance account. The receivable that is concluded to be uncollectible is written off against the allowance account. Previously written off amounts that are recovered subsequently are credited to the allowance account. Changes in the book value of the allowance account are recognized in "Profit or loss".

When financial assets are measured at amortized cost, if the amount of impairment loss decreases in the subsequent period and the decrease can be objectively linked to an event occurred after the impairment loss was recognized, the previously recognized impairment loss shall be reversed and recognized in profit or loss. However, the book value of the investment on reversal date shall not exceed the amortized cost before recognizing impairment.

Available-for-sale equity method which was initially recognized as impairment loss in profit or loss should not be reversed and recognized as profit or loss. When any fair value which was recognized impairment loss rebounds, the amount should be recognized as other comprehensive income or loss, and cumulated under other equity. If the rebound amount of fair value of available-for-sale liability method can be related objectively to the event occurred after recognizing impairment loss as profit or loss, then it should be reversed and recognized as profit or loss.

Bad debt losses and reversed amount of accounts receivable is reported as administrative expense. Impairment loss and reserved amount of financial assets other than accounts receivable is reported in the "Other gains and losses" of the "Non-operating income and expenses."

(6) Elimination of financial assets

Consolidated Company derecognizes financial assets only when the contractual rights on the cash flows from the assets are terminated, or financial assets are transferred and the ownership, risk, and returns of the financial assets have been transferred to other companies.

When one financial asset is derecognized entirely, the difference between the book value and the total amount of the received or receivable plus the amount recognized in other comprehensive profit or loss and accumulated in "Other equity - unrealized gains and losses of available-for-sale g financial assets" is recognized in "profit or loss" and is reported in the "Other gains and losses" of the "Non-operating income and expenses."

When one financial asset is not derecognized entirely, the Consolidated Company based on the relative fair value of each portion on the transfer date has the original book value of the financial asset allocated to the continuingly recognized portion and the derecognized portion. The difference between the book value allocated to the derecognized portion and the total amount of the consideration received for the derecognized portion plus any cumulative gain or loss recognized in other comprehensive profit or loss that is allocated to the derecognized portion is recognized in "profit or loss;" also, it is reported in the "Other gains and losses" of the "Non-operating income and expenses." The cumulative gain or loss that is recognized in "Other comprehensive profit or loss" is allocated to the continuingly recognized portion and the derecognized portion.

2. Financial liabilities

(1) Classification of liabilities or equity

The debt and equity instruments issued by the Consolidated Company are classified as financial liability or equity in accordance with the substance of contractual agreements and the definition of financial liabilities and equity instruments.

Equity instruments are the contracts commending the Consolidated Company's residual equity of assets net of liabilities. The equity instruments issued by the Consolidated Company are recognized at the purchase price net of the direct issue cost.

(2) Other financial liabilities

For the financial liability that is not available-for-sale and is not measured at fair value through profit and (including long-term and short-term loans, accounts payable, and other payables), it was initially recognized at fair value plus any directly attributable transaction cost; also, it is subsequently measured with the effective interest rate method at amortized cost. Interest expense that is not capitalized as assets cost is reported in the "Finance cost" of the "Non-operating income and expenses."

(3) Elimination of financial liabilities

Consolidated Company will have financial liabilities derecognized when the contractual obligation is performed, discharged, or expired.

When financial liability is derecognized, the difference between the book value and the total consideration paid or payable (including any non-cash assets transferred or liabilities assumed) is recognized in "Profit or loss" and is reported in the "Other gains and losses" of the "Non-operating income and expenses."

(VIII) Inventories

1. Building for sales

Inventories are measured at the lower of cost or net realizable value. Cost includes the necessary expense to prepare it in the condition available for use at the designated location and the capitalized loan cost.

Net realizable value is the estimated selling price in ordinary course of business less the estimated cost needed to complete the work and the estimated cost needed to complete the sale.Net realizable value is determined as follows:

(1) Construction Site: Net realizable value is by referring to the estimate made by the

competent authorities in accordance with the prevailing market conditions.

(2) Construction in progress: Net realizable value is the estimated selling price (prevailing market conditions) less the estimated cost and selling expense needed to complete.

(3) Real estate for sale: Net realizable value is the estimated selling price (see the estimate made by the competent authorities in accordance with the prevailing market conditions) less the estimated cost and selling expense needed to sell the real estate.

2. Invest and construct columbarium and cemetery for sale

Construction in progress includes the cost of land and construction, upon completion, the permanent right to use that has been transferred to the clients is recognized as current operating cost proportionally to the selling price of columbarium and cemetery; also, the others are recognized as columbarium and cemetery for sale. Deferred marketing expenses are the direct marketing costs incurred for the sale of columbarium and cemetery during the construction period and it will be booked as current expense when income is recognized upon completion.

Interest expense incurred to have the construction in progress (including land and construction in progress) available for use or completed shall be capitalized. Columbarium and cemetery for sale is measured at the lower of cost or net realizable value.

(IX) Biological assets

Biological assets are measured at the fair value net of the selling cost for initial recognition and on each reporting date. Selling cost, except for finance cost and income tax, includes incremental cost directly attributable to the disposed asset. Gain or loss from the initial recognition of biological assets and the gain or loss resulted from the changes in fair value less selling cost is included in current profit or loss.

Biological asset on the harvest day is transferred to inventory at its fair value less selling cost.

(X) Construction contract

Construction contract meant for the total amount to be collected from the customers but not yet billed proportionally to the construction work completed as of the reporting date. It is measured in accordance with the cost plus recognized profits as of the reporting date and less the billing made for the construction completed and the amount of loss recognized. Cost includes all expenses directly related to a specific project and fixed and variable manufacturing overhead expense allocated in accordance with the normal capacity.

If input cost plus recognized profits exceed construction-in-progress billing, construction contract is expressed on the balance sheet as construction receivables. If the construction-in-progress billing amount is greater than the cost incurred plus recognized profits, the difference is expressed on the balance sheet as construction payables.

(XI) Investments in affiliated enterprises

Affiliated enterprise is the one that the Consolidated Company has significant influence but not control over its financial and operating policies. If the Consolidated Company owns 20%~50% voting rights of the invested company, it is assumed to have significant influence.

Under equity method, the original acquisition is recognized at cost and the investment cost includes transaction cost. The book value of investments in affiliated enterprises includes the goodwill recognized in original investment net of any accumulated impairment loss.

The consolidated financial report includes the period from the date the significant influence received to the date the significant influence ceased. After adjusting the accounting policies to be consistent with the Consolidated Company's, the Consolidated Company recognizes the affiliated enterprise's profit or loss and other comprehensive profit or loss proportionally to equity.

The unrealized gains arising from the transactions conducted between the Consolidated Company and the affiliated enterprise has been written off within the range of the invested company's equity held by the Consolidated Company. The elimination method for unrealized losses is same as the one for unrealized gains, but limited to the case without evidence of impairment.

When the loss in the affiliated enterprise recognized proportionally by the Consolidated Company equals or exceeds its interest in the affiliated enterprise, stop recognizing loss; also, only recognizes additional loss and related liability upon the occurrence of a legal obligation, constructive obligations, or prepayment made on behalf of the invested company.

(XII) Investment in properties

Investment in propertyies y is held for earning rent income or for capital appreciation, or both, rather than for normal business operation, for sale, used in production, for supply of goods or services, or for administrative purposes. Investment property is initially recognized at cost and then subsequently measured at cost again. The depreciation expense is appropriated in accordance with the depreciable amount after the initial recognition. The depreciation methods, useful lives, and residual values of investment property are same as the practice of the property, plant, and equipment. Cost includes the expense that can be directly attributable to the real estate acquired. The cost of the self-constructed investment property includes materials, direct labor, and directly attributable cost and capitalized loan cost to have the investment property ready for use. The estimated endurance life of current and comparable period is 2~55 years.

If the intended use of an investment property is changed and it is then reclassified as property, plant, and equipment, the reclassification is made in accordance with the book value at the time of changing the intended use.

(XIII) Real property, plant, and equipment

1. Recognition and measurement

The property, plant, and equipment is recognized and measured in accordance with the cost model; also, it is measured in accordance with the cost net of accumulated depreciation and accumulated impairment. Cost includes the expense directly attributable to the assets acquired. The cost of the self-constructed asset includes the cost of materials and direct labor, directly attributable cost to have the asset ready for the intended use, item dismantling and removing and the location recovery cost, and the loan cost of the capitalized assets.

When property, plant, and equipment contains different parts and each part is relatively significant comparing to the total cost of the project and the use of different depreciation rates or methods is more appropriate, it will be deemed and processed as a separate item from the property, plant, and equipment (major component).

The gain or loss from the disposition of property, plant, and equipment bases on the difference between the book value and the disposal amount; also, the net amount is recognized in the "Other gains and losses" of the "Non-operating income and expenses."

2. Subsequent cost

If the expected future economic effect arising from the subsequent expenditures of the property, plant, and equipment will probable inflow to the Consolidated Company with an amount can be measured reliably, the expenditure is recognized as part of the book value of the item and the book value of the replaced part is then derecognized. The routine maintenance cost of the property, plant, and equipment is recognized in profit or loss upon incurred.

3. Depreciation

Depreciation is computed at the cost of an asset less its residual value over the estimated useful lives in accordance with the straight-line method. Also, it is assessed by the significant part of the asset. If the useful life of a part of the asset is different from the rest of the asset, the said part should be depreciated separately. The appropriated depreciation is recognized in profit or loss.

If the ownership of the lease asset can be acquired by the Consolidated Company on the expiry date of the lease, the depreciation can be appropriated in accordance with the estimated useful lives; the depreciation of other leased assets is appropriated in accordance with the lease term or the useful lives whichever is shorter.

Land is not depreciated.

The estimated service life of the current year and the comparative period is as follows:

(1) House and building	1～55 years
(2) Office equipment	3～5 years
(3) Transportation equipment	5 years
(4) Other equipments	1～19 years
(5) Assets rented to others	3 years
(6) Leasehold improvement	2～10 years

Depreciation methods, service life, and residual values are examined at the end of each financial year. If the expected value is different from the previous estimate, if necessary, it will be appropriately adjusted. The said changes made will be handled in accordance with the requirements of accounting estimates.

4. Reclassification to investment property

When property for own-use is changed to investment property, the book value of the property should be reclassified to investment property.

(XIV) Lease

1. Lessor

Assets held under finance leases is presented as “lease payment receivable”, at an amount equal to the net investment in the lease. Initial direct cost results from negotiation and arrangement of operating leases is included in net investment in the lease. Net investment in the lease can reflect fixed rate of return during each period and the recognition is apportioned as “financing income” during the leasing period.

The rental income from operating leases is recognized as income over the period of the lease in accordance with the straight-line method. Initial direct cost results from negotiation and arrangement of operating leases is added to book amount of lease assets, and recognized as “expense” on a straight-line basis during the leasing period. The total incentives provided to the lessee for achieving the lease arrangement is recognized as decrease of rental income over the period of the lease in accordance with the straight-line method.

Contingent rental is recognized as “current income” when rental adjustment is determined.

2. Lessee

According to leasing conditions, when the Consolidated Company takes almost all risks and returns of lease assets ownership, the classification is “finance lease”. For initial recognition, the lease assets are measured at the lower of fair value or present value of minimum lease payment before handling in accordance with relevant accounting policy.

Minimum lease payment of financing lease is amortized pro rata on financial cost and can lower outstanding liabilities. Financial cost is based on liability balance and apportioned in accordance with fixed periodic interest rate during each lease period.

”Other leases” is classified as “operating leases” and its assets are not recognized in balance sheet of the Consolidated Company.

The rent payment for operating lease (excluding insurance and maintenance service cost) is recognized as expenses over the period of the lease in accordance with the straight-line method. The total incentive provided by the lessor for achieving the lease arrangement is debited to the rent expense over the period of the lease in accordance with the straight-line method.

Contingent rental is recognized as “current income” when rental adjustment is determined.

If a property is leased back after being sold, the recognition of profit or loss of selling the property is based on lease type of leaseback transaction. When the leaseback transaction becomes financing lease, if the sale price is equal or below fair value, profit or loss should be recognized immediately, except if a loss is compensated for by future rentals at below market price, the loss it should be amortized over the expected period of use. If the sale price is above fair value, the excess over fair value should be deferred and amortized over the expected period of use.

When a leaseback transaction that is classified as operating lease occurs, for the fair value at the time of the transaction is less than the carrying amount case, a loss equal to the difference should be recognized immediately.

On the commencing day of a lease arrangement without legal form, the Consolidated Company should conduct evaluation. If execution of this arrangement is based on usage of specific assets and transfers the use right of the assets, this arrangement is lease or includes lease. On the commencing day of this arrangement or when reevaluating this arrangement, this lease should be classified as “financing lease” or “operating lease” in accordance with aforementioned principle.

If an arrangement includes lease and other elements, the Consolidated Company should divide the payment and other amount into lease section and other elements section based on relative fair value base. If the Consolidated Company believes that it is not possible in practice, in the case of financing lease, the payment is recognized as assets and liabilities based on fair value of the asset. Subsequently, the liability is decreased when actual paid, and the current financial cost of the liability is calculated based on incremental borrowing rate of interest of the Consolidated Company. In contrast, for the case of operating lease, all payment should be viewed as lease expenditure and disclosed details that the payment cannot be classified reliably in Note.

(XV) Intangible assets

1. Goodwill

(1) Initial recognition

The Goodwill arising from the acquisition of subsidiaries is included in the intangible asset.

(2) Subsequent measurement

Goodwill is measured at cost net of the accumulated impairment. For the investment under the equity method, the book value of goodwill is included in the book value of the investment and the impairment loss of the investments is not allocated to goodwill and any asset but as part of the book value of the investment under the equity method.

2. Other intangible assets

The intangible assets acquired by the Consolidated Company are measured at cost less accumulated amortization and accumulated impairment.

3. Subsequent expense

Subsequent expense can be capitalized only when it is able to help increase the future economic benefits of specific asset. All other expenses are recognized in profit or loss upon incurred, including internally developed goodwill and brands.

4. Amortization

The amortizable amount is the cost of the asset less the residual value.

Other than goodwill and intangible assets with indefinite useful life, intangible assets are amortized in accordance with the straight-line method and the estimated useful life from the date it is available for use. Amortization amount is recognized in profit of loss:

Computer software 1~10 years

The residual value, amortization period, and amortization method of intangible assets are examined at least at the end of the fiscal year with the change deemed as changes in accounting estimates.

(XVI) Non-financial assets impairment

The Consolidated Company has inventories, assets arising from construction contracts, deferred income tax assets, assets arising from employee welfare, and non-financial assets other than biological asset assessed for impairment on each reporting date; also, estimates the recoverable amount of the assets with a sign of impairment. If the recoverable amount of an individual asset cannot be estimated, the Consolidated Company estimates the recoverable amount of the cash-generating unit the asset belongs to in order to assess impairment.

The recoverable amount is the fair value of an individual asset or cash-generating unit less selling cost and the value in use whichever is higher. If the recoverable amount of an individual asset or cash-generating unit is less than the book value, the book value of the individual asset or cash-generating unit is adjusted down to the recoverable amount with impairment loss recognized. Impairment losses were recognized immediately in current profit or loss.

The Consolidated Company on each reporting date reassesses whether there are indications that the recognized impairment losses of non-financial assets other than goodwill may no longer exist or have decreased. If the estimates used to determine the recoverable amount are changed, the impairment loss is reversed to increase the book value of an individual asset or cash-generating unit equivalent to its recoverable amount, but may not exceed the book value of an individual asset or cash-generating unit before recognizing impairment loss and after deducting depreciation and amortization.

Goodwill, intangible assets with indefinite useful life, and intangible assets not yet available for use are tested for impairment annually; also, the recoverable amount less than the book value is recognized as impairment loss.

For the purpose of impairment testing, the goodwill acquired in a business consolidation shall be allocated to the Consolidated Company’s cash-generating units (or cash-generating group) that is expected to benefit from the synergies of the consolidation effort. If the recoverable amount of the cash-generating unit is less than its book value, an impairment loss is allocated to the cash-generating unit by reducing the book value of its goodwill and then to the book value of each asset within the unit proportionally. The recognized goodwill impairment loss shall not be reversed in the subsequent periods.

(XVII) Provision for liabilities

The recognition of provision is the current obligation due to past events, so that the Consolidated Company will probably need to flow out economic resources to pay off obligations, and the obligations can be reliably estimated. Provision can reflect that current market discounts time value of money and the pre-tax discount rate of liability specific risk evaluation to present value, the amortization of discounting should be recognized as interest expense.

(XVIII) Income recognition

1. Invest and construct columbarium and cemetery for sale

The proceeds collected for the sales of columbarium and cemetery is booked as advanced receipts and will be recognized as operating income once the permanent right to use is transferred to the client upon completion.

According to Ministry of the Interior, "store ashes units traded the right to use standard contracts shall be documented and recorded" the Act applied to all contract signed after April 1, 2013, in accordance with the historical experience of estimated future occurrence of termination refund and ready to use right of life of the related liabilities of the undertaking.

2. Funeral service

Funeral service is recognized as income upon the completion of the labor service.

The proceeds collected for the sales of reserved labor service is recognized as operating income upon the completion of the labor service. The direct marketing expense incurred for the sale of contracted labor service is booked as deferred marketing expense and it is recognized as current expense upon the completion of the labor service.

3. Construction contract

Contract income is recognized when it is highly probable and can be measured reliably, including the original amount of the contract signed plus any changes associated with the contract, requested compensation, and incentive payments. When the outcome of a construction contract can be estimated reliably, the income and cost related to the construction contract should be recognized as income and expenses on the balance sheet date with reference to the completion of contract activity. The cost of the future events related to the contract should be recognized as assets to the extent of the recoverable amount.

By the nature of the contract, the degree of completion is based on the contract cost incurred proportionate to the estimated total contract cost. If the outcome of a construction contract cannot be estimated reliably, contract income is recognized only to the extent of the expected recoverable cost; also, the expected contract loss is recognized immediately in profit or loss.

4. Rent income

The rent income arising from investment property is recognized in accordance with the straight-line method over the lease period; also, the given lease incentives is deemed as part of the overall rent income and it is credited to the rent income in accordance with the straight-line method over the lease period. The income generated from the sublease of property is recognized in the "Rent income" of the operating income.

(XIX) Employee welfare

1. Defined contribution plan

The defined contribution plan obligation is recognized as employee welfare expense during the labor service period.

2. Defined benefit plan

The retirement pension plan that is not a defined contribution plan is a defined benefit plan. The Consolidated Company's net obligation under the defined benefit plan is the future benefits earned by employees currently or in the past and it is discounted to present value. Any unrecognized prior service cost and the fair value of the project assets is deducted or eliminated. Discount rate is based on the interest rate that is with a maturity date close to the net obligation deadline of the Consolidated Company and the currency of denomination same as the market yield rate of government bonds for the expected benefit payment on the reporting date.

Enterprise's annual net obligation is calculated by a qualified actuary with the use of a projected unit welfare method. When the calculation result is favorable to the Consolidated Company, the recognized asset is limited to the total amount of any unrecognized prior service cost and the present value of the total economic benefits available from the future refund of the plan or reduction of funding to the plan. The calculation of the present value of any economic benefits shall consider the minimum capital appropriation requirement applicable to any plan of the Consolidated Company. If the benefit can be realized during the project period or when the project liabilities settled, it means economic benefit to the Consolidated Company.

When the content of the planned welfare is improved, the welfare increase due to the service performed by the employees is recognized in profit or loss in accordance with the straight-line method over the average welfare vesting period. The associated expense of the vested benefit is recognized in profit or loss immediately.

The Consolidated Company's actuarial gains and losses of the defined benefit plans arising subsequently is recognized immediately in the "Other comprehensive profit or loss."

Net reconciliation of the welfare liabilities (assets) included (1) actual profit and loss; (2) plan assets remuneration, but not including the amount of net interest included in the net fixed liability (assets); and (3) any change in the number of assets, but not including the amount of net interest included in net fixed liability (assets). Net reconciliation of welfare liabilities (assets) is recognized under other comprehensive profit and loss items.

The reconciliation amount of the confirmed welfare plan of the consolidated company is continued to be recognized as retained earnings.

Consolidated Company shall have the curtailment or settlement gain or loss of the defined benefit plan recognized upon occurrence. Curtailment or settlement gain or loss includes any changes in the fair value of plan assets, changes in the present value of the defined benefit obligation, any previously unrecognized actuarial gain or loss, and prior service cost.

3. Short-term employee welfare

Short-term employee benefit obligation is measured on an undiscounted basis and is recognized as expense when the related services are provided.

For the short-term cash bonus or the amounts expected to be paid under the bonus plan, if the Consolidated Company has a present legal or constructive obligation to pay for the services rendered by employees before and the obligation can be estimated reliably, the amount is recognized as a liability.

(XX) Income tax

Income tax expense comprises current and deferred tax. In addition to the business combination are recognized directly in equity or in other comprehensive income related to the project, as the current income tax and deferred tax should be recognized in profit or loss.

Income tax includes current year taxable income (loss) of the reporting date at the statutory rate or the rate of substantive legislation expected tax payable or receivable tax refund calculation, and any adjustment to tax payable in previous years.

Deferred tax is provided on temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and their tax base amount of measure to be recognized. Temporary differences arising from the following circumstances shall not be recognized as deferred income tax:

1. Does not belong to a business combination and trading upon initial recognition of an asset or liability and, at the time of the transaction affects neither the accounting profit and taxable income (loss) persons.
2. Equity investments in subsidiaries and joint ventures generated, and it is probable in the foreseeable future will not swing by.
3. Original goodwill recognized.

Deferred income tax is based on the expected tax asset is realized or the liability is settled the current measure and report the date of the statutory tax rate or rates based on substantive legislation.

When Consolidated Company will only meet the following conditions, before the deferred tax assets and deferred tax liabilities offsetting:

1. There is a legally enforceable right to set off current tax assets against current tax liabilities netted; and
2. Deferred tax assets and deferred tax liabilities and one of the following tax levied by the same taxation authority of the taxable entity;
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each of the main intentions of each future period in which significant amounts of deferred tax assets and deferred tax liabilities are expected recovery is expected to be settled, the current income tax liabilities and assets in order to settle on a net basis, or to realize asset and settle the liability.

   For unused tax losses and unused tax credits handed turn late, and deductible temporary differences, within the range of probable future taxable income available for use, are recognized as deferred income tax assets. And date to be re-assessed at each reporting be reduced on the related income tax benefit is likely to fall within the scope of non-realized.

(XXI) Earnings per share

Consolidated Company lists the basic and diluted earnings per share of the common stock shareholders of the Company. The Consolidated Company's basic earnings per share is based on the profit or loss of the Company's common stock shareholder divided by the weighted average number of outstanding common stock shares of the period. The Consolidated Company's diluted earnings per share is to have the profit or loss of the Company's common stock shareholder and the weighted average number of outstanding common stock shares calculated after having the effect of the potential diluted common stock adjusted respectively. The Consolidated Company's potential diluted common stock includes the estimated bonus to employees.

(XXII) Department information

An operating segment is an integral part of the Consolidated Company, engaged in the business activities that may earn income and incur expenses (including the income and expense of the transactions conducted with other divisions within the Consolidated Company).All operating segments' operating results are regularly reviewed by the chief operator of the Consolidated Company for decision-making in regard of the resource allocation to each division and evaluating its performance. Each operating division has independent financial information provided.

V. Major source of significant accounting judgments, estimates, and assumptions uncertainty

When the management has the consolidated financial statements prepared in accordance with the International Accounting Standard approved by the FSC, it is necessary to make judgments, estimates, and assumptions that are influential to the accounting policies adopted and the assets, liabilities, and income and expenses amount reported. Actual results may differ from those estimates.

The administering authority continually checks estimation and basic assumption. The accounting estimated changes are recognized in the changeable period and future period being impacted.

(1) The following information is for the assumptions of uncertainty and the estimation having significant risks that will result in significant adjustments in the following year:

・Impairment of goodwill

The assessment process of goodwill impairment relies on the subjective judgment of the Consolidated Company, including the identification of cash generating units, the allocation of goodwill to the relevant cash generating units, and the recoverable amount of the relevant cash generating units. Please refer to Note (6)-10 for the description of impairment of goodwill.

(2) Estimate Processes

The accounting policies of the Consolidated Company and disclosures include the conducting of fair value to measure their financial and nonfinancial assets and liabilities. The Consolidated Company establishes the relevant internal control system for the fair value measure. Including the establishment of an evaluation team to be responsible for reviewing all significant fair value measurements (including the third level of fair value) and reporting directly to the Chief Financial Officer.

The evaluation team regularly reviews significant and unobservable input values and adjustments. If the input value used to measure the fair value is used from external third party information (such as broker or pricing service), the evaluation team will evaluate the evidence provided by the third party to support the input value to determine the rating and its fair value class is in compliance with the International Financial Reporting Standards.

The evaluation team also reports on major issues to the audit committee of the Consolidated Company. The investment property is appraised regularly by the Consolidated Company according to the evaluation method and the parameter hypothesis of the financial management committee.

Consolidated companies use their observing input value as much as possible when measuring their assets and liabilities. The level of fair value is based on the input value of the evaluation technique as follows:

1. Level 1: Public offer (unadjusted) of the same asset or liability in the active market.
2. Level 2: In addition to the public quotation at the first level, the input parameters of the asset or liability are observed directly (ie, price) or indirectly (ie derived from the price).
3. Level 3: Input parameters for assets or liabilities are not based on observable market data

(non-observable parameters).

In the event of a transfer of the fair value between the grades, the Consolidated Company shall indicate the transfer on the reporting date.

Please refer to the following notes in the relevant information on the assumptions used in measuring the fair value:

1. Note 6 (22), financial instruments

VI. Important accounting account

(I) Cash and cash equivalent

		12.31.2016	12.31.2015
Cash on hand	$	4,192	3,290
Check deposits		193,262	101,990
Demand deposits		167	1,670
Time deposits		2,000	105,769
Cash and cash equivalent on the Consolidated Statement of Cash Flow	$	**199,621**	**212,719**

1. Time deposits with maturities of within 3 months, which are used for short-term cash commitments instead of investment and are subject to an insignificant risk of changes in their fair value, are classified as cash and cash equivalents.
2. For the interest rate risk and sensitivity analysis disclosure of the consolidated company's financial assets and liabilities, please refer to Note 6(22).

(II) Financial assets

1. Details are as follows:

		12.31.2016	12.31.2015
Financial asset at fair value through profit and loss- current			
Domestic and foreign common stocks	$	538,167	642,723
Bond investment		-	99,628
Beneficiary certificates		369,066	393,750
Total	$	**907,233**	**1,136,101**
Available-for-sale financial assets – non-current			
Domestic and foreign common stocks	$	6,267,346	4,951,908
Bond investment		1,625,658	1,286,240
Beneficiary certificates		786,731	71,486
Total	$	**8,679,735**	**6,309,634**
Held to maturity financial assets- non current	**$**	**307,915**	**-**
Financial assets valued at cost			
Stock Investment - PK Venture Capital Corp.	$	3,277	12,815
Stock Investment – FORTUNE IC FUND I		4,030	4,030

Stock Investment – Chen-Yuan Industry Co., Ltd.	1,785	1,785
Stock Investment – Fuyou Healthcare Co., Ltd.	9,900	-
Total	-	4,500
Financial assets valued at cost	$ 18,992	23,130

(1) The Consolidated Company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed; the Consolidated Company's management believes that its fair value cannot be reliably measured.

(2) Investee company PK Venture Capital Corp. decided to perform reduction of cash capital in 2016 and 2015, the Consolidated Company received capital reduction refund of NT$4,398 thousand and NT$5,040 thousand respectively. Additionally, NT$5,140 thousand and NT$3,000 thousand of impairment loss was reported in 2016 and 2015, respectively.

(3)Investee company Chen-Yuan Industry Co., Ltd. performed reduction of cash capital in 2015, the Consolidated Company received capital reduction refund of NT$765 thousand.

(4) The Company invested NT$4,500 thousand in Fuyou Healthcare Co., Ltd. in 2015 and was approved to be disbanded by the Announcement of Fu-chan-yeh-shang-zi No.10584027300 on April 19 2015.

(5) The Company invested in CREATIVE SPACE DESIGN CORP. LTD in May 2016 and July 2016 respectively with the total investing amount of NT$9,900 thousand and owned 19.8% of shareholding.

(6) In order to acquire long-term stable dividend income, the Consolidated Company invested stocks of domestic listed companies for total NT$5,685,133 thousand in 2016, without any control ability and significant influence, and recognized it under available-for-sale in accordance with holding intention.

(7) The coupon rate range of the Consolidated Company's available-for-sale financial assets – non-current on December 31, 2016 and 2015, is 2.63%~4.50% and 3.00%~4.50%, respectively. The maturity year is 2017~2046.

(8) At the end of December 31, 2016, the Company has invested in held to the maturity corporate bonds, with a coupon rate of 1.90% to 2.08%. The maturity period is from 2021-2025.

(9) With respect to details of transferring from financial assets measured at fair value through profit or loss to the Trust as of December 31, 2016, and 2015, please refer to Note 9(3) for more information.

(10) As of December 31, 2016 and 2015, the Consolidated Company did not have its financial assets pledged as collateral. Please refer to Note 8 for more information.

2. The Consolidated Company has disclosed the credit, currency, and interest rate exposure

related to the financial instruments on Note 6(22).

3. Sensitivity analysis - Equity price risk

The impact of the changes in equity price on the reporting date (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) on the comprehensive profit and loss is as follows:

	2016		2015	
Stock price on the reporting date	**Other consolidated profit or loss after tax**	**Profit or loss after tax**	**Other consolidated profit or loss after tax**	**Profit or loss after tax**
Increased by 10%	**$ 624,160**	**50,963**	**494,476**	**59,116**
Decreased by 10%	**$ (624,160)**	**(50,963)**	**(494,476)**	**(59,116)**

4. Foreign currency equity investment information

At the reporting date significant foreign currency equity investments were as follows:

	12.31.2016			12.31.2015		
	Foreign Currency	**Exchange rate**	**Foreign Currency**	**Exchange rate**	**Foreign Currency**	**Exchange rate**
Japanese Yen	$ 215,968	0.276	59,672	158,880	0.273	43,327
RMB	25,309	4.642	117,496	66,697	4.995	333,151
USD	55,207	32.279	1,782,019	37,692	32.825	1,237,250
HKD	53,684	4.168	223,754	75,138	4.235	318,973
SGD	427	22.346	9,543	-	-	-

(III) Inventory

	12.31.2016	**12.31.2015**
Real estate for sale	$ 4,008	4,968
Columbarium and cemetery for sale	2,015,577	1,465,290
Construction Site	4,597,067	2,396,800
Residential and building under construction	63,500	2,245,766
Columbarium and cemetery under construction	7,745,059	6,957,421
Prepayments for land	-	491,763
Agriculture Products	-	1,559
	$ 14,425,211	**13,563,567**
Expected to be recovered in more than twelve months	**$ 14,276,031**	**13,391,621**

1. In the year 2016 and the year 2015, total interest expense of Consolidated Company was NT$87,778 thousand and NT$76,083 thousand, respectively. The interest capitalized amount of residential and building under construction and columbarium and cemetery under construction is zero.
2. Parts of the land of the Company (refer to as "the principal") were registered by the trustee's name in order to deal with the land purchasing. The two sides signed the contract regulating after land consolidation has been completed, the property will be transferred to the Company unconditionally. The trustee shall, at the same time, hand over the documents required for the transfer of the right to the principal. In addition, the entrusted shall hand over the promissory note with the same value of the land opened and registered under his/her name to the principal.
3. As a mortgager, the Consolidated Company requested to auction collateral of non-performing loan for NT$252,510 thousand, and acquired land at Huagang section, Shilin Dist through public tender for NT$451,114 thousand, and related legal registration proceedings are already completed. Additionally, the non-performing loan of the Company has recovered NT$316,803 thousand in accordance with Shih-lin Court Chin 96 Chih-Chu Chuang Tzu No. 3289 on November 30, 2015.
4. For the Consolidated Company's inventories pledged as collateral as of December 31, 2016 and 2015, please refers to Note 8.

(IV) The investment under equity method

The Consolidated Company's investment under equity method on the reporting date is as follows:

	12.31.2016	12.31.2015
Investment in affiliated enterprises	$ 450,296	187,793

・Affiliated enterprises

(1) Affiliated enterprises having significant importance to the Company, the relevant information is as follow:

Affiliated Enterprises Names	Nature of the relationship with the Company	Major operating place/ Contry	Ownership & voting ratio 12.31.2016	12.31.2015
Longding Life Sciences Co. Ltd.	Flower cultivation , wholesales, and retail business	Taiwan	49.00%	84.29%

Summary of financial information of the affiliated enterprises having significant importance to the Company is as follows, the financial information has adjusted the amount included in the financial statements of the IFRS of the affiliated companies to reflect the Company's changes at fair value and accounting policy adjustment when obtaining the equity of the affiliated enterprise:

・Financial information for Lungding Life Sciences Ltd.:

	12.31.2016
Current Assets	$ 224,582
Non-current Assets	296,535
Current Liabilities	(11,198)
Net Assets	$ 509,919
Net Assets attributable to non-controlling equity	$ 260,059
Net Assets attributable to the owner of the investee	$ 249,860

	2016
Operating Revenue	$ 82,751
Current net loss	$ (99,822)
Other comprehensive profit or loss	-
Total profit or loss	$ (99,822)
Total comprehensive profit or loss attributable to non-controlling equity	$ (15,902)
Total comprehensive profit or loss attributable to the owner of the investee	$ -

	2016
The share of the Company’s net assets of affiliated enterprises at the beginning period	$ -
Net assets attributable to subsidiary losing of control and transfer to significant affiliated enterprises	249,860
The book value of the Company's equity in the affiliated enterprise of the Company	$ 249,860

2. The Consolidated Company’s share of the affiliated enterprise under equity method which is not significant individually is summarized as follows. The said financial information is the amount in the Company’s individual financial report.

	12.31.2016	12.31.2015
Ending balance of affiliated enterprise under equity method which is not significant individually	$ 200,436	187,793

	2016	2015
Attribute to the Company:		
Continuing operations' current loss	$ (803)	(6,992)
Other comprehensive profit or loss	-	-
Total comprehensive profit or loss	$ (803)	(6,992)

(1) In 2015, the Consolidated Company invested in RIA AWANA SDN. BHD. The total investment amount was RM$3,920 thousand and shareholding ratio was 49.00%, with

significant influence.

(2) In March 2015, the Consolidated Company participated in the capital increase of Witty Dragon Limited (BVI), the investment amount was US$5,264 thousand, and the shareholding ratio was 26.32%, with significant influence.

(3) The Consolidated Company purchased 400,000 shares of W&W PROFESSIONAL MANAGEMENT LIMITED with US$1 per share from JESSI INTERNATIONAL LIMITED in May 2016. The total purchase amount was US$400 thousand (NT$13,008 thousand)，and the shareholding ratio was 40%，with significant influence.

3. As of December 31, 2016 and 2015, the Consolidated Company did not have its investment using equity method pledged as collateral.

(V) Loss control over the subsidiaries

The Consolidated Company accumulated the total amount of NT$295,000 thousand of investment for Long Ding Company Limited, having 84.29% of share-holding at the end of December 31, 2015 with significant control. Longding Life Science Inc. conducted capital increase by the end of November, 2016, and the Consolidated Company didn’t subscribe by the proportion of the shares resulting in the decrease of shareholding from 84.29% to 49%, losing the control of subsidiaries.

The Consolidated Company lost control of subsidiaries by the end of December 2016, so it derecognized the book value of net assets which was the same as the fair value. The book value of Longding Life Science Inc.’s assets and liabilities as follows:

Cash and cash equivalents	$	134,867
Notes receivable and payments		20,491
Inventories		24,065
Biological Assets		37,801
Prepayments		3,286
Other Financial Assets		3,955
Other Current Assets		118
Property, plant and equipment		291,807
Intangible Assets		3,864
Other non-intangible assets		863
Other payable and accounts		(10,801)
Other Current liabilities		(397)
Book value of former subsidiaries’ net assets	**$**	**509,919**

(VI) Subsidiaries in which the Company has significant influence but with none control

Subsidiaries in which the Company has significant influence but with none control as below:

		Proportion of shareholdings held by non-controlling interest and voting rights	
Name of subsidiaries	**Main operation location /Country of registration**	**12.31.2016**	**12.31.2015**
Yuji	Taiwan	45.58%	45.58%

Financial information of abovementioned subsidiary is summarized as the followings, in accordance with IFRS approved by FSC. The financial information is based on amount with the Consolidated Company before transaction eliminated:

1. Summarized financial information of Yuji:

	12.31.2016	12.31.2015
Current asset	$ 2,247,743	2,070,894
Non-current asset	411,741	362,158
Current liability	(470,575)	(241,676)
Equity	$ 2,188,909	2,191,376
Book value of ending non-controlling interests	$ 997,959	978,216

	2016	2015
Operating revenue	$ 430,116	397,705
Net income	$ 239,366	271,343
Other comprehensive income	2,376	-
Total comprehensive income	$ 241,742	271,343
Net income, attributable to non-controlling interest	$ 109,979	102,158
Total comprehensive income, attributable to non-controlling interest	$ 111,061	102,158

	2016	2015
Cash flows from operating activities	$ 333,925	178,454
Cash flows from investing activities	(111,796)	(36,154)
Cash flows from financing activities	(226,208)	(168,932)
Net cash flow increase (decrease)	$ (4,079)	(26,632)
Cash dividend paid to non-controlling equity	$ 111,319	103,444

(VII) Property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the consolidated company's property, plant, and equipment in 2016 and 2015 as follows:

	Land	Houses and buildings	Transportation equipment	Office equipment	Leased assets and leasehold improvements	Other equipment	Construction in progress and equipment to be tested	Total
Cost or identified cost:								
Balance on January 1, 2016	$ 2,705,209	2,885,182	81,576	141,787	4,251	140,380	1,061,530	7,019,915
Additions	330	11,181	1,812	1,078	186	19,133	226,780	260,500
Disposal and scrap	-	-	(4,028)	(1,463)	-	(3,950)	-	(9,441)
Loss control of subsidiaries	-	(216,625)	(286)	(86,188)	(337)	(25,625)	-	(329,061)
Reclassification	(348,327)	51,940	-	-	-	17,751	(257,388)	(536,024)
Balance on December 31, 2016	$ 2,357,212	2,731,678	79,074	55,214	4,100	147,689	1,030,922	6,405,889
Balance on January 1, 2015	$ 2,099,599	1,146,399	83,905	97,357	37,519	46,631	3,210,360	6,721,770
Additions	-	37,033	358	1,207	-	23,001	372,577	434,176

Disposal and scrap	-	(8,032)	(2,687)	(38,132)	(33,268)	(7,908)	-	(90,027)
Reclassification	605,610	1,709,782	-	81,355	-	78,656	(2,521,407)	(46,004)
Balance on December 31, 2015	$ 2,705,209	2,885,182	81,576	141,787	4,251	140,380	1,061,530	7,019,915
Depreciation and impairment loss:								
Balance on January 1, 2016	$ -	353,108	56,170	59,822	2,523	31,713	-	503,336
Current depreciation	-	79,921	10,625	10,251	537	14,620	-	115,954
Disposal	-	-	(3,306)	(1,463)	-	(3,875)	-	(8,644)
Loss control of subsidiaries	-	(19,157)	(95)	(14,988)	(127)	(2,887)	-	(37,254)
Reclassification	-	(34,151)	-	-	-	-	-	(34,151)
Balance on December 31, 2016	$ -	379,721	63,394	53,622	2,933	39,571	-	539,241
Balance on January 1, 2015	$ -	295,425	47,508	90,804	32,625	32,468	-	498,830
Current depreciation	-	57,683	11,349	5,880	1,135	7,148	-	83,195
Disposal	-	-	(2,687)	(36,862)	(31,237)	(7,903)	-	(78,689)
Balance on December 31, 2015	$ -	353,108	56,170	59,822	2,523	31,713	-	503,336
Book value:								
December 31, 2016	$ 2,357,212	2,351,957	15,680	1,592	1,167	108,118	1,030,922	5,866,648
January 1, 2015	$ 2,099,599	850,974	36,397	6,553	4,894	14,163	3,210,360	6,222,940
December 31, 2015	$ 2,705,209	2,532,074	25,406	81,965	1,728	108,667	1,061,530	6,516,579

1. The Consolidated Company (referred to as "the principal" hereinafter) has part of the land registered in the name of the discretionary related party (referred to as "the trustee" hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the Consolidated Company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.
2. For the breakdown of the amount of guarantees and other financing as of December 31, 2016 and 2015, please refer to Note 8.
3. For part of property, plant and equipment in trust case as of December 31, 2016 and 2015, please refer to Note 9(3).

(VIII) Investment property

	Land and improvements	Building and structure	Total
Cost or identified cost:			
Balance on January 1, 2016	$ 4,597,840	1,882,725	6,480,565
Additions	-	480	480
Reclassification	426,302	108,931	535,233
Balance on December 31, 2016	**$ 5,024,142**	**1,992,136**	**7,016,278**
Balance on January 1, 2015	$ 4,597,290	1,882,448	6,479,738
Additions	-	277	277

Reclassification		550	-	550
Balance on December 31, 2015	$	4,597,840	1,882,725	6,480,565
Depreciation and impairment loss:				
Balance on January 1, 2016	$	19,910	371,327	391,237
Current depreciation		-	56,859	56,859
Reclassification		-	34,151	34,151
Balance on December 31, 2016	$	19,910	462,337	482,247
Balance on January 1, 2015	$	19,910	318,109	338,019
Current depreciation		-	53,218	53,218
Balance on January 1, 2015	$	19,910	371,327	391,237
Book value:				
December 31, 2016	$	5,004,232	1,529,799	6,534,031
January 1, 2015	$	4,577,380	1,564,339	6,141,719
December 31, 2015	$	4,577,930	1,511,398	6,089,328
Fair value:				
December 31, 2016				$ 11,479,994
December 31, 2015				$ 9,757,244

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6(18).
2. The fair value of investment property is based on the evaluation of an independent evaluator (is with relevant professional qualification and has relevant experience recently in the location and type of the investment property). This evaluation is based on market value. If the current price in an active market is not available, the evaluation takes into consideration of the estimated total cash flows expected to be received from the property leased; also, it is discounted at the yield rate that reflects the specific risks inherent in the net cash flows to determine the value of the property, the numerical value used by evaluation method of fair value is classified as level 2.
3. With regards to real estate delivered to investment trust case as of December 31, 2016 and 2015, please refer to Note 9(3).
4. With regards to details of guarantees for financing facilities provided as of December 31, 2016 and 2015, please refer to Note 8.

(IX) Intangible assets

The cost, depreciation, and impairment loss of the Consolidated Company's intangible assets as of 2016 and 2015 are as follows:

		Goodwill	**Trademark**	**Computer software**	**Total**
Cost:					
Balance on January 1, 2016	$	542,428	192,750	95,480	830,658
Acquired separately		-	-	26,991	26,991

Reclassification	-	-	(951)	(951)
Loss control of subsidiaries	-	-	(5,010)	(5,010)
Balance on December, 31, 2016	**$ 542,428**	**192,750**	**116,510**	**851,688**
Balance on January, 1, 2015	$ 542,428	192,750	89,969	825,147
Acquired separately	-	-	7,967	7,967
Disposal and scrap	-	-	(2,653)	(2,653)
Reclassification	-	-	197	197
Balance on December, 31, 2015	**$ 542,428**	**192,750**	**95,480**	**830,658**
Amortization and impairment loss:				
Balance on January 1, 2016	$ -	-	61,162	61,162
Current amortization	-	-	16,446	16,446
Loss control of subsidiaries	-	-	(1,146)	(1,146)
Balance on December 31, 2016	**$ -**	**-**	**76,462**	**76,462**
Balance on January 1, 2015	$ -	-	52,093	52,093
Current amortization	-	-	10,910	10,910
Disposal and scrap	-	-	(1,841)	(1,841)
Balance on December 31, 2015	**$ -**	**-**	**61,162**	**61,162**
Book value:				
Balance on December 31, 2016	**$ 542,428**	**192,750**	**40,048**	**775,226**
Balance on January 1, 2015	**$ 542,428**	**192,750**	**37,876**	**773,054**
Balance on December 31, 2015	**$ 542,428**	**192,750**	**34,318**	**769,496**

1. The intangible assets amortization expense reported in the Consolidated Comprehensive Income Statement as of 2015 and 2014 is as follows:

	2016	**2015**
Operating cost	$ 810	166
Operating expenses	15,636	10,744
Total	**$ 16,446**	**10,910**

2. The Consolidated Company on February 5, 2010 in the capital increase by issuing new shares in exchange for ordinary shares in Lungyen Life Service Co., Ltd (75% stake), and the purchase price allocation according to the report recognize goodwill NT$134,397 thousand. Also on February 1, 2011, the Consolidated Company to issue new shares in exchange for the capital increase ordinary shares Lungyen Life Service Co., Ltd (shares) of the Company (25% stake), and the original Lungyen Life Service in the Consolidated Company while when together to destroy, according to the report recognize the purchase price allocation of goodwill NT$425,213 thousand and NT$ 192,750 thousand trademark, and the other on December 31, 2011 and incorporated into the assessment of deferred tax liabilities related to the merger did not affect taxable income in the future number, so be reduced goodwill NT$17,182 thousand.
3. Consolidated Company executed annually at the reporting date for impairment assessment

of goodwill and trademarks, on December 31, 2016 and 2015, through the implementation of impairment testing, goodwill and trademark rights should be recognized without impairment losses. Hereby will calculate the recoverable amount is based key assumptions are summarized as follows:

(1) Department of estimated future cash flows based on historical operating performance management authorities and planning future operations of the five-year budget forecast.

(2) Pre-tax discount rate is calculated using the value system adopted in accordance with the industry weighted average cost of capital (WACC) for the estimation basis.

4. The Company purchased Enterprise Resource Planning (ERP) system from affiliated enterprises，please refer to Note (7).

(IX) Other financial assets - current

The Consolidated Company’s other financial assets as below:

	12.31.2016	12.31.2015
Time deposit – trust account	$ 314,242	542,463
Time deposit	4,900	4,900
Current deposit – trust account and management account	1,400,941	1,579,546
Guarantee Deposit	312,168	-
Other receivables	13,453	6,993
Rental receivables	102,508	44,154
Bond interest receivables	16,597	11,416
Limited assets	709	359
Others	7,612	19,278
Total	$ 2,173,130	2,209,109

(XI) Short-term loan

The Consolidated Company’s short-term loan details, conditions, and terms are as follows:

	12.31.2016	12.31.2015
Guaranteed bank loans	$ 6,835,000	6,852,000
Unguaranteed bank loans	339,900	388,500
Total	$ 7,174,900	7,240,500
Unused limit	$ 4,178,100	6,419,500
Interest rate range	0.73%~1.25%	1.0%~1.7%

1. Issuance and repayment of short term loan

As of 2016 and 2015, the increase amount was NT$7,663,400 thousand and NT$12,930,400 thousand, with interest rate 0.73%~1.25% and 1.0%~1.7%, and the maturity date was March 2017 and June 2016, respectively; the repayment was NT$7,729,000 thousand and NT$8,278,900 thousand, respectively.

2. For disclosure information of interest rate, foreign currency and liquidity risk of the Consolidated Company, please refer to Note 6(22).

3. For the Consolidated Company’s assets pledged as collateral for bank loans, please refer to Note 8.

(XII) Long-term loan

	12.31.2016	12.31.2015
Unguaranteed bank loans	$ -	172,700
Less: current portion of long-term loans payable	-	-
Total	$ -	172,700
Unused limit	-	29,300
Interest rate range	-	1.5%

1. Issuance and repayment of short term loan
   As of 2015, the increase amount was NT$172,700 thousand, and the amount was paid back in 2016 completely.
2. Collateral for bank loans
   For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIII) Operating lease

For the Consolidated Company's investment property leased as operating rental, please refer to Note 6(8). The future minimum lease payment receivable of the irrevocable lease term is as follows:

	12.31.2016	12.31.2015
Within 1 year	$ 183,450	154,992
1~5 years	544,046	280,556
Over 5 years	1,489,009	49,450
	$ 2,216,505	484,998

The rent income arising from the investment property amounted to NT$155,617 thousand and NT$214,758 thousand as of 2016 and 2015, respectively. The repair and maintenance expense (booked in the "Operating cost") incurred from investment property is as follows:

	2016	2015
Rent income generated	$ 108,940	105,544
Rent income not generated	-	-
	$ 108,940	105,544

(XIV) Employee welfare

1. Defined benefit plan

The Consolidated Company's recognized defined benefit obligation assets are as follows:

	12.31.2016	12.31.2015
Total present value of obligations	$ 37,579	35,992
The fair value of plan assets	(7,521)	(7,431)
Recognized defined benefit obligations liability (asset), net	$ 30,058	28,561

Consolidated Company's defined benefit plan is with fund appropriated to the labor pension reserve account at the Bank of Taiwan. The pension payment to each employee that is subject to the Labor Standards Act is based on the pension point received for the years of service and the average salary six months prior to the retirement.

(1) Composition of plan assets

The pension fund appropriated by the Consolidated Company in accordance with the Labor Standards Act is managed by the Labor Pension Fund Supervisory Committee of the Council of Labor Affairs, Executive Yuan (referred to as the "Labor Pension Fund Supervisory Committee" hereinafter). According to the "Guidelines for Labor Pension Fund Safekeeping and Implementation," the annual minimum yield generated from the use of fund may not be less than the interest income generated from a local bank's two-year time deposit.

The Consolidated Company's labor pension fund account at the Bank of Taiwan is with a balance of NT$7,521 thousand and NT$7,431 thousand as of the report day. Labor Pension Fund Asset Management information includes fund yield rate and pension asset allocation. Please refer to the website of the Pension Fund Supervisory Committee of the Council of Labor.

(2) Changes in value of defined benefit obligation

The Consolidated Company's changes in value of defined benefit obligation for 2016 and 2015 as follows:

	2016	2015
Value of defined benefit obligation balance January 1	$ 35,992	32,070
Current service cost and interest	680	795
Re-measurement of net defined benefit obligation liability (asset)		
－Actuarial loss (gain) adjusted based on experience	376	129
－Actuarial loss (gain) caused by change of demographic statistics assumption	531	531
－Actuarial loss (gain) caused by change of finance assumption	-	2,467
Value of defined benefit obligation balance December 31	**$ 37,579**	**35,992**

(3) Changes in the present value of plan assets

Annual Consolidated Company 2016 and 2015 changes in the present value of the defined benefit plan assets are as follows:

	2016	2015
The fair value of plan assets on January 1	$ 7,431	7,203
Interest income	117	151
Re-measurement of net defined benefit obligation liability (asset)		
－Expected return on plan assets (excluded current interest)	(64)	41
Appropriated amount	37	36
The fair value of the plan assets is December 31	**$ 7,521**	**7,431**

(4) Expenses through profit or loss

The Consolidated Company recognized gains and losses for year 2016 and 2015 as follows:

	2016	2015
Current service cost	$ 141	155
Net interest of net defined benefit obligation liability (asset)	422	489
	$ 563	**644**
Operating expense	**$ 563**	**644**

(5) Actuarial gains and losses recognized in other comprehensive (loss) income

The Consolidated Company actuarial gains and losses recognized in other comprehensive (loss) income for year 2016 and 2015 as follows:

	2016	2015
January 1 cumulative balance	$ (7,545)	(4,459)
Recognition during this period	(971)	(3,086)
December 31 cumulative balance	**$ (8,516)**	**(7,545)**

(6) Actuarial assumptions

The Consolidated Company's principal actuarial assumptions (expressed as weighted average) in 2016 and 2015 are as follows:

	12.31.2016	12.31.2015
Discount rate	1.50%	1.50%
Future salary increases	2.00%	2.00%

The Consolidated Company expects to pay appropriated amount NT$869 thousand to defined benefit plan within 1 year after report day of 2016.

The weighted average duration of defined benefit plan is 13 years.

(7) Sensitivity Analysis

When calculating present value of defined benefit obligation, the Consolidated Company must design balance sheet related actuarial assumption using judgment and estimation, including discount rate, employee turnover rate and future change of wage. Any changes in actuarial assumption may influence defined benefit obligation amount of the Consolidated Company significantly.

On December 31, 2016 and 2015, impact to present value of defined benefit obligation caused by main actuarial assumption change as below.

		Impact to defined benefit obligation	
		Increase 0.25%	**Decrease 0.25%**
December 31, 2016			
Discount rate (change 0.25%)	$	(1,252)	1,309
Future wage increase (change 0.25%)		1,299	(1,249)
December 31, 2015			
Discount rate (change 0.25%)		(1,285)	1,346
Future wage increase (change 0.25%)		1,336	(1,282)

Abovementioned sensitivity analysis is based on no change of other assumption and analyzes impact of individual assumption change. In practice, many assumption changes may be related. The method of sensitivity analysis and calculation of net defined benefit liability of balance sheet is consistent.

The method of sensitivity analysis is the same to previous one.

2. Defined contribution plans

Defined contribution plans of the Consolidated Company is in accordance with Labor Pension Act and appropriate 6% of monthly wage of labor to labor pension individual account of Bureau of Labor Insurance. Under this plan, the Consolidated Company appropriate fixed amount to Bureau of Labor Insurance and does not have legal or constructive obligation to pay extra amount.

As of 2016 and 2015, the Consolidated Company actual appropriated pension expense is NT$20,121 thousand and NT$18,802thousand, respectively. The amount has already been appropriated to Bureau of Labor Insurance.

(XV) Income tax

1. Income tax expense

The Consolidated Company’s income tax expenses of 2016 and 2015 as follows：

2. The Consolidated Company's adjustment between the relationship of income and income before tax as follows:

	2016	2015
Pre-tax profit	$ 1,203,523	1,387,424
Income tax rate calculation using the domestic tax rate	215,325	347,983
Tax-exempt income	(161,817)	(122,178)
Restoration of temporary management fee received in advance	(9,326)	(30,532)
Prior period overestimated income tax	(22,836)	(1,005)
Land appreciation tax	2,675	2,784
Undistributed earnings to 10%	39,702	54,414
Other	71,890	(53,622)
	$ 135,613	197,844

3. Deferred tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

December 31, 2016 and 2015 temporary differences associated with investments in subsidiaries due to the Consolidated Company can control the timing of reversal of temporary differences, and the belief in the foreseeable future will not swing, so unrecognized deferred income tax liabilities. Related amounts are as follows:

	12.31.2016	12.31.2015
Temporary differences associated with investments in subsidiaries aggregated amount	$ 4,209	78,068
Amount not recognized as deferred tax liabilities	$ 716	13,272

(2) Unrecognized deferred tax assets

The Company unrecognized deferred income tax assets as follows:

	12.31.2016	12.31.2015
Deductible temporary differences	$ 756	3,078
Tax loss	8,998	21,664
	$ 9,754	24,742

Department of taxable losses in accordance with the provisions of the Income Tax Act, the tax authorities until after ten years' losses derived from the current year net interest deduction, tax re-nuclear course. These items are not recognized as deferred tax assets was due to the Consolidated Company is not very probable that sufficient taxable income in the future for the use of temporary differences.

Ended December 31, 2016, the Consolidated Company has not yet recognized as tax loss deferred tax asset, net of its period as follows:

Deductible Year	Losses yet to be deducted	Last Deductible Year
Authorized loss in 2007	$ 8,649	2017
Authorized loss in 2008	4,376	2018
Authorized loss in 2010	2,601	2020
Authorized loss in 2011	101	2021

Authorized loss in 2012	1,374	2022
Authorized loss in 2013	13,416	2023
Authorized loss in 2014	3,898	2024
Authorized loss in 2015	15,501	2025
Authorized loss in 2016	3,013	2026
	$ 52,929	

(3) Recognized deferred tax assets and liabilities

Changes in assets and liabilities of the years ended 2016 and 2015 deferred income tax as follows:

Deferred income tax liabilities:

	Goodwill and trademark amortization	Other	Total
January 1, 2016	$ 46,472	3,115	49,587
Debit (credit) to income statement	(25,300)	-	(25,300)
December 31, 2016	**$ 21,172**	**3,115**	**24,287**
January 1, 2015	$ 37,020	13,204	50,224
Debit (credit) to income statement	9,452	(10,089)	(637)
December 31, 2015	**$ 46,472**	**3,115**	**49,587**

Deferred tax assets:

	Cemetery Revenue	Contract Revenue	Other	Total
January 1, 2016	$ 619,456	83,998	105,730	809,184
(Debit) credit to income statement	28,156	17,782	(53,159)	(7,221)
December 31, 2016	**$ 647,612**	**101,780**	**52,571**	**801,963**
January 1, 2015	$ 548,362	74,740	76,264	699,366
(Debit) credit to income statement	60,261	9,258	29,466	98,985
(Debit) credit to other	10,833	-	-	10,833
December 31, 2015	**$ 619,456**	**83,998**	**103**	**809,184**

4. The Company's income tax returns have been audited by the tax authorities up to 2010. After the consolidation, the discontinued company - Lungyen Life Service Co., Ltd.'s income tax returns has been audited by the tax authorities up to 2010, while in 2009 the income tax returns audited by the authorities were NT$49,295 thousand and NT$14,262 thousand was recognized as income tax profits.

5. The Company's imputation tax:

	12.31.2016	12.31.2015
Undistributed earnings before 1997	$ -	-
Undistributed earnings after 1998	2,610,784	2,329,600
	$ 2,610,784	2,329,600
Imputed tax credit account balance	$ 597,757	358,923
	2016(Estimated)	**2015(Actual)**
The tax credit ratio granted to the earnings of the ROC residents.	24.81 %	23.19 %

The two tax information dealt with in accordance with the Treasury Department sets of regulation and taxation No. 10204562810 of October 17 2013.

(XVI) Capital and other equity

The Company's authorized capital was NT$6,000,000 thousand for 600,000 thousand shares to be issued at NT$10 Par and there were 399,084 thousand common stock shares issued as of December 31, 2016 and 2015.

1. Additional paid-in capital

The Company's additional paid-in capital balance:

	12.31.2016	12.31.2015
Stock premium	$ 1,392,072	1,392,072
Recognized under the equity method and the associated number of changes in net equity of a business venture	20,972	20,972
Recognition for subsidiaries' changes in equity	7,068	-
Total	$ 1,420,112	1,413,044

According to the Company Law amended in January 2012, additional paid-in capital must be applied to make up losses with priority before distributing new shares or cash to shareholders proportionally to their shareholding ratio. The realized additional paid-in capital referred to above includes stock premium and bestowed income received. According to the Regulations Governing the Offering and Issuance of Securities by the Issuer, the additional paid-in capital that can be capitalized annually shall not exceed 10% of the total paid-in capital.

2. Retained earnings

According to the Company's Articles of Incorporation, the total annual earnings, if any, should be applied to pay tax, make up losses of prior years, then appropriated 10% legal reserve; however, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock, and if necessary, appropriated special reserve, the remaining amount thereafter, if any, is deposited as retained earnings partially and the rest amount is allocated as follows; the remains except appointment of dividends, along with undistributed earnings at the beginning of the period, the Board shall proposed distribution plan and resolved by the shareholders' meeting.

Retained earnings can be distributed in the form of stock dividends for the purpose of protecting shareholders' equity and in response to the annual fund demands estimated in accordance with the Company's capital budget planning. The distribution of cash dividends may not be less than 10% of the dividend to shareholders.

(1) Legal reserve

According to the Company Law amended in January 2012, companies are to appropriate 10% of the net income as legal reserve until it is equivalent to the total capital. If there is no deficit, companies with the resolution reached in the shareholders' meeting may distribute new shares or cash to shareholders with legal reserve and it is limited to the portion exceeding 25% paid-in capital.

(2) Special reserve

According to the FSC.Cert. Far.Tzi No. 1010012865 Order dated April 6 2012 issued by the Financial Supervisory Commission, when the Company distributes the distributable earnings, for the net amount debited to the "Other shareholder's equity," appropriate special reserve for the same amount from the current profit or loss and prior unappropriated earnings. For the cumulative amount debited to the "Other shareholder's equity," appropriate special reserve for the same amount from the prior unappropriated earnings and it may not be distributed. The amount debited to "Other shareholder's equity" that is reversed subsequently can be distributed as earnings.

(3) Distribution of earnings

The company's distribution of 2016 and 2015 earnings was proposed by the shareholder meeting on June 17, 2016 and June 18, 2015. The distribution of dividends to shareholders is as follows:

	2015		2014	
	Share distribution rate (NT$)	**Amount**	**Share distribution rate (NT$)**	**Amount**
Dividends distributed to common stock shareholders:				
Cash	$ 0.50	199,542	3.60	1,436,703

3. Other equity (net amount after tax)

	Exchange differences from the translation of foreign institution's financial statements	**Available-for-sale investment**	**Total**
January 1, 2016	$ (4,767)	(396,898)	(401,665)
The Company	(5,365)	804,262	798,897
Subsidiaries	-	1,293	1,293
Exchange difference of affiliate company using equity method	(1,168)	-	(1,168)
Balance on December 31, 2016	$ (11,300)	408,657	397,357
January 1, 2015	$ (8,162)	(6,296)	(14,458)

The Company	5,944	(390,602)	(384,658)
Exchange difference of affiliate company using equity method	(2,549)	-	(2,549)
Balance on December 31, 2015	$ (4,767)	(396,898)	(401,665)

4. Non-controlling equity

	2016	2015
Balance at beginning of period	$ 1,084,399	970,447
Non-controlling equity		
Net profit of non-controlling equity	90,070	100,219
(Losses) gains on valuation of available-for-sale financial assets	1,083	-
Changes in ownership interests in subsidiaries	(267,127)	(7,261)
Cash dividend	(111,319)	(103,522)
Capital increase to subsidiaries	457,293	124,516
Balance at end of period	$ 1,254,399	1,084,399

(XVII) Earnings per share

The Consolidated Company's basic earnings per share and diluted earnings per share as of 2016 and 2015 are calculated as follows:

	2016	2015
Basic earnings per share		
Net income attributable to the Company's common stock shareholders:	$ 977,840	1,089,361
Weighted average outstanding common stock shares	399,084	399,084
	$ 2.45	2.73
Diluted earnings per share		
Net income attributable to the Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	$ 977,840	1,089,361
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares	399,084	399,084
The impact of stock bonus to employees	259	374
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	399,343	399,458
	$ 2.45	2.73

(XVIII) Income

The Consolidated Company's income as of 2016 and 2015 is as follows:

	2016	2015
Columbarium and cemetery income	$ 1,507,216	1,613,983
Funeral services income	1,599,292	1,539,792
Rent income from investment property	155,617	214,758
Construction contract income	6,766	1,366
Other operating income	194,491	159,207

	$ 3,463,382	3,529,106

(XIX) Remuneration to employees, directors and supervisors

According to the Company's Articles of Incorporation, any earnings after the Company's fiscal year final settlement shall be allotted no less than 1% as the remuneration to employees, and no more than 2% as the remuneration to directors. However, if there are still accumulated losses, certain amount shall be reserved to cover the deficit in advance. The preceding employees who receive stocks or cash include employees of subsidiaries under certain conditions.

The Company's bonus to employees as of 2016 and 2015 is estimated to be NT$11,340 thousand and 13,089 thousand, and the remuneration to directors and supervisors is estimated to be NT$22,680 thousand and NT$26,178 thousand. The estimated base of remuneration payable to employees, directors and supervisors is after-tax net income of the specific period multiply by the distribution fractional ratio of the Company's Articles of association; also, the bonus to employees and the remuneration to directors and supervisors are reported as operating cost or operating expense as of 2016 and 2015. Any related information could refer to Market Observation Post System (MOPS). No difference between actual remuneration distribution for employees, directors and supervisors and the estimated amount in 2015 financial report of the Company.

(XX) Other profit and loss

The Consolidated Company's other gain and loss is as follows:

	2016	2015
Gain (loss) on change in fair value of biological assets	$ 82,751	41,109

(XXI) Non-operating income and expense

1. Other income

The consolidated company's other income is as follows:

	2016	2015
Interest income	$ 106,690	113,054
Dividend income	136,969	83,458
Fines income	52,107	91,262
Other income	55,813	20,781
	$ 351,579	308,555

2. Other profit and loss

The consolidated company's other gain and loss is as follows:

	2016	2015
Foreign exchange gain (loss)	$ (89,400)	35,206
Gain from disposal of investment and financial assets	48,707	2,254
Net financial assets measured at fair value through profit or loss	58,116	(112,187)
Disposal and scrapping of property, plant, and equipment	(199)	(2,845)
Loss on scrapping of intangible asset	-	(573)
Loss on disposal of financial assets measured at costs	(804)	-
Loss on financial assets measured at cost	(5,140)	(3,000)
Other expense	(4,586)	(3,869)

	$ 6,694	(85,014)

3. Finance cost

Consolidated company's finance cost as of 2016 and 2015 is as follows:

	2016	2015
Interest expense		
Bank loan	$ 87,778	76,083

(XXII) Financial instruments

1. Credit risk

(1) Credit risk exposure

The book value of financial assets represents the maximum credit risk exposure amount.

(2) Concentration of credit risk

As the company has a broad customer base, not with a significant focus on customer transactions and sales area scattered, so there is no significant credit risk concentration of accounts receivable danger. And in order to reduce credit risk, the Company also continued to regularly assess the financial condition of customers, but usually do not require customers to provide collateral.

(3) Impairment loss

Loans and receivables aging analysis on the reporting date:

	12.31.2016		12.31.2015	
	Total	Impairment	Total	Impairment
Not overdue	$ 399,816	27,615	460,509	27,615
Overdue 31~60 days	24,886	1,695	23,233	1,695
Overdue 61~90 days	9,445	838	8,610	838
Overdue 91~120 days	3,714	629	3,177	629
Overdue more than 120 days	70,335	25,638	58,787	25,638
	$ 508,196	56,415	554,316	56,415

Changes in allowance for doubtful accounts receivable is as follows:

	2016	2015
Balance at 1 January	$ 56,415	57,136
Recognition of impairment loss (reverse)	11,664	(721)
Loss control of subsidiaries	(11,664)	-
Balance at 31 December	$ 56,415	56,415

The allowance for bad debt of accounts receivable is for estimating the irrecoverable amounts. However, if the Consolidated Company is convinced that the relevant amount cannot be recovered, the allowance for bad debt is applied to write off financial assets upon identifying the uncollectible. The company's receivable in December 31, 2016 and 2015 there has been no recovery of impairment.

2. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, excluding the estimated interest but not the impact of net amount agreed.

	Book value	Contract Cash flow	6 months Within	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2015							
Non-derivative financial liabilities							
Floating rate instruments	$ 7,156,900	7,156,900	7,156,900	-	-	-	-
Fixing rate instrument	18,000	18,051	18,051	-	-	-	-
No interest-bearing liabilities	623,856	623,856	623,856	-	-	-	-
	$ 7,798,756	7,798,807	7,798,807	-	-	-	-
December 31, 2015							
Non-derivative financial liabilities							
Floating rate instruments	$ 7,413,200	7,413,200	7,240,500	-	-	-	172,700
No interest-bearing liabilities	641,356	641,356	641,356	-	-	-	-
	$ 8,054,556	8,054,556	7,881,856	-	-	-	172,700

The Consolidated Company does not expect the maturity analysis of cash flows will be significantly pre-matured or the actual amount will be significantly different.

3. Exchange rate risk

(1) Exchange rate risk exposure

The Consolidated Company's financial assets and liabilities exposed to significant foreign exchange rate risk is as follows:

	12.31.2016			12.31.2015		
	Foreign currency	**Exchange rate**	**New Taiwan Dollar**	**Foreign currency**	**Exchange rate**	**New Taiwan Dollar**
Financial assets						
Monetary items						
RMB/NTD	$ 46,854	4.642	217,517	7,048	4.995	35,203
RMB/USD	1,652	0.144	7,669	1,694	0.152	8,460
USD/NTD	13,236	32.279	427,234	29,431	32.825	966,075
Japanese yen/NTD	31,273	0.276	8,641	18,264	0.273	4,981
HKD/NTD	7,094	4.168	29,566	626	4.235	2,649
Non-monetary items						
Japanese yen/NTD	215,968	0.276	59,672	158,880	0.273	43,327
RMB/NTD	25,309	4.642	117,496	66,697	4.995	333,151
USD/NTD	55,207	32.279	1,782,019	37,692	32.825	1,237,250
HKD/NTD	53,684	4.168	223,754	75,318	4.235	318,973
SGD/NTD	427	22.346	9,543	-	-	-

(2) Sensitivity analysis

The Consolidated Company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation. When the exchange rate of NT Dollars against main foreign currency depreciated or appreciated by 10% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) as of December 31, 2016 and 2015, the net income was increased or decreased by NT$259,208 thousand and NT$244,856 thousand, respectively.

Due to the variety of the Consolidated Company's functional currencies, the exchange gain or loss of currency items are disclosed in summary. As of 2016 and 2015, the foreign currency exchange gain (loss) was NT$(89,400) thousand and NT$35,206 thousand, respectively.

4. Interest rate analysis

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the Consolidated Company's financial assets and financial liabilities.

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the Consolidated Company's net income as of 2016 and 2015 is decreased by NT$29,701 thousand and increased by NT$30,765 thousand, respectively.

5. Fair value

(1) Financial instruments category and fair value

The Consolidated Company's book value and fair value (including fair value hierarchy information, but the book value of financial instruments' which is not measured by fair value and reasonably similar to fair value, as well as the equity method investments without active market price and of which fair value cannot be reliably invested, it is not necessary to disclose their fair value information accordingly to regulation) of the financial assets and financial liabilities are listed as below:

	12.31.2016				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets measured at fair value through profit or loss	$ 907,233	907,233	-	-	907,233
Available-for-sale financial assets	8,679,736	8,679,736	-	-	8,679,736
Hold to maturity investment	307,915	307,915	-	-	307,915
Total	$ 9,894,884	9,894,884	-	-	9,894,884

	12.31.2015				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets measured at fair value through profit or loss	$ 1,136,101	1,136,101	-	-	1,136,101
Available-for-sale financial assets	6,309,634	6,309,634	-	-	6,309,634
Total	$ 7,445,735	7,445,735	-	-	7,445,735

No financial assets and liabilities of each hierarchy were transferred as of 2016 and 2015.

(2) Valuation measurements of financial instruments not measured at fair value

The consolidated company estimates non-fair value measurements using the following methods and assumptions:

Held-to-maturity financial assets: In case of open market quotation, the market price is the fair value; if there is no market price for reference, the use of valuation models is used to estimate or use the counterparty offer.

(3) Fair value measurements of financial instruments measured at fair value

The fair value of financial instruments traded in active markets is based on quoted market prices. Market prices announced by major stock exchanges are classified as fair value bases of TWSE/OTC listed equity instruments; while central government bonds' market prices which are announced by OTC and identified as on-the-run issues are classified as fair value base of debt instruments with active market quoted prices.

If able to promptly and usually acquire public quoted prices of financial instruments from stock exchanges, brokers, underwriters, industrial guilds, pricing services facilities and authorities, and the said prices represent actual and frequent incurring fair market transaction, then the financial instruments have active market quoted prices. If abovementioned conditions are not achieved, then the market is identified as inactive. In general, considerably large bid-ask spread, significantly increased bid-ask spread or extremely low transaction volume are indexes of inactive markets.

Listed companies' stocks, beneficial certificates and corporate bonds held by the Consolidated Company are financial assets and liabilities capable with standard terms and conditions and traded in active markets, of which fair values are determined in accordance with market quoted prices respectively.

(XXIII) Financial risk management

1. Summary

The Consolidated Company is exposed to the following risks due to the use of the financial instruments:

(1) Credit risk

(2) Liquidity risk

(3) Market risk

The Consolidated Company's risk exposure information and the Consolidated Company's measurement and risk management objectives, policies, and procedures are expressed in this Note. Please refer to the notes to the consolidated financial statements for the further quantified disclosure.

2. Risk management structure

The Consolidated Company's risk management policies are setup to identify and analyze the risk faced by the Consolidated Company, to define appropriate risk limits and controls, and to monitor risks and risk limits compliance. Risk management policies and systems are reviewed regularly to reflect market conditions and changes in the operation of the Consolidated Company. The Consolidated Company through training, management guidelines, and operating procedures develops a disciplined and constructive controlled environment to help all employees understand their roles and obligations.

The Consolidated Company's Audit Committee supervises how the management monitors the Consolidated Company's risk management policies and procedures compliance and reviews the appropriateness of the Consolidated Company's risk management structure in service. Internal audit staff assists the Consolidated Company's Audit Committee to play a supervisory role. These personnel conduct regular and extraordinary review of risk management controls and procedures; also, have the outcome of the review reported to the Audit Committee.

3. Credit risk

Credit risk is the risk of financial losses faced by the Consolidated Company when the client or the counterparty of financial instruments trade is unable to meet its contractual obligations. It is mainly from the Consolidated Company's accounts receivables from customers and securities investment.

(1) Accounts receivable and other receivables

The Consolidated Company's credit risk exposure is mainly affected by the condition of each individual customer. However, the management also considers the statistic data of the Consolidated Company's customers, including the default risk of the industry and country the customer belongs to since it may affect credit risk.

The Consolidated Company has the allowance account setup to reflect the estimated losses of the accounts receivable, other receivables, and investments. The allowance account mainly includes specific loss related to individual significant exposure and the consolidated loss of the similar assets cluster that has incurred but yet to be identified. The allowance account for consolidated loss is determined in accordance with the historical payment statistics of similar financial assets.

(2) Investment

The credit risk of bank deposits, fixed income investments, and other financial instruments is measured and monitored by the Finance Department of the Consolidated Company. The Consolidated Company's trade counterparty and performing party is all reputable banks, investing financial institutions, corporate organizations, and government agencies with no significant performance concerns; therefore, there is no significant credit risk.

(3) Guarantees

The Consolidated Company regulated by the company policies can only provide financial guarantee to the business-related companies. The Consolidated Company offers no endorsement and guarantee to non-subsidiary as of December 31, 2016 and 2015.

4. Liquidity risk

Liquidity risk is the risk that the Consolidated Company unable to pay cash or financial asset to settle the financial liability and unable to perform its obligations. The Consolidated Company's managing liquidity is to ensure that the Consolidated Company in general practice or under pressure has sufficient current fund to liquidate liabilities when due, without incurring unacceptable losses or causing harm to the Consolidated Company's reputation.

The Consolidated Company's unused loan facilities amounted to NT$4,178,100 thousand and NT$6,419,500 thousand as of December 31, 2016 and 2015.

5. Market risk

Market risk is the risk the Consolidated Company's yield or financial instrument value affected by changes in market prices, such as exchange rates and interest rates. The objective of market risk management is to control the market risk exposure within the affordable range and to optimize return on investment.

The Consolidated Company conducts derivative instruments transactions for managing market risk with financial liabilities then resulted.

(1) Exchange rate risk

The Consolidated Company is exposed to exchange rate risk that is resulted from the investment transactions measured with a currency other than the company's functional currency. New Taiwan Dollar is the functional currency of the Group. These transactions are denominated in major currencies of New Taiwan Dollar, Singapore Dollar, U.S. Dollar, RMB, and Japanese Yen.

In addition, the Consolidated Company's principle is for natural hedge. The Consolidated Company bases on the capital demand in each currency and the net positions and the foreign exchange market condition to hedge exchange rate risk.

(2) Interest rate risk

The Consolidated Company's policy is to ensure that the interest rate risk exposure is assessed in accordance with the international economic situation and market interest rate.

(XXIV) Capital management

The Consolidated Company's capital management objective is to safeguard the operating ability in order to provide investment returns to shareholders and profits to the related party; also, to maintain an optimal capital structure for reducing the cost of capital.

In order to maintain or adjust the capital structure, the Consolidated Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to pay off liabilities.

The Consolidated Company and the industry both have capital managed in accordance with the debt to equity ratio. This debt to equity ratio is calculated by having net debt divided by total capital.Net debt is the total liabilities less cash and cash equivalent on the balance sheet. Total capital is the entire equity (i.e. capital stock, additional paid-in capital, retained earnings, and other equity and non-controlling equity) plus net debt.

The debt to equity ratio on the reporting date is as follows:

	12.31.2016	12.31.2015
Total liabilities	$ 39,903,452	38,189,462
Minus: Cash and cash equivalent	(199,621)	(212,719)
Net liabilities	39,703,831	37,976,743
Total equity	9,818,577	8,235,160
Adjusted capital	**$ 49,522,408**	**46,211,903**
Debt to equity ratio	**80.17%**	**82.18%**

The Consolidated Company's capital management method has not been changed as of December 31, 2016 and 2015.

VII. Related Party Transactions

(I) Parent company and ultimate controller

The Company is the ultimate controller of the Consolidated Company and its subsidiaries.

(II) Other related party transactions

1. Sales

	Sales		Receivables from related parties (booked in "Accounts receivable – net")	
	2016	**2015**	**12.31.2016**	**12.31.2015**
Other related party	**$ 41,192**	**11,982**	**-**	**29,720**

Transaction price is determined by bilateral agreement price, the payment terms are agreed by signed contracts.

2. Purchase goods from related party

The Company's purchase amount and the outstanding balance to the related party are as follows:

	Purchase		Payable to related party	
	2016	**2015**	**12.31.2016**	**12.31.2015**
Affiliated Company	**3,716**	**-**	**923**	**-**

The Company's purchase price from the related party is negotiated and agreed upon by both parties. Payment term is 30-day after passing incoming inspection.

3. Lease

(1) Lessee:

The Consolidated Company leases transport equipment from the related party for a rent expense of NT$8,523 thousand and NT$10,290 thousand paid as of 2016 and 2015, respectively.

(2) Lessor:

The Consolidated Company has office building and parking space rented to the related party with a rent income of NT$429thousand and NT$166 thousand as of 2016 and 2015, respectively.

The above conditions are negotiated lease.

4. Contract projects

Name of related party	Project Name	Contract Price	Current Price	Accumulated Price
2015				
Other related party	Gu Gong Case	$ 223,962	-	233,962

(1) The Consolidated Company contracted according to the related engineering project budget in addition to a reasonable management fees and profits, the contract prices are set after the decision of supervisors.

(2) The allowance construction NT$27,178 thousand of above Gu Gong Case is in accordance with actual construction settlement and agreement with other related parties in February, 2015.

4. Others

(1) Other receivables (booked in other financial assets – current)

	12.31.2016	12.31.2015
Other related party	$ 2,402	-

(2)Other payable

	12.31.2016	12.31.2015
Other related party	$ 4,368	1,769

(3)Prepayment

	12.31.2016	12.31.2015
Other related party	$ 738	-

(4) Payment on behalf of others (booked in other current assets)

	12.31.2016	12.31.2015
Other related party	$ 557	557

6. Acquisition of other assets

The acquisition price of other assets acquired by the Company to the related parties is summarized as follows：

Category	Items	2016	2015
Affiliated Company	Intangible Assets	$ 4,079	-
	Operating Expenses	$ 46,473	-
	Fixed Assets	$ 3,385	-

The Company purchased Enterprise Resources Planning (ERP) (booked as intangible assets), related consulting fees and computer equipment (booked as operating expenses) from affiliated companies on April, 29, 2016.

7. Trust contract

Part of the Consolidated Company’s land is trusted and registered in the name of the related party as of December 31, 2015. Please refer to Note 6 (3) and 6(6).

8. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price of NT$668,016 thousand as of December 31, 2016 and 2015, respectively. The discretionary trustee is to handle the land combination matter on behalf of the Company.

(III) Key management personnel transactions

		2016	2015
Short-term employee benefits	$	37,780	29,684
Retirement benefits		1,216	1,079
	$	38,996	30,763

VIII. Pledged Assets

The book value of the Consolidated Company's pledged assets is as follows:

Assets name	Purpose of collateral	12.31.2016	12.31.2015
Financial assets at fair value through profit or loss – current	Collateral for loan	$ 333,900	-
Other financial assets- current	Guarantee for co-investment & development	312,518	-
Inventories	The guarantee for the transaction service of the loan account and credit account	3,100,846	3,100,753
Property, plant, and equipment – book value	Collateral for loan	2,320,191	804,371
Investment property – book value	The guarantee for the transaction service of the loan account and credit account	4,004,286	4,043,686
Available-for-sale financial assets - noncurrent	Collateral for loan	5,685,133	4,830,560
		$ 15,756,874	12,779,370

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

1. The Consolidated Company's unrecognized contractual commitments are as follows:

		12.31.2016	12.31.2015
Acquisition of columbarium and cemetery	$	19,580	19,377
Individual construction project		495,104	469,559

(II) Contingent liabilities:

1. The legislative purpose of Mortuary Service Administration Act Article 36 is to cope with repair and management costs when a major accident hits or abnormal operations occur due to poor management. In order to maintain and manage funeral facilities, the Consolidated Company has set up an administration fee account for specific uses only, so that if any significant incidents occur in the future, subsequent general impairment and management of the facilities will not be impacted. The application and execution of current regulation are disputable. So far, the government authority has not set up special fund and established administrative procedures of fund management regulation in terms of fund allocation yet, so the allocation object as well as rights and obligations of the Consolidated Company have not confirmed yet. In order to solve difficulties to implement current regulation, Taiwan Funeral Association affiliated by the Company has actively discussed with the authority in terms of reasonable management system. The relevant amendment proposal countersigned by legislators has been adopted on first reading by

Legislative Yuan. After the review completion from Internal Committee on December, 26, 2016, and by the end of the party consultation, the proposal will be send to the Legislation Yuan for the second and the third reading. After completing legislation amendment, the new management regulation will replace current fund allocation regulation and be executed.

2. The Consolidated Company purchased the land at Li-Ho Section, Hsin-Yi District in February 2007. Notwithstanding, in March 2007, the joint owners of said land initiated the proceeding for "Declaration of non-existence of land transaction" with the court and, therefore, the registration of land No. 322 totaling 6 lands transfer was hindered. On August 28, 2013, Taipei District Court rendered a judgment in favor of the Consolidated Company and affirmed the judgment on October 14, 2013, so the abovementioned land rights were transferred to the Consolidated Company on January 23, 2014. However, the joint owners of the said land claimed that the disposal was not agreed by all joint owners and classified as an unauthorized disposition with no effect, so filing an action with Taipei District Court. And on July, 29, 2015, Taipei District Court rendered a judgement that the Company won the lawsuit which was announced on January, 19, 2016.

(III) Others

1. The Consolidated Company (referred to as "the principal" hereinafter) for enhancing the quality of funeral service and ensuring the ability of performance had a trust contract signed with Taiwan Industrial Bank Co., Ltd. (referred to as "the trustee" hereinafter) in April 2010. According to the trust contract signed, 75% selling price (tax included) of each pre-need contract sold should be transferred to the trustee, including the delivery and transfer of the trust property. However, the trustee referred to above was replaced by Chang Hwa Commercial Bank Co., Ltd. on December 28, 2012. In addition, the trust assets as of December 31, 2016 and 2015 are as follows：

		12.31.2016	12.31.2015
Bank deposits			
Demand deposits	$	444,866	562,873
Time deposits		314,242	542,463
Financial assets measured at fair value through profit or loss - current		367,809	580,543
Available-for-sale financial assets – non-current		2,563,851	1,399,761
Hold to maturity financial assets		307,915	-
Property, plant and equipment (Note)		2,206,293	2,206,293
Investment property (Note)		1,962,845	1,962,845
	$	8,167,821	7,254,778

Note: The carrying value of the asset at the time of delivery of the Trust.

The above amounts have switched trust assets to purchase financial instruments and real estate delivery, transfer to the Trustee, the Trustee in accordance with the instructions so that the principal of, for the trust property, the designated uses for management action.

2. The Consolidated Company has an administration fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The administration fee account was with a balance of NT$956,075 thousand, and NT$1,016,673 thousand, as of December 31, 2016 and 2015, respectively; also, it is booked in the "Other financial assets – current."

3. The Consolidated Company had contracts signed with clients for the sale of columbarium

of True Dragon Tower and funeral service as of December 31, 2016 and 2015. The pre-need contract signed and the related deferred marketing expenses are as follows:

		12.31.2016	12.31.2015
Total contract price	$	38,856,483	36,620,702
Outstanding proceeds		(8,410,892)	(8,090,097)
Advanced receipts	**$**	**30,445,591**	**28,530,605**
Deferred marketing expense	**$**	**8,326,382**	**8,130,915**
Expected to be reclassified for more than twelve months	**$**	**27,743,211**	**26,190,952**

4. The subsidiary of the Company had contracts signed with clients for the sale of columbarium of True Dragon Tower and funeral service as of December 31, 2016 and 2015. The pre-need contract signed and the related deferred marketing expenses are as follows:

		12.31.2016	12.31.2015
Total contract price	$	564,034	28,662
Outstanding proceeds		(278,640)	-
Advanced receipts	**$**	**285,394**	**28,662**
Deferred marketing expense	**$**	**36,606**	**-**
Expected to be reclassified for more than twelve months	**$**	**41,687**	**26,150**

5. The Consolidated Company signed the agreement with the Management Committee for Ruian Anyang Centre Urban Development and Construction in 2016 to develop the Grand Project in Ruian City, Wenzhou, including the cemetery and the major buildings. The total investment amount of the project is US $ 200,000 thousand, and the Consolidated Company intended to invest US $ 100,000 thousand. As at the end of 31 December 2016, the Consolidated Company provided a letter of guarantee in the amount of US $ 10,000 thousand which is equivalent to NT $ 312,168 thousand (booked as other financial assets).

X. Significant disaster loss: None

XI. Significant subsequent events

(1) To take advantage of the strength and resources of both parties and to establish long-term strategic cooperative relationship, the Company was approved by the interim board of shareholders on January 25, 2017 to issue 21,000,000 ordinary shares through private placement and the first unsecured convertible bonds of NT$3,113,000 thousand which were subscribed by Orix Asia Capital Limited or its 100% owned subsidiary.

(2) The Company purchased 10,800 thousand shares of Lung An Co. Ltd. originally owned by Hui Cheng Assets Management Co. Ltd. (Originally known as Shun Long Assets Management Co. Ltd.) with NT$10 as purchase price per share, so the total purchase price is 108,000 thousand. And the shareholding ratio of the Company was increased from 70% to 85% on January 6, 2016.

XII. Others

(1) The followings are the summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function:

By function / By item	2016 Classified as Operating Costs	2016 Classified as Selling Expenses	2016 Other (Note)	2016 Total	2015 Classified as Operating Costs	2015 Classified as Selling Expenses	2015 Other (Note)	2015 Total
Employee benefits								
Salary	236,793	222,454	98,907	558,154	223,591	212,622	100,646	536,859
Labor and health insurance	17,250	15,126	6,706	39,082	16,729	15,160	6,051	37,940
Pension	9,649	7,810	3,225	20,684	9,314	7,137	2,995	19,446
Others	7,986	9,810	3,869	21,665	6,037	7,895	4,026	17,958
Depreciation	112,328	46,857	13,628	172,813	98,552	30,324	7,841	136,717
Amortization	810	13,829	1,807	16,446	430	9,479	1,001	10,910

Note 1: It includes the related fees of the cemetery management center-related expenses (stated as less item-advance receipts) and deferred marketing expense from contract sales.

XIII. Supplementary disclosure

(I) Information on significant transactions

The Company should have the following material transactions disclosed as of 2016 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1.Loaning of funds: None

2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Number	Name of the Company	Counter-party of guarantee and endorsement: Name of Company	Counter-party of guarantee and endorsement: Relationship	Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent Company Endorses /guarantees to third parties on behalf of subsidiary	Subsidiary Endorses /guarantees to third parties on behalf of Parent Company	Endorsements /guarantees to the third parties on behalf of the Companies in Mainland China
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	1,963,715	200,000	200,000	18,000	-	2.04%	4,909,289	Y	N	N
0	Lungyen Life Service Corp.	Longding Life Sciences Inc	1	1,963,715	202,000	-	-	-	- %	4,909,289	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company	3	1,963,715	180,000	100,000	21,900	-	1.02%	4,909,289	Y	N	N

Note 1: The total amount of guarantees and endorsements shall not exceed 50% of the net worth in the current period.

The total amount of guarantees and endorsements for individual party shall not exceed 20% of the net worth in the current period.

Note 2: There are six kind of conditions in which the Company may have guarantees or endorsements for the receiving parties.

(1) The Company has business with the receiving parties.

(2) The Company holds directly more than 50% of the common stock of the subsidiaries.

(3) In aggregate, the Company and its subsidiaries hold more than 50% of the investee.

(4) In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 50% of the investee.

(5) The Company is required to make guarantees or endorsements for the construction project based on

the construction contract.

(6) The stockholders of the Company make guarantees or endorsements for the investee in proportion to their stockholding percentage.

Note 3: Upon Board resolutions on August 11, 2016, the maximum amount of endorsements to Yuji Development Corp. has been adjusted to $200,000 thousand.

Note 4: Upon the board resolution on August 11, 2016, the maximum amount of endorsements to Lung Fu Company has been set to $100,000 thousand.

Note 5: Upon the board resolution on December 26, 2014, the maximum amount of endorsements to Longding Life Sciences Inc has been set to $202,000 thousand.

The borrowing of 172,700,000 from Longding has been fully returned on December 21, 2016, and due to the terms of the loan contract, the borrowing period was ended by December 2, 2016 and the amount belonged to non-circulating use, so Longding will no longer be able to act after the full amount was returned, so the company's endorsement guarantee responsibility has been lifted.

3. Information regarding securities held at balance sheet date (excluding subsidiaries, associates and joint control):

Holder of Securities	Type and names of the securities	Relationship with Securities Issuer	Account Title	Ending				Maximum shareholding or funding situation	Notes
				Quantity of shares (thousand shares)/unit	Book Value	% of Ownership	Fair value		
The Company	LUMAX securities	-	Financial assets at fair value through profit or loss-current	242	12,753	0.20%	52.7	0.20%	
The Company	Stock of Chang Hwa Bank	-	Financial assets at fair value through profit or loss-current	19,980	342,662	3.92%	17.15	3.92%	
The Company	Stock of CTBC FINANCIAL HOLDING CO., LTD.	-	Financial assets at fair value through profit or loss-current	1	19	- %	17.65	-	
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profit or loss-current	245	14,897	0.01%	60.8	0.01%	
The Company	Stock of Sun Life Corporation	-	Financial assets at fair value through profit or loss-current	160	41,025	- %	256.41	-	
The Company	Stock of TVB	-	Financial assets at fair value through profit or loss-current	260	27,666	- %	106.28	-	Trust
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through profit or loss-current	210	8,578	- %	40.85	-	〃
The Company	Stock of PetroChina	-	Financial assets at fair value through profit or loss-current	1,990	45,619	- %	22.92	-	〃
The Company	Stock of Sands China Limited	-	Financial assets at fair value through profit or loss-current	320	44,948	- %	140.46	-	〃
The Company	Cathay Emerging China Bond Fund	-	Financial assets at fair value through profit or loss-current	2,979	30,723	- %	10.31	-	Trust
The Company	Franklin Templeton SinoAm Global High Yield Bond Fund	-	Financial assets at fair value through profit or loss-current	2,919	27,561	- %	9.44	-	〃
The Company	Yuanta China Opportunity Bond TWD	-	Financial assets at fair value through profit or loss-current	940	9,429	- %	10.03	-	〃
The Company	Cathay Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss-current	4,861	60,019	- %	12.35	-	〃

The Company	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profit or loss-current	5,328	86,044	- %	16.15	-	〃
The Company	Evenstar Sub-Fund 1 Segregated Portfolio	-	Financial assets at fair value through profit or loss-current	1	82,806	- %	140,517.91	-	
The Company	Fuh Hwa Emerging Market RMB Fixed Inc Type A	-	Financial assets at fair value through profit or loss-current	28	1,412	- %	51.3	-	Trust
The Company	Hang Seng H-Share Index ETF	-	Financial assets at fair value through profit or loss-current	66	25,811	- %	393.46	-	〃
The Company	Stock of Chang Hwa Bank	-	Available-for-sale financial assets – non-current	331,495	5,685,133	3.92%	17.15	3.92%	
The Company	Stocks of Sinyi	-	Available-for-sale financial assets – non-current	4,420	142,103	0.70%	32.15	0.70%	
The Company	Stocks of Taiyen	-	Available-for-sale financial assets – non-current	6,338	185,703	3.17%	29.3	3.17%	
The Company	Stocks of ICBC	-	Available-for-sale financial assets – non-current	1,630	31,591	- %	19.38	-	Trust
The Company	Stocks of Wells Fargo	-	Available-for-sale financial assets – non-current	14	24,905	- %	1,778.90	-	〃
The Company	Stocks of ORIX	-	Available-for-sale financial assets – non-current	37	18,647	- %	503.97	-	〃
The Company	Stocks of WABCO Holdings	-	Available-for-sale financial assets – non-current	8	27,514	- %	3,426.42	-	〃
The Company	Stocks of Bristol-Myers Squibb	-	Available-for-sale financial assets – non-current	5	10,186	- %	1,886.38	-	〃
The Company	Stocks of China Res Gas	-	Available-for-sale financial assets – non-current	320	29,076	- %	90.86	-	〃
The Company	Stocks of SGN Telecomm	-	Available-for-sale financial assets – non-current	117	9,543	- %	81.56	-	〃
The Company	Cathay China High Yield Bond B TWD	-	Available-for-sale financial assets – non-current	5,389	51,109	- %	9.48	-	〃
The Company	PineBridge US Dual Core Inc B In	-	Available-for-sale financial assets – non-current	1,823	14,865	- %	8.15	-	〃
The Company	Franklin Templeton SinoAm Global High Yield Bond Fund	-	Available-for-sale financial assets – non-current	1,969	18,588	- %	9.44	-	〃
The Company	Allianz Glbl Inv Global Bd B- NTD	-	Available-for-sale financial assets – non-current	8,940	98,246	- %	10.99	-	〃
The Company	Cathay China Emerging Bond Fund_Trust	-	Available-for-sale financial assets – non-current	3,640	37,540	- %	10.31	-	〃
The Company	Yuanta USD Money Market TWD	-	Available-for-sale financial assets – non-current	20,554	202,199	- %	9.84	-	〃
The Company	Yuanta Global USD Corporate Bond USD B	-	Available-for-sale financial assets – non-current	5,925	56,867	- %	9.6	-	〃

The Company	Nomura Invest Grade USD	-	Available-for-sale financial assets – non-current	10,382	89,579	- %	8.63	-	〃
The Company	Nomura Global Short Duration Bond TWD	-	Available-for-sale financial assets – non-current	2,937	29,876	- %	10.17	-	〃
The Company	Prudential Financial Asia Bo	-	Available-for-sale financial assets – non-current	5,362	50,361	- %	9.39	-	〃
The Company	WisdomTree Europe Hedged Equity Fund	-	Available-for-sale financial assets – non-current	4	6,670	- %	1,852.81	-	〃
The Company	iShares China Large-Cap ETF	-	Available-for-sale financial assets – non-current	37	41,634	- %	1,120.40	-	〃
The Company	Hang Seng H-Share Index ETF	-	Available-for-sale financial assets – non-current	27	10,466	- %	393.46	-	〃
The Company	PineBridge EM Corp Strgy Bd B	-	Available-for-sale financial assets – non-current	198	63,481	- %	319.93	-	〃
The Company	Cathay Emerging China Bond Fund-USD	-	Available-for-sale financial assets – non-current	1,459	15,249	- %	10.45	-	〃
The Company	Saudi Electricity Global - Bond 20220403	-	Available-for-sale financial assets – non-current	2,550	87,283	- %	34.23	-	〃
The Company	Guotai Junan Corporate Bond	-	Available-for-sale financial assets – non-current	200	6,589	- %	32.94	-	〃
The Company	Abu Dhabi National Energy Company10-year Senior Unsecured USD Callable Corporate Bond 3.625 20230112	-	Available-for-sale financial assets – non-current	1,600	51,485	- %	32.18	-	〃
The Company	Abu Dhabi National Energy Company10-year Senior Unsecured USD Callable Corporate Bond 3.875 20240506	-	Available-for-sale financial assets – non-current	600	19,318	- %	32.2	-	〃
The Company	CNOOC Limited USD Callable Corporate Bond 20230509	-	Available-for-sale financial assets – non-current	3,100	96,842	- %	31.24	-	〃
The Company	The Export-import Bank of China RMB Callable Corporate Bond 4.15 20270618	-	Available-for-sale financial assets – non-current	5,000	23,251	- %	4.65	-	〃
The Company	African Finance Corp. Bond 4.375 20200429	-	Available-for-sale financial assets – non-current	3,000	99,391	- %	33.13	-	〃
The Company	ICBC RMB Corp. Bond 4.2 20270119	-	Available-for-sale financial assets – non-current	5,000	23,277	- %	4.66	-	〃
The Company	ICBC RMB Corp. Bond 4.5 20281113	-	Available-for-sale financial assets – non-current	5,000	23,754	- %	4.75	-	Trust
The Company	China Comm Cons Corp. Bond 20200421	-	Available-for-sale financial assets – non-current	1,900	61,531	- %	32.38	-	〃
The Company	Saudi Electricity Global - Bond 20230408	-	Available-for-sale financial assets – non-current	2,000	65,469	- %	32.73	-	〃
The Company	Saudi Electricity Global - Bond 20240408	-	Available-for-sale financial assets – non-current	1,000	33,263	- %	33.26	-	〃
The Company	QTel USD Corp. Bond 3.25 20230221	-	Available-for-sale financial assets – non-current	1,000	31,700	- %	31.7	-	〃
The Company	Caterpillar RMB Corporate bond 20171125	-	Available-for-sale financial assets – non-current	10,000	45,802	- %	4.58	-	〃

The Company	Conoco Phillips Oil Corp. Bond 20241115	-	Available-for-sale financial assets – non-current	3,000	96,557	- %	32.19	-	〃
The Company	SATANLN Corp. Bond 4.05 20260412	-	Available-for-sale financial assets – non-current	3,000	96,515	- %	32.17	-	〃
The Company	Islamic Bank 20210531	-	Available-for-sale financial assets – non-current	3,000	97,594	- %	32.53	-	〃
The Company	QATAR State Bond 20260602	-	Available-for-sale financial assets – non-current	2,000	62,535	- %	31.27	-	〃
The Company	Anheuser-Busch InBev Corporate Bond 20460201	-	Available-for-sale financial assets – non-current	2,000	69,900	- %	34.95	-	〃
The Company	BARC Corp. 20260112	-	Available-for-sale financial assets – non-current	2,800	92,043	- %	32.87	-	〃
The Company	Chrail Bond 20260728	-	Available-for-sale financial assets – non-current	2,500	76,602	- %	30.64	-	〃
The Company	GS Corp. Bond 20260225	-	Available-for-sale financial assets – non-current	2,800	90,774	- %	32.42	-	〃
The Company	American Movil Bond 20260225	-	Available-for-sale financial assets – non-current	2,500	94,480	- %	37.79	-	〃
The Company	VZ Corp. Bond 20260815	-	Available-for-sale financial assets – non-current	3,000	89,083	- %	29.69	-	〃
The Company	TNT Global Venture Cap. Bhd. 20261019	-	Available-for-sale financial assets – non-current	3,000	90,621	- %	30.21	-	〃
The Company	Nan Ya Plastics Corporate Bond		Held-to-maturity financial assets- non current	100,000	107,915	- %	1	-	〃
The Company	051 Chailease Holding Company Limited-A	-	Held-to-maturity financial assets- non current	200,000	200,000	- %	1	-	〃
The Company	FORTUNE IC FUND I	-	Financial assets carried at costs-non current	600	4,030	4.86%	31.15	4.86%	
The Company	PK Venture Capital Corp	-	Financial assets carried at costs-non current	694	3,277	8.57%	4.72	8.57%	
The Company	Cathay insurance stock	-	Financial assets carried at costs-non current	15	-	0.01%	-	0.01%	
The Company	Stocks of Creative Space Design	-	Financial assets carried at costs-non current	990	9,900	8.00%	4.53	8.00%	
Yuji Development Corp.	Stocks of Sinyi	-	Available-for-sale financial assets – non-current	951	30,574	0.15%	32.15	0.15%	
Yuji Development Corp.	Stocks of Taiyen	-	Available-for-sale financial assets – non-current	2,470	72,371	1.24%	29.3	1.24%	
Ching Huang Construction Co.	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss-current	2,190	32,128	- %	14.67	-	
Ching Huang Construction Co.	Stocks of J-Garden Corp.	-	Financial assets carried at costs-non current	255	1,785	5.00%	11.84	5.00%	
Dahan Property Management Co., Ltd.	Allianz Global Investors Taiwan Money Market Fund	-	Financial assets at fair value through profit or loss-current	169	2,104	- %	12.41	-	

Long An Company Ltd.	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profit or loss-current	1,010	11,029	- %	10.92	-	

4. Information regarding securities where the accumulated purchase or sale amounts for the period exceed NT$300 million or 20% of the paid-in capital: none.

5. The acquisition of real property exceeding NT$300 million or 20% of the paid-in capital:

Unit: Thousand NTD

Company acquired the real estate	Name of assets	Happening Date	Amount of the transaction	Situation of the payment	Trading Partner	Relationship	If the trading partners were affiliated ones, their former transaction documents				Price reference basis	Purpose of acquisition	Others
							Owner	Relationship with the issuer	Transferring Date	Amount			
Lung An Company Ltd.	Kaohsiung Quan An Tai cemetery land	2015.11.13	700,000	Paid	Shun Long assets management Company	-	-	-	-	-	Longan Board of Directors and Real Estate Appraisers Associates	Industrial use	

6. The disposition of real property exceeding NT$300 million or 20% of the paid-in capital: None.
7. Amount of sales amounted to NT$100 million or 20% of paid-in capital or more with related parties: None.
8. Receivables from related parties exceeding NT$100 million or 20% of the paid-in capital: None.
9. Engage in derivatives trading: None.
10. Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Lungyen Life Service Corp.	Yuji Development Corp.	1	Other financial assets – current	$ 5,272	Equal to transaction with non-related parties	0.01%
0	〃	〃	1	Other payable accounts	38,178	–	0.07%
0	〃	〃	1	Prepayments	26,150	–	0.05%
0	〃	〃	1	Operating cost	2,512	–	0.07%
0	〃	〃	1	Other revenue	36,022	–	1.04%
0	〃	〃	1	Other liabilities-current	19,539	–	0.04%
0	〃	Lung An Company Limited	1	Accounts Receivable	20,143	–	0.04%
		〃	1	Other payable accounts	1,589	–	- %
		〃	1	Other financial assets – current	2,520	–	- %
0	〃	Lung Fu Company Limited	1	Other revenue	836	–	0.02%
1	Yuji Development Corp.	Lungyen Life Service Corp.	2	Accounts Receivable	57,717	–	0.11%
1	〃	〃	2	Advance receipts	26,150	-	0.05%
1	〃	〃	2	Other payable accounts	5,272	-	0.01%
1	〃	〃	2	Operating income	2,512	-	0.07%
1	〃	〃	2	Administrative expenses	36,022	–	1.04%
3	Lung An Company Limited	Lungyen Life Service Corp.	2	Payable accounts	12,985	–	0.03%
3	〃	〃	2	Other liabilities-current	7,981	–	0.02%
3	〃	〃	2	Accounts Receivable	2,412	–	- %
3	〃	〃	2	Other payable accounts	2,520	–	- %
4	Lung Fu Company Limited	Lungyen Life Service Corp.	2	Administrative expenses	836	–	0.02%

Note 1: Said transactions shall be numbered as follows:

1. "0" for parent company
2. Subsidiaries are numbered from "1"

Note 2: Transactions with stakeholders are divided into three categories as follows:

1. Parent company to subsidiaries;
2. Subsidiaries to parent company;
3. Subsidiaries to subsidiaries

(II) Information on the invested business:

The company's reinvestment as of 2016 is as follows:

Unit: Thousand NTD

Name of investment company	Name of the invested company	Location	Main business line	Original investment amount: End of the period	Original investment amount: Last year	Held at yearend: Quantity of shares	Held at yearend: Ratio	Held at yearend: Book value	Net income of the invested company	Investment gains and losses recognized in the current period	Remark
The Company	Ching Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20%	(12,114)	(1,496)	(1,369)	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	99,000	54.42%	1,169,168	239,366	131,146	Subsidiary
The Company	Dahan Property Management Co., Ltd.	Taiwan	Development, lease and sale of residential areas and building	3,870	3,870	400	80.00%	3,576	(26)	(21)	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	493,584 (USD15,710)	147,073 (USD4,710)	1,571	100.00%	579,225	(29,435)	(29,434)	Subsidiary
The Company	Longding Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	500,993	295,000	25,970	49.00%	249,860	(99,822)	(83,920)	Affiliated company
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00%	(2,530)	(409)	(409)	Subsidiary
The Company	Lung An Company Limited	Taiwan	Funeral Service	500,656	500,656	50,400	70.00%	495,149	(11,945)	(8,362)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00%	27,049	3,710	1,818	Affiliated company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75%	221,928	(1,763)	(1,370)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited(BVI)	British Virgin Islands	Investment	165,268 (USD5,264)	165,268 (USD5,264)	53	26.32%	157,771	(12,511)	(3,293)	Affiliated company
Sea Dragon Traders Ltd. (BVI)	W&W Professional Management Limited	American Samoa	IT service	13,008 (USD400)	-	400	40.00%	15,615	5,694	2,278	Affiliated company
Sea Dragon Traders Ltd. (BVI)	Lungyen (Cayman) Co. Ltd.	Cayman Islands	Investment	346,511 (USD11,000)	-	11,000	100.00%	341,101	(2,399)	(2,399)	Subsidiary
Lungyen (Cayman) Co. Ltd.	Lungyen (HK) Co. Ltd.	Hong Kong	Investment	346,511 (USD11,000)	-	11,000	100.00%	341,101	(2,399)	(2,399)	Subsidiary

Note 1: The Consolidated Company holds equity industry to write off these subsidiaries in the consolidated financial report.

(III) China investment information:

1. China investee company name, business operation, and related information:

Unit: Thousand NTD/Foreign Currency

China investee company name	Business operation	Received Capital	Type of investment (Note 1)	Current Beginning Period of Taiwan Accumulated Export	Current Export or Return of Investment Amount: Export	Current Export or Return of Investment Amount: Current Ending Period of Taiwan Accumulated Export	Current Ending Period of Taiwan Accumulated Export	Company Direct or Indirect Investment Proportion of Holding	Recognized Investment Profit and Loss (Note2)	Ending Period of Investment Book Value	Amount Remitted Current Ending Period
Lungyen Trading (Wenzhou) Co. Ltd	Wholesale and export operations	346,511 (USD11,000)	Sea Dragon Traders Ltd. (BVI)	-	346,511 (USD11,000)	-	346,511 (USD11,000)	100.00%	(2,399)	341,101	-

2. Mainland China investment limits:

End of this period the cumulative remittance from Taiwan Amount of investment in Mainland China	Investment Amount Approved by Ministry of Economic Affairs	The limitation on investment areas in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs
346,511	1,291,160 USD 40,000	5,891,146

US Dollar Exchange Rate: closing rate: 32.279

Note 1: An investment is divided into the following three ways, list out the type of the category:
(A) Directly engaged in investment in Mainland China
(B) Re-invest in the mainland through a third country company (please specify in the third area of investment companies)
(C) Other methods.

Note 2: the current investment income recognized:
(A) During the stage of preparations, note that there is no investment income.
(B) The gain or loss recognized on the basis of the investment is divided into the following two types with note:
1 Financial statements to be prepared by international CPA audit that is in cooperation with ROC CPA audit.
2 By the parent company in Taiwan audited financial statements.

Note 3: The corresponding currency should be NT dollars. Those involving foreign currency, the exchange rate for the reporting period amounted to NT accounts.

Note 4：The limit is based on “the principle of review of investment or technical cooperation in Mainland China”, which is limited to 60% of the Company's net value of the most recent financial report.

3. Significant transactions of the mainland China investment: None.

XIV. Financial Information by Department

(I) General information

The Consolidated Company consist of five departments, namely Columbarium Sales Dept., Funeral Service Dept., Property Lease Dept., Cemetery Operation Dept., and other departments and construction sales department. Columbarium Sales Dept. is primarily engaged in columbarium-related business. Funeral Service Dept. is engaged in funeral service business. Property Lease Dept. is engaged in lease of real property. Cemetery Operation Dept. and other departments are engaged in management and operation of cemeteries. Construction Sales Dept. is engaged in building construction business.

The Consolidated Company’ departments shall be the units dedicated to strategic business to provide different products and services. Given that the technique and marketing strategies as needed vary according to each strategic business unit, it is necessary to manage the units separately. Most of the business units are acquired separately, and the competent management teams are retained.

(II) Departmental profit and loss, assets, liabilities, measurements and adjustment should be reported

The before tax profit and loss (excluding gains and losses and exchange gains and losses are often non-occurrence) is based on the Consolidated Company within the department's chief operating decision making report as a basis for the management of resource allocation and assessment of performance. As the profit or non-occurrence of recurrent and exchange gains and losses are based on a group basis to manage, so the Consolidated Company unallocated income tax expense (benefit), exchange gain or loss and non-recurring occurrence to reportable segments. In addition, not all departmental profit and loss contains depreciation and amortization non-cash items. The reported amounts should be consistent with the operating decision making report.

The Consolidated Company's operating segments and adjustment are as follows:

	2016						
	Columbarium and cemetery for sale	**Funeral services**	**Property leasing**	**Cemetery operation and others**	**Construction for sales**	**Adjustments and written-off**	**Total**
Income:							
Income from external customers	$ 1,507,216	1,599,292	155,617	194,491	6,766	-	3,463,382
Inter-segment income	2,512	-	189	3,716	-	(6,417)	-
Total income	**$ 1,509,728**	**1,599,292**	**155,806**	**198,207**	**6,766**	**(6,417)**	**3,463,382**
Interest expense	$ -	-	-	(87,778)	-	-	(87,778)
Depreciation and amortization	-	(30,513)	(58,201)	(23,890)	-	(60,686)	(173,290)
Affiliated companies and joint ventures profit or loss portion using equity method	-	-	-	803	-	-	803
Reportable segment profit or loss	**$ 676,518**	**245,187**	**21,509**	**292,498**	**3,083**	**(35,272)**	**1,203,523**
Assets:							
Investment using equity method	$ -	-	-	450,296	-	-	450,296
Reportable segment assets	**$ 14,702,288**	**4,009,130**	**6,534,031**	**18,726**	**4,664,575**	**21,047,678**	**50,976,428**
Reportable segment liabilities	**$ 16,655,711**	**14,075,275**	**55,604**	**845,037**	**-**	**8,271,825**	**39,903,452**

	2015						
	Columbarium and cemetery for sale	**Funeral services**	**Property leasing**	**Cemetery operation and others**	**Construction for sales**	**Adjustments and written-off**	**Total**
Income:							
Income from external customers	$ 1,613,983	1,539,792	214,758	159,207	1,366	-	3,529,106
Inter-segment income	197,383	-	3,157	29,995	-	(230,535)	-
Total income	$ 1,811,366	1,539,792	217,915	189,202	1,366	(230,535)	3,529,106
Interest expense	$ -	-	-	(76,083)	-	-	(76,083)
Depreciation and amortization	-	(31,604)	(54,536)	(12,842)	-	(39,803)	(138,785)
Affiliated companies and joint ventures profit or loss portion using equity method	-	-	-	(6,992)	-	-	(6,992)
Reportable segment profit or loss	**$ 863,661**	**245,186**	**86,254**	**239,482**	**(442)**	**(46,717)**	**1,387,424**
Assets:							
Investment using equity method	$ -	-	-	187,793	-	-	187,793
Reportable segment assets	**$ 12,857,460**	**3,837,528**	**6,089,328**	**74,458**	**5,139,297**	**19,510,950**	**47,509,021**
Reportable segment liabilities	**$ 16,612,621**	**12,836,700**	**56,499**	**900,589**	**-**	**7,783,053**	**38,189,462**

(III) Geographical information

The Consolidated Company's geographical information as below, the revenue is categorized in accordance with customers' geographical locations, and non-current assets are categorized in accordance with assets' geographical locations.

Area	2016	2015
Income from external customers		
Taiwan	$ 3,463,382	3,529,106
Non-current assets:		
Taiwan	$ 13,873,270	14,033,295

Non-current assets include property, plant and equipment, investment property and intangible assets, but not including financial methods and deferred income tax assets.

(IV) Main customer information

The Consolidated Company has no customer whose income is over 10% of net operating revenue in consolidated comprehensive income statement as of 2015 and 2014.