Stock No.：5530

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The Three Months Ended March 31, 2019 and 2018
(Including an Independent Auditor's Audit Report)

Address: 1F., No. 166, Sec. 2, Minquan E. Rd., Taipei City
Tel. No.: (02)2712-1628

Table of Contents

Independent Auditor's Audit Report

To Board of Directors of Lungyen Life Service Corp.:

Introduction

We have audited the accompanying consolidated balance sheets of Lungyen Life Service Corp. and its subsidiaries (the "Company") as of March 31, 2019 and 2018, the related consolidated statements of comprehensive income as of January 1 to March 31, 2019 and 2018, and consolidated statements of changes in equity and consolidated statement of cash flows as of three months ended March 31, 2019 and 2018. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

Except which mentioned in the paragraph of base on qualified opinion, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of responsible for financial and accounting matters, and applying analytical and other review procedures. A review that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express and audit opinion.

Base of Qualified Opinion

As mentioned in Note 4(2), part of the non-significant subsidiaries were consolidated based on their unreviewed financial reports of the corresponding period. Total assets were NT$1,378,219 thousand and NT$1,097,992 thousand as of March 31, 2019 and 2018, both accounting for 2% of the consolidated total assets; total liabilities were NT$205,814 thousand and NT$95,318 thousand, both accounting for 0% of the total consolidated liabilities. Comprehensive profits (losses) were NT$12,888 thousand and (NT$14,445) thousand for year 2019 and 2018, accounting for 1% and (2%) of the total consolidated comprehensive income.

Besides those mentioned above, as remarked in Note 6 (6), the Company's investment under equity method were NT$1,216,337 thousand and NT$1,257,934 thousand as of March 31, 2019 and 2018. Net losses from affiliates and joint-venture under equity method for the period from January 1 to March 31 of 2019 and 2018 were NT$11,590 and 7,438, respectively, which were based on those investees' unreviewed financial reports.

Qualified Opinion

Based on our reviews, except that the consolidated financial reports may have to be adjusted when financial reports of investees mentioned in section "Base of Qualified Opinion" is to be audited, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects the financial position of the entity as of March 31, 2019 and 2018, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting," endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

KPMG

CPA: *Zeng, Guo-Yang*

Lai. Li-Zeng

Approval issued by the competent securities authority:

FSC VI. Tzi No. 0940129108

May 10, 2019

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

March 31, 2019, December 31, and March 31, 2018

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

		3.31.2019		12.31.2018		3.31.2018	
	Assets	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current assets:						
1100	Cash and cash equivalents (Note 6 (1))	$ 165,842	-	194,002	-	184,160	-
1110	Financial assets at fair value through profit or loss – current (Note 6 (2) & 9)	1,035,607	2	1,527,182	2	1,780,536	3
1150	Notes receivable, net (Note 6 (3) & (20))	6,772	-	6,345	-	3,549	-
1170	Accounts receivable, net (Note 6 (3) & (20))	8,930,520	14	8,748,396	14	9,035,850	15
1320	Inventory (Note 6(4), 7, & 8)	15,575,420	25	15,440,765	25	14,919,004	24
1410	Prepayments	250,785	-	251,030	-	502,588	1
1460	Non-current assets to be sold(net)(Note 6(5) & 8)	834,394	1	2,565,683	4	-	-
1476	Other financial assets – current (Note 6 (12), 8, & 9)	2,628,446	5	2,113,425	3	1,736,036	3
1479	Other current assets (Note 7)	13,828	-	7,600	-	3,024	-
1480	Incremental cost of contract acquisition – current (Note 9)	7,990,468	13	7,969,334	13	8,200,874	13
		37,432,082	60	38,823,762	61	36,365,621	59
	Non-current assets:						
1517	Financial assets at fair value through other comprehensive income (Note 6 (2), 8, & 9)	10,678,221	18	10,048,850	17	8,987,470	15
1535	Financial assets at amortized cost – non-current (Note 6(2) & 9)	1,264,314	2	1,017,051	2	819,524	1
1550	Investment under equity method (Note 6 (6) & (7))	1,216,337	2	1,209,106	2	1,257,934	2
1600	Property, plant and equipment (Note 6 (8), 7, 8, & 9)	5,811,314	9	5,812,305	9	5,838,031	9
1755	Right-of-use assets (Note 6 (9) & 7)	48,442	-	-	-	-	-
1760	Investment property, net (Note 6 (10), 8, & 9)	3,887,476	6	3,893,572	6	6,474,872	10
1780	Intangible assets (Note 6 (11))	755,586	1	759,365	1	764,273	1
1840	Deferred income tax assets	899,795	1	899,795	1	942,876	2
1980	Other financial assets – non-current (Note 7)	52,919	-	55,838	-	51,536	-
1990	Other non-current assets - others	783,927	1	773,664	1	697,326	1
		25,398,331	40	24,469,546	39	25,833,842	41
	Total Assets	$ 62,830,413	100	63,293,308	100	62,199,463	100

		3.31.2019		12.31.2018		3.31.2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**	**Amount**	**%**
	Current liabilities:						
2100	Short-term loan (Note 6 (13))	$ 1,018,300	2	3,165,300	5	2,672,000	4
2110	Short-term notes payable (Note 6 (13))	73,958	-	-	-	-	-
2130	Contract Liability – current(Note 6 (20) & 9)	38,190,225	62	37,755,020	61	38,473,924	63
2150	Notes payable	7,008	-	7,105	-	-	-
2170	Payable accounts (Note 7)	614,247	1	617,756	1	502,136	1
2200	Other payable accounts (Note 7)	702,146	1	830,485	1	693,742	1
2230	Current income tax liabilities	304,395	-	290,179	-	289,168	-
2280	Lease liabilities-current	48,442	-	-	-	-	-
2310	Advance receipts	825,434	1	834,391	1	838,220	1
2399	Other current liabilities - others	30,107	-	7,835	-	32,702	-
		41,814,262	67	43,508,071	69	43,501,892	70
	Non-current liabilities:						
2530	Corporate bond payable (Note 6 (14))	3,203,863	5	3,190,916	5	3,152,389	5
2570	Deferred income tax liabilities	16,119	-	16,119	-	16,119	-
2640	Net defined benefit liability – non-current	30,686	-	30,686	-	31,263	-
2645	Deposit received	58,755	-	71,542	-	62,349	-
2670	Other non-current liabilities - others	2,981	-	2,981	-	2,981	-
		3,312,404	5	3,312,244	5	3,265,101	5
	Total liabilities	45,126,666	72	46,820,315	74	46,766,993	75
	Equity attributable to owners of parent (Note 6(14) & (18))						
3100	Capital stock – common stock	4,200,842	7	4,200,842	7	4,200,842	7
3200	Capital surplus	2,519,954	4	2,519,954	4	2,519,954	4
	Retained earnings:						
3310	Legal reserve	1,280,001	2	1,280,001	2	1,095,601	2
3350	Unappropriated retained earnings	6,939,245	11	6,293,123	10	5,835,955	9
3400	Other equity interest	1,309,637	2	688,453	1	369,562	1
	Total equity attributable to owners of parent	16,249,679	26	14,982,373	24	14,021,914	23
36xx	Non-controlling interest (Note 6 (7)&(18))	1,454,068	2	1,490,620	2	1,410,556	2
	Total Equity	17,703,747	28	16,472,993	26	15,432,470	25
	Total liabilities and equity	$ 62,830,413	100	63,293,308	100	62,199,463	100

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For The Three Months Ended March 31, 2019 and 2018

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

(Reviewed, Not Audited)

		2019 Q1		2018 Q1	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6 (5), (15), (20), & 7)**	$ 1,324,994	100	1,030,426	100
5000	**Operating cost(Note 6 (15) & 7)**	427,245	32	322,719	31
5900	**Operating gross profit (loss)**	897,749	68	707,707	69
	Operating expenses (Note 6 (16), (21) & 7)：				
6100	Selling expenses	164,738	13	178,689	17
6200	Administration expenses	149,257	11	141,057	14
6000		313,995	24	319,746	31
6500	**Other income and expenses (Note 6 (22))**	35,760	3	35,872	3
6900	**Operating income (loss)**	619,514	47	423,833	41
	Non-operating income and expenses (Note 6 (6), (23) & 7)：				
7010	Other income	52,112	4	68,605	7
7020	Other gains and losses	75,910	6	(59,372)	(6)
7050	Financial costs	(19,509)	(2)	(19,709)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6 (6))	(11,590)	(1)	(7,438)	(1)
		96,923	7	(17,914)	(2)
7900	**Operating income before tax**	716,437	54	405,919	39
7950	**Less: Income tax expense (Note 6 (17))**	46,024	3	(104,295)	(10)
	Net income	670,413	51	510,214	49
8300	**Other comprehensive income:**				
8310	**Items that may not be subsequently reclassified to profit or loss:**				
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	576,020	44	150,536	15
	Total items that may not be subsequently reclassified to profit or loss	576,020	44	150,536	15
8360	**Items that may be subsequently reclassified to profit or loss**				
8361	Exchange differences on translation of foreign statements	2,834	-	(2,749)	-
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income	32,603	2	(29,190)	(3)
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	15,984	1	762	-
	Total items that may be subsequently reclassified to profit or loss	51,421	3	(31,177)	(3)
8300	**Other comprehensive income, net**	627,441	47	119,359	12
	Total comprehensive income	**$ 1,297,854**	**98**	**629,573**	**61**
	Net income, attributable to:				
8610	Owners of parent	$ 646,078	49	477,206	46
8620	Non-controlling interest	24,335	2	33,008	3
		$ 670,413	**51**	**510,214**	**49**
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 1,270,837	96	596,314	58
8720	Non-controlling interest	27,017	2	33,259	3
		$ 1,297,854	**98**	**629,573**	**61**
	Earnings per share (Note 6 (19))				
9750	**Basic earnings per share (NTD)**	**$**	**1.54**		**1.14**
9850	**Diluted earnings per share (NTD)**	**$**	**1.39**		**1.04**

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

For The Three Months Ended March 31, 2019 and 2018

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

(Reviewed, Not Audited)

	Equity attributable to owners of parent												
	Capital Stock		Retained Earnings				Other equity interest						
	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated Earnings	Total	Exchange differences on foreign translation	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Unrealized gain (loss) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance – January 1, 2018	$ 4,200,842	2,519,954	1,095,601	-	4,253,894	5,349,495	(13,825)	-	472,440	458,615	12,528,906	1,377,297	13,906,203
Retrospective adjustment due to new accounting standard	-	-	-	-	1,104,855	1,104,855	-	264,279	(472,440)	(208,161)	896,694	-	896,694
Restated beginning balance	4,200,842	2,519,954	1,095,601	-	5,358,749	6,454,350	(13,825)	264,279	-	250,454	13,425,600	1,377,297	14,802,897
Net profit	-	-	-	-	477,206	477,206	-	-	-	-	477,206	33,008	510,214
Other comprehensive income	-	-	-	-	-	-	(1,987)	121,095	-	119,108	119,108	251	119,359
Total comprehensive income	-	-	-	-	477,206	477,206	(1,987)	121,095	-	119,108	596,314	33,259	629,573
Balance – March 31, 2018	**$ 4,200,842**	**2,519,954**	**1,095,601**	**-**	**5,835,955**	**6,931,556**	**(15,812)**	**385,374**	**-**	**369,562**	**14,021,914**	**1,410,556**	**15,432,470**
Balance – January 1, 2019	$ 4,200,842	2,519,954	1,280,001	-	6,293,123	7,573,124	(24,815)	713,268	-	688,453	14,982,373	1,490,620	16,472,993
Net income	-	-	-	-	646,078	646,078	-	-	-	-	646,078	24,335	670,413
Other comprehensive income	-	-	-	-	-	-	18,818	605,941	-	624,759	624,759	2,682	627,441
Total comprehensive income	-	-	-	-	646,078	646,078	18,818	605,941	-	624,759	1,270,837	27,017	1,297,854
Changes to subsidiaries' ownership	-	-	-	-	(3,531)	(3,531)	-	-	-	-	(3,531)	3,531	-
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	3,575	3,575	-	(3,575)	-	(3,575)	-	-	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(67,100)	(67,100)
Balance – March 31, 2019	**$ 4,200,842**	**2,519,954**	**1,280,001**	**-**	**6,939,245**	**8,219,246**	**(5,997)**	**1,315,634**	**-**	**1,309,637**	**16,249,679**	**1,454,068**	**17,703,747**

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows

For The Three Months Ended March 31, 2019 and 2018

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

(Reviewed, Not Audited)

		2019Q1	2018Q1
Cash flows from operating activities			
Profit (loss) before tax	$	716,437	405,919
Adjustments:			
Adjustments to reconcile profit (loss):			
Depreciation expense		36,862	36,716
Amortization expense		4,093	4,281
Net loss (gain) on financial assets or liabilities at fair value through profit or loss		(62,123)	(6,445)
Interest expense		19,509	19,709
Interest income		(69,275)	(69,916)
Dividend income		(9,211)	(12,831)
Share of profit (loss) of associates and joint ventures accounted for using equity method		11,590	7,438
Gain on disposal of non-current asset to be sold		(246,053)	-
Loss (gain) on disposal and scrap of property, plant and equipment		-	13
Disposal of investment gains (losses) using equity method		-	6,923
Exchange loss on financial assets or liabilities at fair value through other comprehensive income		(9,117)	31,504
Disposal loss on financial assets or liabilities at fair value through other comprehensive income		-	16,682
Total adjustments to reconcile profit (loss)		(323,725)	34,074
Changes in operating assets and liabilities:			
Decrease (Increase) on financial assets at fair value through income		553,698	(181,550)
Decrease (Increase) on notes receivable		(427)	13,028
Increase on account receivable		(151,444)	(308,686)
Increase on inventories		(134,655)	(150,655)
Decrease on prepayments		245	14,706
Decrease (Increase) on other financial assets		39,258	(15,749)
Increase on other current assets		(6,223)	(608)
Increase on incremental cost of contract acquisition		(28,998)	(23,370)
Increase on contract liabilities		435,205	563,623
Increase (Decrease) on accounts payable		(3,606)	38,022
Decrease on other payable		(97,922)	(141,825)
Increase (Decrease) on advance receipts		(8,957)	9,466
Increase on other current liabilities		22,269	24,140
Disposal of non-current asset to be sold		1,977,342	-
Total net change in operating assets and liabilities		2,595,785	(159,458)
Total Adjustments		2,272,060	(125,384)
Cash inflow (outflow) generated from operations		2,988,497	280,535
Interest received		35,440	70,669
Dividend received		9,211	12,831
Interest paid		(4,467)	(6,080)
Income taxes (paid)		(31,808)	(929)

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Cash Flows(Cont.)

For The Three Months Ended March 31, 2019 and 2018

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

(Reviewed, Not Audited)

	2019 Q1	2018 Q1
Net cash flows from (used in) operating activities	2,996,873	357,026
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(105,420)	(412,033)
Disposal of financial assets at fair value through other comprehensive income	93,513	166,258
Acquisition of financial assets measured by amortized cost	(324,253)	(405,756)
Held to maturity financial assets	75,000	-
Acquisition of property, plant and equipment	(26,426)	(19,921)
Acquisition of intangible assets	(314)	(3,923)
Decrease (increase) in other financial assets - current	(551,768)	508,302
Decrease (increase) in other financial assets - non current	2,922	(5,776)
Decrease in other non-current assets	(32,242)	-
Cash outflow due loss of control of subsidiaries	-	(17,621)
Net cash flows from (used in) investing activities	(868,988)	(190,470)
Cash flow from (used in) financing activities:		
Increase in short-term loans	2,727,000	544,000
Decrease in short-term loans	(4,874,000)	(696,000)
Increase in short-term notes payable	73,958	-
Decrease in guarantee deposits received	(12,787)	1,418
Lease principal repayment	(3,349)	-
Change in non-controlling interests	(67,100)	-
Net cash flows from (used in) financing activities	(2,156,278)	(150,582)
Effects of foreign exchange rates changes on cash and cash equivalents	233	(1,595)
Net increase in cash and cash equivalents	(28,160)	14,379
Cash and cash equivalents at beginning of period	194,002	169,781
Cash and cash equivalents at end of period	$ 165,842	184,160

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

Lungyen Life Service Corp. and Subsidiaries
Notes to Consolidated Financial Statements
For The Three Months Ended March 31, 2019 and 2018
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

I. Company profile

Lungyen Life Service Corp. (Original Da Han Construction; hereinafter referred to as the "Company") was incorporated in March 27, 1987, and was registered in 1F., No.166, Sec. 2, Minquan E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.). The Company and its subsidiaries (together referred to as the 'Consolidated Company' and individually as 'Group entities') is 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 May 10, 2019.

III. Application of new and revised standards and interpretations

(I) New and revised standards and interpretations approved by Financial Supervisory Commission

The Consolidated financial report has fully adopted IFRS approved by Financial Supervisory Commission (hereinafter referred to as the "FSC") and effective in 2019. The following table depicts the new, amended, revised standards and interpretations:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty of Income Tax Treatment"	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IAS 28 "Long-term interests in affiliated companies and joint ventures"	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019

Except for the following items, the Consolidated Company believes that the adoption of the above IFRSs would not have any material impact on its consolidated interim financial statements. The extent and impact of signification changes are as follows:

1. IFRS 16 "Leases"

IFRS 16 "Leases" (hereinafter referred to as IFRS 16) replaces the current IAS 17 "Leases" (hereinafter referred to as IAS 17), IFRIC 4 "Determining whether an arrangement includes a lease" (hereinafter referred to as IFRIC 4), SIC 15 "Business Leasing: Incentives" and SIC 27 "Evaluation the nature of the transaction involving leases in legal form"

The Consolidated Company adopts IFRS 16 retrospectively and adjusts the cumulative impact of the initial application to the retained earnings of January 1, 2019. The nature and impact of the changes in the relevant accounting policies are as follows:

(1) Definition of a Lease

The Consolidated Company previously determined whether an agreement is or includes a lease based on the IFRIC 4 on the contract beginning date. After changing the accounting policy, it is assessed whether the contract is or includes a lease in accordance with the lease definition of IFSR 16. The relevant accounting policies are detailed in Note 4 (3).

In the transition to IFRS 16, the Consolidated Company has chosen to use the expediency exemption to assess whether the transaction before the initial application date is a lease, that is, the contract previously identified as a lease is directly applicable to IFRS 16. Contracts that have previously been identified as non-lease in accordance with IAS 17 and IFRIC 4 are not reassessed as leases. Therefore, the lease definitions required by IFRS 16 apply only to contracts signed or changed on and after the initial application date.

(2) Lessee

A transaction in which the Consolidated Company is a lessee is previously assessed based on whether the lease contract has transferred almost all of the risks and payments attached to the underlying asset ownership. Under IFRS 16, the right-of-use assets and lease liabilities are recognized on the balance sheet for the lease contract.

The Consolidated Company chooses to apply the exemption for the lease of office and other equipment for short-term leases:

- Contract previously classified as an operating lease under IAS 17:

  At the time of the transition, the lease liability is measured by the present value of the remaining lease payments and discounted using the borrowing rate of the Consolidated Company on the initial application date. Right-of-use assets are measured in one of the following methods:

  i. The carrying amount of the right-of-use asset is the same as of the date of IFRS 16 commencement, but is discounted using the lessee's incremental borrowing rate on the initial application date. The

Consolidated Company applies this method to its large real estate lease.

ii. The amount of the lease liability is adjusted for all prepaid or payable lease payments related to the lease. The Consolidated Company applies all other leases in this method other than the foregoing case.

In addition, the Consolidated Company has transitioned to IFRS 16 using the following expedient practices:

i. Single discount rate for lease combinations with similar characteristics.

ii. As an alternative to the impairment assessment of the right-of-use asset, based on the results of the assessment of the loss-making contract according to the IAS 37 “Liabilities Reserve, Contingent Liabilities and Contingent Assets” before the date of initial application.

iii. For leases that are matured within 12 months after the initial application date, the right-of-use asset and lease liability are not recognized.

iv. The original direct cost is not included in the measurement of the right-of-use asset on the initial application date.

v. In the case of a lease contract that includes a lease extension or termination option, the use of the hindsight is adopted when the lease term is determined.

Contract previously classified as a finance lease:

For the contract previously classified as a finance lease under the IAS 17, the carrying amount of the right-of-use asset and the lease liability on the initial application date is the amount of leased asset and lease liability measured in accordance with IAS 17.

(3) Lessor

Except for sub-leasing, the Consolidated Company is not required to make any adjustments to the transaction as a lessor in the transition to IFRS 16, and the IFRS 16 applies to the lease from the date of initial application.

Under IFRS 16, the classification of sub-leasing should be assessed based on the right-of-use asset rather than the underlying asset. At the time of the transition, the Consolidated Company reassesses its classification for the sub-lease classified as operating lease under the earlier application of IAS 17 and considers that the sublease should be classified as a finance lease under IFRS 16.

(4) Impact on financial reporting

In the transition to IFRS 16, the Consolidated Company recognizes the right-of-use assets and lease liabilities of NT$51,791 thousand on the initial application date. The lease liability is discounted at the incremental borrowing rate on the initial application date of the Consolidated Company. The weighted average of the interest rates is 0.78%. However, the difference between the amount of the operating lease commitments for the year prior to the initial application date and the lease liability recognized on the initial application date (which may be reasonably determined to exercise the lease extension option) is not significant, therefore there is no adjustments to be made.

2. IFRIC 23 "Uncertainty of Income Tax Treatment"

The new interpretation clarifies that when assessing the impact of income tax treatment on taxable income (loss), taxable base, unused tax losses, tax credit of investment and tax rates, it should be assumed that the tax authority will review the relevant amount and has obtained all relevant information at the time of the review.

If the Consolidated Company considers that the tax authority is likely to accept an uncertain tax treatment after assessment, it shall determine the taxable income (loss), tax base, unused tax losses, tax credit of investment and tax rates in a manner consistent with the treatment used in the tax return declaration. Otherwise, the most likely amount or expected value which is more appropriate to reflect the impact of each uncertain tax treatment shall be adopted.

The above assessment did not have a significant impact on the Consolidated Company's financial report.

(II) The impact of IFRS issued by IASB but not yet endorsed by the FSC

As of the date the following IFRSs that have been issued by the IASB, but not yet endorsed by the FSC:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

Those which may be relevant to the Consolidated Company are set out below:

Issuance / Release Dates	New Standard or Amendments	Interpretations
2014.9.11	Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets	To clarify that when an investor transfers its subsidiary to an affiliate or joint venture, if the assets sold or invested

	between an Investor and its Associate or Joint Venture"	constitute a business, the investor is deemed to have lost control of the business and should recognize all profits or losses; otherwise, the unrealized gains and losses should be calculated according to the shareholding ratio and deferred for recognition.
2018.10.22	Amendments to IFRS 3 "Definition of a Business"	The IASB issues an amendment to IFRS 3, which limits the scope of the business to improve the definition of the business. This amendment will assist the Company in determining whether to acquire a business or a group of assets. The revised definition emphasizes that the output of a business refers to the provision of goods and services to customers; the definition before the amendment focuses on the benefits of delivering dividends, lower costs or other economic benefits. In addition to the revised definition, the Board also provides supplementary guidance.
2018.10.31	Amendments to IAS 1 and IAS 8 "Definition of Material"	Explain the definition of materiality and how it can be applied to guidelines that refer to materiality in existing standards. And improve the related interpretation of the definition of materiality and ensure that the definitions of all criteria are consistent.

The Consolidated Company is evaluating the impact on its consolidated financial position and consolidated financial performance upon the initial adoption of the abovementioned standards or interpretations. The results thereof will be disclosed when the Consolidated Company completes its evaluation.

IV. Summary of significant accounting policies

(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 IAS 34 "Interim Financial Reporting" approved by the FSC. The quarterly consolidated financial report does not include all the necessary information disclosed in the annual consolidated financial statements according to Regulations Governing the Preparation of Financial Reports by Issuers 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.

Except as described in the followings, the significant accounting policies applied in this consolidated financial report is consistent to the 2018 annual consolidated financial statements. Please refer to Note 4 of the 2018 annual consolidated financial statements for other related information.

(II) Basis of Consolidation

1. List of subsidiaries included in the consolidated financial statements

Name of Investment company	Name of subsidiary	Nature of Business	Shareholding ratio			Remarls
			3.31.2019	12.31.2018	3.31.2018	
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	98.20%	(Note)
The Company	Yuji Development Corp.	Funeral services business operation	54.42%	54.42%	54.42%	
The Company	Dahan Property Management Co., Ltd.	Housing and building development and rental business operations, etc.	80.00%	80.00%	80.00%	(Note)
The Company	Sea Dragon Traders Ltd.(BVI)	Investment business	100.00%	100.00%	100.00%	(Note)
The Company	Singapore Lungyen Life Service Pte.Ltd.	Funeral services	100.00%	100.00%	100.00%	(Note)
The Company	Lung An Company Limited.	Funeral services	100.00%	100.00%	100.00%	(Note)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services	100.00%	77.75%	77.75%	(Note 4(2), 3.)

Note: Not major subsidiary, thus financial statements aren't reviewed by independent auditors.

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

3. Changes in subsidiary:

(1) Yuji Development Corp. acquired the shares of other shareholders of Lung Fu Company Limited in January 2019. The number of shares acquired was 6,030 thousand shares, and the purchase price was NT$67,100,000. After the acquisition, the shareholding ratio of Yuji Development Corp. increased from 77.75% to 100.00%. In addition, Lung Fu Company Limited increased its capital by NT$100,000 in February, 2019, and Yuji Development Corp. subscribed in full.

(III) Leases

1. Lease judgement

   The Consolidated Company evaluates whether the contract is or includes a lease on the contract establishment date. If the contract transfers control of the use of the identified asset for a period of time in exchange for the consideration, the contract is or includes a lease. In order to assess whether the contract is a lease, the Consolidated Company evaluates the following items:

   (1) The contract involves the use of an identified asset that is expressly specified in the contract or is implicitly specified as it is available for use. The asset may be distinguished or represents substantially all of the capacity. If the supplier has material rights to replace the asset, the asset is not an identified asset; and,

   (2) The right to obtain almost all economic benefits from the use of identified assets throughout the period of use; and,

   (3) Obtain the right to use the identified assets when one of the following conditions is met:

   i. The customer has the right to determine the use of the identified assets and the purpose of its use throughout the period of use.

   ii. The decision-making process regarding the use of the asset and the purpose of its use is predetermined, and

   - The customer has the right to operate the asset throughout the period of use and the supplier has no right to change such operational instructions; or

   - The way the customer designs the asset has pre-determined the use of the asset and the purpose of its use throughout its life.

   When the lease is established or the reassessment of the contract includes a lease, the Consolidated Company distributes the consideration in the contract to the individual lease component on a relative price basis. However, regarding leases of land and buildings, the Consolidated Company chooses to treat the lease component and the non-lease component as a single lease without distinguishing the non-lease component.

2. Lessee

   The Consolidated Company recognizes the right-of-use asset and the lease liability on the lease start date. The right-of-use asset is measured at cost. The cost includes the original measurement amount of the lease liability, adjusted by any lease payments paid on or before the lease start date, plus the original direct cost incurred and the estimated cost of dismantling, removing the underlying asset and restoring the location or underlying asset, and deducting any rental incentives received.

The right to use assets is subsequently depreciated on a straight-line basis over the period from the date of the lease to the expiration of the useful lives of the right-of-use asset or the expiration of the lease term. In addition, the Consolidated Company regularly assesses whether the right-of-use asset is impaired and deals with any impairment losses that have occurred, and adjusts the right-of-use asset in the event that the lease liability is re-measured.

The lease liability is measured at the present value of the lease payments that have not been paid on the lease beginning date. If the lease implied interest rate is easy to determine, the discount rate is the interest rate. If it is not easy to determine, the Consolidated Company's incremental borrowing rate will be used. In general, the Consolidated Company uses its incremental borrowing rate as the discount rate.

Lease payments that are included in the measurement of rental liabilities include:

(1) Fixed payment, including substantial fixed payment;

(2) Variable payments depending on an index or rate, the index or rate at the start date of the lease as the original measurement;

(3) Advanced payment of guaranteed residual value; and

(4) The exercise price or the penalty to be paid when it is reasonably determined that the purchase option or the lease termination option will be exercised.

The lease liability is subsequently accrued using the effective interest method and the amount is re-measured when:

(1) Changes in the index or rate used to determine the lease payment result in changes in future lease payments;

(2) Advanced payment of guaranteed residual value amount has changed;

(3) Changes in the assessment of the underlying asset purchase option;

(4) Changes in the estimate of whether to exercise the extension or termination option, and resulted in the change of the assessment on the lease term;

(5) Modification of the subject, scope or other terms of the lease.

When the lease liability is re-measured by the above-mentioned changes in the index or rate for determining the lease payment, the change in the guaranteed residual value, and the change in the evaluation of the purchase, extension or termination option, the book value of the right-of-use asset is adjusted accordingly. When the carrying amount of the right-of-use asset is reduced to zero, the remaining re-measurement amount is recognized in profit or loss.

For lease modifications that reduce the scope of the lease, the carrying amount of the right-of-use asset is reduced to reflect the partial or full termination of the lease, and the difference between the lease liability and the re-measurement of the lease liability is recognized in profit or loss.

The Consolidated Company will express the right-of-use assets and lease liabilities that are not in line with the definition of investment real estate in the balance sheet as separate items.

For short-term leases of office and other equipment and low-value underlying asset leases, the Consolidated Company chooses not to recognize the right-of-use assets and lease liabilities, and the related lease payments are recognized as expenses on a straight-line basis over the lease term.

The sale and leaseback transaction is based on the IFRS 15 to assess whether the transfer of assets to the buyer and the lessor meets the requirements for sales transaction. If it is determined to be processed as sales, the asset is derecognized and the relevant profit or loss of the rights transferred to the buyer and lessor is recognized. The leaseback transaction is subject to the lessee accounting principle, and the right-of-use asset is measured by the original amount of the leaseback asset; if it is judged that the lease does not meet the requirements of sales transaction, it is treated as financing lease.

3. Lessor

The transaction in which the Consolidated Company is the lessor is classified as a finance lease on the date of the lease when almost all the risks of the ownership and payments attached to the underlying assets is transferred, otherwise classified as an operating lease. At the time of the assessment, the consideration includes whether the lease period covers the major part of the economic life of the underlying asset and other relevant specific indicators.

If the Consolidated Company is a sub-lessor, the main lease and sub-lease transaction are processed separately, and the classification of the sub-lease transaction is evaluated based on the right-of-use asset generated by the main lease. If the main lease is a short-term lease and an exemption is applied, the sub-lease transaction should be classified as an operating lease.

If the agreement includes a lease and a non-lease component, the Consolidated Company allocates the consideration in the contract according to IFRS 15.

Assets held under finance leases are expressed as finance lease receivables of net lease investment amount. The original direct cost arising from negotiation and arrangement of operating leases is included in the net lease investment. The net investment in leases is a type of fixed rate of return that can be reflected in each period and is recognized as interest income during the lease term. For operating leases, the Consolidated Company uses the straight-line basis to recognize the lease payments received as rental income during the lease term.

(IV) Income Tax

The Consolidated Company measures and discloses interim income tax expenses according to IAS 34 “Interim Financial Reporting” B12.

The income tax expense is calculated by multiplying the pre-tax net income during the interim period by the best estimate of the management's estimated effective tax rate for the whole year, and fully recognizes it as current income tax expense.

When the statutory income tax rate changes during the interim period, the impact on the deferred income tax is recognized once during the reporting period of the change in the tax rate.

For income tax expenses that are recognized as equity or other comprehensive income, the temporary difference between book value of related assets, liabilities and taxable base should be measured by applicable tax rate at the expected realization time

(V) Employee Benefits

A confirmed pension plan during interim period will be calculated by the rate of pension cost from former year of the date of reporting on the basis of year-to-date period, and will have adjustments according to significant market fluctuation, significant reduction, settlement, or other significant one-time events.

V. The major sources of significant accounting judgements, estimations, and assumptions for the uncertainties

When the management has the consolidated financial statements prepared in accordance with the IAS 34 “Interim Financial Reporting” 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.

When preparing for the consolidated financial reports, the major sources of significant accounting judgements, estimations, and assumptions for the uncertainties that the management apply to accounting policies should be in accordance with Note (5) from the 2018 Consolidated Financial Statements.

VI. Important accounting accounts

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2018 annual consolidated financial statements. Please refer to Note 6 of the 2018 annual consolidated financial statements.

(I) Cash and cash equivalent

		3.31.2019	12.31.2018	3.31.2018
Cash on hand	$	8,055	3,966	4,565
Demand deposits		157,767	189,996	179,501
Check deposits				
Cash and cash equivalent on the Consolidated Statement of Cash Flow	$	165,842	194,002	184,160

For the exchange rate risk and sensitivity analysis disclosure of the Consolidated Company's financial assets and liabilities, please refer to Note 6(24).

(II) Financial assets

1. Current financial assets at fair value through profit and loss-current

		3.31.2019	12.31.2018	3.31.2018
Financial assets at fair value through profit and loss:				
Domestic and foreign common stocks	$	120,940	115,590	322,942
Beneficiary certificates		914,667	1,411,592	1,457,594
Total	$	1,035,607	1,527,182	1,780,536

For profits and losses recognized from the reevaluation at fair value, please refer to Note 6(23).

2. Financial assets at fair value through other comprehensive income – non-current

		3.31.2019	12.31.2018	3.31.2018
Liability instruments at fair value through other comprehensive income:				
Bonds	$	1,849,802	1,722,906	1,911,734
Equity instruments at fair value through other comprehensive income:				
Domestic and foreign common stocks		8,538,419	8,034,494	7,075,736
Beneficiary certificates		290,000	291,450	-
Total	$	10,678,221	10,048,850	8,987,470

(1) Liability instruments at fair value through other comprehensive income

The Consolidated Company held bond investment through cash flow from contract with customers and sales of financial assets, thus the Consolidated Company categorized those investments in bonds as financial assets at fair value through other comprehensive income.

The coupon rates of the Consolidated Company's bond investment at fair value through other comprehensive income were 1.625%～4.500%, 1.625%～4.500% and 1.90%～4.375% as of March 31, 2019, December 31, 2018 and March 31, 2018, respectively. The maturity years were 2020 to 2029, 2020 to 2028 and 2019 to 2028, respectively.

For profits and losses from disposal of investment, please refer to Note 6 (23).

(2) Equity instruments at fair value through other comprehensive income

The Consolidated Company was for long-term strategic reason and not for trading to hold those equity instruments, thus recognized them at fair value through other comprehensive income.

The Consolidated Company made disposal of a portion of equity instruments at fair value through other comprehensive income from January 1 to March 31, 2019 and 2018, with a fair value at NT$93,513 thousand and NT$0, respectively, an accumulated disposal profits of NT$3,575 thousand and NT$0, respectively, which have been transferred from other comprehensive income to retained earnings.

Details of credit risks (including impairment of debt instrument investment) and market risks can be found in Note 6 (24).

3. Financial assets at amortized cost – non-current

	3.31.2019	**12.31.2018**	**3.31.2018**
Bonds	$ 1,264,314	1,017,051	819,524

(1) The Consolidated Company held above investment to its maturity in order to collect the contract cash flow, which was fully for paying the principle and interests of outstanding principle, which was presented as financial assets carried at amortized cost.

(2) The coupon rates of the Consolidated Company's investments in financial assets at amortized cost on March 31, 2019, December 31, 2018 and March 31, 2018 were 0.625%～3.00%, 0.625%～2.45%, and 1.00%～2.45%, respectively. The maturity years were 2020 to 2038, 2020 to 2027 and 2019 to 2027, respectively.

4. For details of trusted part of the Consolidated Company's financial assets as of March 31, 2019, December 31 and March 31, 2018, please refer to Note 9 (3).

5. For details of the Consolidated Company's financial assets pledged as collateral as of March 31, 2019, December 31 and March 31, 2018, please refer to Note 8.

6. Sensitivity analysis – risks from equity price change

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:

	2019Q1		2018Q1	
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%	**$ 836,354**	**11,421**	**699,309**	**26,318**
Decreased by 10%	**$ (836,354)**	**(11,421)**	**(699,309)**	**(26,318)**

(III) Account receivables and note receivables

	3.31.2019	12.31.2018	3.31.2018
Note receivables – from operation	$ 6,772	6,345	3,549
Account receivables – at amortized cost	9,722,148	9,538,757	9,816,111
Less: allowance	(60,875)	(60,875)	(53,313)
Unrealized interest revenues	(730,753)	(729,486)	(726,948)
	$ 8,937,292	**8,754,741**	**9,039,399**

The Consolidated Company estimated expected credit risk of all account receivables and note receivables by the simplified method, which evaluates the expected credit losses by the duration. For the purpose of this measurement, these notes and receivables are grouped according to the common credit risk characteristics of the ability of the customer to pay all of the maturity amounts in accordance with the terms of the contract, combined with forward-looking information, including the overall economy and related industry information. The Consolidated Company's expected credit losses from account receivables and note receivables are analyzed below.

	3.31.2019		
	Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period
Non-overdue(*)	$ 9,677,305	0.00%~0.22%	3,357
Overdue for 31~90 days	2,639	29.65%	783
Overdue for 90~180 days	2,239	78.08%	1,748
Overdue for 181~270 days	2,163	91.84%	1,986
Overdue for 270 days and more	44,574	100.00%	44,574
	$ 9,728,920		**52,448**

	12.31.2018		
	Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period
Non-overdue(*)	$ 9,490,896	0.00%~0.22%	2,208
Overdue for 31~90 days	6,132	29.65%	1,818
Overdue for 90~180 days	2,160	78.08%	1,687
Overdue for 181~270 days	2,022	91.84%	1,856
Overdue for 270 days and more	43,892	100%	43,892
	$ 9,545,102		51,461

	3.31.2018		
	Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period
Non-overdue(*)	$ 9,649,099	0.00%~0.22%	41,448
Overdue for 31~90 days	45,933	3.36%~8.67%	2,770
Overdue for 90~180 days	32,229	〃	2,199
Overdue for 181~270 days	16,458	〃	1,254
Overdue for 270 days and more	75,941	〃	5,642
	$ 9,819,660		53,313

*Account receivables including undue amount as of March 31, 2019, December 31 and March 31, 2018 were NT$8,652,948 thousand, NT$8,500,476 thousand and NT$8,616,714 thousand, respectively.

Change of the Consolidated Company's allowance for account receivables and note receivables are listed below.

	2019Q1	2018Q1
Beginning balance	$ 60,875	53,313
Ending balance	$ 60,875	53,313

(IV) Inventory

	3.31.2019	12.31.2018	3.31..2018
Columbarium and cemetery for sale	$ 3,057,055	3,099,606	2,445,070
Construction Site	4,601,087	4,601,056	4,600,796
Residential and building under construction	103,097	92,118	80,711
Columbarium and cemetery under	7,814,181	7,647,985	7,792,427

construction				
	$	**15,575,420**	**15,440,765**	**14,919,004**
Expected to be recovered in more than twelve months	$	**15,556,774**	**15,419,793**	**14,760,669**

1. As of January 1 to March 31 of 2019 and 2018, the capitalized interest amount recognized by the Consolidated Company of residential and building under construction as well as columbarium and cemetery under construction is zero.
2. Parts of the land of the Consolidated Company (refer to as "the principal") was registered by the trustee's name in order to deal with the land purchasing. The two sides signed the contract regulating that after land consolidation has been completed, the property will be transferred to the Consolidated 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. For the Consolidated Company's inventories pledged as collateral as of March 31, 2019 and December 31 and March 31 2018, please refers to Note 8.

(V) Non-Current Assets Held for Sale

		3.31.2019	12.31.2018
Land held for sale	$	679,162	1,762,998
Houses and buildings held for sale		155,232	802,685
	$	**834,394**	**2,565,683**

1. The Consolidated Company's Board meeting made resolution on August 10, 2018 to dispose part of its investment properties. Since no impairment occurred when comparing the book value and the fair value minus disposal costs, those assets for sale were recognized at book value in non-current assets held for sale.
2. The Consolidated Company sold the non-current assets held-for-sale of the 2nd section, Dunhua South Road, Taipei City on November 7, 2018, and completed the ownership transfer procedure in January 2019. Therefore, the profit from disposal of NT$246,053 thousand was recognized under the operating income in the first quarter of 2019, please see Note 6 (20).

(VI) The investment under equity method

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

		3.31.2019	12.31.2018	3.31.2018
Affiliates	$	418,115	417,658	424,968
Joint venture		798,222	791,448	832,966
	$	**1,216,337**	**1,209,106**	**1,257,934**

· Affiliates

(1) Affiliated enterprises having significant importance to the Company, the relevant

information is as follow:

Affiliates	Nature of the relationship with the Company	Major operating place/ Country	Ownership & voting ratio		
			3.31.2019	12.31.2018	3.31.2018
Lung Ting Life Sciences Co. Ltd.	Flower cultivation , wholesales, and retail business	Taiwan	49.00%	49.00%	49.00%

Summary of financial information of the affiliated enterprises having significant importance to the Consolidated Company is as follows:

· Financial information for Lung Ting Life Sciences Ltd

	3.31.2019	12.31.2018	3.31.2018
Current Assets	$ 225,995	222,526	213,488
Non-current Assets	258,204	265,544	281,952
Current Liabilities	(10,314)	(13,060)	(9,545)
Non-current Liabilities	(1,677)	(1,677)	-
Net Assets	$ 472,208	473,333	485,895
Net Assets attributable to controlling equity	$ 240,826	241,400	247,807
Net Assets attributable to the owner of the investee	$ 231,382	231,933	238,088

	2019Q1	2018Q1
Operating Revenue	$ 33,600	27,169
Current net loss	$ (1,125)	(3,081)
Other comprehensive profit or loss	-	-
Total profit or loss	$ (1,125)	(3,081)
Total comprehensive profit or loss attributable to controlling equity	$ (574)	(1,571)
Total comprehensive profit or loss attributable to the owner of the investee	$ (551)	(1,501)

	2019Q1	2018Q1
The share of the Consolidated Company's net assets of affiliated enterprises at the beginning period	$ 231,933	239,598
Total comprehensive profit or loss attributable to the Consolidated Company	(551)	(1,510)
The book value of the Consolidated Company's equity in the affiliated enterprise of the Company	$ 231,382	238,088

(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 Consolidated Company's financial report.

	3.31.2019	12.31.2018	3.31.2018
Ending balance of affiliated enterprise under equity method which is not significant individually	$ 186,733	185,725	186,880

	2019 Q1	2018 Q1
Attribute to the Company:		
Continuing operations' current loss	$ 374	260
Other comprehensive profit or loss	633	762
Total comprehensive profit or loss	$ 1,007	1,022

(3) As of March 31, 2019, December 31, 2018 and March 31, 2018, the Consolidated Company did not have its investment using equity method pledged as collateral.

(4) Joint Venture

The Consolidated Company, Bliss Knight Limited and SINO-OCEAN Group signed a joint-venture agreement on December 31, 2017 based on the cooperation framework of jointly developing, constructing and operating cemetery sites and also developing and marketing funeral related services and products. The JV uses one of the Consolidated Company's existing subsidiaries, Lungyen Cayman, and was renamed Long Young Cayman by US$28,000 thousand in January, 2018, which decreased the Consolidated Company's ownership from 100% to 50%. Henceforth the Consolidated Company would never recognized Long Young Life's profits and losses into consolidated financial statement but treat them with equity method since 2018 instead.

Long Young Life's financial condition was summarized in below table based on its own financial reports and fair value at acquisition and differences in accounting policy were adjusted accordingly.

	3.31.2019	12.31.2018	3.31.2018
Ownership	50%	50%	50%
Non-current assets	$ 1,578,662	1,562,292	850,984
Current assets	24,445	27,247	814,948
Current liabilities	(6,663)	(6,643)	-
Net assets	$ 1,596,444	1,582,896	1,665,932
Cash and cash equivalents	$ 24,445	27,247	523,287

Net assets attributable to the Consolidated Company	$ 798,222	791,448	832,966

	2019 Q1	2018 Q1
Revenues	$ -	-
Net losses	$ -	-
Net losses from continuing operations	(22,826)	(10,571)
Other comprehensive income	30,702	-
Total comprehensive income	$ 7,876	(10,571)
Total current net loss attributable to the Consolidated Company (Remarks)	$ (11,413)	(6,188)
Total other comprehensive income attributable to the Consolidated Company	$ 15,351	-

Remarks: ending exchange rate of US$ on March 31, 2019: 30.825;

average exchange rate of US$ for the first quarter of 2019: 30.836

(5) Unreviewed investments under equity method which

Investments under equity method and their profits and losses and other comprehensive income attributable to the Consolidated Company were calculated without the CPA's review, except Yuji Construction Co., whose financial reports were reviewed by the CPA.

(VII) Subsidiaries in which the Consolidated Company has significant influence but with noe control

Subsidiaries in which the Consolidated Company has significant influence but with no control as below:

Name of subsidiaries	Main operation location /Country of registration	Proportion of shareholdings held by non-controlling interest and voting rights		
		3.31.2019	12.31.2018	3.31.2018
Yuji construction Co. Ltd.	Taiwan	45.58%	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:

	3.31.2019	12.31.2018	3.31.2018
Current asset	$ 3,452,919	3,422,653	3,163,708
Non-current asset	570,837	412,149	468,818
Current liability	(790,126)	(653,960)	(632,357)
Equity	$ 3,233,630	3,180,842	3,000,169

Book value of ending non-controlling interests	$ 1,454,142	1,430,081	1,347,729

	2019Q1	2018Q1
Operating revenue	$ 267,379	130,805
Net income	$ 53,392	73,479
Other comprehensive income	5,885	550
Total comprehensive income	$ 59,277	74,029
Net income, attributable to non-controlling interest	$ 24,336	33,492
Total comprehensive income, attributable to non-controlling interest	$ 27,018	33,743

	2019Q1	2018Q1
Cash flows from operating activities	$ 471,793	7,425
Cash flows from investing activities	(574,356)	(6,600)
Cash flows from financing activities	105,000	-
Net cash flow increase (decrease)	$ 2,437	825

(VIII) Property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the Consolidated Company's property, plant, and equipment in 2019 and 2018 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, 2019	$ 2,415,999	2,829,630	94,199	56,502	4,100	187,108	952,226	6,539,764
Additions	-	9,616	-	-	-	1,626	15,184	26,426
Reclassification	-	5,771	-	-	-	1,800	(7,571)	-
Balance on March 31, 2019	$ 2,415,999	2,845,017	94,199	56,502	4,100	190,534	959,839	6,566,190
Balance on January 1, 2018	$ 2,359,206	2,770,810	93,403	56,283	4,100	170,088	1,022,373	6,476,263
Additions	-	1,530	-	-	-	5,474	12,917	19,921
Disposal and scrap	-	-	-	(24)	-	(21)	-	(45)
Loss of Control in subsidiaries	-	-	(1,516)	(88)	-	-	-	(1,604)
Reclassification	15,456	-	1,000	-	-	-	(16,489)	(33)
Balance on March 31, 2018	$ 2,374,662	2,772,340	92,887	56,171	4,100	175,541	1,018,801	6,494,502
Depreciation and impairment loss:								
Balance on January 1, 2019	$ -	521,956	74,486	54,439	3,293	73,285	-	727,459
Current depreciation	-	21,118	1,137	243	45	4,874	-	27,417
Balance on March 31,	$ -	543,074	75,623	54,682	3,338	78,159	-	754,876

2019								
Balance on January 1, 2018	$ -	449,850	69,761	54,066	3,113	54,508	-	631,298
Current depreciation	-	17,474	3,043	229	45	4,692	-	25,483
Disposal	-	-	-	(17)	-	(15)	-	(32)
Loss of Control in subsidiaries	-	-	(240)	(38)	-	-	-	(278)
Balance on March 31, 2018	$ -	467,324	72,564	54,240	3,158	59,185	-	656,471
Book value:								
January 31, 2019	$ 2,415,999	2,307,674	19,713	2,063	807	113,823	952,226	5,812,305
March 31, 2019	$ 2,415,999	2,301,943	18,576	1,820	762	112,375	959,839	5,811,314
January 31, 2018	$ 2,359,206	2,320,960	23,642	2,217	987	115,580	1,022,373	5,844,965
March 31, 2018	$ 2,374,662	2,305,016	20,323	1,931	942	116,356	1,018,801	5,838,031

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 Principal unconditionally upon the completion of land consolidation. The 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 details of assets pledged as collateral as of March 31, 2019, December 31, and March 31, 2018, please refer to Note (8).
3. For details of part of the property, plant and equipment trusted as of March 31, 2019 and December 31, and March 31, 2018, please refer to Note 9 (3)

(IX) Right-of-use assets

The costs, depreciation and impairment losses of the Consolidated Company's leased land, buildings, construction and transportation equipment are as follows:

	Land	Houses and Buildings	transportation equipment	Total
Cost of right-of-use assets：				
Balance on January 1, 2019	$ -	-	-	-
Effect on retrospective application of IFRS16	574	29,894	21,323	51,791
Balance on march 31, 2019	**$ 574**	**29,894**	**21,323**	**51,791**
Depreciation and impairment loss of right-of-use assets：				
Balance on January 1, 2019	$ -	-	-	-
Current depreciation	59	2,244	1,046	3,349

Balance on march 31, 2019	$ 59	2,244	1,046	3,349
Book Value：				
March 31, 2019	$ 515	27,650	20,277	48,442

(X) Investment property

The changes in investment for the Company as the followings:

	Land and improvements	Building and construction	Total
Cost or identified cost:			
Balance on January 1, 2019	$ 3,259,021	1,015,581	4,274,602
Balance on March 3, 2019	$ 3,259,021	1,015,581	4,274,602
Balance on January 1, 2018	$ 5,022,148	1,992,136	7,014,284
Balance on March 3, 2018	$ 5,022,148	1,992,136	7,014,284
Depreciation and impairment loss:			
Balance on January 1, 2019	$ 19,910	361,120	381,030
Current depreciation	-	6,096	6,096
Balance on March 31, 2019	$ 19,910	367,216	387,126
Balance on January 1, 2018	$ 19,910	508,269	528,179
Current depreciation	-	11,233	11,233
Balance on March 31, 2018	$ 19,910	519,502	539,412
Book value:			
January 1, 2019	$ 3,239,111	654,461	3,893,572
March 31, 2019	$ 3,239,111	648,365	3,887,476
January 1, 2018	$ 5,002,238	1,483,867	6,486,105
March 31, 2018	$ 5,002,238	1,472,634	6,474,872

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6 (15).
2. There is no significant difference between the fair value of the investment property of the Consolidated Company and the information disclosed in Note 6 (10) of the consolidated financial statements of 2018.
3. The Consolidated Company re-classified the land, building and construction to the non-current assets to be sold after the resolution of the board of directors on August 10, 2018. Please refer to Note (6)
4. With regards to real estate delivered to investment trust case as of March 31, 2019, December 31 and March 31, 2018, please refer to Note 9 (3).
5. For the investment property pledged for collateral on March 31, 2019, December 31 and March 31, 2018, please refer to Note 8.

(XI) Intangible assets:

Cost, amortization and impairment loss of the Consolidated Company's intangible assets as the followings:

		Goodwill	Trademark	Computer Software	Total
Cost:					
Balance on January 1, 2019	$	542,428	192,750	134,115	869,293
Acquired separately		-	-	314	314
Balance on March 31, 2019	**$**	**542,428**	**192,750**	**134,429**	**869,607**
Balance on January 1, 2018	$	542,428	192,750	121,954	857,132
Acquired separately		-	-	3,923	3,923
Balance on March 31, 2018	**$**	**542,428**	**192,750**	**125,877**	**861,055**
Amortization and impairment loss:					
Balance on January 1, 2019	$	-	-	109,928	109,928
Current Amortization		-	-	4,093	4,093
Balance on March 31, 2019	**$**	**-**	**-**	**114,021**	**114,021**
Balance on January 1, 2018	$	-	-	92,501	92,501
Current Amortization		-	-	4,281	4,281
Balance on March 31, 2018	**$**	**-**	**-**	**96,782**	**96,782**
Book value:					
January 1, 2019	**$**	**542,428**	**192,750**	**24,187**	**759,365**
Balance on March 31, 2019	**$**	**542,428**	**192,750**	**20,408**	**755,586**
January 1, 2018	**$**	**542,428**	**192,750**	**29,453**	**764,631**
Balance on March 31, 2018	**$**	**542,428**	**192,750**	**29,095**	**764,273**

The Consolidated Company conducts impairment assessment for goodwill and trademark every year. According to the impairment assessment carried out on December 31, 2018 and 2017, no impairment loss shall be recognized.

(XII) Other financial assets - current

The Consolidated Company's other financial assets as below:

		3.31.2019	12.31.2018	3.31.2018
Time deposit – trust account	$	555,154	350,000	296,287
Current deposit – trust account		767,758	828,307	443,022
Current deposit – management fees account		851,992	853,870	870,445
Other receivables		2,841	7,530	5,102
Other notes receivables		407,163	-	-
Bond interest receivables		23,062	20,551	20,091
Restricted assets		709	709	709

Receivables for sales of securities	-	42,865	83,726
Others	19,767	9,593	16,654
Total	$ 2,628,446	2,113,425	1,736,036

(XIII) Short-term loan

The Consolidated Company's short-term loan and short-term notes payable as below:

	3.31.2019	12.31.2018	3.31.2018
Guaranteed bank loans	$ 828,000	2,762,000	2,270,000
Unguaranteed bank loans	190,300	403,300	402,000
Short-term notes payable	73,958	-	-
Total	$ 1,092,258	3,165,300	2,672,000
Unused credit lines	$ 7,450,700	3,302,700	3,306,000
Range of interest rates	0.68%~1.298%	0.68%~1.15%	0.68%~1.20%

1. For details of the Consolidated Company's exposure to exchange rate, foreign currency and liquidity risk, please refer to Note 6 (24).
2. Issuance and repayment of short-term loan and short-term notes payable

   From January 1 to March 31, 2019 and 2018, the increase amount was NT$2,800,958 thousand and NT$544,000 thousand, interest rates are 0.68%~1.298% and 0.68%~1.20%, respectively; the repayment was NT$4,874,000 thousand and NT$696,000 thousand, respectively.
3. For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIV) Long-term loan

Details of the Consolidated Company's corporate bond payable is as follows:

	3.31.2019	12.31.2018	3.31.2018
Unsecured convertible bond	$ 3,203,863	3,190,916	3,152,389
Equity component- convertible rights (booked as capital reserve)	$ 9,961	9,961	9,961

Main rights and responsibilities for the domestic unsecured corporate bond issued by the Company on April, 2017 are as of follows:

Item	Content
Total amount of the issue	Total amount of the issuance is NT$3,113,000,000, each face value is NT$100,000.The actual issue price of the convertible bond through private placement is NT$100,000.

Issue coupon rate	0%
Issue period	April 10, 2017, for 3 years.
Ways of return	In addition to writing off of the bond, the Company could repay 104.5% of the face value of the bond on maturity date.
Convertible price	NT$59.30 per share.
Convertible period	The holder of the bond could be converted into ordinary shares of the Company at any time after one month of the date of issuance of the private convertible bonds (May 11, 2017) until the expiry date (March 31, 2020), except for the period from the date on which the Company has paid off the free shareholding, the cash dividend or the cash increase account, the date of the distribution of the rights distribution, 15 business days before the consolidated or division of the base date, and to the date of consolidation or division of the base date, the date of the reduction of the capital reduction from the date of the reduction of the stock to commemorate the day before the commencement of trading and other ordinary shares of the Company suspended by the transfer period.
Others	No redemption, put option and re-establishment

(XV) Operating lease

The Consolidated Company leased its investment property (including non-current assets held for sale) by means of operating lease. Since there is no transfer of almost all risk for the ownership of the underlying assets, the lease contracts are classified as operating leases. Please refer to Note 6 (5) and (10). The maturity analysis of the lease payment for the total amount of undiscounted lease payments to be received in the future is as the follows:

	3.31.2019	12.31.2018	3.31.2018
Within 1 year	$ 187,934	190,813	198,881
1~5 years	636,531	642,567	578,460
Over 5 years	1,525,489	1,568,232	1,400,544
	$ 2,349,954	**2,401,612**	**2,177,885**

The rent income arising from the investment property amounted to NT$44,274 thousand and NT$48,348 thousand as of 2019Q1 and 2018Q1, respectively. The repair, depreciation and maintenance expenses (booked in the "Operating cost") incurred from investment property are as follows:

	2019Q1	2018Q1
Rent income generated	$ 17,143	22,191
Rent income not generated	-	-

	$ 17,143	22,191

(XVI) Employee welfare

1. Defined benefit plan

   Management believes that in prior fiscal year, there was no material volatility of the market, no material reimbursement and settlement or other material one-time events. As a result, the Consolidated Company adopts the pension cost decided actuarially as of December 31, 2018 and 2017 to measure and disclose the pension cost during the interim period.

   Details of expenses reported by the Consolidated Company are as follows:

	2019Q1	2018Q1
Administrative expense	$ 9	10

2. Defined contribution plan

   The Consolidated Company's pension expense under the defined contribution plan as follows, the amount has been appropriated to the Bureau of Labor Insurance:

	2019Q1	2018Q1
Operating cost	$ 2,082	2,032
Administrative expenses	2,843	2,702
	$ 4,925	4,734

(XVII) Income tax

1. Income tax expense is simply calculated on financial income before tax in the interim report multiplied by the estimated annual effective tax rate.

2. Income tax expenses

   The Consolidated Company's income tax expenses are as follows:

	2019Q1	2018Q1
Current income tax expenses		
Current generated	$ 14,216	48,393
Overestimate (underestimate) of previous income tax	-	(1,183)
Increase of land tax	31,808	201
	46,024	47,411
Deferred income tax expenses (profits)		
Change in income tax rate	-	(135,882)
Temperate differences happened and return	-	(15,824)
Income tax (profits) expenses	$ 46,024	(104,295)

3. The Company's income tax returns have been audited by the tax authorities up to 2017, except for the tax return of 2015.

(XVIII) Capital and other equity

Except as described below, there were no significant changes in the equity capital and other equity accounts of the Consolidated Company during the three months ended in March 31, 2019 and 2018, for more information please refer to Note 6 (18) of the 2018 annual consolidated financial statements.

The Consolidated 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 420,084 thousand common stock shares issued as of March 31, 2019, December 31 and March 31, 2018. The outstanding common stock shares were 420,084 thousand as of March 31, 2019, December 31 and March 31, 2018.

1. Issuance of Ordinary shares
   The Company resolved in special shareholders' meeting on January 25, 2017 to authorize the Board of Directors to increase paid- up capital and issue ordinary shares through private placement but not exceeding 21,000 thousand shares within a year after the interim. The Company has resolved after meeting of the Board of Directors to issue 21,000 thousand ordinary shares through private placement at NT$62.1 per share, and NT$10 par, so the total is NT$1,304,100 thousand. March 29, 2017 is the date of capital increase, related regulated registration procedures have been completed.

   The transfer of the aforesaid private placement and its free distribution of shares shall be subject to the provisions of section 43.8 of the Securities Exchange Act and after the expiration of three years from the date of delivery of the ordinary shares through private placement (April 10, 2017), first of all, go to TPEX or TWSE for issuance of standard letter in order to apply to the authorities for reimbursement, and to TPEX or TWSE to apply for the private placement of the ordinary shares for trading.

2. Additional paid-in capital
   The Company's additional paid-in capital balance:

		3.31.2019	**12.31.2018**	**3.31.2018**
Stock premium	$	2,486,172	2,486,172	2,486,172
The difference between the disposal price of subsidiaries' equity and book value		20,972	20,972	20,972
Recognition changes in net equity of subsidiaries		2,849	2,849	2,849
Stock option for convertible bonds		9,961	9,961	9,961

issued	$ 2,519,954	2,519,954	2,519,954

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.

3. 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 No. 1010012865 Order issued on April 6 2012 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 2018 earnings was proposed by the board of directors on April 11, 2019; also, the distribution of 2017 earnings was resolved in the general shareholders' meeting on June 20, 2018. The distribution of dividends to shareholders is as follows:

	2018		2017	
	Share distribution rate (NT$)	**Amount**	**Share distribution rate (NT$)**	**Amount**
Dividends distributed to common stock shareholders:				
Cash	$ 3.00	1,260,253	2.50	1,050,210

4. Other equity

	Exchange differences from the translation of foreign institution's financial statements	**Investments at fair value through other comprehensive income**	**Total**
January 1, 2019	$ (24,815)	713,268	688,453
The Consolidate Company	2,834	605,941	608,775
Exchange difference of affiliate company using equity method	15,984	-	15,984
Disposal of equity instruments measured at fair value through other comprehensive gains and losses	-	(3,575)	(3,575)
Balance on March 31, 2019	$ (5,997)	1,315,634	1,309,637

	Exchange differences from the translation of foreign institution's financial statements	**Investments at fair value through other comprehensive income**	**Available-for-sale investment**	**Total**
January 1, 2018	$ (13,825)	-	472,440	458,615
Retrospective adjustment due to new accounting standard	-	264,279	(472,440)	(208,161)
Re-estimated balance on January 1, 2018	(13,825)	264,279	-	250,454
The Consolidate Company	(2,749)	121,095	-	118,346
Exchange difference of affiliate	762	-	-	762

company using equity method				
Balance on March 31, 2018	$ (15,812)	385,374	-	369,562

5. Non-controlling equity

	2019Q1	2018Q1
Balance at beginning of period	$ 1,490,620	1,377,297
Non-controlling equity		
Net profit of non-controlling equity	24,335	33,008
Unrealized gains and losses of financial assets at fair value through other comprehensive income	2,682	251
Equity changes to subsidiaries	3,531	-
Acquisition of shares of subsidiaries to non-control equity	(67,100)	-
Balance at end of period	$ 1,454,068	1,410,556

(XIX) Earnings per share

The Consolidated Company's basic earnings per share and diluted earnings per share are calculated as followings:

	2019Q1	2018Q1
Basic earnings per share		
Net income attributable to the Consolidated Company's common stock shareholders:	$ 646,078	477,206
Weighted average outstanding common stock shares	420,084	420,084
	$ 1.54	1.14
Diluted earnings per share		
Net income attributable to the Consolidated Company	$ 646,078	477,206
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		
Convertible Bond	10,358	10,190
Net income attributable to the Consolidated Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	$ 656,436	487,396
Weighted average outstanding common stock shares	420,084	420,084
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		
The impact of stock bonus to employees	386	381
The impact of convertible bond	52,496	50,234
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	472,966	470,699
	$ 1.39	1.04

(XX) Revenues from contracts with customers

1. Details of revenues

	2019Q1					
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Construction and sales (Note)	Total
Area of main: market						
Taiwan	$ 556,344	395,725	44,274	82,598	246,053	1,324,994
Revenues recognized at:						
Goods or services that are transferred at a certain point in time	$ 556,344	395,725	44,274	82,598	246,053	1,324,994

Note: Net benefits from disposal of the investment property with price of NT$1,991,684 thousand minus the related costs and expenses of NT$1,745,631 thousand.

	2018Q1					
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Construction and sales (Note)	Total
Area of main: market						
Taiwan	$ 449,819	450,169	48,348	82,090	-	1,030,426
Revenues recognized at:						
Goods or services that are transferred at a certain point in time	$ 449,819	450,169	48,348	82,090	-	1,030,426

2. Outstanding contract amount

	3.31.2019	12.31.2018	3.31.2018
Account receivables and note receivables	$ 9,728,920	9,545,102	9,819,660
Less: allowance	(60,875)	(60,875)	(53,313)
Unrealized interests revenues	(730,753)	(729,486)	(726,948)
Total	$ 8,937,292	8,754,741	9,039,399
Contract liabilities – presale of columbarium and cemetery products and contracts of funeral services	$ 38,190,225	37,755,020	38,473,924

For the disclosure of accounts receivable and its impairment, please refer to Note 6 (3).

The beginning balance of the contract liabilities on January 1, 2019 and 2018 was recognized as income of NT$588,685 thousand and NT$631,196 thousand from January 1 to March 31, 2019 and 2018, respectively.

Those contract liabilities are from sales of pre-sale cemetery and columbarium and pre-need funeral contract which have not yet been completed, paid off or performed. Those contract liabilities will be recognized as revenue when the recognition criteria are met.

(XXI) Remuneration to employees, directors and supervisors

According to the Company's Articles of association approved by the Board but not yet approved by the shareholder meeting, 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 remuneration to employees from January 1 to March 31, 2019 and 2018 were NT$7,038 thousand and NT$3,861 thousand, respectively, and the remuneration to directors and supervisors were NT$14,076 and NT$7,721 thousand, respectively. The estimated basis is that after-tax net income of the specific period before deducting the remuneration to employees and directors multiplied by the distribution ratio of the Company's Articles of association, and is reported as operating expense during the period. When there is difference between the actual and estimated distribution amount in the next year, it will be conducted based on changes in accounting estimates, and recognized as profit or loss in the next year. If the Board resolves to pay stocks as employee remuneration, the calculation basis of the number of stock remuneration is in accordance with the closing price of the common stock on the day before the Board resolution.

In 2018 and 2017, the allowance amount of the remuneration to employees of the Company were NT$24,673 thousand and NT$21,149 thousand, as for the amount for directors and supervisors of the Company were NT$49,345 thousand and NT$42,297 thousand, respectively. For more information please refer to M.O.P.S

(XXII) Net other gains or losses

The Consolidated Company's net other gains and losses are as follows:

	2019Q1	2018Q1
Interest income	$ 45,274	46,499
Marketing expenses	(9,514)	(10,627)
Management fees income	44,296	66,744
Management fees expenses	(44,296)	(66,744)

	$	35,760	35,872

(XXIII) Non-operating income and expense

1. Other income

The Consolidated Company's other income is as follows:

		2019Q1	2018Q1
Interest income	$	24,001	23,417
Dividend income		9,211	12,831
Fines income		5,728	18,479
Other income		13,172	13,878
	$	52,112	68,605

2. Other profit and loss

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

		2019Q1	2018Q1
Foreign exchange gain (loss)	$	14,057	(41,889)
Net gains from net financial assets measured at fair value through profit or loss		62,123	6,445
Gains (losses) from disposal of financial assets at fair value through other comprehensive income		-	(16,682)
Gain (losses) from disposal of investment under equity method		-	(6,923)
Disposal of property, plant, and equipment		-	(13)
Other expense		(270)	(310)
	$	75,910	(59,372)

3. Finance cost

The Consolidated Company's finance cost is as follows:

		2019Q1	2018Q1
Interest expense	$	(6,562)	(6,970)
Amortization for discount on cooperate bond		(12,947)	(12,739)
	$	(19,509)	(19,709)

(XXIV) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Company's fair value of financial instruments exposed to credit risk, liquidity risk, and market risk. For other information, please refer to Note 6 (25) in the 2018 annual consolidated financial statements.

1. Types of financial instruments

(1) Financial assets

	3.31.2019	12.31.2018	3.31.2018
Financial assets at fair value through income and loss	$ 1,035,607	1,527,182	1,780,536
Financial assets at fair value through other comprehensive income	10,678,221	10,048,850	8,987,470
Financial assets carried at amortized cost	1,264,314	1,017,051	819,524
Financial assets carried at amortized cost (loans and receivables):			
Cash and cash equivalent	165,842	194,002	184,160
Notes receivable and accounts receivable	9,344,455	8,754,741	9,039,399
Other financial assets (current & non-current)	2,274,202	2,169,263	1,787,572
Sub. total	11,784,499	11,118,006	11,011,131
Total	$ 24,762,641	23,711,089	22,598,661

(2) Financial liabilities

	3.31.2019	12.31.2018	3.31.2018
Financial liabilities carried at amortized costs:			
Short term loans	$ 1,018,300	3,165,300	2,672,000
Short-term notes payable	73,958	-	-
Notes payable, account payables and other payables	980,353	1,062,094	927,914
Bond payables	3,203,863	3,190,916	3,152,389
Lease liabilities	48,442	-	-
Guarantee deposit	58,755	71,542	62,349
Total	$ 5,383,671	7,489,852	6,814,652

2. 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, thus credit risks of receivables are not concentrative. 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) Credit risks of account receivables and liabilities securities

For credit risk exposure to note receivables and account receivables, please refer to Note 6 (3). Other financial assets carried at amortized costs include other receivables.

Liabilities investments at fair value through other comprehensive income include non-listed liabilities securities.

Those mentioned above are all financial assets with low risks, thus the expected twelve-month credit loss amount is allied to evaluate the allowance during the reporting period (for details of how the Consolidated Company judges the credit risk, please refer to Note 4 (7) of 2018 consolidated financial statements).

Changes of allowance during January 1 to March 31, 2019 and 2018 are as follows:

	Other receivables
Balance on January 1, 2019	$ 22,745
Allowance	-
Balance on March 31, 2019	$ 22,745
Balance on January 1, 2018	$ 22,745
Allowance	-
Balance on March 31, 2018	$ 22,745

3. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, excluding the estimated interests and 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
March 31, 2019							
Non-derivative financial liabilities							
Floating rate instruments	$ 1,018,300	1,018,300	1,018,300	-	-	-	-
Lease liabilities	3,277,821	3,277,821	73,958	-	3,203,863	-	-
Fixed rate instruments	48,442	48,442	6,749	6,749	13,498	21,446	-
No interest-bearing liabilities	1,039,108	1,039,108	1,039,108	-	-	-	-
	$ 5,383,671	5,383,671	2,138,115	6,749	3,217,361	21,446	-
December 31, 2018							
Non-derivative financial liabilities							
Floating rate instruments	$ 3,165,300	3,165,300	3,165,300	-	-	-	-
Fixed rate instruments	3,190,916	3,190,916	-	-	3,190,916	-	-
No interest-bearing liabilities	1,133,636	1,133,636	1,133,636	-	-	-	-
	$ 7,489,852	7,489,852	4,298,936	-	3,190,916	-	-
March 31, 2018							

Non-derivative financial liabilities							
Floating rate instruments	$ 2,625,000	2,625,000	2,625,000	-	-	-	-
Fixed rate instruments	3,199,389	3,199,389	47,000	-	-	3,152,389	-
No interest-bearing liabilities	990,263	990,263	990,263	-	-	-	-
	$ 6,814,652	6,814,652	3,662,263	-	-	3,152,389	-

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.

4. Exchange rate risks

(1) Exchange rate risk

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

	3.31.2019			12.31.2018			3.31.2018		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
Financial assets									
Monetary items									
RMB/NTD	$ 17,640	4.590	80,960	17,144	4.452	76,327	25,982	4.629	120,261
RMB/USD	250	0.149	1,145	250	0.145	1,111	1,657	0.159	7,668
USD/NTD	43,024	30.825	1,326,226	39,718	30.733	1,229,661	56,379	29.120	1,641,765
JPY/NTD	95,805	0.278	26,643	95,918	0.279	26,742	17,833	0.274	4,884
HKD/NTD	30,103	3.927	118,210	21,875	3.902	85,343	11,557	3.710	42,873
SGD/NTD	21,723	22.736	493,894	21,503	22.42	482,094	-	-	-
AUD/NTD	8,589	21.875	187,884	106	21.540	2,288	-	-	-
Non-monetary items									
JPY/NTD	153,600	0.278	42,716	155,840	0.279	43,448	233,431	0.274	63,937
USD/NTD	20,904	30.825	644,379	20,937	30.732	643,446	15,104	29.120	439,817
HKD/NTD	82,596	3.927	324,345	78,402	3.902	305,886	98,487	3.710	365,368
SGD/NTD	1,888	22.736	42,914	1,831	22.420	41,056	7,547	22.206	167,585

(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 the Consolidated Company's functional currency 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 March 31, 2019 and 2018, the net income was increased or decreased by NT$190,500 thousand and decreased by NT$171,367 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 March 31, 2019 and 2018, the foreign currency exchange gain (loss) was NT$14,057 thousand and NT$(41,889) thousand, respectively.

5. 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 March 31, 2019 and 2018 is decreased by NT$1,018 thousand or increased by NT$2,625 thousand, respectively.

6. Fair value

(1) Financial instruments category and fair value

Fair value of the Consolidated Company's financial assets and liabilities at fair value through profits and losses, debt and hedging financial assets and financial assets at fair value though other comprehensive income are assessed based on repeatability. 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:

	3.31.2019				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss	$ 1,035,607	1,035,607	-	-	1,035,607
Financial assets at fair value through other comprehensive income	10,678,221	10,669,339	-	8,882	10,678,221
Financial assets at amortized costs	1,264,314	1,264,314	-	-	1,264,314
Total	$ 12,978,142	12,969,260	-	8,882	12,978,142

	12.31.2018				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss	$ 1,527,182	1,527,182	-	-	1,527,182
Financial assets at fair value through other comprehensive income	10,048,850	10,039,968	-	8,882	10,048,850
Financial assets at amortized costs	1,017,051	1,017,051	-	-	1,017,051
Total	$ 12,593,083	12,584,201	-	8,882	12,593,083

	3.31.2018				
		Fair Value			
	Book value	Class I	Class II	Class III	Total

Financial assets at fair value through profit or loss	$ 1,780,536	1,780,536	-	-	1,780,536
Financial assets at fair value through other comprehensive income	8,987,470	8,968,478	-	18,992	8,987,470
Financial assets at amortized costs	819,524	819,524	-	-	819,524
Total	$ 11,587,530	11,568,538	-	18,992	11,587,530

No financial assets and liabilities of each hierarchy were transferred during the period from January 1 to March 31, 2019 and 2018.

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

The Consolidated Company's methods and assumption for instruments not measured at fair value as the follows:

Financial assets at amortized costs (held to maturity financial assets): If there's quoted market prices in active markets, the fair value is based on market price; if there's no market prices for references, the evaluation methods or counterparts' price will be adopted.

(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.

In addition to the above-mentioned financial instruments with active markets, the fair value of the remaining financial instruments is obtained by means of evaluation techniques or reference to counterparty quotes. The fair value obtained through the evaluation technology can be calculated by reference to the current fair value of other financial instruments with similar characteristics, the discounted cash flow method or other evaluation techniques, including the market information utilization model available on the reporting date. (For example, the reference yield curve of Taipei Exchange, Reuters commercial promissory interest rate average offer)

If the financial instruments held by the Consolidated Company are in the absence of an active market, the fair value is as follows according to the categories and attributes:

- Equity instruments without public quotation: The fair value is estimated using the market comparable company method. The main assumption is based on the investee's estimated earnings before interest, tax, depreciation and amortization and comparable market quotes as the earnings multiplier. The estimate has adjusted the impact of the lack of market liquidity of the equity securities.

(4) Details of changes in Class III

	Financial assets at fair value through other comprehensive income (available-for-sale) financial assets)		
	Equity instrument with public prices	Bonds	Total
January 1, 2019	$ 8,882	-	8,882
March 31, 2019	$ 8,882	-	8,882
January 1, 2018	$ 18,992	-	18,992
March 31, 2018	$ 18,992	-	18,992

Total profits or losses mentioned above were recognized as “unrealized gains (losses) from financial assets at fair value through other comprehensive”. Among which related asset still held as of March 31, 2019 and 2018 are as follows:

	2019Q1	2018Q1
Total profits or losses		
Recognized in other comprehensive income (recognized as “unrealized gains (losses) from financial assets at fair value through other comprehensive income”)	$ -	-

(5) Quantitative information on the fair value measurement of significant unobservable input (class III)

The Consolidated Company’s fair value measurement which categorized in class

III mainly includes financial asset at fair value through other comprehensive income.

Most of the Consolidated Company's fair value measurement which categorized in class III only has one significant unobservable input; only equity instrument without active market has plural unobservable inputs. The significant unobservable inputs of investment in equity instrument without active market are mutually independent, thus no mutual relevance exists.

Information of significant unobservable inputs are quantified in below table:

Item	Measurement method	Significant unobservable input	Relation between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	‧ P/E ratio (17.41 as of March 31, 2019)	‧ The higher the multiplier and ownership premium, the higher the fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	‧ P/B ratio (1.40 as of March 31, 2019)	Same as above
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Net assets value method	‧ Net asset value	Not applicable

(6) Sensitivity analysis of fair value to reasonable possible alternative hypotheses for the class III of fair value measurement

The Consolidated Company's measurement on the fair value of financial instrument was reasonable; however, the results of measurement may differ due to the application of different measurement model or parameters. For financial assets categorized in class III, impact resulted from change in measurement parameters to current net income or other comprehensive income are as follows:

	Input parameter	Upward or downward change	Change in fair value reflected in current net income		Change in fair value reflected in current other comprehensive income	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
March 31, 2019						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	319	(319)
Investment in equity instruments without active market	P/B rat	10%	-	-	490	(490)
December 31, 2018						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	444	(444)
Investment in equity instruments without active market	P/B rat	10%	-	-	541	(541)
March 31, 2018						
Investment in equity instruments without active market	P/E ratio	10%	-	-	875	(875)
Investment in equity instruments without active market	P/B rat	10%	-	-	331	(331)

o

(XXV) Financial risk management

There were no significant differences of the Consolidated Company's financial risk management and policies with those disclosed in Note 6 (26) of the 2018 consolidated financial statements.

(XXVI) Capital management

Management believes that the objectives, policies, and processes of capital management of the Group have been applied consistently with those described in the 2018 consolidated financial statements. Additionally, management believes that there were no significant changes between the total quantitative information of capital management and those disclosed in the 2018 annual consolidated financial statements. For related information, please refer to Note 6 (27) in 2018 annual consolidated financial statements.

(XXVII) Re-categorization of components of other comprehensive income

Details of the Consolidated Company’s re-categorization of components of other comprehensive income are as follows:

		2019Q1	2018Q1
Investment in debt instrument at fair value through other comprehensive income			
Net changes in fair value of current year	$	32,603	(29,349)
Net change in fair value re-categorized to profits and losses		-	159

Net change in fair value recognized in other comprehensive income	$ 32,603	(29,190)

VII. Related Party Transactions

(I) Related parties' names and relations

The related parties with transaction relations during the period of consolidated report are as the follows:

Related Parties	Relations with the Consolidated Company
Lungding Life Science Co. Ltd.	Affiliated Company of the Company
Xin Wei International Leasing Co. Ltd.	The corporate director is the same as the Company (no longer a related party from June 20, 2018)
Fuyuan International Development Co. Ltd.	The chairman of Fuyuan is the director of the Company (no longer a related party from January 11, 2019)
Fuyang Development Co., Ltd	Subsidiary
Creative Space Design Co. Ltd.	Affiliated Company of the Company (no longer a related party from August. 2018)
Other natural person	Major administrator of the Consolidated Company

(II) Significant transaction between related parties

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

1. Purchase from related party

The Consolidated Company's purchase amount and the outstanding balances from the related parties are as follows:

	Purchase		Payable to related parties		
	2019Q1	2019Q1	3.31.2019	12.31.2018	3.31.2018
Affiliated Company	$ -	25	-	9	295

The purchase price was determined by bilateral agreement. Payment terms were 30 days after acceptance

2. Lease

(1) Lessee:

The Consolidated Company leases real estate from related parties for operational use in February 2014 and signed a five-year lease contract with reference to the rental price of the neighboring offices. The rental fee for the period from January 1 to

March 31, 2019 was NT$1,516 thousand. The lease transaction was recognized as the right-of-use asset of NT$18,634 thousand and the lease liability of NT$18,634 thousand upon the first application of the International Financial Reporting Standard No. 16 on January 1, 2019. From January 1 to March 31, 2019, interest expenses of NT$18 thousand was recognized. As of March 31, 2019, the balance of lease liabilities was NT$17,123 thousand.

The Consolidated Company leases transport equipment from the related party for a rent expense of NT$0 thousand and NT$273 thousand during January 1 to March 31, 2019 and 2018.

(2) Lessor:

The Consolidated Company has office building and parking space rented to the related party for a rent income of both NT$0 thousand and NT$9 thousand during January 1 to March 31, 2019 and 2018.

The terms and conditions of above lease contract are negotiated by both sides.

3. Others

(1) Other payables

	3.31.2019	12.31.2018	3.31.2018
Other related party	$ -	57	95

(2) Payment on behalf of others (recognized as other current assets)

	3.31.2019	12.31.2018	3.31.2018
Other related party	$ -	557	557

(3) Refundable deposits (recognized as other financial assets – non-current)

	3.31.2019	12.31.2018	3.31.2018
Other related party	$ 961	961	961

Refundable deposits are deposit for the Consolidated Company leasing property from other related party. Interests from those deposits collected on March 31, 2019, December 31 and March 31, 2018 were NT$3 thousand, NT$10 thousand and NT$3 thousands, respectively.

(4) Management fees

	2019Q1	2018Q1
Other related parties	$ 178	138

The Consolidated Company entrusts related party with management service for leased buildings and pays management fees in accordance to the contract.

4. Obtaining other assets

(1) The acquisition price of other assets obtained from the related parties was as follows:

Kinds of related parties	Item	2019Q1	2018Q1
Affiliated Company s	Fixed assets	$ -	242

(2) The Consolidated Company purchased the land in 15th section of Xinwu District, Taoyuan City (recognized as inventory) from other related parties on January 11, 2019. The contract price was NT$173,250 thousand. At the end of March 31, 2019, the full payment has been paid and the transfer procedure has been completed.

(3) The Consolidated Company purchased 4,710 thousand shares of Lung Fu Ltd. Co. from other related parties on January 11, 2019. The contract price was NT$47,100 thousand. At the end of March 31, 2019, the full price has been paid according to the contract.

5. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of other related party as of March 31, 2019. Please refer to Note 6 (4) and 6 (10) for details.

6. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price below NT$376,820 thousand as of March 31, 2019, December 31 and March 31, 2018. The discretionary trustee is to handle the land combination matter on behalf of the Consolidated Company.

Other related parties purchased products from the Consolidated Company for a total price at NT$3,155 thousand, NT$6,815 thousand and NT$1,803 thousand as of March 31, 2019, December 31 and March 31, 2018, respectively.

(III) Main manager transaction

	2019Q1	2018Q1
Benefit for short-term employees	$ 10,503	11,884
Post-employment benefits	371	388
	$ 10,874	**12,272**

VIII. Pledged Assets

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

Assets name	Collateral for loan Purpose of collateral	3.31.2019	12.31.2018	3.31.2018
Non-current assets held for sale	Guarantee for loans and corporate	$ -	834,394	-

	finance amount			
Other financial assets - current	Guarantee for mutual investment development and sales	1,302	1,302	1,271
Inventories	Guarantee for loans and corporate finance amount	3,162,209	3,162,166	3,161,789
Property, plant, and equipment – book value	Collateral for loan	2,326,045	2,373,297	2,402,895
Investment property	Guarantee for loans and corporate finance amount	281,658	1,445,300	4,014,569
Financial assets at fair value through other comprehensive income	Collateral for loan	5,958,058	3,930,200	3,940,379
		$ 11,729,272	11,746,659	13,520,903

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

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

	3.31.2019	12.31.2018	3.31.2018
Acquisition of columbarium and cemetery	$ -	-	19,580
Construction contract	$ 1,138,180	1,269,442	833,338

ii. The contract price of the sold investment property are as follows:

	3.31.2019	12.31.2018	3.31.2018
Price of signed sale contract	$ -	2,007,350	-
Contract price collected	$ -	-	-

iii. The Consolidated Company signed the investment contract with the Kaohsiung City Government in July 2018 for the construction and operation of the funeral home located in Dingjin Section, Sanmin District, Kaohsiung City. The construction period is three years and the operation period is 20 years. A fixed development royalty shall be paid upon the agreement of commencement. From the date of operation, a fixed royalty amount plus a fixed percentage of operating profit after tax shall be paid annually

iv. In order to expand the Consolidated Company's cemetery business, its Board of Directors has passed the resolution in December 2018 to purchase land located in Hsinwu Section, Taoyuan Ciay from Fuyuan Development Limited at a price NT$173,250 thousand. At the end of March 31, 2019, the full payment has been paid and the transfer procedure has been completed.

(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 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 affected. New Taipei City Funeral Service Association is carrying out a petition among funeral operators to propose New Taipei City Government to invite local operators to discuss relevant self-governing regulation supplements, correspondent supervision mechanism and fund utilization regulations, and complete related regulations and procedures before collecting the fund. Besides, since relevant regulations are awaiting further discussion, the future possible obligation amount of the Company cannot be confirmed. The negotiation among parties is finished on October 18, 2017, thus the proposal is sent to the Legislative Yuan for further discussion on December 29, 2017; the 2nd and 3rd reading will start after completion of the discussion. After the amendment, the old fund system will be replaced by the new management system.

2. A small number of shareholders of Lungyen Service Co., Ltd. (was merged in 2011, hereinafter referred to as Lungyen), requested the Company to repurchase the shares held by them at its fair price during the time and appeal to the court to determine the purchase price in 1st shareholders' interim meeting on October 12, 2010 according to the provisions of Paragraph 1 of Article 317 of the Company Law. The Taipei District Court of the decided judicially in this civil ruling that the Company shall buy back all the shares held by the shareholders in an unreasonable price. Since the civil ruling was not authenticated in accordance with the provisions of the Enterprise Mergers and Acquisitions Law, and there existed a violation of the law, Taiwan Taipei District Court abandoned the original ruling on October 25, 2018, with a statutory stipulation, and set a separate NT$77.79 per share as purchase price. The applicable regulations of the previous ruling are obviously wrong, and the Company filed a further protest during the statutory period. The Taiwan High Court, in decision (107) FE-KANG-No.147, remanded the original judgement to Taiwan Taipei District Court as it is inconsistent with the law that the original judgement did not apply the share price on the resolution day of the shareholder's meeting to decide the purchase price.

(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 March 31, 2019, December 31 and March 31, 2018 are as follows：

	3.31.2019	**12.31.2018**	**3.31.2018**
Bank deposits (booked as other financial assets – current)			

Demand deposits	$ 767,758	828,307	443,022
Time deposits	555,154	350,000	296,287
Financial assets at fair value through profits or losses - current	818,882	1,036,529	1,286,436
Financial assets at fair value through other comprehensive income	2,971,486	2,843,388	2,280,066
Financial assets at amortized costs	1,264,314	1,017,051	819,524
Property, plant and equipment (*)	2,206,293	2,206,293	2,206,293
Investment property (*)	1,962,845	1,962,845	1,962,845
	$ 10,546,732	10,244,413	9,294,473

*The carrying value of the asset at the time of delivery of the Trust.

The amount of the above-mentioned trust assets has been used to purchase financial instruments and real estate delivery, and transferred to the trustee, so that the trustee may, according to the instructions of the client, manage and dispose of the trust property for the designated purpose.

2. The Consolidated Company has a management 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$851,992 thousand, NT$853,870 thousand, and NT$870,445 thousand, as of March 31, 2019, December 31 and March 31, 2018, respectively; also, it is booked in the “Other financial assets – current.”

3. The Company had contracts signed with clients for the sale of columbarium and funeral service. The pre-need contract signed and the related deferred marketing expenses as of March 31, 2019, December 31 and March 31, 2018are as follows:

	3.31.2019	12.31.2018	3.31.2018
Total contract price (booked as contract liabilities)	$ 37,923,992	37,522,150	38,281,201
Outstanding proceeds	(7,701,096)	(7,613,138)	(7,889,766)
Advanced receipts	$ 30,222,896	29,909,012	30,391,435
Incremental cost of contract acquisition	$ 7,929,670	7,910,905	8,181,657
Expected to be reclassified for more than twelve months	$ 36,746,150	36,137,082	35,008,684

4. Subsidiaries had contracts signed with clients for the sale of columbarium and funeral services. The pre-need contract signed and the related deferred marketing expenses as of March 31, 2019, December 31 and March 31, 2018 are as follows:

	3.31.2019	12.31.2018	3.31.2018
Total contract price (booked as contract liabilities)	$ 266,233	232,870	192,723
Outstanding proceeds	(21,463)	(17,112)	(10,781)
Advanced receipts	**$ 244,770**	**215,758**	**181,942**
Incremental cost of contract acquisition	**$ 60,798**	**58,429**	**19,217**
Expected to be reclassified for more than twelve months	**$ 241,169**	**178,053**	**147,646**

X. Significant disaster loss: None

XI. Significant subsequent events:

In order to tie in with the Group's business strategy and enhance its operational performance and competitiveness, the parent company, Lungyen Life Service Corporation and its subsidiary, Lung An Company Ltd., made a simple merger. The consolidated base date is scheduled for April 1, 2019. The merger was approved by the Ministry of Economic Affairs on May 1, 2019.

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	**2019 Q1**				**2018 Q1**			
	Classified as operating costs	Classified as operating expenses	Other (*)	Total	Classified as operating costs	Classified as operating expenses	Other(*)	Total
Employee benefits								
Salary	52,488	70,366	25,584	148,438	56,111	67,459	27,143	150,713
Labor and health insurance	3,850	7,007	2,420	13,277	3,665	3,490	1,558	8,713
Pension	2,082	1,935	917	4,934	2,032	1,886	826	4,744
Others	1,674	3,199	1,258	6,131	1,626	3,350	1,136	6,112
Depreciation	15,291	14,537	7,034	36,862	20,332	12,328	4,056	36,716
Amortization	-	3,701	392	4,093	-	3,981	300	4,281

* It includes the related fees of the cemetery management center-related expenses (stated as reduction of advanced management fee receipts).

(2) Operational seasonality

The Company's operations are not affected by seasonal or cyclical factors.

XIII. Other disclosures

(I) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of January 1 to March 31 2019 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties:

No.	Creditor	Debtor	Accounting Item	Related Party or Not	Current Maximum	Ending Balance	Amount Used	Interest Rate	Nature of the Financing (**)	Transaction Amount	Reason for the Need of Short-term Financing	Allowance	Collateral		Limitation to Single Debtor(*)	Financing Limitation (*)
1	Yuji Construction Limited Co.	Sande Futian Miaoguo Limited Co.	Other financial asset-current	Not	420,000	420,000	407,163	3%	1	72,000	For use of working capital	-	Columbarium products owned by the debtor	427,800	646,726	1,293,452

* According to Yuji Construction Limited Co.'s "Procedure of Loaning of Funds", funds can only be loaned to parties with business transactions, and the total loan amount is limited to 40% of the company's recent book value. For single debtor, the loan amount is limited to 20 times of the transaction amount, and 20% of the company's recent book value.

Limitation on the total loan amount to other parties: 3,233,630 thousand × 40% = 1,293,452 thousand

Limitation on the loan amount to single debtor: 3,233,630 thousand × 20% = 646,726 thousand

72,000 thousand × 20 times = 1,440,000 thousand

Limited to 646,726 thousand

** Explanations for nature of the financing are as follows:

i. Parties with business transactions

ii. Parties with need of short-term financing.

2. Guarantees and endorsements for other parties:

Unit: Thousand NTD

Number	Name of Lenders	Counter-party of guarantee and endorsement		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
		Name of Company	Relationship										
0	Lungyen Life Service Corp.	LungAn Co.Ltd.	2	4,874,904	100,000	100,000	18,500	-	0.62%	8,124,840	Y	N	N
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	4,874,904	300,000	300,000	105,000	-	1.85%	8,124,840	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	3	4,874,904	300,000	300,000	140,800	-	1.85%	8,124,840	Y	N	N

Note 1: The total amount of guarantees and endorsements shall not exceed 50% of the net value in the current period.
The total amount of guarantees and endorsements for individual party shall not exceed 30% of the net value in the current period.

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

i. The Company has business with the receiving parties.

ii. The Company holds directly more than 50% of the common stock of the subsidiaries.

iii. Companies that directly and indirectly hold more than 50% of the shares in the Company.
iv. Parties which the company directly and indirectly holds more than 90% of the voting shares.
v. The Company is required to make guarantees or endorsements for the construction project based on the construction contract.
vi. The stockholders of the Company make guarantees or endorsements for the investee in proportion to their stockholding percentage.
vii. Joint guarantee between peers for performance guarantees for pre-sale sales contracts under the Consumer Protection Act.

Note 3: Upon the board resolution on December 28, 2018, the maximum amount of endorsements to Lung An has been set to NT$100,000 thousand. The maturity date was to march 31, 2019.

Note 4: Upon the board resolution on December 28, 2018, the maximum amount of endorsements to Yuji has been set to NT$300,000 thousand. The maturity date was to march 31, 2019.

Note 5: Upon the Board resolution on December 28, 2018, the maximum amount of endorsements to Lung Fu has been set to NT$300,000 thousand. The maturity date was to march 31, 2019.

Note 6: Transactions have been written off in the preparation of consolidated financial statements.

3. Information regarding securities held at balance sheet date (not including subsidiaries, associates and joint control):

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending Balance				Remarks
				Shares/Units in Thousand	Book Value	% of Ownership	Fair Value	
The Company	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profits and losses - current	43,343	706,625	- %	706,625	Trust
The Company	Yuanta AUD Money Market Fund TWD	-	Financial assets at fair value through profits and losses - current	3,162	29,614	- %	29,614	Trust
The Company	Evenstar Sub-Fund 1 Segregated Portfolio	-	Financial assets at fair value through profits and losses - current	1	97,312	- %	97,312	Company -owned
The Company	iShares MSCI China ETF	-	Financial assets at fair value through profits and losses - current	25	48,976	- %	48,976	Trust
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profits and losses - current	245	10,278	0.01 %	10,278	Company -owned
The Company	Stock of WIN Semiconductors Corp.	-	Financial assets at fair value through profits and losses - current	354	76,995	0.08 %	76,995	Company -owned
The Company	Qualcomm	-	Financial assets at fair value through profits and losses - current	13	22,625	- %	22,625	Trust
The Company	CR GAS	-	Financial assets at fair value through profits and losses - current	76	11,042	- %	11,042	Trust
The Company	Millerful No. 1 REIT	-	Financial assets at fair value through other comprehensive income – non-current	29,000	290,000	- %	290,000	Trust
The Company	Chang Hwa Bank	-	Financial assets at fair value through other comprehensive income – non-current	383,811	7,081,306	3.92 %	7,081,306	Company -owned
The Company	Stocks of Taiyen	-	Financial assets at fair value through other comprehensive income – non-current	9,493	303,301	4.75 %	303,301	Company -owned
The Company	Fubon Financial Holding - Preferred Shares B	-	Financial assets at fair value through other	1,666	104,958	- %	104,958	Company -owned

			comprehensive income – non-current					
The Company	Cathay Financial Holding - Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	1,250	78,125	- %	78,125	Company-owned
The Company	Sun Life Holding Co Ltd	-	Financial assets at fair value through other comprehensive income – non-current	160	42,716	2.35 %	42,716	Company-owned
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through other comprehensive income – non-current	210	9,154	0.02 %	9,154	Trust
The Company	Stock of PetroChina	-	Financial assets at fair value through other comprehensive income – non-current	1,200	29,169	- %	29,169	Trust
The Company	Stock of Sands China Limited	-	Financial assets at fair value through other comprehensive income – non-current	320	49,573	- %	49,573	Trust
The Company	Stock of China Construction Bank	-	Financial assets at fair value through other comprehensive income – non-current	1,860	49,156	- %	49,156	Trust
The Company	ST.SP	-	Financial assets at fair value through other comprehensive income – non-current	625	42,914	- %	42,914	Trust
The Company	Stock of Beijing Enterprises Water Group Limited	-	Financial assets at fair value through other comprehensive income – non-current	1,600	30,473	0.02 %	30,473	Trust
The Company	GlaxoSmithKline PLC	-	Financial assets at fair value through other comprehensive income – non-current	36	45,859	- %	45,859	Trust
The Company	National Grid PLC	-	Financial assets at fair value through other comprehensive income – non-current	24	40,966	- %	40,966	Trust
The Company	Electronic Business	-	Financial assets at fair value through other comprehensive income – non-current	166	35,494	0.01 %	35,494	Trust
The Company	Preferred stock of HSBC	-	Financial assets at fair value through other comprehensive income – non-current	52	41,307	- %	41,307	Trust
The Company	Preferred stock of AGNC	-	Financial assets at fair value through other comprehensive income – non-current	44	34,990	- %	34,990	Trust
The Company	Stock of ICBC(Hong Kong)	-	Financial assets at fair value through other	1,820	41,095	- %	41,095	Trust

			comprehensive income – non-current					
The Company	Preferred stock of QTS	-	Financial assets at fair value through other comprehensive income – non-current	24	18,954	- %	18,954	Trust
The Company	Preferred stock of TGP	-	Financial assets at fair value through other comprehensive income – non-current	32	23,771	- %	23,771	Trust
The Company	Preferred stock of VEREIT	-	Financial assets at fair value through other comprehensive income – non-current	27	21,283	- %	21,283	Trust
The Company	Preferred stock of AXIS	-	Financial assets at fair value through other comprehensive income – non-current	66	48,481	- %	48,481	Trust
The Company	Preferred stock of PSA	-	Financial assets at fair value through other comprehensive income – non-current	40	30,850	- %	30,850	Trust
The Company	Stock of China Molybdenum Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	3,672	47,296	0.09 %	47,296	Trust
The Company	Preferred stock of WFC	-	Financial assets at fair value through other comprehensive income – non-current	62	48,353	- %	48,353	Trust
The Company	Stock of Cheung Kong Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income – non-current	87	21,892	- %	21,892	Trust
The Company	Stock of 3M	-	Financial assets at fair value through other comprehensive income – non-current	6	35,867	- %	35,867	Trust
The Company	Preferred stock of BBT	-	Financial assets at fair value through other comprehensive income – non-current	35	27,047	- %	27,047	Trust
The Company	Stock of Texas Instruments	-	Financial assets at fair value through other comprehensive income – non-current	7	22,233	- %	22,233	Trust
The Company	Stock of LYB-LyondellBasell Industries	-	Financial assets at fair value through other comprehensive income – non-current	14	35,507	- %	35,507	Trust
The Company	051 Chailease Holding Company Limited-A	-	Financial assets at fair value through other comprehensive income – non-current	200,000	200,200	- %	200,200	Trust
The Company	104 Central Bond A5	-	Financial assets at fair value through other	100,000	105,549	- %	105,549	Trust

			comprehensive income – non-current					
The Company	Saudi Electricity Global - Bond 20220403	-	Financial assets at fair value through other comprehensive income – non-current	2,550	80,901	- %	80,901	Trust
The Company	CNOOC Limited USD Callable Corporate Bond 20230509	-	Financial assets at fair value through other comprehensive income – non-current	3,100	94,723	- %	94,723	Trust
The Company	The Export-Import Bank of China CNY Corporate Bond 4.15 20270618	-	Financial assets at fair value through other comprehensive income – non-current	5,000	23,702	- %	23,702	Trust
The Company	Africa Finance Corporate Bond 4.375 20200429	-	Financial assets at fair value through other comprehensive income – non-current	3,000	93,483	- %	93,483	Trust
The Company	ICBC RMB Corp. Bond 4.2 20270119	-	Financial assets at fair value through other comprehensive income – non-current	4,000	19,015	- %	19,015	Trust
The Company	ICBC RMB Corp. Bond 4.5 20281113	-	Financial assets at fair value through other comprehensive income – non-current	5,000	24,390	- %	24,390	Trust
The Company	China Comm Cons Corp. Bond 20200421	-	Financial assets at fair value through other comprehensive income – non-current	1,900	58,525	- %	58,525	Trust
The Company	Saudi Electricity Global - Bond 20230408	-	Financial assets at fair value through other comprehensive income – non-current	2,000	61,869	- %	61,869	Trust
The Company	Saudi Electricity Global - Bond 20240408	-	Financial assets at fair value through other comprehensive income – non-current	1,000	31,394	- %	31,394	Trust
The Company	Qatar Telecom USD corp. bond 3.25 20230221	-	Financial assets at fair value through other comprehensive income – non-current	3,000	92,195	- %	92,195	Trust
The Company	Standard Chattered USD corp. bond 4.05 20260412	-	Financial assets at fair value through other comprehensive income – non-current	3,000	93,727	- %	93,727	Trust
The Company	Islamic Bank 20210531	-	Financial assets at fair value through other comprehensive income – non-current	3,000	92,195	- %	92,195	Trust
The Company	China Railway USD Bond 20260728	-	Financial assets at fair value through other comprehensive income – non-current	2,500	75,074	- %	75,074	Trust
The Company	Malaysia National Resource Bond 20261019	-	Financial assets at fair value through other	1,000	29,768	- %	29,768	Trust

			comprehensive income – non-current					
The Company	China Cinda USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	1,500	47,354	- %	47,354	Trust
The Company	Huarong USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	3,000	93,548	- %	93,548	Trust
The Company	Bank of Communications USD Bond 20200515	-	Financial assets at fair value through other comprehensive income – non-current	3,000	92,278	- %	92,278	Trust
The Company	Société Générale SGD Corp. Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,250	75,055	- %	75,055	Trust
The Company	BNP PARIBASSGD Corp. Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,500	81,261	- %	81,261	Trust
The Company	SANTANDER CENTRAL HISPANO S.A. Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,000	92,503	- %	92,503	Trust
The Company	Lloyds Banking Group Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	2,000	42,796	- %	42,796	Trust
The Company	Goldman Sachs Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	2,000	43,602	- %	43,602	Trust
The Company	Manulife Asset Management SGD Corporate Bond	-	Financial assets at fair value through other comprehensive income – non-current	750	17,396	- %	17,396	Trust
The Company	Manulife Asset Management SGD Corporate Bond 20291121	-	Financial assets at fair value through other comprehensive income – non-current	4,000	87,299	- %	87,299	Trust
The Company	Trans globe Insurance	-	Financial assets at fair value through other comprehensive income – non-current	15	-	0.01 %	-	Company -owned
The Company	Stocks of Creative Space Design	-	Financial assets at fair value through other comprehensive income – non-current	396	3,960	19.80 %	3,960	Company -owned
The Company	FORTUNE IC FUND I	-	Financial assets at fair value through other comprehensive income – non-current	600	4,030	4.86 %	4,030	Company -owned
The Company	Nan Ya Corp. Bond P02 Nan Ya 3B	-	Financial assets at amortized costs –	100,000	105,870	- %	105,870	Trust

			non-current					
The Company	China airline corporate bond	-	Financial assets at amortized costs – non-current	75,000	75,160	- %	75,160	Trust
The Company	Taipower Corporate bond 20231230	-	Financial assets at amortized costs – non-current	150,000	154,869	- %	154,869	Trust
The Company	02 Yang Ming1B 20201101	-	Financial assets at amortized costs – non-current	150,000	153,157	- %	153,157	Trust
The Company	106 Central Bond 4	-	Financial assets at amortized costs – non-current	100,000	100,794	- %	100,794	Trust
The Company	106 Central Bond 9	-	Financial assets at amortized costs – non-current	150,000	149,470	- %	149,470	Trust
The Company	107 Central Bond 7	-	Financial assets at amortized costs – non-current	100,000	99,561	- %	99,561	Trust
The Company	104 Central Bond 12	-	Financial assets at amortized costs – non-current	100,000	101,718	- %	101,718	Trust
The Company	107 Central Bond 2	-	Financial assets at amortized costs – non-current	100,000	101,446	- %	101,446	Trust
The Company	93 Central Bond 9	-	Financial assets at amortized costs – non-current	100,000	112,610	- %	112,610	Trust
The Company	94 Central Bond 3	-	Financial assets at amortized costs – non-current	100,000	109,659	- %	109,659	Trust
Yuji Development	Stock of Taiyen Corp.	-	Financial assets at fair value through other comprehensive income – non-current	2,737	87,447	1.37 %	87,447	Company-owned
Jing Huang Construction	Jih Sun Money Market Fund	-	Financial assets at fair value through profits and losses - current	2,170	32,140	- %	32,140	Company-owned
Jing Huang Construction	Stocks of J-Garden Corp.	-	Financial assets at fair value through other comprehensive income – non-current	90	892	- %	892	Company-owned

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: None.
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:

Company of purchase(Sale) goods	Name of trading party	Relationship	Transaction				Reasons why trading conditions are different from general situation		Notes/Accounts receivable (payable)		Remarks
			Purchase (Sale) goods	Amount	% of total purchase/sales	Credit period	Unit price	Credit period	Balance	% of total Notes/Accounts receivable (payable)	
Lung Fu Co. Ltd.	Fuyang Development Co., Ltd	Director	Purchase	173,250	99.20 %	Based on the contract	-	-	-	-%	

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	$ 6,433	Equal to transaction with non-related parties	0.01%
			1	Account payable	41,095		0.07%
0	〃	〃	1	Prepayments	20,805	-	0.03%
0	〃	〃	1	Other revenue	10,127	-	0.76%
0	〃	〃	1	Other liabilities-current	10,761	-	0.02%
0	〃	Lung An Co.Ltd.	1	Account payable	1,589	-	- %
0	〃	〃	1	Other financial assets – current	36,844	-	0.06%
0	〃		1	Other current assets	1,003		- %
0	〃	Lung Fu Co. Ltd.	1	Other financial assets – current	1,901		- %
0	〃		1	Other revenue	1,810		0.14%
1	Yuji Development Corp.	Lungyen Life Service Corp	2	Account receivable	51,856	-	0.10%
			2	Prepayments	20,805		0.03%
1	〃	〃	2	Other payable accounts	6,433	-	0.01%
1	〃	〃	2	Management expenses	10,127	-	0.93%
2	Lung An Co.Ltd.	Lungyen Life Service Corp	2	Account payable	29,866	-	0.03%
2	〃	〃	2	Account receivable	1,589	-	- %
2	〃	〃	2	Other liabilities-current	7,981	-	0.01%
3	Lung Fu Co. Ltd.	Lungyen Life Service Corp	2	Other payable	1,901		
3	〃	〃	2	Management expenses	1,810		

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 investees (Excluding from China investee company)::

The Consolidated Company's reinvestment as of March 31, 2019 is as follows

Unit: Thousand NTD

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Current gain/loss of investees	Current recognized Investment gains and losses	Note
				Ending balance	Shares	Shares	Ratio of shares	Book value			
The Company	Jing Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20%	(11,791)	34	34	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	110,723	54.42%	1,737,628	53,392	29,056	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%	380	(9)	(7)	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	1,010,536 (USD32,710)	1,010,536 (USD32,710)	3,271	100.00%	1,031,891	(11,000)	(11,000)	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00%	(17,472)	(821)	(821)	Subsidiary
The Company	Lung Ting Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	259,700	259,700	25,970	49.00%	231,382	(1,125)	(551)	Affiliated Company
The Company	Lung An Company Limited	Taiwan	Funeral Service	716,656	716,656	72,000	100.00%	681,996	(3,374)	(3,374)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00%	30,105	201	98	Affiliated Company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	377,800	210,700	37,100	100.00%	369,088	(3,314)	(3,314)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited(BVI)	British Virgin Islands	Investment	165,268 (USD5,264)	165,268 (USD5,264)	5	26.32%	156,628	1,050	276	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment	863,463 (USD28,000)	863,463 (USD28,000)	2,800	50.00%	798,222	(22,826)	(11,413)	Joint-venture

Note 1: The equity of the above-mentioned subsidiaries of the Consolidated Company is written off when preparing the consolidated financial report.
Note 2: USD exchange rate: 30.825 (closing) and 30.836 (average)

(III) Information on investment in Mainland China:

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

Unit: Thousand NTD/Foreign Currency

China Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2019	Percentage of Ownership	Share of Profits / Losses (Note 2)	Carry Amount as of March 31, 2019	Accumulated Inward Remittance of Earnings as of March 31, 2019
					Outflow	Inflow					
Lungyen Cemetery (Wenzhou) Co. Ltd	Funeral services	1,417,950 USD46,000	Sea Dragon Traders Ltd. (BVI)	863,463 USD28,000	-	-	863,463 USD28,000	50.00%	(4,703)	653,167	-
Long Young Life (China) Holding Co. Ltd.	Investment holding	277,425 USD9,000	Sea Dragon Traders Ltd. (BVI)-	-	-	-	-	50.00%	(4,382)	135,954	-
Shijiazuang Taifu Cebetery Managenebt Co, Ltd	Cemetery management, construction and sales	78,218 RMB17,041	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	40.00%	(412)	41,981	-

Unit: Thousand NTD/Foreign Currency

2. Limitation on investment in Mainland China:

Ending balance of the accumulated amount of investment from Taiwan to Mainland China	Investment amount approved by Ministry of Economic Affairs	Limitation on investment in Mainland China in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs (Note 4)
863,463	1,233,000 USD 40,000	9,749,807

US Dollar Exchange Rate: closing rate: 30.825; RMB exchange rate: 4.590
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 the Mainland", which is limited to 60% of the Company's 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 Consolidated Company uses pre-tax profit and loss (excluding non-recurring gains and losses and exchange gains and losses) of internal management reports reviewed by the chief operating decision makers as a basis for the management resource allocation and performance assessment. As the tax, non-recurring gains and losses and exchange gains and losses are based on a group basis to manage, so the Consolidated Company unallocated income tax expense (benefit), non-recurring gains and losses and exchange gains and losses 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:

	January to March, 2019						
	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	$ 556,344	395,725	44,274	82,598	246,053	-	1,324,994
Inter-segment income	29	-	118	-	-	(147)	-
Total income	$ 556,373	395,725	44,392	82,598	246,053	(147)	1,324,994
Reportable segment profit or loss	**$ 209,522**	**120,034**	**22,262**	**146,430**	**218,336**	**(147)**	**716,437**

	January to March, 2018						
	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	$ 449,819	450,169	48,348	82,090	-	-	1,030,426
Inter-segment income	2,826	-	1,546	-	-	(4,372)	-
Total income	$ 452,645	450,169	49,894	82,090	-	(4,372)	1,030,426
Reportable segment profit or loss	**$ 244,639**	**119,124**	**21,085**	**25,443**	**-**	**(4,372)**	**405,919**

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operation and others	Construction for sales	Adjustments and written-off	Total
Reportable segment assets							
March 31, 2019	$ 18,963,713	9,429,895	3,887,476	25,151,370	5,538,578	(140,619)	62,830,413
December 31, 2018	$ 17,552,446	9,612,615	3,893,573	25,112,081	7,258,857	(136,264)	63,293,308
March 31, 2018	$ 17,898,450	9,592,819	6,474,872	23,688,882	4,681,507	(137,067)	62,199,463
Reportable segment liabilities							
March 31, 2019	$ 17,241,360	20,689,434	55,290	7,258,855	-	(118,273)	45,126,666
December 31, 2018	$ 16,636,314	20,261,395	68,343	9,968,181	-	(113,918)	46,820,315
March 31, 2018	$ 19,073,973	19,408,474	62,924	8,336,343	-	(114,721)	46,766,993