

**Lungyen Life Service Corp. and  
Subsidiaries**

**Consolidated Financial Statements**

**For The Three Months Ended September 30, 2020 and  
2019 (Including an Independent Auditor's Audit  
Report)**

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## **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 September 30, 2020 and 2019, the related consolidated statements of comprehensive income as of January 1 to September 30, 2020 and 2019, and consolidated statements of changes in equity and consolidated statement of cash flows as of three months ended September 30, 2020 and 2019. 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 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\$772,034 thousand and NT\$637,449 thousand as of September 30, 2020 and 2019, accounting for both 1% of the consolidated total assets; total liabilities were NT\$136,466 thousand and NT\$173,406 thousand, both accounting for 0% of the total consolidated liabilities. Comprehensive profits (losses) were NT\$12,482 thousand and (NT\$24,237) thousand for three months ended September 30, year 2020 and 2019, accounting for 2% and(1%) 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\$1,386,612 thousand and NT\$927,233 thousand as of September 30, 2020 and 2019. Net profits (losses) from affiliates and joint-venture under equity method for the period from January 1 to September 30 of 2020 and 2019 were NT\$28,646 thousand and (NT\$38,910) thousand , 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 September 30, 2020 and 2019, 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: *Chí, Leo*

*Lái. Lí-Zeng*

Approval issued by the competent securities authority:

FSC VI. Tzi No. 1020000737

November 10, 2020

(English Translation of Financial Report Originally Issued in Chinese)

**Lungyen Life Service Corp. and Subsidiaries**

**Consolidated Balance Sheets**

September 30, 2020, December 31, and September 30, 2019

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

Assets	9.30.2020		12.31.2019		9.30.2019			Liabilities and Equity	9.30.2020		12.31.2019		9.30.2019	
	Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Current assets :</b>								<b>Current liabilities:</b>						
1100 Cash and cash equivalents (Note 6 (1))	\$ 166,745	-	231,964	-	237,664	-	2100	Short-term loan (Note 6 (13))	\$ -	-	154,300	-	555,300	1
1110 Financial assets at fair value through profit or loss – current (Note 6 (2) & 9)	5,181,557	8	9,717,723	15	991,888	2	2130	Contract Liability— current(Note 6 (20) & 9)	40,085,150	64	38,999,745	60	38,680,808	61
1150 Notes receivable, net (Note 6 (3) & (20))	14,986	-	778	-	12,597	-	2150	Notes payable	7,002	-	7,023	-	6,946	-
1170 Accounts receivable, net (Note 6 (3) & (20))	9,123,436	15	8,728,644	14	8,769,099	14	2170	Payable accounts	570,880	1	663,204	1	726,012	1
1320 Inventory (Note 6(4), 7, & 8)	16,025,873	26	15,703,976	24	15,720,258	25	2200	Other payable accounts	869,947	1	832,177	2	824,286	1
1410 Prepayments	233,677	-	215,171	-	218,697	-	2230	Current income tax liabilities	503,575	1	252,002	-	141,824	-
1460 Non-current assets to be sold(net)(Note 6(5))	-	-	-	-	276,792	-	2280	Lease liabilities-current (Note 7)	28,195	-	38,318	-	41,693	-
1476 Other financial assets – current (Note 6 (12), 8, & 9)	1,956,522	3	2,686,952	4	2,727,076	4	2310	Advance receipts	926,460	1	892,909	1	856,747	1
1479 Other current assets	14,895	-	14,048	-	14,577	-	2399	Corporate bond payable – current portion (Note 6 (14))	-	-	3,243,019	5	3,229,914	5
1480 Incremental cost of contract acquisition – current (Note 9)	8,238,582	13	8,124,238	13	8,136,222	13		Other current liabilities - others	30,115	-	6,878	-	32,684	-
	<u>40,956,273</u>	<u>65</u>	<u>45,423,494</u>	<u>70</u>	<u>37,104,870</u>	<u>58</u>			<u>43,021,324</u>	<u>68</u>	<u>45,089,575</u>	<u>69</u>	<u>45,096,214</u>	<u>70</u>
<b>Non-current assets:</b>								<b>Non-current liabilities:</b>						
1517 Financial assets at fair value through other comprehensive income (Note 6 (2), 8 & 9)	6,060,068	10	4,543,340	7	12,439,581	20	2570	Deferred income tax liabilities	3,665	-	3,665	-	16,119	-
1535 Financial assets at amortized cost – non-current (Note 6(2) & 9)	1,380,850	2	1,463,240	2	1,465,712	2	2640	Net defined benefit liability – non-current	32,601	-	32,601	-	30,686	-
1550 Investment under equity method (Note 6 (6), (7) & 7)	1,386,612	2	945,905	1	927,233	1	2645	Deposit received	44,674	-	44,135	-	58,118	-
1600 Property, plant and equipment (Note 6 (8), 8 & 9)	6,282,791	10	6,078,158	10	5,999,589	10	2670	Other non-current liabilities - others	2,981	-	2,981	-	2,981	-
1755 Right-of-use assets (Note 6 (9) & 7)	28,195	-	38,318	-	41,693	-			<u>83,921</u>	<u>-</u>	<u>83,382</u>	<u>-</u>	<u>107,904</u>	<u>-</u>
1760 Investment property, net (Note 6 (10), 8 & 9)	3,837,219	7	3,864,533	6	3,870,702	6		<b>Total liabilities</b>	<u>43,105,245</u>	<u>68</u>	<u>45,172,957</u>	<u>69</u>	<u>45,204,118</u>	<u>70</u>
1780 Intangible assets (Note 6 (11))	747,975	1	755,937	1	757,122	1		<b>Equity attributable to owners of parent (Note 6(14) &amp; (18))</b>						
1840 Deferred income tax assets	856,719	1	856,719	1	874,406	1	3100	Capital stock – common stock	4,200,842	7	4,200,842	7	4,200,842	7
1980 Other financial assets – non-current (Note 7)	295,019	-	351,002	1	58,496	-	3200	Capital surplus	2,519,954	4	2,519,954	4	2,519,954	4
1990 Other non-current assets - others	1,073,345	1	786,162	1	786,245	1		Retained earnings:						
	<u>21,948,793</u>	<u>34</u>	<u>19,683,314</u>	<u>30</u>	<u>27,220,779</u>	<u>42</u>	3310	Legal reserve	2,053,954	3	1,498,055	2	1,498,055	2
							3320	Special reserve	156,696	-	-	-	-	-
							3350	Unappropriated retained earnings	9,351,873	15	10,373,806	16	6,751,491	11
							3400	Other equity interest	(79,924)	-	(156,696)	-	2,666,117	4
								<b>Total equity attributable to owners of parent</b>	<u>18,203,395</u>	<u>29</u>	<u>18,435,961</u>	<u>29</u>	<u>17,636,459</u>	<u>28</u>
							36xx	Non-controlling interest (Note 6 (7) & (18))	<u>1,596,426</u>	<u>3</u>	<u>1,497,890</u>	<u>2</u>	<u>1,485,072</u>	<u>2</u>
								<b>Total Equity</b>	<u>19,799,821</u>	<u>32</u>	<u>19,933,851</u>	<u>31</u>	<u>19,121,531</u>	<u>30</u>
<b>Total Assets</b>	<b>\$ 62,905,066</b>	<b>100</b>	<b>65,106,808</b>	<b>100</b>	<b>64,325,649</b>	<b>100</b>		<b>Total liabilities and equity</b>	<b>\$ 62,905,066</b>	<b>100</b>	<b>65,106,808</b>	<b>100</b>	<b>64,325,649</b>	<b>100</b>

(English Translation of Financial Report Originally Issued in Chinese)

**Lungyen Life Service Corp. and Subsidiaries**

**Consolidated Statements of Comprehensive Income**

For The Three and Nine months Ended September 30, 2020 and 2019

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

(Reviewed, Not Audited)

	For the Three Months Ended September 30				For the Nine months Ended September 30				
	2020		2019		2020		2019		
	Amount	%	Amount	%	Amount	%	Amount	%	
4000	<b>Operating revenue (Note 6 (5), (15) &amp; (20))</b>	\$ 1,059,908	100	1,381,839	100	2,714,740	100	3,477,109	100
5000	<b>Operating cost (Note 6 (15) &amp; 7)</b>	290,580	27	340,531	25	892,581	33	1,058,159	30
5900	<b>Operating gross profit (loss)</b>	769,328	73	1,041,308	75	1,822,159	67	2,418,950	70
	<b>Operating expenses (Note 6 (3), (16), (21), &amp; 7) :</b>								
6100	Selling expenses	200,150	19	141,473	10	468,077	18	445,694	13
6200	Administration expenses	124,825	12	163,299	12	412,965	15	438,074	13
6450	Expected credit impairment loss (Note 6 (3))	-	-	-	-	4,670	-	-	-
6500	<b>Other income and expenses (Note 6 (22))</b>	324,975	31	304,772	22	885,712	33	883,768	26
6900	<b>Operating income (loss)</b>	33,096	3	34,631	3	99,011	4	104,803	3
	<b>Non-operating income and expenses (Note 6 (6), (23)&amp;7) :</b>								
7100	Interests income	20,265	2	32,048	2	73,962	3	84,215	2
7010	Other income	122,816	11	357,765	26	211,216	8	440,867	13
7020	Other gain and loss	(18,682)	(2)	(11,660)	(1)	(13,525)	(1)	86,974	3
7050	Financial costs	(3,532)	-	(17,787)	(1)	(20,361)	(1)	(55,102)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6 (6))	39,890	4	(9,578)	(1)	28,646	1	(38,910)	(1)
		160,757	15	350,788	25	279,938	10	518,044	15
	<b>Operating income before tax</b>	638,206	60	1,121,955	81	1,315,396	48	2,158,029	62
7950	<b>Less: Income tax expense (Note 6 (17))</b>	52,402	5	75,659	5	301,825	11	175,298	5
	<b>Net income</b>	585,804	55	1,046,296	76	1,013,571	37	1,982,731	57
8300	<b>Other comprehensive income:</b>								
8310	<b>Items that may not be subsequently reclassified to profit or loss:</b>								
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	141,512	13	393,154	29	82,027	3	1,939,364	56
8349	Less: income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-	(41,946)	(2)	-	-
	<b>Total items that may not be subsequently reclassified to profit or loss</b>	141,512	13	393,154	29	123,973	5	1,939,364	56
8360	<b>Items that may be subsequently reclassified to profit or loss</b>								
8361	Exchange differences on translation of foreign statements	(17,545)	(1)	(856)	-	(33,738)	(1)	10,490	-
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income	4,897	-	15,009	1	(408)	-	66,669	2
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	31,430	3	(21,764)	(2)	22,908	1	(23,363)	(1)
	<b>Total items that may be subsequently reclassified to profit or loss</b>	18,782	2	(7,611)	(1)	(11,238)	-	53,796	1
8300	<b>Other comprehensive income, net</b>	160,294	15	385,543	28	112,735	5	1,993,160	57
	<b>Total comprehensive income</b>	\$ 746,098	70	1,431,839	104	1,126,306	42	3,975,891	114
	<b>Net income, attributable to:</b>								
8610	Owners of parent	\$ 544,378	51	1,025,884	75	912,484	33	1,928,140	55
8620	Non-controlling interest	41,426	4	20,412	1	101,087	4	54,591	2
		\$ 585,804	55	1,046,296	76	1,013,571	37	1,982,731	57
	Total comprehensive income, attributable to:								
8710	Owners of parent	\$ 701,735	66	1,413,111	103	1,027,687	38	3,917,870	112
8720	Non-controlling interest	44,363	4	18,728	1	98,619	4	58,021	2
		\$ 746,098	70	1,431,839	104	1,126,306	42	3,975,891	114
	<b>Earnings per share (Note 6 (19))</b>								
9750	<b>Basic earnings per share (NTD)</b>	\$ 1.30		2.44		2.17		4.59	
9850	<b>Diluted earnings per share (NTD)</b>	\$ 1.29		2.18		2.09		4.12	

(The accompanying notes are in 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 September 30, 2020 and 2019

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

(Reviewed, Not Audited)

**Equity attributable to owners of parent**

	Equity attributable to owners of parent						Others		Total equity to owners of parent	Non-controlling interests	Total equity	
	Capital Stock	Capital Surplus	Legal Reserve	Retained Earnings			Exchange differences attributable	Unrealized Gain (loss) on financial Assets				
				Special Reserve	Unappropriated Earnings	Total						
<b>Balance – January 1, 2019</b>	\$ 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 profit	-	-	-	-	1,928,140	1,928,140	-	-	-	1,928,140	54,591	1,982,731
Other comprehensive income	-	-	-	-	-	-	(12,873)	2,002,603	1,989,730	1,989,730	3,430	1,993,160
Total comprehensive income	-	-	-	-	1,928,140	1,928,140	(12,873)	2,002,603	1,989,730	3,917,870	58,021	3,975,891
Legal reserve	-	-	218,054	-	(218,054)	-	-	-	-	-	-	-
Cash dividends on ordinary shares – NT\$3 per share	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)	-	(1,260,253)
Changes to subsidiaries' ownership	-	-	-	-	(3,531)	(3,531)	-	-	-	(3,531)	3,531	-
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	12,066	12,066	-	(12,066)	(12,066)	-	-	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(67,100)	(67,100)
<b>Balance – September 31, 2019</b>	<b>\$ 4,200,842</b>	<b>2,519,954</b>	<b>1,498,055</b>	<b>-</b>	<b>6,751,491</b>	<b>8,249,546</b>	<b>(37,688)</b>	<b>2,703,805</b>	<b>2,666,117</b>	<b>17,636,459</b>	<b>1,485,072</b>	<b>19,121,531</b>
<b>Balance – January 1, 2020</b>	\$ 4,200,842	2,519,954	1,498,055	-	10,373,806	11,871,861	(54,543)	(102,153)	(156,696)	18,435,961	1,497,890	19,933,851
Net income	-	-	-	-	912,484	912,484	-	-	-	912,484	101,087	1,013,571
Other comprehensive income	-	-	-	-	-	-	(10,830)	126,033	115,203	115,203	(2,468)	112,735
Total comprehensive income	-	-	-	-	912,484	912,484	(10,830)	126,033	115,203	1,027,687	98,619	1,126,306
Earning allocation and distribution												
Legal reserve	-	-	555,899	-	(555,899)	-	-	-	-	-	-	-
Special reserve	-	-	-	156,696	(156,696)	-	-	-	-	-	-	-
Cash dividends on ordinary shares – NT\$3 per share	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)	-	(1,260,253)
Disposal of equity instruments measured at fair value through other comprehensive income	-	-	-	-	38,431	38,431	-	(38,431)	(38,431)	-	-	-
Changes to subsidiaries' ownership	-	-	-	-	-	-	-	-	-	-	(83)	(83)
<b>Balance – September 31, 2020</b>	<b>\$ 4,200,842</b>	<b>2,519,954</b>	<b>2,053,954</b>	<b>156,696</b>	<b>9,351,873</b>	<b>11,562,523</b>	<b>(65,373)</b>	<b>(14,551)</b>	<b>(79,924)</b>	<b>18,203,395</b>	<b>1,596,426</b>	<b>19,799,821</b>

**For The Nine months Ended September 30, 2020 and 2019**  
**(All Amounts Expressed in Thousands of New Taiwan Dollars)**  
 (Reviewed, Not Audited)

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
<b>Profit (loss) before tax</b>	\$ 1,315,396	2,158,029
<b>Adjustments:</b>		
Adjustments to reconcile profit (loss):		
Depreciation expense	109,391	106,226
Amortization expense	10,067	12,500
Expected credit impairment loss	4,670	-
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(28,803)	(69,880)
Interest expense	20,361	55,102
Interest income	(198,799)	(217,408)
Dividend income	(120,408)	(323,716)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(28,646)	38,910
Gain on disposal of non-current asset to be sold	-	(627,328)
Loss (gain) on disposal and scrap of property, plant and equipment	(163)	(2,534)
Loss (gain) on disposal of investment property	(11,606)	-
Disposal of investment gains (losses)	-	377
Disposal of Investments Accounted for Using Equity Method	-	(2,708)
Exchange loss on financial assets or liabilities at fair value through other comprehensive income	40,148	(10,024)
Disposal loss on financial assets or liabilities at fair value through other comprehensive income	(24,064)	(3,444)
Total adjustments to reconcile profit (loss)	<u>(227,852)</u>	<u>(1,043,927)</u>
Changes in operating assets and liabilities:		
Decrease (Increase) on financial assets at fair value through income	2,103,149	605,174
Decrease (Increase) on notes receivable	(14,208)	(6,252)
Increase on account receivable	(399,272)	99,402
Increase on inventories	(321,896)	(279,493)
Decrease on prepayments	(18,506)	33,872
Disposal of non-current asset to be sold	25,474	2,923,222
Decrease (Increase) on other financial assets	(92,096)	(359,366)
Increase on other current asset	(848)	(6,980)
Increase on incremental cost of contract acquisition	(117,478)	(161,637)
Increase on contract liabilities	1,085,405	836,413
Increase (Decrease) on accounts payable	(92,345)	108,097
Decrease on other payable	41,769	(10,418)
Increase (Decrease) on advance receipts	33,551	22,356
Increase on other current liabilities	23,236	24,850
Total net change in operating assets and liabilities	<u>2,255,935</u>	<u>3,829,240</u>
Total Adjustments:	<u>2,028,083</u>	<u>2,785,313</u>
Cash inflow (outflow) generated from operations	3,343,479	4,943,342



Interest received	194,307	171,575
Dividend received	117,023	322,345
Interest paid	(142,388)	(8,429)
Income taxes (paid)	<u>(8,307)</u>	<u>(298,264)</u>
<b>Cash inflow (outflow) generated from operation</b>	<u>3,504,114</u>	<u>5,130,569</u>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(5,097,483)	(801,474)
Disposal of financial assets at fair value through other comprehensive income	3,644,917	429,136
Acquisition of financial assets measured by amortized cost	-	(530,342)
Held to maturity financial assets measured by amortized cost	75,000	75,000
Disposal of financial assets at fair value through profit and loss	2,462,273	-
Acquisition of Investments Accounted for Using Equity Method	(420,426)	-
Disposal of Investments Accounted for Using Equity Method	-	231,912
Acquisition of property, plant and equipment	(288,808)	(268,352)
Disposal of property, plant and equipment	324	2,656
Acquisition of intangible assets	(2,105)	(10,101)
Acquisition of investment property	(5,761)	(1,010)
Decrease (increase) in other financial assets - current	829,769	(238,462)
Increase in other financial assets - non current	55,982	(2,659)
Decrease in other non-current assets	<u>(283,247)</u>	<u>(12,577)</u>
<b>Net cash flows from (used in) investing activities</b>	<u>970,435</u>	<u>(1,126,273)</u>
<b>Cash flow from (used in) financing activities:</b>		
Increase in short-term loans	31,500	13,651,174
Decrease in short-term loans	(185,800)	(16,261,174)
Redemption of corporate bond	(3,113,000)	-
Increase in guarantee deposits received	539	(13,424)
Payments of lease liabilities	(10,223)	(10,246)
Cash dividends	(1,260,253)	(1,260,253)
Change in non-controlling interests	<u>(83)</u>	<u>(67,100)</u>
<b>Net cash flows from (used in) financing activities</b>	<u>(4,537,320)</u>	<u>(3,961,023)</u>
Effects of foreign exchange rates changes on cash and cash equivalents	(2,448)	389
Net (decrease) increase in cash and cash equivalents	(65,219)	43,662
Cash and cash equivalents at beginning of period	<u>231,964</u>	<u>194,002</u>
Cash and cash equivalents at end of period	<u><b>\$ 166,745</b></u>	<u><b>237,664</b></u>

Lungyen Life Service Corp.  
Notes to Its Consolidated Financial statements  
For The Three Months Ended September 30, 2020 and 2019  
(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 November 10, 2020.

### 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 2020. The following table depicts the new, amended, revised standards and interpretations:

New/ Amended/ Revised Standards and Interpretations	Effective date per IASB
Amendment to IFRS 3 “Definition of a business”	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest rate benchmark”	January 1, 2020
Amendments to IAS 1 and IAS 8 “Definition of material”	January 1, 2020
Amendments to IFRS 16 “COVID-19 related rent concessions”	September 1, 2020

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.

- (II) Effect of new issuances to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2021 are as follows:

<u>New/ Amended/ Revised Standards and Interpretations</u>	<u>Effective date per IASB</u>
Amendments to IFRS 4, Extension of the temporary exemption from applying IFRS 9	January 1, 2021

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.

(III) The impact of IFRSs endorsed by the FSC but not yet applied

<u>New, Revised or Amended Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
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, 2023
Amendments to IAS 1 “Classification of liabilities as current or non-current”	January 1, 2023
Amendments to IAS 16 “Property, plant and equipment - Proceeds before intended use	January 1, 2022
Amendments to IAS 37 “Onerous contracts – cost of fulfilling a contract”	January 1, 2022
Annual Improvements to IFRS Standards 2018–2020	January 1, 2022
Amendments to IFRS 3, ‘Reference to the conceptual framework’	January 1, 2022
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16, ‘Interest Rate Benchmark Reform—Phase 2’	January 1, 2021

Except for the following items, the Company continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations and related applicable period. The related impact will be disclosed when the Company completes the 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

Investor	Subsidiary	Major Business	Shareholdings			Remarks
			9.30.2020	12.31.2019	9.30.2019	
The Company	Jin Huang Construction Co., Ltd (Jin Huang)	Architecture and civil engineering	98.20%	98.20%	98.20%	(*)
The Company	Yuji Development Corp.(Yuji)	Funeral service	54.42%	54.42%	54.42%	
The Company	Dahan Property Management Co.,Ltd.(Dahan)	Housing and building development and lease	80.00%	80.00%	80.00%	(*)
The Company	Sea Dragon Traders Ltd.(BVI)(Sea Dragon)	Investment	100.00%	100.00%	100.00%	(*)
Yuji	Lung Fu Company Limited (Lung Fu)	Funeral service	100.00%	100.00%	100.00%	Note IV (II) 3 (1)

\*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 thousand and NT\$180,000 thousand in February, 2019 and August, 2020, and Yuji Development Corp. subscribed in full.

### (III) 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

### (IV) Business Combination

The Consolidated Company acquired significant influence over other company through acquisition for the first time in the third quarter of 2020, so the accounting policies related to business combination have been applied since August 1, 2019.

The Consolidated Company adopts the acquisition method for each business combination. Goodwill is 合併公司對每 recognized at the fair value of the consideration on the acquisition date, including the amount attributable to any non-controlling interests of the acquire, minus the net value of the identifiable assets acquired and the liabilities (usually at the fair value). If the balance after the deduction is negative, the Consolidated Company will reassess whether all acquired assets and all liabilities acquired have been correctly identified, before recognizing the gain in bargain purchase in profit and loss.

Except for those related to the issuance of debt or equity instruments, transaction costs related to business combinations should be immediately recognized as expenses of the Consolidated Company when incurred.

If the original accounting treatment of a business combination has not been completed before the end of the reporting period in which the acquisition transaction occurs, the Consolidated Company will recognize the incomplete accounting treatment items at a provisional amount, and retrospectively adjust or recognize additional assets during the measurement period or liabilities to reflect new information about facts and circumstances that existed on the acquisition date obtained during the measurement period. The measurement period shall not exceed one year from the date of acquisition. 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 2019 Consolidated Financial Statements.

**VI. Important accounting accounts**

Except as described in the following paragraphs, there were no significant differences with those disclosed in the 2019 annual consolidated financial statements. Please refer to Note 6 of the 2019 annual consolidated financial statements.

**(I) Cash and cash equivalent**

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Cash on hand	\$ 2,575	2,556	3,699
Demand deposits	164,128	229,365	233,945
Check deposits	42	43	20
Cash and cash equivalent on the Consolidated Statement of Cash Flow	<u>\$ 277,878</u>	<u>231,964</u>	<u>186,063</u>

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

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Financial assets at fair value through profit and loss:			
Domestic and foreign common stocks	\$ -	77,439	53,358
Bond	310,605	-	-
Beneficiary certificates	4,870,952	9,640,284	938,530
Total	<u>\$ 5,181,557</u>	<u>9,717,723</u>	<u>991,888</u>

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

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Liability instruments at fair value through other comprehensive income:			
Bonds	\$ 1,428,390	2,114,996	2,039,353
Equity instruments at fair value through other comprehensive income:			
Domestic and foreign common stock:	4,203,775	2,131,094	10,107,618
Beneficiary certificates:	427,903	297,250	292,610
Total	<u>\$ 6,060,068</u>	<u>4,543,340</u>	<u>12,439,581</u>

## (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 1.30%~4.85%, 1.30%~4.85 and 1.625%~4.851% as of September 30, 2020, December 31, 2019 and September 30, 2020, respectively. The maturity years were 2021 to 2029, 2020 to 2030 and 2020 to 2029, 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 September 30, 2019 and 2018, with a fair value at NT\$2,744,513 thousand and NT\$220,543, respectively, an accumulated disposal profits/(losses) of NT\$8,982 thousand and NT\$12,066, respectively, which have been transferred from other comprehensive income to retained earnings.

The Consolidated Company was for the stocks of Fortune IC Fund were strike off on July 28, 2019. The clearing house allocated a price of NT\$34 thousand, and the difference between the allocated price and the book value amounted to a striking off loss of NT\$12,497 thousand. It is converted from other equity 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

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Bond	\$ 1,380,850	1,463,240	1,465,712

(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 September 30, 2020, December 31, 2019 and September 30, 2019 were all 0.625% ~ 3.00% and the maturity years were all 2020 to 2028.

4. For details of trusted part of the Consolidated Company's financial assets as of September 30, 2020, December 31 and September 30, 2019, please refer to Note 9 (3).

5. For details of the Consolidated Company's financial assets pledged as collateral as of September 30, 2020, December 31 and September 30, 2019, 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:

Stock price on the reporting date	2020Q1-Q3		2019Q1-Q3	
	Other Consolidated profit or loss after tax	Profit or loss after tax	Other Consolidated profit or loss after tax	Profit or loss after tax
Increase by 10%	\$ 392,573	-	991,763	4,493
Decrease by 10%	\$ (392,573)	-	(991,763)	(4,493)

## (III) Account receivables and note receivables

	9.30.2020	12.31.2019	9.30.2019
Note receivables – from operation	\$ 14,986	778	12,597
Account receivables – at amortized cost	9,941,614	9,541,268	9,563,902
Less: allowance	(81,540)	(76,870)	(60,875)
Unrealized interest revenues	(736,638)	(735,754)	(733,928)
	<b>\$ 9,138,422</b>	<b>8,729,422</b>	<b>8,781,696</b>

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.

	9.30.2020		
	Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period
Non-overdue (*)	\$ 9,870,130	0.00%~0.26%	343
Overdue for 31~90 days	9,713	30.01%~78.76%	5,463
Overdue for 90~180 days	6,590	90.81%~97.30%	6,126
Overdue for 181~270 days	6,230	91.03%~98.57%	5,671
Overdue for 270 days and more	63,937	100.00%	63,937
<b>Total</b>	<b>\$ 9,956,600</b>		<b>81,540</b>

	12.31.2019		
	Book value of account receivables	Expected credit losses ratio during	Expected credit losses during

		<u>the duration</u>	<u>allowance period</u>
Non-overdue (*)	\$ 9,471,551	0.00%~0.58%	9,217
Overdue for 31~90 days	8,991	72.58%	6,526
Overdue for 90~180 days	4,146	93.89%	3,893
Overdue for 181~270 days	3,203	96.15%	3,079
Overdue for 270 days and more	<u>54,155</u>	100.00%	<u>54,155</u>
<b>Total</b>	<b>\$ <u>9,542,046</u></b>		<b><u>76,870</u></b>

**9.30.2019**

	<u>Book value of account receivables</u>	<u>Expected credit losses ratio during the duration</u>	<u>Expected credit losses during allowance period</u>
Non-overdue (*)	\$ 9,517,802	0.00%~0.22%	8,213
Overdue for 31~90 days	7,220	29.65%	2,141
Overdue for 90~180 days	3,253	78.08%	2,540
Overdue for 181~270 days	2,979	91.84%	2,736
Overdue for 270 days and more	<u>45,245</u>	100%	<u>45,24</u>
<b>Total</b>	<b>\$ <u>9,576,499</u></b>		<b><u>60,875</u></b>

\*Account receivables including undue amount as of September 30, 2020, December 31 and September 30, 2019 were NT\$7,808,254 thousand, NT\$7,706,932 thousand and NT\$7,377,854 thousand, respectively.

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

	<u>Nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 76,870	60,875
Allowance loss	<u>4,670</u>	<u>-</u>
Ending balance	<b>\$ <u>81,540</u></b>	<b><u>60,875</u></b>

**(IV) Inventory**

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Columbarium and cemetery for sale	\$ 48,881	85,791	95,115
Construction Site	3,439,781	3,494,676	3,032,458
Residential and building under construction	4,604,663	4,602,343	4,602,343
	82,205	-	112,749
Columbarium and cemetery under construction	<u>7,850,343</u>	<u>7,521,166</u>	<u>7,990,342</u>
	<b>\$ <u>16,025,873</u></b>	<b><u>15,703,976</u></b>	<b><u>15,720,258</u></b>
Expected to be recovered in more than twelve months	<b>\$ <u>16,007,209</u></b>	<b><u>15,672,750</u></b>	<b><u>15,683,400</u></b>

1. As of July 1 to September 30 of 2020 and 2019, 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 September 30, 2020 and December 31 and September 30 2019, please refers to Note 8.

## (V) Non-Current Assets Held for Sale

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Land held for sale	\$ -	-	224,695
Houses and buildings held for sale	-	-	52,097
	<u>\$ -</u>	<u>-</u>	<u>276,792</u>

1. 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 3th quarter of 2019, please see Note 6 (20).
2. The Consolidated Company sold the non-current assets held-for-sale of the Pacific Commercial Building on May 13,2019,and completed the ownership transfer procedure in August and October, 2019. Therefore, the profit from disposal of NT\$381,275 thousand was recognized under the operating income in the 3th 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:

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Affiliates	\$ 653,993	185,170	185,015
Joint venture	732,619	760,735	742,218
	<u>\$ 1,386,612</u>	<u>945,905</u>	<u>927,233</u>

## 1. Affiliates

The Consolidated Company obtain securities 30.93% of ownership in Law Co., Ltd. on July 27,2020 by NT\$420,426 thousand, and acquisition significant influence to the affiliate.

2. Affiliated enterprises having significant importance to the Company, the relevant information is as follow:

Affiliates	Relationship with the Company	Country	Shareholdings		
			9.30.2020	12.31.2019	9.30.2019
Lung Ting Life Services Co. Ltd.	Flower cultivation, whole sale and retail	Taiwan	- %	- %	49.00%

Note: The Consolidated Company disposed 49% of ownership in Lung Ting Life Services on August 13, 2019 and lost significant influence to the affiliate. The disposal amount of transaction was NT\$231,912 thousand, and the disposal profit of NT\$2,798 thousand was included in Non-operating income and expenses of the Income Statement. Detail can be found in Note 6 (23).

3. 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.

	9.30.2020	12.31.2019	9.30.2019
Ending balance of affiliated enterprise under equity method which is not significant individually	\$ 653,993	185,170	185,015

	Three months ended September		Nine months ended September	
	2020	2019	2020	2019
Attribute to the Company:				
Continuing operations' current loss	\$ 48,140	(256)	49,809	(785)
Other comprehensive profit or loss	335	(350)	(1,413)	75
Total comprehensive profit or loss	\$ 48,475	(606)	48,396	(710)

4. Joint Venture

The Consolidated Company, Bliss Knight Limited and SINO-OCEAN Group signed a joint-venture agreement on December 31, 2017, and has residual rights to the net assets of Long Young Life(Cayman) Co., Ltd, the accounting treatment is equity method by the joint agreement.

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.

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Ownership	<u>50%</u>	<u>50%</u>	<u>50%</u>
Non-current assets	\$ 1,476,900	1,524,492	1,492,097
Current assets	1,747	8,979	2,630
Current liabilities	<u>(13,409)</u>	<u>(12,001)</u>	<u>(10,291)</u>
Net assets	<u>\$ 1,465,238</u>	<u>1,521,470</u>	<u>1,484,436</u>
Cash and cash equivalents	<u>\$ 1,747</u>	<u>8,979</u>	<u>2,630</u>
Net assets attributable to the Consolidated Company	<u>\$ 732,619</u>	<u>760,735</u>	<u>742,218</u>

	<u>Three months ended September</u>		<u>Nine months ended September</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operation income	\$ -	-	-	-
Net loss	\$ -	-	-	-
Net loss from continuing operations	(16,500)	(17,982)	(42,326)	(70,792)
Other comprehensive income	29,782	(42,828)	(13,912)	(46,876)
Total comprehensive income	<u>\$ (13,282)</u>	<u>(60,810)</u>	<u>(56,238)</u>	<u>(117,668)</u>
Total net income attributable to the Consolidated company	<u>\$ (8,250)</u>	<u>(8,991)</u>	<u>(21,163)</u>	<u>(35,396)</u>
Total comprehensive income attributable to the Consolidated company	<u>\$ 39,627</u>	<u>(21,414)</u>	<u>17,780</u>	<u>(23,438)</u>

\*Ending exchange rate of US\$ on September 30, 2020: 29.16; average exchange rate of US\$ for the nine month ended September 30, 2019: 29.360

5. As of September 30, 2020, December 31, and September 30, 2019, the Consolidated Company did not have its investment using equity method pledged as collateral.

6. Not review of the investment accounted for using equity method

The Consolidated Company and the investment accounted for using equity method are not review by the independent auditors.

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

Name of subsidiaries	Main operation location/Country of registration	Proportion of shareholdings held by non-controlling interest and voting rights		
		9.30.2020	12.31.2019	9.30.2019
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:

	9.30.2020	12.31.2019	9.30.2019
Current asset	\$ 3,411,952	3,193,469	3,495,769
Non-current asset	965,158	848,856	563,060
Current liability	(831,300)	(712,836)	(757,149)
Equity	<u>\$ 3,545,810</u>	<u>3,329,489</u>	<u>3,301,680</u>
Book value of ending non-controlling Interests	<u>\$ 1,596,433</u>	<u>1,497,833</u>	<u>1,485,158</u>

	Three months ended September		Nine months ended September	
	2020	2019	2020	2019
Operation income	\$ 153,121	83,289	422,889	433,384
Net income	\$ 90,890	44,803	221,736	119,800
Other comprehensive income	6,444	(3,695)	(5,414)	7,527
Total comprehensive income	<u>\$ 97,334</u>	<u>41,108</u>	<u>216,322</u>	<u>127,327</u>
Net income, attributable to non-controlling interest	<u>\$ 41,427</u>	<u>20,421</u>	<u>101,067</u>	<u>54,60</u>
Total comprehensive income, attributable to non-controlling interest	<u>\$ 44,366</u>	<u>18,737</u>	<u>98,600</u>	<u>58,035</u>

	Three months ended September		Nine months ended September	
	2020	2019	2020	2019
Cash flows from operating activities	\$ 95,152	53,954	82,163	491,058
Cash flows from investing activities	(93,426)	13,466	(58,524)	(546,867)
Cash flows from financing activities	-	(71,000)	(27,000)	53,000

Net cash flow increase (decrease)	<b>\$</b>	<b>1,726</b>	<b>(1,666)</b>	<b>(3,361)</b>	<b>(2,809)</b>
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## (VIII) Property and plants:

The changes in the cost, depreciation, and impairment loss of the consolidated company's property, plant, and equipment is 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, 2020	\$ 2,415,999	2,868,196	107,874	53,815	4,100	197,628	1,233,082	6,880,694
Additions	-	1,282	5,405	224	-	372	281,258	288,808
Disposal and scrap	-	-	(8,087)	(159)	-	(573)	-	(8,819)
Transfers from (to) unfinished construction	882,292	1,600	24,362	-	-	-	(908,254)	-
Reclassification	-	-	-	-	-	-	(3,953)	(3,953)
September 30, 2020	<b>\$ 3,298,291</b>	<b>2,871,078</b>	<b>129,554</b>	<b>53,880</b>	<b>4,100</b>	<b>197,427</b>	<b>602,133</b>	<b>7,156,730</b>
January 1, 2019	\$ 2,415,999	2,829,630	94,199	56,502	4,100	187,108	952,226	6,539,764
Additions	-	17,657	35,489	-	-	9,418	205,788	268,352
Disposal and scrap	-	-	(21,814)	(25)	-	(256)	-	(22,095)
Transfer in (out) from construction in progress	-	20,776	-	-	-	2,872	(25,567)	(1,919)
Reclassification	-	-	-	-	-	-	(1,281)	(1,281)
September 30, 2019	<b>\$ 2,415,999</b>	<b>2,868,063</b>	<b>107,874</b>	<b>56,477</b>	<b>4,100</b>	<b>199,142</b>	<b>1,131,166</b>	<b>6,782,821</b>
Depreciation and impairment loss:								
January 1, 2020	\$ -	598,624	59,192	52,307	3,473	88,940	-	802,536
Current depreciation	-	54,016	9,846	373	135	15,691	-	80,061
Disposal and scrap	-	-	(8,040)	(159)	-	(459)	-	(8,658)
September 30, 2020	<b>\$ -</b>	<b>652,640</b>	<b>60,998</b>	<b>52,521</b>	<b>3,608</b>	<b>104,172</b>	<b>-</b>	<b>873,939</b>
January 1, 2019	\$ -	521,956	74,486	54,439	3,293	73,285	-	727,459
Current depreciation	-	58,048	3,943	637	9135	14,983	-	77,746
Disposal and scrap	-	-	(21,814)	(25)	-	(134)	-	(21,973)
September 30, 2019	<b>\$ -</b>	<b>5580,004</b>	<b>56,615</b>	<b>55,051</b>	<b>3,428</b>	<b>88,134</b>	<b>-</b>	<b>783,232</b>
Book value :								
January 31, 2020	<b>\$ 2,415,999</b>	<b>2,269,572</b>	<b>48,682</b>	<b>1,508</b>	<b>627</b>	<b>108,688</b>	<b>1,233,082</b>	<b>6,078,158</b>
September 30, 2020	<b>\$ 3,298,291</b>	<b>2,218,705</b>	<b>68,556</b>	<b>1,359</b>	<b>492</b>	<b>93,255</b>	<b>602,133</b>	<b>6,282,791</b>
January 31, 2019	<b>\$ 2,415,999</b>	<b>2,307,674</b>	<b>19,713</b>	<b>2,063</b>	<b>807</b>	<b>113,823</b>	<b>952,226</b>	<b>5,812,305</b>
September 30, 2019	<b>\$ 2,415,999</b>	<b>2,288,059</b>	<b>51,259</b>	<b>1,426</b>	<b>672</b>	<b>111,008</b>	<b>1,131,166</b>	<b>5,999,589</b>

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2. 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, please refer to Note 7.
3. For details of assets pledged as collateral as of September 30, 2020, December 31, and September 30, 2019, please refer to Note 8.
4. For details of part of the property, plant and equipment trusted as of September 30, 2020 and December 31, and September 30, 2019, please refer to Note 9 (3)

## (IX) Right-of-use asset

The changes in right-of-use asset for the Company as the followings:

	Land	Residential and Buildings	Transporta tion equipment	Total
Cost of right-of-use assets:				
Balance on January 1, 2020	\$ 574	29,894	21,323	51,791
Balance on September 30, 2020	\$ 574	29,894	21,323	51,791
Balance on January 1, 2019	\$ 574	29,894	21,323	51,791
Balance on September 30, 2019	\$ 574	29,894	21,323	51,791
Depreciation and impairment loss of right-of-use assets:				
Balance on January 1, 2020	177	6,807	3,139	10,123
Current depreciation	\$ 413	15,858	7,325	23,596
Balance on September 30, 2020	\$ -	-	-	-
Balance on January 1, 2019	177	6,782	3,139	10,098
Current depreciation	\$ 177	6,782	3,139	10,098
Balance on September 30, 2019				
Book Value:				
Balance on January 1, 2020	\$ 338	20,843	17,137	38,318
Balance on September 30, 2020	\$ 161	14,036	13,998	28,195
Balance on September 30, 2019	\$ 397	23,112	18,184	41,693



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(X) Investment property

The changes in investment for the Company as the followings:

	<b>Land and improvements</b>	<b>Buildings and structure</b>	<b>Total</b>
Cost or identified cost :	\$ 3,252,380	1,017,440	4,269,820
Balance on January 1, 2020	-	5,761	5,761
Additions	(7,635)	(13,602)	(21,237)
Disposal	<b><u>\$ 3,244,745</u></b>	<b><u>1,009,599</u></b>	<b><u>4,254,344</u></b>
Balance on September 30, 2020	\$ 3,259,021	1,015,581	4,274,602
Balance on January 1, 2019	-	1,010	1,010
Additions	-	1,505	1,505
Reclassification	(6,641)	(656)	(7,297)
Balance on September 30, 2019	<b><u>\$ 3,252,380</u></b>	<b><u>1,017,440</u></b>	<b><u>4,269,820</u></b>
Depreciation and impairment loss :			
Balance on January 1, 2020	\$ 19,910	385,377	405,287
Current depreciation	-	19,207	19,207
Balance on September 30, 2020	-	(7,369)	(7,369)
Balance on January 1, 2019	<b><u>\$ 19,910</u></b>	<b><u>397,215</u></b>	<b><u>417,125</u></b>
Current depreciation	\$ 19,910	361,120	381,030
Reclassification	-	18,382	18,382
Balance on September 30, 2019	-	(294)	(294)
	<b><u>\$ 19,910</u></b>	<b><u>379,208</u></b>	<b><u>399,118</u></b>
Book value :			
Balance on January 1, 2020	<b><u>\$ 3,232,470</u></b>	<b><u>632,063</u></b>	<b><u>3,864,533</u></b>
Balance on September 30, 2020	<b><u>\$ 3,224,835</u></b>	<b><u>612,384</u></b>	<b><u>3,837,219</u></b>
Balance on January 1, 2019	<b><u>\$ 3,239,111</u></b>	<b><u>654,461</u></b>	<b><u>3,893,572</u></b>
Balance on September 30, 2019	<b><u>\$ 3,232,470</u></b>	<b><u>638,232</u></b>	<b><u>3,870,702</u></b>

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1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6 (15).
2. No significant changes of between the Company's fair value of non-current assets for investment and Note 6 (10) disclosed in 2019 consolidated financial report.
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 September 30, 2020, December 31 and September 30, 2019, please refer to Note 9 (3).
5. For the investment property pledged for collateral on September 30, 2020, December 31 and September 30, 2019 please refer to Note 8.

(XI) Intangible Assets:

	<u>Goodwill</u>	<u>Trademark</u>	<u>Computer Software</u>	<u>Development Royalty</u>	<u>Total</u>
Cost:					
Balance on January 1, 2020	\$ 542,428	192,750	140,482	5,560	881,220
Acquired separately	-	-	2,105	-	2,105
Reclassification	-	-	85	-	85
Balance on September 30, 2020	<b><u>\$ 542,428</u></b>	<b><u>192,750</u></b>	<b><u>142,672</u></b>	<b><u>5,560</u></b>	<b><u>883,410</u></b>
Balance on January 1, 2019	\$ 542,428	192,750	134,115	-	869,293
Acquired separately	-	-	4,541	5,560	10,101
Transfer in from construction in progress	-	-	414	-	414
Reclassification	-	-	(258)	-	(258)
Balance on September 30, 2019	<b><u>\$542,428</u></b>	<b><u>192,750</u></b>	<b><u>138,812</u></b>	<b><u>5,560</u></b>	<b><u>879,550</u></b>
Amortization and impairment loss:					
Balance on January 1, 2020	\$ -	-	125,283	-	125,283
Current Amortization	-	-	10,067	-	10,067
Reclassification	-	-	85	-	85
Balance on September 30, 2020	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>135,435</u></b>	<b><u>-</u></b>	<b><u>135,435</u></b>
Balance on January 1, 2019	\$ -	-	109,928	-	109,928
Current Amortization	-	-	12,500	-	12,500
Balance on September 30, 2019	<b><u>\$ -</u></b>	<b><u>-</u></b>	<b><u>122,428</u></b>	<b><u>-</u></b>	<b><u>122,428</u></b>

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Book value:

January 1, 2020	<u>\$ 542,428</u>	<u>192,750</u>	<u>15,199</u>	<u>5,560</u>	<u>755,937</u>
Balance on September 30, 2020	<u>\$ 542,428</u>	<u>192,750</u>	<u>7,237</u>	<u>5,560</u>	<u>747,975</u>
January 1, 2019	<u>\$ 542,428</u>	<u>192,750</u>	<u>24,187</u>	<u>-</u>	<u>759,365</u>
Balance on September 1, 2019	<u>\$ 542,428</u>	<u>192,750</u>	<u>16,384</u>	<u>5,560</u>	<u>757,122</u>

1. The Consolidated Company and Kaohsiung Government signed an investment contract on July, 2018, operating period is 20 years, and development royalty of NT\$5,560 thousand is paid at the start of construction.
2. The Consolidated Company conducts impairment assessment for goodwill and trademark every year. According to the impairment assessment carried out on December 31, 2019 and 2018, no impairment loss shall be recognized.

(XII) Other financial assets - current

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Time deposit – more than 3 months	\$ 88,177	690,000	-
Time deposit – trust account	436,890	130,000	888,154
Current deposit – trust account	321,957	860,038	528,615
Current deposit – management fees account	934,672	891,890	861,032
Other receivables	28,615	2,332	2,440
Other notes receivables	67,821	69,036	377,163
Bond interest receivables	29,538	25,044	35,003
Restricted assets	11,953	8,708	9,189
Receivables for sales of securities	10,691	-	-
Others	26,208	9,904	25,480
Total	<u>\$ 1,956,522</u>	<u>2,686,952</u>	<u>2,727,076</u>

(XIII) Short-term loan

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Guaranteed bank loans	\$ -	-	349,000
Unguaranteed bank loans	-	154,300	206,300
Total	<u>\$ -</u>	<u>154,300</u>	<u>555,300</u>
Unused credit lines	<u>\$ 3,998,000</u>	<u>5,003,700</u>	<u>7,284,300</u>
Range of interest rates	<u>-</u>	<u>1.10%</u>	<u>0.68%~1.10%</u>

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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 September 30, 2020 and 2019, the increase amount were NT\$31,500 thousand and NT\$13,651,174 thousand, interest rates are 1.10% and 0.68%~1.298%, respectively; the repayment was NT\$185,800 thousand and NT\$16,261,174 thousand, respectively.
3. For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIV) Corporate bond payable

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Unsecured convertible bond	\$ -	3,243,019	3,229,914
Less: current portion	-	(3,243,019)	(3,229,914)
	<u>\$ -</u>	<u>-</u>	<u>-</u>
Equity component- convertible rights (booked as capital reserve)	<u>\$ -</u>	<u>9,961</u>	<u>9,961</u>

The Consolidated Company's bonds payable was due on April 9, 2019, and repaid the denomination of the bonds plus interest compensation.

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

<b>Item</b>	<b>Content</b>
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\$56.50 per share.

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**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 (September 30, 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 by means of operating lease, for more information please refer to Note6 (10).The minimum lease amount of future receivables during the lease period is as the follows:

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Within 1 year	\$ 171,956	170,856	164,662
1~5 years	597,369	616,666	588,751
Over 5 years	1,344,074	1,390,552	1,425,769
	<u><b>\$ 2,113,399</b></u>	<u><b>2,178,074</b></u>	<u><b>2,179,182</b></u>

The rent income arising from the investment property amounted to NT\$125,699 thousand and NT\$131,642 thousand as of nine months ended September 30, 2020 and 2019, respectively. The repair, depreciation and maintenance expenses (booked in the “Operating cost”) incurred from investment property are as follows:

	<b>For nine months ended</b>	
	<b>September 30</b>	
	<u>2020</u>	<u>2019</u>
Rent income generated	\$ 43,811	55,946
Rent income not generated	-	-
	<u><b>\$ 43,811</b></u>	<u><b>55,946</b></u>

(XVI) Employee welfare

1. Defined benefit plan

Management believes that in prior fiscal year, there was no material volatility of the

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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:

	For three months ended		For nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Administrative expense	\$ 14	16	11,852	37

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:

	For three months ended		For nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Operating cost	\$ 2,102	2,141	6,359	6,365
Administrative expenses	2,811	2,931	8,470	8,664
	<b>\$ 4,913</b>	<b>5,072</b>	<b>14,829</b>	<b>15,029</b>

(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

	For three months ended		For nine months ended	
	September 30		September 30	
	2020	2019	2020	2019
Current income tax expenses				
Current generated	\$ 52,557	45,546	122,031	94,344
Overestimated income tax of prior period	(609)	-	(63,135)	(27,185)
Increase of land	454	30,113	1,521	62,379

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tax				
Tax on undistributed profit	-	-	241,408	45,760
Income tax (profits) expenses	<u>\$ 52,402</u>	<u>75,659</u>	<u>301,825</u>	<u>175,298</u>

3. The Company's income tax returns have been audited by the tax authorities up to 2018.

(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 nine months ended in September 30, 2020 and 2019, for more information please refer to Note 6 (18) of the 2019 annual consolidated financial statements.

The Company's authorized capital was NT\$6,000,000 thousand for 600,000 thousand shares to be issued at NT\$10 Par, and 420,084 thousand common stock shares issued as of September 30, 2020, December 31 and September, 2019 respectively. The number of outstanding shares of the Company from January 1 to September 30, 2020 and 2019 was 420,084 thousand shares.

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.

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2. Additional paid-in capital

The Company's additional paid-in capital balance:

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Stock premium	\$ 2,486,172	2,486,172	2,486,172
Disposal of difference of book value of subsidiaries' equity	20,972	20,972	20,972
Recognition changes in net equity of subsidiaries	2,849	2,849	2,849
Stock option for convertible bonds issued	-	9,961	9,961
Lapsed stock options	<u>9,961</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 2,519,954</u>	<u>2,519,954</u>	<u>2,519,954</u>

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



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When the Company has no losses, it may be approved by the shareholders' meeting to issue new shares or cash with the legal reserve, but only if the reserve exceeds 25% of the paid-in capital.

(2) Special reserve

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

(3) Distribution of earnings

The Company's distribution of 2019 earnings was resolved in the general shareholders' meeting on May 29, 2020, and the Company's distribution of 2018 earnings was resolved in the general shareholders' meeting on May 31, 2019.

The distribution of dividends to shareholders is as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Share distribution rate (NT\$)</u>	<u>Amount</u>	<u>Share distribution rate (NT\$)</u>	<u>Amount</u>
Dividends distributed to common stock shareholders:				
Cash	\$ 3.00	<u>1,260,253</u>	3.00	<u>1,260,253</u>

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4. Other equity

	<b>Exchange differences from the translation of foreign institution's financial statements</b>	<b>Investments at fair value through other comprehensi ve income</b>	<b>Total</b>
January 1, 2020	\$ (54,543)	(102,153)	(156,696)
Exchange difference arising from the conversion of net assets of foreign operating institutions	(33,738)	-	(33,738)
Unrealized evaluation (profit) and loss of financial assets measured at fair value through other comprehensive gains and losses	-	108,151	108,151
Equity instruments measured at fair value through other comprehensive gains and losses-related income tax	-	41,946	41,946
Disposal of liability instruments measured at fair value through other comprehensive gains and losses reclassified to profit or loss	-	(24,064)	(24,064)
Exchange difference of affiliate company using equity method	22,908	-	22,908
Disposal of equity instruments measured at fair value through other comprehensive gains and losses	-	(38,431)	(38,431)
Balance on September 30, 2020	<u>\$ (65,373)</u>	<u>(14,551)</u>	<u>(79,924)</u>
January 1, 2019	\$ (24,815)	713,268	688,453
Exchange difference arising from the conversion of net assets of foreign operating institutions	10,113	-	10,113
Unrealized evaluation (profit) and loss of financial assets measured at fair value through other comprehensive gains and losses	-	2,006,047	2,006,047
Reclassify the profit and loss of the disposal of foreign operating organization to profit and loss	377	-	377
Disposal of liability instruments measured at fair value through other comprehensive gains and losses reclassified to profit or loss	-	(3,444)	(3,444)
Exchange difference of affiliate company and joint ventures using equity method	(23,363)	-	(23,363)
Disposal of equity instruments measured at fair value through other comprehensive gains and	-	(12,066)	(12,066)

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losses

Balance on September 30, 2019 \$ (37,688) 2,703,805 2,666,117

5. Non-controlling equity

		<b>For the nine months ended <u>September 30, 2020</u></b>	<b>For the nine months ended <u>September 30, 2019</u></b>
Balance at beginning of period	\$	1,497,890	1,490,620
Non-controlling equity			
Net profit of non-controlling equity		101,087	54,591
Gains (losses) on fair value through profit or loss financial assets		(2,468)	3,430
Equity changes to subsidiaries		(83)	3,531
Acquisition of shares of subsidiaries to non-control equity		<u>-</u>	<u>(67,100)</u>
Balance at end of period	\$	<u><b>1,596,426</b></u>	<u><b>1,485,072</b></u>

(XIX) Earnings per share

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

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

	<u>For the three months ended September 30</u>		<u>For the nine months ended September 30</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
<b>Basic earnings per share</b>				
Net income attributable to the Consolidated Company's common stock shareholders:	\$ <u>544,378</u>	<u>1,025,8848</u>	<u>912,484</u>	<u>1,928,140</u>
Weighted average outstanding common stock shares	<u>420,084</u>	<u>420,084</u>	<u>420,084</u>	<u>420,084</u>
	<u>\$ <b>1.30</b></u>	<u><b>2.44</b></u>	<u><b>2.17</b></u>	<u><b>4.59</b></u>

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**Diluted earnings per share**

Net income attributable to the Consolidated Company	\$	544,378	1,025,884	912,484	1,928,140
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares					
Convertible Bond		-	10,441	8,053	31,198
Net income attributable to the Consolidated Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	\$	<u>544,378</u>	<u>1,036,325</u>	<u>920,537</u>	<u>1,959,338</u>
Weighted average outstanding common stock shares		420,084	420,084	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		306	431	306	431
The impact of convertible bond		-	55,097	20,108	55,097
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)		420,390	475,612	440,498	475,612
	\$	<u>1.29</u>	<u>2.18</u>	<u>2.09</u>	<u>4.12</u>

(XX) Revenues from contracts with customers

i. Details of revenues

	For the three months ended September 30, 2020					Total
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Construction and sales	
Area of main market:						
Taiwan	\$ <u>546,516</u>	<u>406,523</u>	<u>41,767</u>	<u>53,499</u>	<u>11,603</u>	<u>1,059,908</u>

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Revenues

recognized at:

Goods or services that are transferred at a certain point in time	<u>\$ 546,516</u>	<u>406,523</u>	<u>41,767</u>	<u>53,499</u>	<u>11,603</u>	<u>1,059,908</u>
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**For the nine months ended September 30, 2019**

	<u>Sales of columbarium and cemetery</u>	<u>Funeral services</u>	<u>Property leasing</u>	<u>Cemetery operation and others</u>	<u>Construction and sales</u>	<u>Total</u>
Area of main market:						
Taiwan	<u>\$ 449,910</u>	<u>406,225</u>	<u>40,780</u>	<u>48,474</u>	<u>436,450</u>	<u>1,381,839</u>

Revenues recognized at:

Goods or services that are transferred at a certain point in time	<u>\$ 449,910</u>	<u>406,225</u>	<u>40,780</u>	<u>48,474</u>	<u>436,450</u>	<u>1,381,839</u>
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**For the nine months ended September 30, 2020**

	<u>Sales of columbarium and cemetery</u>	<u>Funeral services</u>	<u>Property leasing</u>	<u>Cemetery operation and others</u>	<u>Construction and sales</u>	<u>Total</u>
Area of main market:						
Taiwan	<u>\$ 1,118,815</u>	<u>1,228,264</u>	<u>125,699</u>	<u>156,186</u>	<u>85,776</u>	<u>2,714,740</u>

Revenues

Note: Net benefits from disposal of the investment property with price of NT\$25,474 thousand minus the related costs and expenses of NT\$11,606 thousand and the buildings land held for Sale of NT\$74,170 thousand.

recognized at:

Goods or services that are transferred at a certain point in time	<u>\$ 1,118,815</u>	<u>1,228,264</u>	<u>125,699</u>	<u>156,186</u>	<u>85,776</u>	<u>2,714,740</u>
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Notes to the quarterly consolidated financial statements of Lungyen Life Service Corp.  
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<b>For the nine months ended September 30, 2019</b>						
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Construction and sales	Total
Area of main market:						
Taiwan	<u>\$ 1,288,685</u>	<u>1,201,515</u>	<u>131,642</u>	<u>172,764</u>	<u>682,503</u>	<u>3,477,109</u>
Revenues recognized at:						
Goods or services that are transferred at a certain point in time	<u>\$ 1,288,685</u>	<u>1,201,515</u>	<u>131,642</u>	<u>172,764</u>	<u>682,503</u>	<u>3,477,109</u>

Note: Net benefits from disposal of the investment property with price of NT\$2,944,865 thousand minus the related costs and expenses of NT\$627,328 thousand and the buildings land held for Sale of NT\$55,175 thousand.

ii. Outstanding contract amount

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Account receivables and note receivables	\$ 9,956,601	9,542,046	9,576,499
Less: allowance	(81,540)	(76,870)	(60,875)
Unrealized interests revenues	<u>(736,638)</u>	<u>(735,754)</u>	<u>(733,928)</u>
Total	<u>\$ 9,138,423</u>	<u>8,729,422</u>	<u>8,781,696</u>
Contract liabilities – presale of columbarium and cemetery products and contracts of funeral services	<u>\$ 40,047,233</u>	<u>38,958,476</u>	<u>38,561,074</u>
Contract liabilities – real estate advances	<u>\$ 37,917</u>	<u>41,269</u>	<u>119,734</u>

For the disclosures of accounts receivables and allowances, please refer to Note 6(3).

The beginning balance of the contract liabilities on January 1, 2020 and 2019 was recognized as income of NT\$1,934,301 thousand and NT\$1,721,078 thousand from January 1 to September 30, 2020 and 2019, 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 are 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

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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 as of the three months ended September 30, 2020 and 2019 and for the nine months ended September 30, 2020 and 2019 were NT\$5,708 thousand, NT\$11,309 thousand, NT\$11,863 thousand, and NT\$21,407 thousand, and the remuneration to directors and supervisors were NT\$11,415 thousand, NT\$22,619 thousand, \$23,726 thousand, and NT\$42,814 thousand. 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 2019 and 2018, the allowance amount of the remuneration to employees of the Company were NT\$26,020 thousand and NT\$24,673 thousand, as for the amount for directors and supervisors of the Company were NT\$52,040 thousand and NT\$49,345 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:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest income	\$ 41,711	44,078	124,837	133,193
Marketing Expense	(8,615)	(9,447)	(25,826)	(28,390)
Management fees	38,630	42,095	126,084	139,890
income				
Management fees	(38,630)	(42,095)	(126,084)	(139,890)
expenses				
	<b>\$ 33,096</b>	<b>34,631</b>	<b>99,011</b>	<b>104,803</b>

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(XXIII) Non-operating income and expense

1. Interest income

The details of the interest income of the Consolidated Company are as follows:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest on bank deposits	\$ 89	1,632	3,327	4,258
Other interest income	2,560	8,310	7,890	14,384
Interest income from financial assets measured at fair value through other comprehensive gains and losses	<u>17,616</u>	<u>22,106</u>	<u>62,745</u>	<u>65,573</u>
	<b><u>\$ 20,265</u></b>	<b><u>32,048</u></b>	<b><u>73,962</u></b>	<b><u>84,215</u></b>

2. Other income:

The Consolidated Company's other income is as follows:

	<b><u>For the three months ended September 30</u></b>		<b><u>For the nine months ended September 30</u></b>	
	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>
Dividend income	\$ 95,542	302,483	120,408	323,716
Fee income	2,947	2,297	8,068	7,990
Fines income	4,645	42,045	34,134	57,239
Other income	<u>19,682</u>	<u>10,940</u>	<u>48,606</u>	<u>51,922</u>
	<b><u>\$ 122,816</u></b>	<b><u>357,765</u></b>	<b><u>211,216</u></b>	<b><u>440,867</u></b>

3. Other profit and loss

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

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Foreign currency	\$ (23,233)	(19,229)	(66,003)	11,661



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exchange (loss) profit				
The net profit and loss	-	-	-	(377)
from disposal of subsidiaries				
The net profit and loss	(52)	-	24,064	1,318
from disposal of financial assets measured at fair value through other comprehensive profit and loss				
Net gain on disposals of Investments accounted for using equity method financial assets	4,693	2,735	28,803	69,880
The Net profit of	-	2,708	-	2,708
The net profit and loss from disposal of real property, plant and equipment	-	2,249	163	2,534
Other expenditures	(90)	(123)	(552)	(750)
	<u>(18,682)</u>	<u>(11,660)</u>	<u>(13,525)</u>	<u>86,974</u>

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4. Financial cost

The Consolidated Company's finance cost is as follows:

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Interest expense	\$ 3,532	4,735	10,295	16,104
Amortization for discount on cooperate bond	-	13,052	10,066	38,998
	<b>\$ 3,532</b>	<b>17,787</b>	<b>20,361</b>	<b>55,102</b>

(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 (24) in the 2019 annual consolidated financial statements.

	<b>9.30.2020</b>	<b>12.31.2019</b>	<b>9.30.2019</b>
Financial assets fair value through income and loss	\$ 5,181,557	9,717,723	991,888
Financial assets at fair value through other comprehensive income	6,060,068	4,543,340	12,439,581
Financial assets carried at amortized cost (loans and receivables) :			
Cash and cash equivalents	166,745	231,964	237,664
Financial assets measured at amortized cost	1,380,850	1,463,240	1,465,712
Notes receivable and account receivable	9,138,422	8,729,422	8,781,696
Other financial assets (current & non- current)	2,251,541	3,037,954	2,785,572
Sub total	12,937,558	13,462,580	13,270,644
Total	<b>\$ 24,179,183</b>	<b>27,723,643</b>	<b>26,702,113</b>

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(2) Financial liabilities

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Financial liabilities carried at amortized costs:			
Short term loans	\$ -	154,300	555,300
Notes payables, Account payables and other payables	1,447,829	1,075,964	1,152,426
Corporate bonds payable (due within one year included)	-	3,243,019	3,229,914
Lease liability	28,195	38,318	41,693
Guarantee deposit	44,674	44,135	58,118
Total	<u>\$ 1,520,698</u>	<u>4,555,736</u>	<u>5,037,451</u>

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 and other notes receivables.

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

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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 2019 consolidated financial report, Note 4 (7)).

Changes of allowance from January 1 to September 30, 2020 and 2019 are as follows:

	<b>Other receivables</b>
Balance on January 1, 2020	\$ 22,745
Impairment loss	-
Balance on September 30, 2020	\$ -
Balance on January 1, 2019	\$ 22,745
Impairment loss	-
Balance on September 30, 2019	\$ 22,745

### 3. Liquidity risk

The contract maturities of financial liabilities are illustrated in the table below, including the estimated interests but excluding the impact of net amount agreed.

	<b>Book Value</b>	<b>Contract Cash flow</b>	<b>6 months Within</b>	<b>6-12 months</b>	<b>1-2 years</b>	<b>2-5 years</b>	<b>Over 5 years</b>
<b>September 30, 2020</b>							
Non-derivative financial liabilities							
Lease obligations	28,195	28,195	6,749	6,749	13,498	1,199	-
No interest-bearing liabilities	\$ 1,492,503	1,492,503	1,492,503	-	-	-	-
	<b>\$ 1,520,698</b>	<b>1,520,698</b>	<b>1,499,252</b>	<b>6,749</b>	<b>13,498</b>	<b>1,199</b>	-
<b>December 31, 2019</b>							
Non-derivative financial liabilities							
Floating rate instruments	\$ 154,300	154,300	154,300	-	-	-	-
Fixed rate instruments	3,243,019	3,243,019	3,243,019	-	-	-	-
Lease obligations	38,318	38,318	6,749	6,749	13,498	11,322	-
No interest-bearing liabilities	1,120,099	1,120,099	1,120,099	-	-	-	-
	<b>\$ 4,555,736</b>	<b>4,555,736</b>	<b>4,524,167</b>	<b>6,749</b>	<b>13,498</b>	<b>11,322</b>	-
<b>September 30, 2019</b>							
Non-derivative financial liabilities							
Floating rate instruments	\$ 555,300	555,300	555,300	-	-	-	-
Fixed rate instruments	3,229,914	3,229,914	-	3,229,914	-	-	-
Lease obligations	41,693	41,693	6,749	6,749	13,498	14,697	-
No interest-bearing liabilities	1,210,544	1,210,544	1,210,544	-	-	-	-
	<b>\$ 5,037,451</b>	<b>5,037,451</b>	<b>1,772,593</b>	<b>3,236,663</b>	<b>13,498</b>	<b>14,697</b>	-

The Consolidated Company does not expect the maturity analysis of cash flows will be

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significantly pre-matured or the actual amount will be significantly different.

4. Exchange rate risk

(1) Exchange rate risk

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

	9.30.2020			12.31.2019			9.30.2019			
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar	
<u>Financial assets</u>										
<u>Monetary items</u>										
RMB/NTD	\$	15,519	4.258	66,080	18,409	4.294	79,055	18,301	4.348	79,579
RMB/USD		250	0.146	1,066	250	0.143	1,074	250	0.140	1,086
USD/NTD		61,899	29.126	1,802,860	47,670	30.106	1,435,156	47,902	31.042	1,486,973
JPY/NTD		16,347	0.275	4,495	100,670	0.276	27,795	98,478	0.287	28,283
HKD/NTD		22,288	3.757	83,737	26,428	3.857	101,921	12,542	3.960	49,664
SGD/NTD		11,941	21.155	252,609	13,725	22.285	305,872	22,248	22.460	499,698
AUD/NTD		18	20.733	371	8,730	21.089	184,100	8,666	20.951	181,556
<u>Non-Monetary items</u>										
JPY/NTD		127,040	0.275	34,936	156,160	0.276	43,116	148,320	0.287	42,598
USD/NTD		53,754	29.126	1,565,625	26,124	30.106	786,494	18,643	31.042	578,717
HKD/NTD		7,559	3.757	28,401	180,303	3.857	695,356	107,324	3.960	424,994
SGD/NTD		-	-	-	3,346	22.285	74,571	1,938	22.460	43,516

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5. Sensitivity analysis

The Consolidated Company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive gains and losses. 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 2% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) as of September 30, 2020 and 2019, the net income would be increased or decreased by NT\$39,199 thousand and by NT\$38,793 thousand, respectively, and other comprehensive income would be increased or decreased by NT\$22,244 thousand and by NT\$15,874 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 the three months ended September 30, 2020 and 2019, and the nine months ended September 30, 2020 and 2019, the foreign currency exchange gain (loss) was (NT\$23,233) thousand, (NT\$19,229) thousand, (NT\$66,003) thousand, and NT\$11,661 thousand respectively.

6. 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 September, 2020 and 2019 is going to decreased or increased by NT\$0 and NT\$1,666 thousand, respectively.

7. Fair value

(1) Financial instrument and category

Financial assets of the Consolidated Company measured at fair value through profit and loss and financial assets at fair value through other comprehensive profit and loss are measured at fair value on the basis of repeatability. The book value and fair value of various types of financial assets and financial liabilities (including fair value hierarchy information, but the book value of financial

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instruments not measured by fair value is a reasonable approximation of the fair value, and lease liabilities, without the need to disclose fair value information according to regulations ) are listed below:

	<b>9.30.2020</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Class I</b>	<b>Class II</b>	<b>Class III</b>	
Financial assets at fair value through profit or loss	\$ 5,181,557	5,181,557	-	-	5,181,557
loss					
Financial assets at fair value through other comprehensive income	6,060,068	6,055,216	-	4,852	6,060,068
Financial assets at amortized costs	1,380,850	1,380,850	-	-	1,380,850
<b>Total</b>	<b>\$ 12,622,475</b>	<b>12,617,623</b>	<b>-</b>	<b>4,852</b>	<b>12,622,475</b>

	<b>12.31.2019</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Class I</b>	<b>Class II</b>	<b>Class III</b>	
Financial assets at fair value through profit or loss	\$ 9,717,723	9,717,723	-	-	9,717,723
loss					
Financial assets at fair value through other comprehensive income	4,543,340	4,534,458	-	8,882	4,543,340
Financial assets at amortized costs	1,463,240	1,463,240	-	-	1,463,240
<b>Total</b>	<b>\$ 15,724,303</b>	<b>15,715,421</b>	<b>-</b>	<b>8,882</b>	<b>15,724,303</b>

	<b>9.30.2019</b>				
	<b>Book value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Class I</b>	<b>Class II</b>	<b>Class III</b>	
Financial assets at fair value through profit or loss	\$ 991,888	991,888	-	-	991,888
loss					
Financial assets at fair value through other comprehensive income	12,439,581	12,430,699	-	8,882	12,439,581
Financial assets at amortized costs	1,465,712	1,465,712	-	-	1,465,712
<b>Total</b>	<b>\$ 14,897,181</b>	<b>14,888,299</b>	<b>-</b>	<b>8,882</b>	<b>14,897,181</b>

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No financial assets and liabilities of each hierarchy was transferred during the period from January 1 to September 30, 2020 and 2019.

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

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

Financial assets at amortized costs (hold 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)



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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 without public prices	Bonds	Total
January 1, 2020	\$ 8,882		8,882
Total Gain or loss			
Liquidation	(4,030)	—	(4,030)
September 30, 2020	\$ 4,852	—	4,852
January 1, 2019	\$ 8,882	—	8,882
September 30, 2019	\$ 8,882	—	8,882

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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 from January 1 to September 30, 2020 and 2019 are:

	For the three months ended September 30, 2020	For the three months ended September 30, 2019	For the nine months ended September 30, 2020	For the nine months ended September 30, 2019
Total profits or losses				
Recognized in other comprehensive income (recognized as “unrealized gains (losses) from financial assets at fair value through other comprehensive”)	\$ -	-	-	-

(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 equipped only one significant unobservable input; only equity instrument with 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	<ul style="list-style-type: none"> <li>• P/E ratio (35.98, 14.35, 17.10 as of September 30, 2020, December 31, 2019 and September 30, 2019)</li> </ul>	<ul style="list-style-type: none"> <li>• The higher the multiplier and ownership premium, the higher the fair value</li> </ul>

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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 (1.80, 1.77, 11.38 as of September 30, 2020, December 31, 2019 and September 30, 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
September 30, 2020						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	1,125	(1,125)
Investment in equity instruments without active market	P/B ratio	10%			352	(352)
December 31, 2019						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	329	(329)
Investment in equity instruments without active market	P/B ratio	10%			745	(745)
September 30, 2019						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	347	(347)
Investment in equity instruments without active market	P/B ratio	10%	-	-	4,663	(4,663)

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(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 (25) of the 2019 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 2019 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 2019 annual consolidated financial statements. For related information, please refer to Note 6 (26) in 2019 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:

	<b>For the nine months ended</b>	
	<b>September 30</b>	
	<b>2020</b>	<b>2019</b>
Investment in debt instrument at fair value through other comprehensive income		
Net changes in fair value of current year	\$ 23,656	70,113
Net change in fair value re-categorized to profits and losses	(24,064)	(3,444)
Net change in fair value recognized in other comprehensive income	\$ (408)	66,669

**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:

<b>Related Parties</b>	<b>Relations with the Consolidated Company</b>
Fuyuan International Development Co. Ltd.	Related party
Fuyang Development Co., Ltd	Director of Subsidiary (No longer a related party from January 11, 2019)
Fe Hwei Cp., Ltd	Related party

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Other natural person

Major administrator of the Consolidated Company

(II) Significant transaction between related parties

1. Lease

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 September 30, 2020 and 2019 was NT\$53 thousand. Balance of lease liabilities as of September 30, 2020 and December 31 and September 30, 2019 were NT\$8,058 thousand, NT\$12,591 thousand and NT\$14,101 thousand.

2. Others

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

	<b>9.30.2020</b>	<b>12.31.2019</b>	<b>9.30.2019</b>
Other related parties	<b>\$ 1,070</b>	<b>1,070</b>	<b>961</b>

Refundable deposits are deposit for the consolidated company leasing property from other related party. Interests from those deposits collected on September 30, 2020, December 31 and September 30, 2019 were NT\$10 thousand, NT\$8 thousand and NT\$8 thousands, respectively.

(2) Management fees

	<b>For the three months ended September 30</b>		<b>For the nine months ended September 30</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Other related parties	<b>\$ 132</b>	<b>132</b>	<b>484</b>	<b>442</b>

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

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3. Obtaining other assets

- (1) 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 September 30, 2019, the full payment has been paid and the transfer procedure has been completed.
- (2) 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 September 30, 2019, the full price has been paid according to the contract.

4. Disposed the other asset

The Consolidated Company disposed 25,970 thousand shares of Lung Ting Life Services to other related parties on August 13, 2019. The contract price was NT\$231,912 thousand. At the end of September 30, 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 September 30, 2020. Please refer to Note 6 (4) and 6 (8) for details.

6. Others

- (1) The Consolidated Company commissioned other related party to acquire land for construction for a total price below NT\$376,820 thousand as of September 30, 2020, December 31 and September 30, 2019. The discretionary trustee is to handle the land combination matter on behalf of the Consolidated Company.
- (2) Other related parties purchased products from the Consolidated Company for a total price at NT\$804 thousand, NT\$6,107 thousand and NT\$4,776 thousand as of September 30, 2020, December 31 and September 30, 2019, respectively.

(III) Main manager transaction

	<b>For the three months ended September 30, 2020</b>	<b>For the three months ended September 30, 2019</b>	<b>For the nine months ended September 30, 2020</b>	<b>For the nine months ended September 30, 2019</b>
Benefit for short-term employees	\$ 13,151	10,434	40,697	31,498
Post-employment benefits	422	361	1,338	1,095
	<b>\$ 13,573</b>	<b>10,795</b>	<b>42,035</b>	<b>32,593</b>

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**VIII. Pledged Assets**

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

<u>Assets name</u>	<u>Purpose of collateral</u>	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Other financial assets - current	Guarantee for mutual investment development and sales	\$ 11,953	8,832	350
Inventories	Guarantee for loans and corporate finance amount	3,165,580	3,163,260	3,163,173
Property, plant, and equipment	Collateral for loan	2,280,812	2,303,429	2,310,968
Investment property	Guarantee for loans and corporate finance amount	281,595	280,993	281,215
Financial assets at fair value through other comprehensive income	Collateral for loan	-	187,124	5,576,682
		<u>\$ 5,739,940</u>	<u>5,943,638</u>	<u>11,332,388</u>

**IX. Significant contingent liabilities and unrecognized contractual commitments**

(I) Significant unrecognized contractual commitments:

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

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Construction contract	<u>\$ 2,038,024</u>	<u>1,891,878</u>	<u>1,198,255</u>

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

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Price of signed sale contract	<u>\$ -</u>	<u>-</u>	<u>489,667</u>
Contract price collected	<u>\$ -</u>	<u>-</u>	<u>488,416</u>

3. The price of the pre-sale house contract signed by the Consolidated Company and the customer is as follows:

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Price of signed sale contract	<u>\$ 92,667</u>	<u>56,938</u>	<u>18,052</u>
Contract price collected	<u>\$ 37,917</u>	<u>41,269</u>	<u>3,610</u>

4. 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. Development royalties of NT\$5,560

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thousand was paid in July, 2019 (under the item of intangible assets)

5. 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 September 30, 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 2<sup>nd</sup> and 3<sup>rd</sup> 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. As the civil ruling is not identified in accordance with the provisions of the Enterprise Mergers and Acquisitions Law and contrary to the provisions of the law, and the original ruling included in the assets shall be excluded as well as many fall-overs in the real estate valuation report. So the Company has filed a complaint on October 24, 2016 to the preceding matters, the case is still in processing.

(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 September 30, 2020, December 31 and September 30, 2019 are as follows :

	<b>9.30.2020</b>	<b>12.31.2019</b>	<b>9.30.2019</b>
Bank deposits (booked as other financial assets – current)			
Demand deposits	\$ 321,957	860,038	528,615



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Time deposits	436,890	130,000	888,154
Financial assets at fair value through profits or losses - current	2,391,981	1,195,179	850,712
Financial assets at fair value through other comprehensive income	3,211,538	3,659,237	3,239,329
Financial assets at amortized cost	1,380,850	1,463,240	1,465,712
Property, plant and equipment (*)	2,206,293	2,206,293	2,206,293
Investment property (*)	<u>1,962,845</u>	<u>1,962,845</u>	<u>1,962,845</u>
	<b><u>\$ 11,912,354</u></b>	<b><u>11,476,832</u></b>	<b><u>11,141,660</u></b>

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

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

2. The Consolidated Company has 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\$934,672 thousand, NT\$891,890 thousand, and NT\$861,032 thousand, as of September 30, 2020, December 31 and September 30, 2019, 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 as of September 30, 2020, December 31 and September 30, 2019. The pre-need contract signed and the related deferred marketing expenses are as follows:

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Total contract price (booked as contract liabilities)	\$ 39,562,234	38,566,937	38,239,137
Outstanding proceeds	<u>(7,734,433)</u>	<u>(7,663,542)</u>	<u>(7,352,381)</u>
Advanced receipts	<b><u>\$ 31,827,801</u></b>	<b><u>30,903,395</u></b>	<b><u>30,886,756</u></b>
Incremental cost of contract acquisition	<b><u>\$ 8,130,222</u></b>	<b><u>8,024,093</u></b>	<b><u>8,022,952</u></b>
Expected to be reclassified for more than twelve months	<b><u>\$ 38,420,835</u></b>	<b><u>37,417,766</u></b>	<b><u>37,100,611</u></b>

4. Subsidiaries had contracts signed with clients for the sale of columbarium and funeral service as of September 30, 2020, December 31 and September 30, 2019. The pre-need contract signed

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and the related deferred marketing expenses are as follows:

	<u>9.30.2020</u>	<u>12.31.2019</u>	<u>9.30.2019</u>
Total contract price (booked as contract liabilities)	\$ 484,999	391,539	321,937
Outstanding proceeds	(73,821)	(43,390)	(25,473)
Advanced receipts	<u>\$ 411,178</u>	<u>348,149</u>	<u>296,464</u>
Incremental cost of contract acquisition	<u>\$ 108,360</u>	<u>100,145</u>	<u>113,270</u>
Expected to be reclassified for more than twelve months	<u>\$ 472,029</u>	<u>335,414</u>	<u>270,219</u>

**X. Significant disaster loss:** None.

**XI. Significant subsequent events:** None.

**XII. Others**

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

By function	2020 Q3				2019 Q3			
	Classified as operating costs	Classified as operating expenses	Other (*)	Total	Classified as operating costs	Classified as operating expenses	Other(*)	Total
Employee benefits								
Salary	53,203	40,872	42,509	136,584	57,104	84,704	23,834	165,642
Labor and health insurance	3,929	1,833	3,698	9,460	3,985	3,899	1,793	9,677
Pension	2,102	903	1,922	4,927	2,141	2,029	918	5,088
Others	1,719	2,238	1,776	5,733	1,753	3,589	1,091	6,433
Depreciation	17,239	18,431	1,242	36,912	15,508	18,650	595	34,753
Amortization	-	3,196	-	3,196	-	3,830	338	4,168

By function	For the nine months ended September 30, 2020				For the nine months ended September 30, 2019			
	Classified as operating costs	Classified as operating expenses	Other (*)	Total	Classified as operating costs	Classified as operating expenses	Other(*)	Total
Employee benefits								
Salary	162,676	176,488	81,176	420,340	163,566	209,766	71,816	445,148
Labor and health insurance	11,868	12,135	6,971	30,974	11,818	14,866	5,964	32,648
Pension	6,359	16,719	3,603	26,681	6,365	5,955	2,746	15,066
Others	5,170	6,565	3,540	15,275	5,166	9,354	3,366	17,886

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Depreciation	50,502	55,112	3,777	109,391	45,945	49,179	11,102	106,226
Amortization	-	10,067	-	10,067	-	11,385	1,115	12,500

\* It includes the related fees of the cemetery management center-related expenses (stated as less item-advance receipts).

(II) Operational seasonality

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

**XIII. Other disclosures**

1. Information on significant transactions

The consolidated company should have the following material transactions disclosed as of January 1 to September 30, 2020 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	362,163	317,163	317,163	3%	1	72,000	For use of working capital	-	Columbarium products owned by the debtor	383,280	709,162	1,418,324

\* 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: 3,545,810 thousand  $\times$  40% = 1,418,324 thousand

Limitation on the loan amount to single debtor: 3,545,810 thousand  $\times$  20% = 709,162 thousand

72,000 thousand  $\times$  20 times = 1,440,000 thousand

Limited to 709,162 thousand

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

- i. Parties with business transactions
- ii. Parties with need of short-term financing.

\*\*\* According to the resolution of the board of directors on December 28, 2018, the funds were loaned to Sande Futian Miaoguo Limited Co. NT\$420,000 thousand, and the loan period was from January 11, 2019 to January 10, 2020. After the resolution of the board of directors on August 13, 2019, the loan to Sande Futian Miaoguo Limited Co. was extended for seven years, and the loan period was extended to January 10, 2026.

2. Guarantees and endorsements for other parties:

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	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.	Yuji Development Corp.	2	5,461,019	300,000	300,000	-	-	1.65%	9,101,698	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	2	5,461,019	300,000	300,000	-	-	1.65%	9,101,698	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 February 25, 2020, the maximum amount of endorsements to Yuji has been set to NT\$300,000 thousand. The maturity date was to march 31, 2021.

Note 4: Upon the Board resolution on February 25, 2020, the maximum amount of endorsements to Lung Fu has been set to NT\$300,000 thousand. The maturity date was to march 31, 2020.

Note 5: Transactions have been written off in the preparation of consolidated financial statements.

**2. 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	711,965	- %	711,965	Trust
The Company	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profits and losses - current	39,595	479,142	- %	479,142	Trust
The Company	Jih Sun Money Market Fund	-	Financial assets at fair value through profits and losses - current	23,109	345,126	- %	345,126	Trust
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profits and losses - current	43,645	454,710	- %	454,710	Trust

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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	FSITC Taiwan Money Market	-	Financial assets at fair value through profits and losses - current	5,865	90,433	- %	90,433	Trust
The Company	ABG-WTT Fund	-	Financial assets at fair value through profits and losses - current	-	78,793	- %	78,793	Company-owned
The Company	Primavera Capital Fund III L.P.	-	Financial assets at fair value through profits and losses - current	-	133,195	- %	133,195	Company-owned
The Company	LCP IX. L.P.	-	Financial assets at fair value through profits and losses - current	-	26,696	- %	26,696	Company-owned
The Company	U.S.Treasury Securities 20300515	-	Financial assets at fair value through profits and losses - current	6,000	174,142	- %	174,142	Trust
The Company	U.S.Treasury Securities 20300215	-	Financial assets at fair value through profits and losses - current	2,500	78,543	- %	78,543	Trust
The Company	U.S.Treasury Securities 20300815	-	Financial assets at fair value through profits and losses - current	2,000	57,920	- %	57,920	Trust
The Company	Jih Sun Money Market Fund	-	Financial assets at fair value through profits and losses - current	129,396	1,932,516	- %	1,932,516	Company-owned
The Company	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through profits and losses - current	39,474	438,141	- %	438,141	Company-owned
The Company	Millerful No. 1 REIT	-	Financial assets at fair value through other comprehensive income – non-current	33,000	342,540	- %	342,540	Trust
The Company	Cathay No.1 Real Estate Investment Trust.	-	Financial assets at fair value through other comprehensive income – non-current	3,180	58,766	- %	58,766	Trust
The Company	Fubon No.1 Real Estate Investment Trust.	-	Financial assets at fair value through other comprehensive income – non-current	284	5,214	- %	5,214	Trust
The Company	Fubon No.2 Real Estate Investment Trust.	-	Financial assets at fair value through other comprehensive income – non-current	348	5,697	- %	5,697	Trust
The Company	Cathay No.2 Real Estate Investment Trust.	-	Financial assets at fair value through other comprehensive income – non-current	326	6,191	- %	6,191	Trust
The Company	Shin Kong No.1 Real Estate Investment Tru	-	Financial assets at fair value through other comprehensive income – non-current	450	9,495	- %	9,495	Trust

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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	Stocks of Taiyen	-	Financial assets at fair value through other comprehensive income – non-current	9,493	291,435	4.75 %	291,435	Company-owned
The Company	Fubon Financial Holding - Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	2,396	149,750	- %	149,750	Company-owned
The Company	Cathay Financial Holding - Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	2,530	158,378	- %	158,378	Company-owned
The Company	Chinatrust Commercial Bank -Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	529	34,332	- %	34,332	Company-owned
The Company	Chinatrust Commercial Bank -Preferred Shares C	-	Financial assets at fair value through other comprehensive income – non-current	1,540	97,020	- %	97,020	Company-owned
The Company	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E	-	Financial assets at fair value through other comprehensive income – non-current	1,597	84,801	- %	84,801	Company-owned
The Company	Fubon Financial Holding - Preferred Shares A	-	Financial assets at fair value through other comprehensive income – non-current	3,006	187,274	- %	187,274	Company-owned
The Company	Cathay Financial Holding - Preferred Shares A	-	Financial assets at fair value through other comprehensive income – non-current	3,065	190,643	- %	190,643	Company-owned
The Company	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E II	-	Financial assets at fair value through other comprehensive income – non-current	955	48,610	- %	48,610	Company-owned
The Company	LARGAN Precision Co.,Ltd	-	Financial assets at fair value through other comprehensive income – non-current	145	487,200	0.11 %	487,200	Company-owned
The Company	TSMC	-	Financial assets at fair value through other comprehensive income – non-current	1,354	586,282	0.01 %	586,282	Company-owned
The Company	Chenbro Micom Co., Ltd	-	Financial assets at fair value through other comprehensive income – non-current	688	60,750	0.57 %	60,750	Company-owned
The Company	Chailease Finance Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	1,883	246,699	0.12 %	246,699	Company-owned
The Company	Asia Cement Corporation	-	Financial assets at fair value through other comprehensive income – non-current	4,266	177,039	0.13 %	177,039	Company-owned
The Company	Sun Life Holding Co Ltd	-	Financial assets at fair value through other comprehensive income – non-current	160	34,961	2.35 %	34,961	Company-owned
The Company	Sunny Optical Technology (Group) Company Limited	-	Financial assets at fair value through other comprehensive income – non-current	64	28,305	0.01 %	28,305	Trust
The Company	Preferred stock of HSBC	-	Financial assets at fair value through other comprehensive income – non-current	52	38,545	- %	38,545	Trust
The Company	Preferred stock of AGNC	-	Financial assets at fair value through other comprehensive income –	44	30,763	- %	30,763	Trust

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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	
			non-current					
The Company	Preferred stock of QTS	-	Financial assets at fair value through other comprehensive income – non-current	24	19,259	- %	19,259	Trust
The Company	Preferred stock of TGP	-	Financial assets at fair value through other comprehensive income – non-current	32	20,951	- %	20,951	Trust
The Company	Preferred stock of VEREIT	-	Financial assets at fair value through other comprehensive income – non-current	12	8,913	- %	8,913	Trust
The Company	Preferred stock of AXIS	-	Financial assets at fair value through other comprehensive income – non-current	51	38,075	- %	38,075	Trust
The Company	Preferred stock of WFC	-	Financial assets at fair value through other comprehensive income – non-current	42	31,806	- %	31,806	Trust
The Company	Preferred stock of ETP	-	Financial assets at fair value through other comprehensive income – non-current	264	130,060	- %	130,060	Trust
The Company	Berkshire Hathaway	-	Financial assets at fair value through other comprehensive income – non-current	78	485,500	0.01 %	485,500	Trust
The Company	Alphabet	-	Financial assets at fair value through other comprehensive income – non-current	7	297,057	- %	297,057	Trust
The Company	Microsoft	-	Financial assets at fair value through other comprehensive income – non-current	28	173,980	- %	173,980	Trust
The Company	INTEL	-	Financial assets at fair value through other comprehensive income – non-current	35	52,031	- %	52,031	Trust
The Company	081 Chailease Holding Company Limited-A	-	Financial assets at fair value through other comprehensive income – non-current	190,000	190,000	- %	190,000	Trust
The Company	104 Central Bond A5	-	Financial assets at fair value through other comprehensive income – non-current	100,000	105,953	- %	105,953	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	22,551	- %	22,551	Trust
The Company	ICBC RMB Corp. Bond 4.2 20270119	-	Financial assets at fair value through other comprehensive income – non-current	4,000	18,080	- %	18,080	Trust
The Company	ICBC RMB Corp. Bond 4.5 20281113	-	Financial assets at fair value through other comprehensive income – non-current	5,000	23,207	- %	23,207	Trust
The Company	Saudi Electricity Global - Bond 20230408	-	Financial assets at fair value through other comprehensive income – non-current	2,000	61,218	- %	61,218	Trust
The Company	Saudi Electricity Global - Bond 20240408	-	Financial assets at fair value through other comprehensive income – non-current	1,000	31,451	- %	31,451	Trust
The Company	Qatar Telecom USD corp. Bond 3.25 20230221	-	Financial assets at fair value through other comprehensive income – non-current	3,000	91,494	- %	91,494	Trust
The Company	Standard Chattered USD corp. bond 4.05 20260412	-	Financial assets at fair value through other comprehensive income – non-current	3,000	96,431	- %	96,431	Trust

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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	Islamic Bank 20210531	-	Financial assets at fair value through other comprehensive income – non-current	3,000	88,886	- %	88,886	Trust
The Company	Malaysia National Resource Bond 20261019	-	Financial assets at fair value through other comprehensive income – non-current	1,000	31,432	- %	31,432	Trust
The Company	China Cinda USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	1,500	47,107	- %	47,107	Trust
The Company	Huarong USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	3,000	87,202	- %	87,202	Trust
The Company	Société Générale SGD Corp.Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,250	69,492	- %	69,492	Trust
The Company	Société Générale SGD Corp.Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,500	78,854	- %	78,854	Trust
The Company	SANTANDER CENTRAL HISPANO S.A. Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,000	87,751	- %	87,751	Trust
The Company	Manulife Financial Corporation SGD Bond	-	Financial assets at fair value through other comprehensive income – non-current	750	16,149	- %	16,149	Trust
The Company	Manulife Financial Corporation SGD Bond 20291121	-	Financial assets at fair value through other comprehensive income – non-current	4,000	86,625	- %	86,625	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	BMW Bond20300409	-	Financial assets at fair value through other comprehensive income – non-current	4,000	138,182	- %	138,182	Trust
The Company	State Grid Bond 20300805	-	Financial assets at amortized costs –non-current	2,000	56,325	- %	56,325	Trust
The Company	Nan Ya Corp. Bond P02 Nan Ya 3B	-	Financial assets at amortized costs –non-current	100,000	104,480	- %	104,480	Trust
The Company	Taipower Corporate bond 20231230	-	Financial assets at amortized costs –non-current	150,000	153,345	- %	153,345	Trust
The Company	02 Yang Ming1B 20201101	-	Financial assets at amortized costs –non-current	150,000	150,140	- %	150,140	Trust
The Company	106 Central Bond 4	-	Financial assets at amortized costs –non-current	100,000	100,647	- %	100,647	Trust
The Company	106 Central Bond 9	-	Financial assets at amortized costs –non-current	150,000	149,561	- %	149,561	Trust
The Company	107 Central Bond 7	-	Financial assets at amortized costs –non-current	100,000	99,713	- %	99,713	Trust
The Company	104 Central Bond 12	-	Financial assets at amortized costs –non-current	100,000	101,324	- %	101,324	Trust



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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	107 Central Bond 2	-	Financial assets at amortized costs –non-current	100,000	101,207	- %	101,207	Trust
The Company	93 Central Bond 9	-	Financial assets at amortized costs –non-current	100,000	109,282	- %	109,282	Trust
The Company	94 Central Bond 3	-	Financial assets at amortized costs –non-current	100,000	107,229	- %	107,229	Trust
The Company	02 China Steel 1B 20230712	-	Financial assets at amortized costs –non-current	100,000	102,068	- %	102,068	Trust
The Company	02 TSMC 2C 20230206	-	Financial assets at amortized costs –non-current	100,000	101,854	- %	101,854	Trust
Yuji Development	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through other comprehensive income – non-current	8,965	99,512	- %	99,512	Company-owned
Yuji Development	Stock of Taiyen Corp.	-	Financial assets at fair value through other comprehensive income – non-current	277	8,504	0.14 %	8,504	Company-owned
Jing Huang Construction	Jih Sun Money Market Fund	-	Financial assets at fair value through profits and losses - current	1,928	28,800	- %	28,800	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
Lung Fu Company Limited	CTBC Hwa-win Money Market Fund	-	Financial assets at fair value through other comprehensive income – non-current	4,678	51,923	- %	51,923	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:

Unit: Thousand NTD

Transaction company	Relationship with Securities Issuer	Account Title	Trading partners	Relationship	Beginning balance		Purchase		Sell				Ending balance	
					Shares	Amount	Shares	Amount	Shares	Price	Carrying cost	Profit (loss) of disposal	Shares	Amount (note)
The company	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	9,794	118,051	25,670	310,281	-	-	-	-	35,464	428,332
The company	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	9,642	100,000	28,864	300,371	-	-	-	-	38,506	400,371

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The company	Yuanta USD Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	-	-	1,456	461,057	-	-	-	-	1,456	461,057
The company	Jih Sun Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	154,024	2,290,000	20,118	300,000	-	-	-	-	174,142	2,590,000
The company	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	375,720	4,153,598	213,981	2,371,000	493,388	5,456,000	5,456,904	8,096	96,313	1,067,694
The company	FSITC Money Market	Financial assets at fair value through profits and losses - current	-	None	108,112	1,660,000	22,076	340,000	108,112	1,663,537	1,660,000	3,537	22,076	340,000
The company	TSMC	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	1,354	374,154	-	-	-	-	1,354	374,154
The company	Largan	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	107	442,902	-	-	-	-	107	442,902
The company	Alphabet	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	9	337,941	-	-	-	-	9	337,941
The company	Berkshire Hathaway	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	69	376,859	-	-	-	-	69	376,859

Note: Ending balance of the period does not include evaluation gains and losses.

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: None.
8. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital: None.
9. Engage in derivatives trading: None.
10. Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details				
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets	
0	Lungyen Life Service Co.	Yuji Development Co	1	Other financial assets - current	\$ 5,263	Equal to transaction with non-related parties	0.01%	
0	"	"	1	Account payable	8,466		-	0.01%
0	"	"	1	Prepayments	11,662		-	0.43%
0	"	"	1	Other revenue	27,104		-	1.00%
0	"	"	1	Other liabilities-	12,408		-	0.02%

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				current			
0	"	Lung Fu Company Limited	1	Other revenue	4,557	-	0.17%
1	Yuji Development Co.	Lungyen Life Service Co.	2	Account receivable	12,408	-	0.02%
1	"	"	2	Advance receipts	8,466	-	0.01%
1	"	"	2	Accounts payable	5,263	-	0.01%
1	"	"	2	Operating revenue	11,662	-	0.43%
1	"	"	2	Management expenses	27,104	-	1.00%
2	Lung Fu Company Limited	Lungyen Life Service Co.	2	Management expenses	4,583	-	0.17%

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 September 30, 2020 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%	(7,202)	1,420	1,395	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	110,723	54.42%	1,907,516	221,736	120,669	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%	309	(27)	(22)	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	1,057,099 (USD34,210)	1,057,099 (USD34,210)	3,421	100.00%	964,065	(18,494)	(18,494)	Subsidiary
The Company	The Law Co., Ltd.	Taiwan	Investment	420,426	-	14,014	30.93%	467,555	152,135	47,130	
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00%	28,221	230	113	Affiliated Company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	557,800	377,800	55,100	100.00%	534,955	(7,571)	(7,571)	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%	158,217	9,752	2,567	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment	910,026 (USD29,500)	910,026 (USD29,500)	2,950	50.00%	732,619	(42,326)	(21,163)	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: 29.126 (closing) and 29.36 (average)

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(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 April 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2020	Percentage of Ownership	Share of Profits / Losses (Note 2)	Carry Amount as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 2020
					Outflow	Inflow					
Lungyen Cemetery (Wenzhou) Co. Ltd	Funeral services	1,435,329 USD49,280	Sea Dragon Traders Ltd. (BVI)	904,470 USD29,350	1,194 USD40	-	905,664 USD29,390	50.00%	(9,888)	635,731	-
Long Young Life (China) Holding Co. Ltd.	Investment holding	262,134 USD9,000	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	50.00%	(7,894)	102,391	-
Shijiazhuang Taifu Cemetery Management Co., Ltd	Cemetery management, construction and sales	72,816 RMB17,041	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	40.00%	(633)	90,004	-

2. Limitations 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)
905,664	2,402,895 USD82,500	10,922,037

US Dollar Exchange Rate: closing rate: 29.126; RMB exchange rate: 4.273

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.

(IV) Major shareholder information:

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Major shareholder	shareholdings	Shareholdings	Percentage of Shareholdings
WISH GIVER LIMITED		139,792,000	33.27%
Cheng Chang Investment		41,716,332	9.93%
UOB Kay Hian(Hong Kong) Limited--A/C Client		34,713,000	8.26%

**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:

	July to September, 2020						Total
	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operations and others	Construction for sales	Adjustments and written-off	
Income :							
Income from external customer	\$ 546,516	406,523	41,767	53,499	11,603	-	1,059,908
Inter-segment income	-	-	43	-	-	(43)	-
<b>Total income</b>	<b>\$ 546,516</b>	<b>406,523</b>	<b>41,810</b>	<b>53,499</b>	<b>11,603</b>	<b>(43)</b>	<b>1,059,908</b>
<b>Reportable segment profit or loss</b>	<b>\$ 310,095</b>	<b>106,858</b>	<b>22,495</b>	<b>187,352</b>	<b>11,449</b>	<b>(43)</b>	<b>638,206</b>

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**and its subsidiaries (cont.)**

July to September, 2019

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operations and others	Construction for sales	Adjustments and written-off	Total
Income :							
Income from external customer	\$ 449,910	406,225	40,780	48,474	436,450	-	1,381,839
Inter-segment income	-	-	43	-	-	(43)	-
<b>Total income</b>	<b>\$ 449,910</b>	<b>406,225</b>	<b>40,823</b>	<b>48,474</b>	<b>436,450</b>	<b>(43)</b>	<b>1,381,839</b>
<b>Reportable segment profit or loss</b>	<b>\$ 281,405</b>	<b>100,196</b>	<b>13,634</b>	<b>374,486</b>	<b>352,277</b>	<b>(43)</b>	<b>1,121,955</b>

January to September, 2020

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operations and others	Construction for sales	Adjustments and written-off	Total
Income :							
Income from external customer	\$ 1,118,815	1,228,264	125,699	156,186	85,776	-	2,714,740
Inter-segment income	12,423	-	129	-	-	(12,552)	-
<b>Total income</b>	<b>\$ 1,131,238</b>	<b>1,228,264</b>	<b>125,828</b>	<b>156,186</b>	<b>85,776</b>	<b>(12,552)</b>	<b>2,714,740</b>
<b>Reportable segment profit or loss</b>	<b>\$ 589,068</b>	<b>277,857</b>	<b>62,896</b>	<b>350,562</b>	<b>35,819</b>	<b>(806)</b>	<b>1,315,396</b>

January to September, 2019

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operations and others	Construction for sales	Adjustments and written-off	Total
Income :							
Income from external customer	\$ 1,288,685	1,201,515	131,642	172,764	682,503	-	3,477,109
Inter-segment income	29	-	204	-	-	(233)	-
<b>Total income</b>	<b>\$ 1,288,714</b>	<b>1,201,515</b>	<b>131,846</b>	<b>172,764</b>	<b>682,503</b>	<b>(233)</b>	<b>3,477,109</b>
<b>Reportable segment profit or loss</b>	<b>\$ 619,832</b>	<b>309,253</b>	<b>59,315</b>	<b>603,800</b>	<b>566,062</b>	<b>(233)</b>	<b>2,158,029</b>

	Columbarium and cemetery for sale	Funeral services	Property leasing	Cemetery operations and others	Construction for sales	Adjustments and written-off	Total
Reportable segment assets							
September 30, 2020	<b>\$ 19,100,161</b>	<b>10,108,166</b>	<b>3,837,219</b>	<b>25,170,134</b>	<b>4,735,749</b>	<b>(46,363)</b>	<b>62,905,066</b>
December 31, 2019	<b>\$ 23,040,524</b>	<b>9,660,042</b>	<b>3,864,533</b>	<b>23,965,056</b>	<b>4,688,134</b>	<b>(111,481)</b>	<b>65,106,808</b>
September 30, 2019	<b>\$ 18,953,006</b>	<b>9,489,996</b>	<b>3,870,702</b>	<b>27,248,802</b>	<b>4,867,916</b>	<b>(104,773)</b>	<b>64,325,649</b>
Reportable segment assets							
September 30, 2020	<b>\$ 16,374,931</b>	<b>23,631,884</b>	<b>41,087</b>	<b>3,043,445</b>	<b>37,916</b>	<b>(24,018)</b>	<b>43,105,245</b>
December 31, 2019	<b>\$ 16,876,358</b>	<b>21,626,418</b>	<b>40,558</b>	<b>6,677,489</b>	<b>41,269</b>	<b>(89,135)</b>	<b>45,172,957</b>
September 30, 2019	<b>\$ 16,978,491</b>	<b>21,205,292</b>	<b>54,463</b>	<b>6,939,785</b>	<b>108,515</b>	<b>(82,428)</b>	<b>45,204,118</b>

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11. Information regarding securities where the accumulated purchase or sale amounts for the period exceed NT\$300 million or 20% of the paid-in capital:

Unit: Thousand NTD

Transaction company	Relationship with Securities Issuer	Account Title	Trading partners	Relationship	Beginning balance		Purchase		Sell			Ending balance		
					Shares	Amount	Shares	Amount	Shares	Price	Carrying cost	Profit (loss) of disposal	Shares	Amount (note)
The company	Yuanta De- Bao Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	9,794	118,051	25,670	310,281	-	-	-	-	35,464	428,332
The company	Franklin Templeton Sinoam Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	9,642	100,000	28,864	300,371	-	-	-	-	38,506	400,371
The company	Yuanta USD Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	-	-	1,456	461,057	-	-	-	-	1,456	461,057
The company	Jih Sun Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	154,024	2,290,000	20,118	300,000	-	-	-	-	174,142	2,590,000
The company	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profits and losses - current	-	None	375,720	4,153,598	213,981	2,371,000	493,388	5,456,000	5,456,904	8,096	96,313	1,067,694
The company	FSITC Money Market	Financial assets at fair value through profits and losses - current	-	None	108,112	1,660,000	22,076	340,000	108,112	1,663,537	1,660,000	3,537	22,076	340,000
The company	TSMC	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	1,354	374,154	-	-	-	-	1,354	374,154
The company	Largan	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	107	442,902	-	-	-	-	107	442,902
The company	Alphabet	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	9	337,941	-	-	-	-	9	337,941
The company	Berkshire Hathaway	Financial assets at fair value through other comprehensive income - non-current	-	None	-	-	69	376,859	-	-	-	-	69	376,859

Note: Ending balance of the period does not include evaluation gains and losses.

12. The acquisition of real property exceeding NT\$300 million or 20% of the paid-in capital: None.

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13. The disposition of real property exceeding NT\$300 million or 20% of the paid-in capital: None.

14. Amount of sales amounted to NT\$100 million or 20% of paid-in capital or more with related parties: None.

15. Receivables from related parties exceeding NT\$100 million or 20% of the paid-in capital: None.

16. Engage in derivatives trading: None.

17. 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 Co.	Yuji Development Co	1	Other financial assets – current	\$ 5,250	Equal to transaction with non-related parties	0.01%
0	"	"	1	Account payable	41,095	-	0.06%
0	"	"	1	Prepayments	8,466	-	0.01%
0	"	"	1	Operating cost	11,662	-	0.07%
0	"	"	1	Other revenue	18,092	-	1.09%
0	"	"	1	Other liabilities-current	18,182	-	0.03%
0	"	Lung Fu Company Limited	1	Other revenue	3,675	-	0.22%
0	"	Jing Huang Construction Co., Ltd.	1	Other financial assets – current	4,551	-	0.01%
1	Yuji Development Co.	Lungyen Life Service Co.	2	Account receivable	59,277	-	0.09%
1	"	"	2	Advance receipts	8,466	-	0.01%
1	"	"	2	Accounts payable	5,250	-	0.01%
1	"	"	2	Operating revenue	11,662	-	0.07%
1	"	"	2	Management expenses	18,092	-	1.09%
2	Lung Fu Company Limited	Lungyen Life Service Co.	2	Management expenses	3,675	-	0.22%
3	Jing Huang Construction Co., Ltd.	Lungyen Life Service Co.	2	Other payable	4,551	-	0.01%

Note 1: Said transactions shall be numbered as follows:

3. "0" for parent company
4. Subsidiaries are numbered from "1"

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

4. Parent company to subsidiaries;
5. Subsidiaries to parent company;
6. Subsidiaries to subsidiaries



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(II) Information on investees (Excluding from China investee company)::

The Consolidated Company's reinvestment as of September 30, 2020 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%	(7,225)	1,396	1,371	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	110,723	54.42%	1,854,547	130,846	71,206	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%	316	(17)	(14)	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	1,057,099 (USD34,210)	1,057,099 (USD34,210)	3,421	100.00%	957,776	(11,234)	(11,234)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00%	27,851	159	78	Affiliated Company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	377,800	377,800	37,100	100.00%	276,783	(5,568)	(5,568)	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%	157,241	6,046	1,591	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment	910,026 (USD29,500)	910,026 (USD29,500)	2,950	50.00%	725,978	(25,826)	(12,913)	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: 29.66 (closing) and 30.04 (average)

(III) Information on investment in Mainland China:

2. 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 April 1, 2020	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2020	Percentage of Ownership	Share of Profits / Losses (Note 2)	Carry Amount as of September 30, 2020	Accumulated Inward Remittance of Earnings as of September 30, 2020
					Outflow	Inflow					
Lungyen Cemetery (Wenzhou) Co. Ltd	Funeral services	1,417,950 USD46,000	Sea Dragon Traders Ltd. (BVI)	904,470 USD29,350	1,194 USD40	-	905,664 USD29,390	50.00%	(5,709)	627,073	-
Long Young Life (China) Holding Co. Ltd.	Investment holding	277,425 USD9,000	Sea Dragon Traders Ltd. (BVI)-	-	-	-	-	50.00%	(4,693)	103,573	-

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Shijiazuang Taifu Cemetery Management Co, Ltd	Cemetery management, construction and sales	78,218 RMB17,041	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	40.00%	(316)	88,488	-
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2. Limitations 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)
905,664	2,446,950 USD82,500	10,500,996

US Dollar Exchange Rate: closing rate: 29.66; RMB exchange rate: 4.172

Note 1: An investment is divided into the following three ways, list out the type of the category:

- (D) Directly engaged in investment in Mainland China
- (E) Re-invest in the mainland through a third country company (please specify in the third area of investment companies)
- (F) Other methods.

Note 2: the current investment income recognized:

- (C) During the stage of preparations, note that there is no investment income.
- (D) 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.

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

(V) Major shareholder information:

Major shareholder	shareholdings	Shareholdings	Percentage of Shareholdings
WISH GIVER LIMITED		139,792,000	33.27%
Cheng Chang Investment		41,716,332	9.93%
UOB Kay Hian(Hong Kong) Limited--A/C Client		34,713,000	8.26%

**XIV. Financial Information by Department**

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(III) 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.

(IV) 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:

	<b>April to September, 2020</b>						
	<b>Columbarium and cemetery for sale</b>	<b>Funeral services</b>	<b>Property leasing</b>	<b>Cemetery operations and others</b>	<b>Construction for sales</b>	<b>Adjustments and written-off</b>	<b>Total</b>
Income :							
Income from external customer	\$ 309,999	378,874	41,879	37,214	18,057	-	786,023
Inter-segment income	10	-	43	-	-	(53)	-
<b>Total income</b>	<b>\$ 310,009</b>	<b>378,874</b>	<b>41,922</b>	<b>37,214</b>	<b>18,057</b>	<b>(53)</b>	<b>786,023</b>
<b>Reportable segment profit or loss</b>	<b>\$ 150,817</b>	<b>75,247</b>	<b>20,217</b>	<b>83,769</b>	<b>6,021</b>	<b>(42)</b>	<b>336,029</b>

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	<b>April to September, 2019</b>						
	<b>Columbarium and cemetery for sale</b>	<b>Funeral services</b>	<b>Property leasing</b>	<b>Cemetery operations and others</b>	<b>Construction for sales</b>	<b>Adjustments and written-off</b>	<b>Total</b>
Income :							
Income from external customer	\$ 282,431	399,565	46,588	41,692	-	-	770,276
Inter-segment income	-	-	43	-	-	(43)	-
<b>Total income</b>	<b>\$ 282,431</b>	<b>399,565</b>	<b>46,631</b>	<b>41,692</b>	<b>-</b>	<b>(43)</b>	<b>770,276</b>
<b>Reportable segment profit or loss</b>	<b>\$ 128,905</b>	<b>89,023</b>	<b>23,419</b>	<b>82,884</b>	<b>(4,551)</b>	<b>(43)</b>	<b>319,637</b>

	<b>January to September, 2020</b>						
	<b>Columbarium and cemetery for sale</b>	<b>Funeral services</b>	<b>Property leasing</b>	<b>Cemetery operations and others</b>	<b>Construction for sales</b>	<b>Adjustments and written-off</b>	<b>Total</b>
Income :							
Income from external customer	\$ 572,299	821,741	83,932	102,687	74,173	-	1,654,832
Inter-segment income	12,423	-	86	-	-	(12,509)	-
<b>Total income</b>	<b>\$ 584,722</b>	<b>821,741</b>	<b>84,018</b>	<b>102,687</b>	<b>74,173</b>	<b>(12,509)</b>	<b>1,654,832</b>
<b>Reportable segment profit or loss</b>	<b>\$ 278,973</b>	<b>170,999</b>	<b>40,401</b>	<b>163,210</b>	<b>24,370</b>	<b>(763)</b>	<b>677,190</b>

	<b>January to September, 2019</b>						
	<b>Columbarium and cemetery for sale</b>	<b>Funeral services</b>	<b>Property leasing</b>	<b>Cemetery operations and others</b>	<b>Construction for sales</b>	<b>Adjustments and written-off</b>	<b>Total</b>
Income :							
Income from external customer	\$ 838,775	795,290	90,862	124,290	246,053	-	2,095,270
Inter-segment income	29	-	161	-	-	(190)	-
<b>Total income</b>	<b>\$ 838,804</b>	<b>795,290</b>	<b>91,023</b>	<b>124,290</b>	<b>246,053</b>	<b>(190)</b>	<b>2,095,270</b>
<b>Reportable segment profit or loss</b>	<b>\$ 338,427</b>	<b>209,057</b>	<b>45,681</b>	<b>229,314</b>	<b>213,785</b>	<b>(190)</b>	<b>1,036,074</b>

	<b>Columbarium and cemetery for sale</b>	<b>Funeral services</b>	<b>Property leasing</b>	<b>Cemetery operations and others</b>	<b>Construction for sales</b>	<b>Adjustments and written-off</b>	<b>Total</b>
Reportable segment assets							
September 30, 2020	\$ 19,040,387	10,047,451	3,857,467	25,765,362	4,729,218	(98,420)	63,341,465
December 31, 2019	\$ 23,040,524	9,660,042	3,864,533	23,965,056	4,688,134	(111,481)	65,106,808
September 30, 2019	\$ 18,942,781	9,418,184	3,882,357	26,763,593	5,548,485	(104,004)	64,451,396
Reportable segment assets							
September 30, 2020	\$ 16,458,814	23,300,651	41,074	4,563,277	-	(76,074)	44,287,742
December 31, 2019	\$ 16,876,358	21,626,418	40,558	6,677,489	41,269	(89,135)	45,172,957
September 30, 2019	\$ 17,194,473	20,886,102	63,700	8,695,474	3,613	(81,658)	46,761,704