Stock Code:5530

LUNGYEN LIFE SERVICE CORP.
AND SUBSIDIARIES

Consolidated Financial Statements

With Independent Auditors' Report
For the Years Ended December 31, 2020 and 2019

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Representation Letter

The entities that are required to be included in the combined financial statements of Lungyen Life Service Corp. as of and for the year ended December 31, 2020 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 by the Financial Supervisory Commission, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Lungyen Life Service Corp. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: Lungyen Life Service Corp.
Chairman: KELLY LEE
Date: March 29, 2021

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Independent Auditors' Report

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

Opinion

We have audited the consolidated financial statements of Lungyen Life Service Corp. and its subsidiaries ("the Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of other auditors (please refer to Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), Interpretations developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

1. Revenue recognition

   For accounting policies on revenue recognition, please refer to Note (4)(r) "Revenue Recognition"; for explanation of revenue recognition, please see Note (20) (t) Revenues.

Description of key audit matter:

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

2. Goodwill and Trademark Impairment

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

Description of key audit matter:

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

How the matter was addressed in our audit:

Our principal audit procedures included:

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

Other Matter

We did not audit the financial statements of some the Group's equity-accounted investees. These statements were audited by another auditor, whose report has been furnished to us, and our opinion, insofar as it relates to the amount included for some of the Group's equity-accounted investees, is based solely on the report of another auditor. The recognized investment in some equity-accounted investees constituted 2.07% of the total consolidated assets as of December 31, 2020, and the recognized share of profit or loss accounted for using the equity method constituted 2.73% of profit before tax for the year ended December 31, 2020.

Lungyen Life Service Corp. has prepared its parent-company-only financial statements as of and for the years ended December 31, 2020 and 2019, on which we have issued an unmodified opinion with other matters paragraph and an unmodified opinion, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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

KPMG

Taipei, Taiwan (Republic of China)
March 29, 2021

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

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

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6(a))	$ 88,734	-	231,964	-
1110	Current financial assets at fair value through profit or loss (Note 6(b) and 9)	5,270,963	8	9,717,723	15
1150	Notes receivable, net (Note 6(c) and (t))	4,198	-	778	-
1170	Accounts receivable, net (Note 6(c) and (t))	9,323,456	15	8,728,644	14
1320	Inventories (for construction business), net (Note 6(d), 7 and 8)	16,044,615	25	15,703,976	24
1410	Prepayments	226,660	-	215,171	-
1460	Non-current assets classified as held for sale (Note 6(e))	105,239	-	-	-
1476	Other current financial assets (Note 6(l), 8 and 9)	1,674,228	3	2,686,952	4
1479	Other current assets, others	16,794	-	14,048	-
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 9)	8,259,038	13	8,124,238	13
		41,013,925	64	45,423,494	70
	Non-current assets:				
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b), 8 and 9)	7,221,855	11	4,543,340	7
1535	Non-current financial assets at amortised cost (Note 6(b) and 9)	1,228,727	2	1,463,240	2
1550	Investments accounted for using equity method (Note 6(f)(g) and 7)	1,492,433	2	945,905	1
1600	Property, plant and equipment (Note 6(h), 8, and 9)	6,157,408	10	6,078,158	10
1755	Right-of-use assets (Note 6(i) and 7)	24,820	-	38,318	-
1760	Investment property, net (Note 6(j), 8, and 9)	4,052,472	7	3,864,533	6
1780	Intangible assets (Note 6(k))	748,121	1	755,937	1
1840	Deferred tax assets (Note 6(q))	814,838	1	856,719	1
1980	Other non-current financial assets (Note 7)	278,127	-	351,002	1
1990	Other non-current assets, others	1,073,336	2	786,162	1
		23,092,137	36	19,683,314	30
	Total assets	**$ 64,106,062**	**100**	**65,106,808**	**100**

		December 31, 2020		December 31, 2019	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term borrowings (Note 6(m))	$ -	-	154,300	-
2130	Current contract liabilities (Note 6(t) and 9)	40,529,122	63	38,999,745	60
2150	Notes payable	6,856	-	7,023	-
2170	Accounts payable	626,649	1	663,204	1
2200	Other payables	856,429	1	832,177	2
2230	Current tax liabilities	509,308	1	252,002	-
2280	Current lease liabilities (Note 7)	24,820	-	38,318	-
2310	Advance receipts	914,950	1	892,909	1
2321	Bonds payable, current portion (Note 6(n))	-	-	3,243,019	5
2399	Other current liabilities, others	8,307	-	6,878	-
		43,476,441	67	45,089,575	69
	Non-Current liabilities:				
2570	Deferred tax liabilities (Note 6(q))	3,665	-	3,665	-
2640	Net defined benefit liability, non-current (Note 6(p))	21,018	-	32,601	-
2645	Guarantee deposits received	44,584	-	44,135	-
2670	Other non-current liabilities, others	2,981	-	2,981	-
		72,248	-	83,382	-
	Total liabilities	43,548,689	67	45,172,957	69
	Equity attributable to owners of parent (Note 6(n) and (r)):				
3100	Capital stock	4,200,842	7	4,200,842	7
3200	Capital surplus	2,519,954	4	2,519,954	4
	Retained earnings:				
3310	Legal reserve	2,053,954	3	1,498,055	2
3320	Special reserve	156,696	-	-	-
3350	Total unappropriated retained earnings (accumulated deficit)	9,693,988	16	10,373,806	16
3400	Other equity interest	298,625	-	(156,696)	-
	Total equity attributable to owners of parent:	18,924,059	30	18,435,961	29
36xx	Non-controlling interests (Note 6(g) and (r))	1,633,314	3	1,497,890	2
	Total equity	20,557,373	33	19,933,851	31
	Total liabilities and equity	**$ 64,106,062**	**100**	**65,106,808**	**100**

See accompanying notes to consolidated financial statements.

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

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the years ended December 31, 2020 and 2019

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

		2020		2019	
		Amount	**%**	**Amount**	**%**
4000	**Operating revenue (Note 6(e)(o)(t))**	$ 3,663,507	100	4,559,348	100
5000	**Operating costs (Note 6(o) and 7)**	1,190,830	33	1,343,202	29
5900	**Gross profit**	2,472,677	67	3,216,146	71
	Operating expenses (Note 6(c)(p)(u) and 7):				
6100	Selling expenses	631,187	17	617,805	14
6200	Administrative expenses	522,149	14	612,176	13
6450	Impairment loss determined in accordance with IFRS 9 (Note 6(c))	13,657	-	16,491	-
		1,166,993	31	1,246,472	27
6500	**Net other income (expenses) (Note 6(v))**	131,392	5	139,337	3
6900	**Net operating income**	1,437,076	41	2,109,011	47
	Non-operating income and expenses (Note 6(f)(w) and 7):				
7100	Interest income	98,849	3	109,958	2
7010	Other income	210,850	6	488,497	11
7020	Other gains and losses, net	(18,906)	(1)	41,450	1
7050	Finance costs, net	(27,973)	(1)	(72,122)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6(f))	33,420	1	(52,289)	(1)
		296,240	8	515,494	11
	Profit before tax from continuing operations	1,733,316	49	2,624,505	58
7950	**Less: Income tax expenses (Note 6(q))**	353,590	10	254,163	6
	Profit for the year ended December 31, 2020	1,379,726	39	2,370,342	52
8300	**Other comprehensive income:**				
8310	**Items that will not be reclassified subsequently to profit or loss**				
8311	Gains (losses) on remeasurements of defined benefit plans (Note 6(p))	98	-	(1,528)	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	450,188	12	2,712,233	60
8349	Less: Income tax related to components of other comprehensive income that will not be reclassified to profit or loss (Note 6(q))	41,945	1	(164,770)	(4)
	Items that will not be reclassified subsequently to profit or loss	492,231	13	2,545,935	56
8360	**Components of other comprehensive income (loss) that will be reclassified to profit or loss**				
8361	Exchange differences on translation of foreign financial statements	(54,477)	(1)	(20,898)	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 6(aa))	9,165	-	66,432	1
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	57,213	2	(8,830)	-
	Items that may be reclassified subsequently to profit or loss	11,901	1	36,704	1
8300	**Other comprehensive income for the year ended December 31, 2020**	504,132	14	2,582,639	57
	Comprehensive income for the year ended December 31, 2020	**$ 1,883,858**	**53**	**4,952,981**	**109**
	Profit attributable to:				
8610	Owners of parent	$ 1,244,562	35	2,302,871	51
8620	Non-controlling interests	135,164	4	67,471	1
		$ 1,379,726	**39**	**2,370,342**	**52**
	Comprehensive income attributable to:				
8710	Owners of parent	$ 1,748,351	49	4,882,142	107
8720	Non-controlling interests	135,507	4	70,839	2
		$ 1,883,858	**53**	**4,952,981**	**109**
	Earnings per share (in dollar) (Note 6(s)):				
9750	**Basic earnings per share (in New Taiwan dollars)**	**$**	**2.96**		**5.48**
9850	**Diluted earnings per share (in New Taiwan Dollars)**	**$**	**2.88**		**4.93**

See accompanying notes to consolidated financial statements.

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

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity interest					
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income	Total other equity interest	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2019	$ 4,200,842	2,519,954	1,280,001	-	6,293,123	7,573,124	(24,815)	713,268	688,453	14,982,373	1,490,620	16,472,993
Profit for the year ended December 31, 2019	-	-	-	-	2,302,871	2,302,871	-	-	-	2,302,871	67,471	2,370,342
Other comprehensive income for the year ended December 31, 2019	-	-	-	-	(1,528)	(1,528)	(29,728)	2,610,527	2,580,799	2,579,271	3,368	2,582,639
Comprehensive income for the year ended December 31, 2019	-	-	-	-	2,301,343	2,301,343	(29,728)	2,610,527	2,580,799	4,882,142	70,839	4,952,981
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	218,054	-	(218,054)	-	-	-	-	-	-	-
Cash dividends of ordinary shares-$3 per share	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)	-	(1,260,253)
Changes in ownership interests in subsidiaries	-	-	-	-	(3,531)	(3,531)	-	-	-	(3,531)	3,531	-
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	3,261,178	3,261,178	-	(3,425,948)	(3,425,948)	(164,770)	-	(164,770)
Acquisition of ownership interests in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	-	-	(67,100)	(67,100)
Balance at December 31, 2019	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
Profit for the year ended December 31, 2020	-	-	-	-	1,244,562	1,244,562	-	-	-	1,244,562	135,164	1,379,726
Other comprehensive income for the year ended December 31, 2020	-	-	-	-	98	98	2,736	500,955	503,691	503,789	343	504,132
Comprehensive income for the year ended December 31, 2020	-	-	-	-	1,244,660	1,244,660	2,736	500,955	503,691	1,748,351	135,507	1,883,858
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	555,899	-	(555,899)	-	-	-	-	-	-	-
Special reserve	-	-	-	156,696	(156,696)	-	-	-	-	-	-	-
Cash dividends of ordinary shares-$3 per share	-	-	-	-	(1,260,253)	(1,260,253)	-	-	-	(1,260,253)	(83)	(1,260,336)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	48,370	48,370	-	(48,370)	(48,370)	-	-	-
Balance at December 31, 2020	**$ 4,200,842**	**2,519,954**	**2,053,954**	**156,696**	**9,693,988**	**11,904,638**	**(51,807)**	**350,432**	**298,625**	**18,924,059**	**1,633,314**	**20,557,373**

See accompanying notes to consolidated financial statements.

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

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	**2019**
Cash flows from (used in) operating activities:		
Profit before tax	$ 1,733,316	2,624,505
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	146,450	142,174
Amortization expense	12,637	16,100
Impairment loss determined in accordance with IFRS 9	13,657	16,491
Net gain on financial assets or liabilities at fair value through profit or loss	(55,747)	(75,311)
Interest expense	27,973	72,122
Interest income	(264,476)	(287,052)
Dividend income	(130,169)	(332,984)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(33,420)	52,289
Proceeds from disposal of non-current assets classified as held for sale (investment property)	(22,486)	(834,167)
Gain on disposal of property, plan and equipment	(160)	(2,534)
Proceeds from disposal of investments accounted for using equity method	-	(2,331)
Exchange loss on financial assets at fair value through other comprehensive income	56,543	31,986
Exchange loss on financial assets at fair value through other comprehensive income	(24,064)	(3,444)
Total adjustments to reconcile profit (loss)	(273,262)	(1,206,661)
Changes in operating assets and liabilities:		
Decrease (increase) financial assets or liabilities at fair value through profit or loss	2,041,374	(4,035,230)
(Increase) decrease in notes receivable	(3,420)	5,567
(Increase) decrease in accounts receivable	(608,287)	34,025
Increase in inventories	(340,733)	(263,212)
(Increase) decrease in prepayments	(11,489)	40,160
Proceeds from disposal of non-current assets classified as held for sale (investment property)	56,488	3,406,853
Decrease (increase) in other financial assets	(30,633)	(59,305)
Decrease (increase) in other current assets	(2,746)	(6,450)
Increase in assets recognised as incremental costs to obtain contract with customers	(137,934)	(153,341)
Increase in contract liabilities	1,529,377	1,244,725
(Decrease) increase in notes payable	(36,722)	45,366
Increase in other payable	28,759	1,212
Increase in advance receipts	22,041	58,518
Increase (decrease) in other current liabilities	1,428	(954)
(Decrease) increase in net defined benefit liability	(11,485)	387
Total changes in operating assets and liabilities	2,496,018	318,321
Total adjustments	2,222,756	(888,340)
Cash inflow generated from operations	3,956,072	1,736,165
Interest received	270,355	251,143
Dividends received	126,612	332,984
Interest paid	(147,569)	(9,185)
Income taxes paid	(12,455)	(426,488)
Net cash flows from operating activities	4,193,015	1,884,619

See accompanying notes to consolidated financial statements.

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

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (CONT'D)

For the years ended December 31, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

	For the years ended December 31	
	2020	**2019**
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(6,137,341)	(1,484,960)
Proceeds from disposal of financial assets at fair value through other comprehensive income	3,883,617	9,574,028
Acquisition of financial assets at amortised cost	-	(530,342)
Proceeds from repayments of financial assets at amortised cost	225,000	75,000
Acquisition of financial assets at fair value through profit or loss	-	(4,080,000)
Proceeds from disposal of financial assets at fair value through profit or loss	2,462,273	-
Acquisition of investments accounted for using equity method	(505,950)	(46,563)
Proceeds from disposal of investments accounted for using equity method	-	231,912
Acquisition of property, plant and equipment	(537,738)	(374,293)
Proceeds from disposal of property, plant and equipment	325	2,657
Acquisition of intangible assets	(4,821)	(14,311)
Acquisition of investment properties	(5,762)	(1,010)
Decrease (increase) in other current financial assets	1,039,722	(509,730)
Decrease (increase) in other non-current financial assets	72,874	(295,165)
Increase in other non-current assets	(283,247)	(12,502)
Net cash flows from (used in) investing activities	208,952	2,534,721
Cash flows from (used in) financing activities:		
Increase in short-term borrowings	31,500	13,038,258
Decrease in short-term borrowings	(185,800)	(16,049,258)
Repayments of bonds	(3,113,000)	-
Increase (decrease) in guarantee deposits received	449	(27,407)
Payment of lease liabilities	(13,697)	(13,670)
Cash dividends paid	(1,260,336)	(1,260,253)
Change in non-controlling interests	-	(67,100)
Net cash flows used in financing activities	(4,540,884)	(4,379,430)
Effect of exchange rate changes on cash and cash equivalents	(4,313)	(1,948)
Net increase (decrease) in cash and cash equivalents	(143,230)	37,962
Cash and cash equivalents at beginning of period	231,964	194,002
Cash and cash equivalents at end of period	$ **88,734**	**231,964**

See accompanying notes to consolidated financial statements.

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

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the years ended December 31, 2020 and 2019

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

(1) Company history

Lungyen Life Service Corp. (Previously known as 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 'Group' and individually as the'Group entities') primarily engage in the business of funeral facilities and services, along with the development and lease of residential and commercial buildings.

(2) Approval date and procedures of the consolidated financial statements:

The accompanying consolidated financial statements were authorized for issuance by the Board of Directors on March 29, 2021.

(3) New standards, amendments and interpretations adopted:

(a) The impact of the International Financial Reporting Standards ("IFRSs") endorsed by the Financial Supervisory Commission, R.O.C. ("FSC") which have already been adopted.

The Group has initially adopted the following new amendments, which do not have a significant impact on its consolidated financial statements, from January 1, 2020:

- Amendments to IFRS 3 "Definition of a Business"
- Amendments to IFRS 9, IAS39 and IFRS7 "Interest Rate Benchmark Reform"
- Amendments to IAS 1 and IAS 8 "Definition of Material"
- Amendments to IFRS 16 "COVID-19-Related Rent Concessions"

(b) The impact of IFRS issued by the FSC but not yet effective

The Group assesses that the adoption of the following new amendments, effective for annual period beginning on January 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"
- Amendments to IFRS 9, IAS39, IFRS7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform－Phase 2"

(Continued)

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

The Group does not expect the following new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture”
- IFRS 17 “ Insurance Contracts” and amendments to IFRS 17 “ Insurance Contracts”
- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipmentt－Proceeds before Intended Use”
- Amendments to IAS 37 “Onerous Contracts－Cost of Fulfilling a Contract”
- Annual Improvements to IFRS Standards 2018-2020
- Amendments to IFRS 3 “Reference to the Conceptual Framework”
- Amendments to IAS 1 “Disclosure of Accounting Policies”
- Amendments to IAS 8 “Definition of Accounting Estimates”

(4) Summary of significant accounting policies:

The significant accounting policies applied in the preparation of these consolidated financial statements are set out as below. The significant accounting policies have been applied consistently to all periods presented in these consolidated financial statements.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as “the Regulations”) and the IFRSs, IASs, IFRIC Interpretations, and the SIC Interpretations endorsed by the FSC.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

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

2) Fair value through other comprehensive income (Available-for-sale financial assets) are measured at fair value;

3) The defined benefit liabilities (assets) are measured at fair value of the plan assets less the present value of the defined benefit obligation, limited as explained in Note 6(p).

(ii) Functional and presentation currency

The functional currency of each individual consolidated entity is determined based on the primary economic environment in which the entity operates. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional currency. All financial information presented in New Taiwan dollars has been rounded to the nearest thousand.

(c) Basis of consolidation

(i) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprise the Company and subsidiaries. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its control over the entity.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements. Losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Subsidiaries' financial statements are adjusted to align the accounting policies with those of the Group.

Changes in the Group's ownership interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions. The difference between the adjustment of the non-controlling interests and the fair value of the consideration paid or received is recognized directly in equity and attributed to the shareholders of the Company.

(ii) Loss of control over subsidiaries

When the Group loses control of its subsidiaries, the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost will be derecognized and any investment retained in the former subsidiary at its fair value at the date when control is lost will be remeasured in the consolidated financial statement. The difference of disposal gain or loss is between the aggregate of (i) the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. When the Group loses control of its subsidiary, it accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if it had directly disposed of the related assets or liabilities.

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iii) List of subsidiaries in the consolidated financial statements

The subsidiaries included in the consolidated financial statements were as follows:

			Shareholding		
Investor	**Subsidiary**	**Principalactivity**	**December 31, 2020**	**December 31, 2019**	**Description**
the Company	Jin Huang Construction Co., Ltd. (Jin Huang)	Architecture and civil engineering	98.20 %	98.20 %	
the Company	Yuji Development Corp. (Yuji)	Funeral services	54.42 %	54.42 %	
the Company	Dahan Property Management Co., Ltd. (Dahan)	Lease and development of residential and commercial buildings	80.00 %	80.00 %	
the Company	Sea Dragon Traders Ltd. (BVI) (Sea Dragon)	Investment business	100.00 %	100.00 %	
the Company	Singapore Lungyen Life Service (Singapore Lungyen)	Funeral services	- %	- %	Note 4(c).(v)(1)
the Company	Lung An Company Limited. (Lung An)	Funeral services	- %	- %	Note 4(c).(v)(2)
Yuji Development	Lung Fu Company Limited (Lung Fu)	Funeral services	100.00 %	100.00 %	Note 4(c).(v)(3)

(iv) Subsidiaries excluded in the consolidated financial statements: None

(v) Changes in the number of subsidiaries

1) Singapore Lungyen Life Service Pte. Ltd had been under clearance process since June 2019 and received the approval from the authorities in October 2019.

2) Lung An Company Limited was dissolved after a short-form merger on April 1, 2019.

3) 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 thousand. After the acquisition, the shareholding ratio of Yuji Development Corp. increased from 77.75% to 100.00%. Besides, Lung Fu Company Limited issued new shares of NT$ 100,000 thousand in February 2019, all of which was subscribed by Yuji Development Corp.

(d) Foreign currency

(i) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group entity at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period (“the reporting date”), monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date.

Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies measured based on historical cost are translated using the exchange rate at the date of transaction.

Exchange differences are generally recognized in profit or loss, except for the following, which are recognized in other comprehensive income:

1) an investment in equity securities designated as at fair value through other comprehensive income;

2) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective；or

3) qualifying cash flow hedges to the extent that the hedges are effective.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the Group's functional currency at exchange rates at the reporting date. The income and expenses of foreign operations are translated to the Group's functional currency at average rate. Foreign currency differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, joint control, or significant influence is lost, the accumulated exchange differences related to that foreign operation is reclassified to profit or loss on disposal. When the Company disposes of any part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Company disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, exchange differences arising from such a monetary item that are considered to form part of the net investment in the foreign operation are recognized in other comprehensive income.

(e) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as non-current.

(i) It expects to realize the asset, or intends to sell or consume it, in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is expected to be realized within twelve months after the reporting date; or

(iv) The asset is cash and cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

(Continued)

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current.

(i) It is expected to be settled in its normal operating cycle;

(ii) It is held primarily for the purpose of trading;

(iii) It is due to be settled within twelve months after the reporting date; or

(iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in it is settlement by the issue of equity instruments do not affect its classification.

(f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents comprise short-term highly liquid investments that are readily convertible into known amount of cash and are subject to an insignificant risk of changes in their fair value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(g) Financial assets

Accounts receivable and debt securities issued are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is an account receivable without a significant financing component) or financial liability is initially measured at fair value, plus transaction costs that are directly attributable to its acquisition or issue. An account receivable without a significant financing component is initially measured at the transaction price.

(i) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date and settle date basis.

On initial recognition, a financial asset is classified as measured at amortized cost; Fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value, plus/minus the cumulative amortization using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, and impairment losses are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

2) Financial assets at fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition, the Group is able to make an irrevocable election to present subsequent changes in the fair value of investments in equity instruments that is not held for trading in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment loss are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses, and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income and are never reclassified to profit or loss.

Dividend income derived from equity investments is recognized on the date that the Group’s right to receive the dividends is established (usually the ex-dividend date).

(Continued)

3) Financial assets at fair value through profit or loss ("FVTPL")

All financial assets not classified as amortized cost or FVOCI described as above are measured at FVTPL, including derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset, which meets the requirements to be measured at amortized cost or at FVOCI, as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise. These assets are subsequently measured at fair value.

These assets are subsequently measured at fair value. Net gains and losses, including any dividend and interest income, are recognized in profit or loss.

Financial assets that are held for trading or are managed, and whose performance is evaluated on a fair value basis, are measured at FVTPL.

4) Impairment of financial assets

The Group recognizes loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized costs, notes and accounts receivable, other receivable, guarantee deposit paid and other financial assets), debt investments measured at FVOCI and contract assets.

The Group measures loss allowances at an amount equal to lifetime expected credit loss ("ECL"), except for the following which are measured as 12-month ECL:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivables are always measured at an amount equal to lifetime ECL.

Lifetime ECL are the ECL that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12-month after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment as well as forward-looking information.

(Continued)

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of ‘investment grade which is considered to be BBB or higher per Standard & Poor’ s, Baa3 or higher per Moody’ s or twA or higher per Taiwan Ratings’.

Due to the counter parties and the performing parties of the Group’s time deposits are financial institutions with investment grade and above, these time deposits are considered to have low credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when the financial asset is more than 90 days past due or the debtor is unlikely to pay its credit obligations to the Group in full.

ECLs are probability-weighted estimate of credit losses over the expected life of financial assets. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECL are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider；
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognized in other comprehensive income instead of reducing the carrying amount of the asset.

(Continued)

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 270 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. the Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group' s procedures for recovery of amounts due.

5) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expired, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(ii) Financial liabilities and equity instruments

1) Classification of debt or equity

Debt or equity instruments issued by the Group are classified as financial liabilities or equity in accordance with the substance of the contractual agreement.

2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recognized at the amount of consideration received less the direct issuing cost.

3) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(Continued)

4) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligation has been discharged, cancelled or expired. the Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

The difference between the carrying amount of a financial liability derecognized and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

5) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(h) Inventories

(i) Buildings for Sale

Inventories are measured at the lower of cost or net realizable value. The cost of inventories includes expenditures incurred in bringing them to their existing location and condition, and capitalization of interest.

Net realizable value is the estimated selling price in the ordinary course of business, less, the estimated costs of completion and selling expenses. The methods of determining the net realizable value are as follows:

1) Land held for construction site: Net realizable value is determined with reference to the estimate made by management based on the prevailing market conditions.

2) Construction in progress: Net realizable value is the estimated selling price (based on prevailing market conditions) less the estimated cost of completion and selling expense.

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

(ii) Columbariums and Cemeteries built for Sale

Construction in progress entails the cost of land and construction. The completed construction with the permanent right of use transferred to clients is recognized as operating cost for the period, proportionally to the selling price of columbariums and cemeteries, while the remaining portion is recognized as columbariums and cemeteries for sale. Deferred marketing expenses are the direct marketing costs incurred for the sale of columbarium and cemetery during the construction period and they will be transferred to current expense when income is recognized upon completion.

(Continued)

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

(i) Non-current assets held for sale

Non-current assets or disposal groups comprising assets and liabilities, whose carrying amount are highly probable to be recovered primarily through sale rather than through continuing use, are reclassified as held for sale. Thereafter, the assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group will first be allocated to goodwill, and then the remaining balance of impairment loss is allocated to assets and liabilities on a pro rata basis, except for the assets not within the scope of IAS 36 – Impairment of Assets. Such assets will continue to be measured in accordance with the Group's accounting policies. Impairment losses on assets initially classified as held for sale and any subsequent gains or losses on remeasurement are recognized in profit or loss; nevertheless, the reversal gains shall not exceed any cumulative impairment losses that have been recognized.

Once classified as held for sale, property, plant and equipment, are no longer amortized or depreciated.

(j) Investment in associates

Associates are those entities in which the Group has significant influence, but not control, or joint control over their financial and operating policies.

If the Group owns 20%~50% voting rights in the investee, it is assumed to have significant influence.

Investments in associates are accounted for using the equity method and are recognized initially at cost. Investments in associates are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs. The carrying amount of the investment in associates includes goodwill arising from the acquisition, less any accumulated impairment losses.

The consolidated financial statements include the Group' s share of the profit or loss and other comprehensive income of those associates, after adjustments to align the accounting policies with those of the Group, from the date on which significant influence commences until the date on which significant influence ceases. The Group recognizes any changes of its proportionate share in the investee within capital surplus, when an associate's equity changes due to reasons other than profit and loss or comprehensive income, which did not result in changes in actual proportionate share.

Unrealized gains and losses resulting from transactions between the Group and an associate are recognized within the scope of non-related investor's interests in the associate.

When the Group' s share of losses of an associate equals or exceeds its interest in an associates, it discontinues recognizing its share of further losses. After the recognized interest is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

(Continued)

(k) Joint arrangements

Joint arrangement is the agreement of two or multiple parties with joint controls over a delegated entity. Joint arrangement includes joint operations and joint venture. Its traits are as follows: (a) All parties are bound by the arrangement (b) Joint arrangement would suggest that at least two parties possess joint control over the arrangements. IFRS 11 "Joint Arrangements" defines joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (ie activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the Group has joint control of the arrangement (i.e. joint venturers) in which the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures", unless the entity is exempted from applying the equity method as specified in that Standard. Please refer to Note 6(f) for accounting treatment using the equity method.

When assessing whether a joint arrangement is a joint operation or a joint venture, the Group considers the structure and legal form of the arrangement, the terms agreed by the parties in the contractual arrangement and, when relevant, other facts and circumstances. When the facts and circumstances change, the Group reevaluates whether the classification of the joint arrangement has changed.

(l) Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition, and subsequently at cost, less accumulated depreciation and accumulated impairment losses. Depreciation expense is calculated based on the depreciation method, useful lives, and residual value which are the same as those adopted for property, plant, and equipment.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount) is recognized in profit or loss.

Rental income from investment property is recognized as rental revenue within operating revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

(m) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant, and equipment are measured at cost, which includes capitalized borrowing cost, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(ii) Subsequent costs

Subsequent expenditure is capitalized only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

(iii) Depreciation

Depreciation is calculated on the cost of assets less their residual values and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant, and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

1) Buildings and improvements	4～69 years
2) Office equipment	5 years
3) Transportation equipment	5 years
4) Others	4～19 years
5) Lease improvements	5～10 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and appropriately adjusted if necessary.

(iv) Reclassification to investment property

The property is reclassified to investment property at its carrying amount when the use of the property changes from owner-occupied to investment property.

(n) Leases

(i) Identifying a lease

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

1) the contract involves the use of an identified asset-this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified: and

2) the customer has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

3) the customer has the right to direct the use of the asset throughout the period of use only if either:

- the customer has the right to direct how and for what purpose the asset is used throughout the period of use; or

- the relevant decisions about how, and for what purpose, the asset is used are predetermined and:

- the customer has the right to operate the asset throughout the period of use, without the supplier having the right to change those operating instructions; or

- the customer designed the asset in a way that predetermines how and for what purpose it will be used throughout the period of use.

At the inception of the lease or when reassessing whether a contract contained a lease component, the Company allocated the consideration in the contract to each lease component on the basis of their relative standalone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

(ii) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

1) fixed payments, including in-substance fixed payments;

2) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;

3) amounts expected to be payable under a residual value guarantee; and

(Continued)

4) payments or penalties for purchase or termination options that are reasonably certain to be exercised.

The lease liability is subsequently measured at amortized cost using the effective interest method. It is remeasured when:

1) there is a change in future lease payments arising from the change in an index or rate; or

2) there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee; or

3) there is a change in the assessment of whether it will have the option to exercise a purchase; or

4) there is a change in its assessment of whether it will exercise an extension or termination option; or

5) there is any lease modification in lease subject, scope of the lease, or other terms.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

The Group presents right-of-use assets that do not meet the definition of investment and lease liabilities as a separate line item respectively in the balance sheets.

The Group has elected not to recognize right of use assets and lease liabilities for short term leases of office equipment and other equipment of low value assets, The Group recognizes the lease payments associated with these leases as an expense on a straight line basis over the lease term.

For sale and leaseback transactions, the Group applies the requirements for determining when a performance obligation is satisfied in IFRS 15 to determine whether the transfer of an asset is accounted for as a sale of the asset. If the transfer of an asset satisfies the requirement of IFRS 15 to be accounted for as a sale of the asset, the Group derecognizes the transferred asset, then measures the right of use asset arising from the leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained. Accordingly, the Group recognizes only the amount of any gain or loss that relates to the rights transferred to the buyer lessor. For leaseback transaction, the Group applies the lessee accounting policy. If the transfer of an asset does not satisfy the requirement of IFRS 15 to be accounted for as a sale of the asset, the Group continues to recognize the transferred asset and recognizes the financial liability equal to the transfer proceeds.

(Continued)

(iii) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short-term lease to which the Group applies the exemption described above, then it classifies the sub-ease as an operating lease.

If an arrangement contains lease and non-lease components, the Group applies IFRS 15 to allocate the consideration in the contract.

The Group recognizes a finance lease receivable at an amount equal to its net investment in the lease. Initial direct costs, such as lessors to negotiate and arrange a lease, are included in the measurement of the net investment. The interest income is recognized over the lease term based on a pattern reflecting a constant periodic rate of return on the net investment in the lease. For operating lease, the Group recognizes rental income on a straight-line basis over the lease term.

(o) Intangible assets

(i) Recognition and measurement

Goodwill arising on the acquisition of subsidiaries is measured at cost, less accumulated impairment losses.

All other expenses are recognized in profit or loss when incurred, including internally developed goodwill and brands.

(ii) Subsequent expenditure

Subsequent expenditure was capitalized only when it would increase the future economic benefits embodied in the specific asset to which it related. All other expenditures, including expenditure on internally generated goodwill and brands, was recognized in profit or loss as incurred.

(iii) Amortization

Amortization was calculated over the cost of the asset, less its residual value, and was recognized in profit or loss on a straight line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they were available for use.

(Continued)

The estimated useful lives for the current and comparative years of significant items of property, plant, and equipment are as follows:

Computer software	1～10 years
Development royalties	20 years

Amortization methods, useful lives, and residual values are reviewed at the end of each financial period, and adjusted if needed.

(p) Impairment – non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs). Goodwill arising from a business combination is allocated to cash-generating units ("CGUs") or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an individual asset or a CGU is the higher of its value in use and its fair value less costs of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other non-financial assets, an impairment loss is reversed only to the extent that the asset's carrying amount that would have been determined (net of depreciation or amortization), had no impairment loss been recognized for the assets in prior years.

(q) Provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as interest expense.

(r) Revenue recognition

(i) Revenue from contracts with customers

Revenue is measured based on the consideration that the Company expects to be entitled in the transfer of goods or services to a customer. The Group recognizes revenue when it satisfies a performance obligation by transferring control of a good or a service to a customer. The following is a description of the Group's major revenues:

1) Construction and sale of columbariums and cemeteries

The Group invests in and constructs columbariums and cemeteries for sale, which are usually sold before or during construction. The Group recognizes revenues when control of the product is transferred, which is when the permanent use right has been transferred to the customer after the construction is completed and all receivables are collected.

For presold columbarium niches, burial plots, and preneed contracts, normally the payment is collected in installments during the period starting from the signing of the contract to the transfer of goods or the rendering of service. If the contract entails financing income, interest revenues are recognized according to the payment period. Besides, the unconditional rights to consideration are treated as accounts receivable, advance receipts are recognized as contract liabilities, and accumulated contract liabilities are reclassified as revenue upon the transfer of goods or rendering of service.

2) Funeral services

Funeral services revenues are recognized upon the completion of services.

3) Rent income

The rent income arising from investment property is recognized using the straight-line method over the lease period; also, the given lease incentives is deemed as a part of the overall rent income and is recognized as rent income using the straight-line method over the lease period. The income generated from the sublease of property is recognized in the "Rental income" of the operating income.

4) Land development and sale of real estate

The Group develops and sells residential properties, and the revenue derived therefrom is recognized when control over the properties has been transferred to the customer. Therefore, the Group recognizes revenues at the time when legal ownership has been transferred to the customer and the property has been delivered.

Revenue is measured by the transaction price agreed as per the contract. For sale of readily available house, in most cases, the consideration is due when legal title of a property has been transferred. While deferred payment terms may be agreed in rare circumstances, the deferral never exceeds twelve months. The transaction price is therefore not adjusted for the effects of a significant financing component. If the one being sold is a presale real estate, it is usually signed under a contract that contains the installments until the real estate is transferred to the customer during the period, if the contract contains significant financing component, the transaction price will be adjusted according to the loan interest of construction projects to reflect the effect of time value of

(Continued)

money during the period. The advance will be recognized as contract liabilities, adjustment for the effect of time value of money will be recognized as interest expense and contract liabilities. Accumulated amount of contract liability is recognized as revenue when control over the property has been transferred to the customer.

5) Construction contracts

The Group enters into contracts to build residential properties, commercial buildings and public constructions. Because its customer controls the asset as it is constructed, the Group recognizes revenue over time on the basis of the construction costs incurred to date as a proportion of the total estimated costs of the contract. The consideration promised in the contract includes fixed and variable amounts. The customer pays the fixed amount based on a payment schedule. Some variable considerations (such as penalties calculated based on days delayed and subsidy for price adjustment) are estimated based on historical expected value. The Group recognizes variable consideration if it is highly probable that the recognition will not result in a significant revenue reversal. If the Group has recognized revenue, but not issued a bill, then the entitlement to consideration is recognized as a contract asset. The contract asset is transferred to receivables when the entitlement to payment becomes unconditional public constructions.

If the Group cannot reasonably measure its progress towards complete satisfaction of the performance obligation of a construction contract, the Group shall recognize revenue only to the extent of the costs expected to be recovered.

A provision for onerous contracts is recognized when the Group expects the unavoidable costs of performing the obligations under a construction contract exceed the economic benefits expected to be received under the contract.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(s) Costs from contracts with customers

(i) Incremental costs of obtaining a contract

The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if the Group expects to recover those costs. The incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognized as an expense when incurred, unless those costs are explicitly chargeable to the customer regardless of whether the contract is obtained.

(Continued)

(t) Employee benefits

(i) Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income, and accumulated in retained earnings within equity. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset). Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or loss. The Group recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(iii) Short-term employee benefits

Short-term employee benefit obligations are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(u) Income taxes

Income taxes include both current taxes and deferred taxes. Except for expenses related to business combinations, or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group has determined that interest and penalties related to income taxes, including uncertain tax treatment, do not meet the definition of income taxes, and therefore accounted for them under IAS 37.

(Continued)

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables are the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred income taxes are recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred taxes are not recognized for the following exceptions:

(i) Assets and liabilities that are initially recognized but are not related to the business combination and have no effect on net income or taxable gains (losses) during the transaction.

(ii) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

(iii) taxable temporary differences arising on the initial recognition of goodwill.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reserve, using tax rates enacted or substantively enacted on the reporting date.

Deferred tax assets and liabilities may be offset against each other if the following criteria are met:

(i) The Company has a legally enforceable right to set off current tax assets against current tax liabilities; and

(ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:

    1) the same taxable entity; or

    2) different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Deferred tax assets are recognized for unused tax losses, tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

(v) Earnings per share

The Group discloses the Group's basic and diluted earnings per share attributable to ordinary equity holders. The calculation of basic earnings per share is based on the profit attributable to the ordinary shareholder of the Company divided by weighted average number of ordinary shares outstanding. The calculation of diluted earnings per share is based on the profit attributable to ordinary shareholders of the Group divided by weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares. Dilutive potential ordinary shares comprise convertible bonds and the estimate of employee bonus.

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(w) Operating segments

An operating segment is a component of The Group that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). The operating results of all operating segments are regularly reviewed by The Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance. Each operating segment has its financial information.

(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty:

The preparation of the consolidated financial statements in conformity with the Regulations and the IFRSs endorsed by the FSC requires management to make judgments, estimates, and assumptions that affect the application of the accounting policies and the reported amount of assets, liabilities, income, and expenses. Actual results may differ from these estimates.

Management continues to monitor the accounting estimates and assumptions. Any changes in accounting estimates are recognized during the period and the impact of those changes in accounting estimates are recognized in the following period.

(a) Information about judgments made in applying the accounting policies that have significant effects on the amounts recognized in the consolidated financial statements is as follows:

(i) Judgment of substantive control over investees

As the single largest shareholder, the Group holds 49% of the voting shares in RIA AWANA SDN. BHD. Although the remaining 51% shares in RIA AWANA SDN. BHD. are not concentrated within certain shareholders, the Group still cannot obtain more than half of the RIA AWANA SDN. BHD's board seats, or more than half of the voting rights in the shareholders' meeting. Consequently, it is determined that the Group has a significant impact on RIA AWANA SDN. BHD.

(ii) Joint arrangements

Long Young Life (Cayman) Limited Co., a joint arrangement made by the Group, was structured through a separate vehicle. The Group owned the residual interests of the net asset of Long Young Life (Cayman) Limited Co.; thus, the Group classified that joint arrangement as a joint venture and adopted the equity method for relevant accounting recognition; please refer to Note 6(f).

(iii) Lease term

The Group determines the lease term as the non-cancellable period of the lease, together with periods covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably not to exercise that option. In assessing whether a lessee is reasonably to exercise the options, the Group considers all relevant facts and circumstances that create an economic incentive for the lessee. The Group reassesses whether it is reasonably certain to exercise an extension option or not to exercise the option upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the lessee; please refer to Note 6(i) for details.

(b) Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows. Those assumptions and estimation have been updated to reflect the impact of COVID-19 pandemic:

(i) Impairment assessment of accounts receivable

The Group has estimated the loss allowance of trade receivable that is based on the risk of a default occurring and the rate of expected credit loss. The Group has considered historical experience, current economic conditions and forward-looking information at the reporting date to determine the assumptions to be used in calculating the impairments and the selected inputs. For relevant assumptions and input values, please refer to Note 6(c).

(ii) Impairment assessment of goodwill and trademark

The Group performs impairment test on an annual basis and impairment loss is recognized if the recoverable amount is less than the carrying amount. The impairment assessment of goodwill and trademark requires the Group to make subjective judgment to determine the identified CGUs, allocate the goodwill to relevant CGUs and estimate the recoverable amount of relevant CGUs. Please refer to Note 6(k) for description of impairment assessment.

(iii) Measurement of defined benefit obligations

The defined benefit cost and defined benefit liabilities (assets) of a defined benefit plan are measured by the projected unit credit method, which adopts assumptions including discount rate, employee turnover rate, and future salary increase rate, etc. If those assumptions vary as market and economic condition change, recognized costs and liabilities may be affected significantly. Please refer to Note 6(p) for details of the material actuarial assumptions and sensitivity analysis used in actuarial calculations.

(iv) Recognition of deferred tax assets

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. The Group adopted tax deduction assumption based on future sale growth, margin, tax exemption period, unused loss carryforward, and tax plan to measure the feasibility of a deferred income tax asset. Changes in economy, industrial environment and regulations may cause significant effect on the deferred income tax asset. Please refer to Note 6(q) for the estimate of deferred income tax assets.

Valuation process

The accounting policy and disclosure of the Group include that measuring the financial assets and financial liabilities at fair value. The Group establishes the relevant internal control system for the fair value measure. In addition, the Group established its financial instrument valuation group to be responsible for reviewing the significant fair value measurement (including level 3 inputs) and reporting the results to the Chief Financial Officer. The evaluation team regularly reviews significant and unobservable input values and adjustments. If the input value used to measure the fair value is used from external third party information (such as broker or pricing service), the evaluation team will evaluate the evidence provided by the third party to support the input value to determine the rating and its fair value class is in compliance with the International Financial Reporting Standards.

Any significant valuation issue will be reported to the audit committee of the Group by the valuation team. The value of investment properties was appraised by external qualified appraisers in accordance with the measurement methods and parametric hypothesis which announced by the FSC.

The Group strives to use market observable inputs when measuring assets and liabilities. Fair values are based on the degree to which the fair value can be observed and are Grouped into Level 1 to Level 3 as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identifiable assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

(iii) Level 3: inputs for the asset or liability is not based on the observable market information (non-observable parameters).

For any transfer within the fair value hierarchy, the impact of the transfer is recognized on the reporting date.

Further information about the assumptions made in measuring fair values is included in the following notes:

(i) Note 6(e) “Non-current assets held for sale”

(ii) Note 6(j) “Investment property”

(iii) Note 6(x) “Financial instruments”

(6) Explanation of significant accounts:

(a) Cash and cash equivalents

		December 31, 2020	December 31, 2019
Cash and petty cash	$	2,045	2,556
Demand and foreign currency deposits		86,666	229,365
Checking account deposits		23	43
Cash and cash equivalents in the consolidated statement of cash flows	**$**	**88,734**	**231,964**

Please refer to Note 6(x) for the currency risk related to financial assets and liabilities and the sensitivity analysis thereof.

(b) Financial assets

(i) Current financial assets at fair value through profit or loss

		December 31, 2020	December 31, 2019
Financial assets mandatorily measured at fair value through profit or loss:			
Domestic and foreign ordinary shares	$	-	77,439
Bond investments		55,577	-
Beneficiary certificate		5,215,386	9,640,284
Total	$	**5,270,963**	**9,717,723**

Please refer to Note 6(w) for the amounts that resulted from financial assets and liabilities measured at fair value.

(ii) Non-current financial assets at FVOCI

		December 31, 2020	December 31, 2019
Investment in debt instrument at fair value through other comprehensive income:			
Bond investments	$	1,420,853	2,114,996
Investment in equity investment at fair value through other comprehensive income:			
Domestic and foreign ordinary shares		5,339,446	2,131,094
Beneficiary certificate		461,556	297,250
Total	$	**7,221,855**	**4,543,340**

1) Investments in debt instruments designated at fair value through other comprehensive income

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

The coupon rates of the Company’ s bond investment at fair value through other comprehensive income were between 1.30%～ 4.50% and 1.30%～ 4.85% as of December 31, 2020 and 2019. The maturity years are between 2021 to 2030 and 2020 to 2029. Please refer to Note 6(w) for gain or loss on disposal of investments.

2) Investments in equity instruments designated at fair value through other comprehensive income

The purpose that the Group invests in the aforementioned equity securities is for long-term strategies rather than for trading. Therefore, these equity securities have been designated as at FVOCI.

(Continued)

In the year ended December 31, 2020 and 2019, the Consolidated Company made disposal of a portion of equity instruments at FVOCI with fair values at NT$ 3,017,414 thousand and NT$ 9,294,011 thousand and accumulated disposal profits (losses) of NT$ 19,931 thousand and NT$ 3,425,948 thousand, which have been transferred from other equity interest to retained earnings.

One of the Group's investees, Fortune IC Fund I, was liquidated on July 28, 2020 with a liquidation distribution of NT$ 34 thousand. The difference between the distribution and book value was NT$ 12,496 thousand. The foregoing accumulated liquidation loss has been transferred from other comprehensive income to retained earnings.

For the details on credit risk (including the impairment of debt instrument investment) and market risk, please refer to Note (6)(x).

(iii) Non-current financial assets at amortized cost

	December 31, 2020	December 31, 2019
Bond investments	$ 1,228,727	1,463,240

1) The Group held the abovementioned investment to its maturity so as to collect the contract cash flow comprising the interest on the principal and the principal amount outstanding, which was presented within financial assets at amortized cost.

2) The coupon rates of the Group's investments in financial assets at amortized cost were between 0.625%～3.00% and 0.63%～3.00% as of December 31, 2020 and 2019. The maturity years are from 2023 to 2028 and 2020 to 2028.

(iv) For details on the Group's trust financial assets as of December 31, 2020 and 2019, please refer to Note 9(c).

(v) For details on the Company's financial assets pledged as collateral as of December 31, 2020 and 2019, please refer to Note 8.

(vi) Sensitivity analysis-equity price risk

On the reporting date, if the price of equity securities changes (with the analysis of both periods performed on the same basis and all other variables remained unchanged), the impact on post-tax profit or loss in the statement of comprehensive income will be as follows:

	For the Years Ended December 31			
	2020		2019	
Securities price on the reporting date	Other comprehensive income, net of tax	Post-tax profit or loss	Other comprehensive income, net of tax	Post-tax profit or loss
10% increase	$ 494,065	-	187,307	6,400
10% decrease	$ (494,065)	-	(187,307)	(6,400)

(Continued)

(c) Notes and accounts receivable

	December 31, 2020	December 31, 2019
Notes receivable – from operation	$ 4,198	778
Accounts receivable – measured at amortized cost	10,151,206	9,541,268
Less: loss allowance	(89,308)	(76,870)
Unrealized interest income	(738,442)	(735,754)
	$ **9,327,654**	**8,729,422**

The Group applies the simplified approach to provide for the loss allowance used for expected credit losses, which permit the use of lifetime expected loss provision for all receivables. To measure the expected credit losses, notes and accounts receivable have been grouped based on shared credit risk characteristics and the days past due, as well as forward looking information, including overall economic environment and related industrial information. The loss allowance provisions were determined as follows:

	December 31, 2020		
	Gross carrying amount	Weighted-average loss rate	Allowance for lifetime expected credit losses
Current (Note)	$ 10,063,575	0.00%~0.27%	949
31 to 90 days past due	9,965	34.76%~81.42%	6,932
91 to 180 days past due	7,180	93.18%~96.66%	6,870
181 to 270 days past due	6,381	97.23%~98.28%	6,254
More than 270 days past due	68,303	100%	68,303
Total	$ **10,155,404**		**89,308**

	December 31, 2019		
	Gross carrying amount	Weighted-average loss rate	Allowance for lifetime expected credit losses
Current (Note)	$ 9,471,551	0.00%~0.58%	9,217
31 to 90 days past due	8,991	72.58%	6,526
91 to 180 days past due	4,146	93.89%	3,893
181 to 270 days past due	3,203	96.15%	3,079
More than 270 days past due	54,155	100%	54,155
Total	$ **9,542,046**		**76,870**

Note: As of December 31, 2020 and 2019, the accounts receivable including accounts receivable not overdue amounted to NT$ 7,964,249 thousand, and NT$ 7,706,932 thousand, respectively.

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

The movements in the allowance for notes and accounts receivable were as follows:

	For the Years Ended December 31	
	2020	**2019**
Beginning balance	$ 76,870	60,875
Impairment losses recognized	13,657	16,491
Write-offs of uncollectible amount for the period	(1,219)	(496)
Ending balance	$ **89,308**	**76,870**

(d) Inventories

	December 31, 2020	December 31, 2019
Residential and building for sale	$ 30,426	85,791
Columbarium and cemetery for sale	3,431,236	3,494,676
Land held for construction site	4,606,498	4,602,343
Construction in progress	84,066	-
Columbarium and cemetery under construction	7,892,389	7,521,166
	$ **16,044,615**	**15,703,976**
Expected to be collected after more than 12 months	$ **16,015,673**	**15,672,750**

(i) For both 2020 and 2019, the capitalization of interest recognized by the Group for residential and commercial buildings, columbariums, and cemeteries under construction amounted to NT$ 0.

(ii) A portion of the land of the Company (hereafter referred to as “the Principal”) were registered by the trustee’s name in order to deal with the purchase of the land. The two sides entered into the contract, whereby after the completion of land assembly, the ownership shall be transferred to the Company unconditionally. The trustee shall, at the same time, hand over the documents required for the transfer of the right to the Principal. In addition, the entrusted shall hand over to the Principal an issued promissory note with the same value of the land registered under his/her name; please refer to Note 7 for details.

(iii) For inventory pledged as collateral as of December 31, 2020 and 2019 by the Group, please refer to Note 8.

(e) Non-current Assets Held for Sale

	December 31, 2020
Land held for sale	$ 77,348
Houses and buildings held for sale	27,891
	$ **105,239**

(Continued)

(i) During 2020, the Group disposed of a portion of its investment properties, which was not impaired after being measured at the lower of carrying amount and the fair value less costs to sell; therefore, those assets were recognized as assets held for sale at their carrying amounts.

(ii) The Group 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 in January 2019. A net disposal profit of NT$ 246,053 thousand was recognized in the line item of operating revenue; please refer to Note 6(t) for details.

(iii) The Group sold the non-current asset held for sale in Taipei Pacific Commercial Building on May 13, 2019, and completed the ownership transfer in August and October 2019. Consequently, a net gain on disposal of some floors therein, amounting to NT$ 567,153 thousand, was presented within operating revenue; please refer to Note 6(t) for details.

(iv) The Group sold the non-current asset held for sale at 2nd Sec., Neihu, Taipei on July 24, 2019, and the ownership was transferred in October 2019. The gain on disposal of NT$ 20,961 thousand was recognized as operating revenue; please refer to Note 6(t) for details.

(f) Investments accounted for using equity method

Investments accounted for using the equity method were as follows:

	December 31, 2020	December 31, 2019
Associates	$ 666,315	185,170
Joint ventures	826,118	760,735
	$ 1,492,433	**945,905**

(i) Associates

On July 27, 2020, the Group acquired 30.93% of ownership in The Law Co., Ltd. at a price of NT$ 420,426 thousand, thereby obtaining significant control over The Law Co., Ltd..

(ii) Associates material to the Group were as follows:

Name of Associates	Principalactivity	Main operating location/ Registered Country of the Company	Proportion of shareholding and voting rights: December 31, 2020	Proportion of shareholding and voting rights: December 31, 2019
Lung Ting Life Sciences Co., Ltd.	Flower cultivation, wholesales, and retail business	Taiwan	- %	- %

Note: The Group disposed of 49% of ownership in Lung Ting Life Services on August 13, 2019 and lost significant influence over the affiliate. The disposal amount of transaction was NT$ 231,912 thousand, and the disposal profit of NT$ 2,708 thousand was presented within "non-operating income and expenses" in the statement of comprehensive income; please refer to Note 6(w) for details.

(Continued)

(iii) Aggregate financial information of associates that were not individually material was summarized as follows. The financial information was included in the Group's consolidated financial statements.

	December 31, 2020	December 31, 2019
The carrying amount of the equity interests in all individually insignificant joint ventures	**$ 666,315**	**185,170**

	For the Years Ended December 31 2020	2019
Attributable to the Group:		
Profit from continuing operation for the year	$ 62,100	(303)
Other comprehensive income	(1,381)	(251)
Total comprehensive income	**$ 60,719**	**(554)**

(iv) Joint ventures

The Group, Bliss Knight Limited and SINO-OCEAN entered into a joint-venture agreement on December 31, 2017. Group owns the residual interests of the net asset of Long Young Life (Cayman) Limited Co.; thus, the Group classified that joint arrangement as a joint venture using the equity method to treat relevant accounting recognition.

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

	December 31, 2020	December 31, 2019
Percentage of ownership interest	**50%**	**50%**
Non-current assets	$ 1,579,685	1,524,492
Current assets	87,222	8,979
Current liabilities	(14,671)	(12,001)
Net assets	**$ 1,652,236**	**1,521,470**
Cash and cash equivalents	**$ 87,222**	**8,979**
The Group's share of net assets	**$ 826,118**	**760,735**

(Continued)

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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	For the Year Ended December 31	
	2020	**2019**
Operating revenue	$ -	-
Net loss for the current period	$ -	-
Loss from continuing operations for the year	(57,362)	(98,515)
Other comprehensive income	97,877	(17,660)
Total comprehensive income	**$ 40,515**	**(116,175)**
The Group's share of profit (Note)	**$ (28,680)**	**(49,257)**
The Group's share of other comprehensive income	**$ 48,939**	**(8,830)**

Note: December 31, 2020: Exchange rate at end of period：28.508

2020 USD: Average exchange rate: 28.539

(v) As of December 31, 2020 and 2019, none of the investments accounted for using the equity method had been pledged as collateral.

(g) Subsidiaries with material non-controlling interests

		Proportion of shareholding and voting rights held by NCIs	
Name of Subsidiary	**Main operation planc**	**December 31, 2020**	**December 31, 2019**
Yuji	Taiwan	45.58 %	45.58 %

The following information on the aforementioned subsidiaries was prepared in accordance with IFRSs endorsed by the FSC, without intra-group transactions being eliminated.

(i) The financial information on Yuji Development is summarized as follows:

	December 31, 2020	**December 31, 2019**
Current assets	$ 3,415,243	3,193,469
Non-current assets	971,164	848,856
Current liabilities	(759,206)	(712,836)
Equity interests	**$ 3,627,201**	**3,329,489**
Carrying amount of NCIs, end of period	**$ 1,633,330**	**1,497,833**

	For the Year Ended December 31	
	2020	**2019**
Operating revenue	$ 544,315	514,732
Profit for the year ended December 31, 2020	$ 296,958	147,475
Other comprehensive income	754	7,390
Total comprehensive income	**$ 297,712**	**154,865**
Profits attributable to NCIs for the period	**$ 135,152**	**67,342**
Comprehensive income attributable to NCIs	**$ 135,495**	**70,710**

(Continued)

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	For the Year Ended December 31	
	2020	2019
Cash from (used in) operating activities	$ 167,094	498,237
Cash from (used in) investing activities	(127,370)	(524,924)
Cash from (used in) financing activities	(27,000)	27,000
Increase in cash and cash equivalents	$ 12,724	313

(h) Property, plant and equipment

	Land	Buildings and improvements	Transportation equipment	Office equipment	Lease improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
Cost or deemed 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	324	2,478	5,464	224	-	15,316	513,932	537,738
Disposal and write-offs	-	-	(10,563)	(633)	-	(1,394)	-	(12,590)
Transferred from (to) unfinished construction	882,292	3,065	24,362	-	-	-	(909,719)	-
Transferred to investment property	(223,340)	(145,833)	-	-	-	(881)	-	(370,054)
Reclassification	-	-	-	-	-	-	(3,953)	(3,953)
Balance on December 31, 2020	$ 3,075,275	2,727,906	127,137	53,406	4,100	210,669	833,342	7,031,835
Balance on January 1, 2019	$ 2,415,999	2,829,630	94,199	56,502	4,100	187,108	952,226	6,539,764
Additions	-	15,174	35,489	-	-	12,073	311,557	374,293
Disposal and write-offs	-	-	(21,814)	(2,687)	-	(4,695)	-	(29,196)
Transferred to investment property	-	-	-	-	-	-	(1,505)	(1,505)
Transferred from (to) unfinished construction	-	23,392	-	-	-	3,142	(26,534)	-
Reclassifications	-	-	-	-	-	-	(2,662)	(2,662)
Balance on December 31, 2019	$ 2,415,999	2,868,196	107,874	53,815	4,100	197,628	1,233,082	6,880,694
Depreciation and impairment losses:								
Balance on January 1, 2020	$ -	598,624	59,192	52,307	3,473	88,940	-	802,536
Depreciation for the year	-	71,889	13,636	487	180	21,264	-	107,456
Disposal and write-offs	-	-	(10,516)	(633)	-	(1,276)	-	(12,425)
Transferred to investment property	-	(22,725)	-	-	-	(415)	-	(23,140)
Balance on December 31, 2020	$ -	647,788	62,312	52,161	3,653	108,513	-	874,427
Balance on January 1, 2019	$ -	521,956	74,486	54,439	3,293	73,285	-	727,459
Depreciation for the year	-	76,668	6,520	555	180	20,227	-	104,150
Disposal and write-offs	-	-	(21,814)	(2,687)	-	(4,572)	-	(29,073)
Balance on December 31, 2019	$ -	598,624	59,192	52,307	3,473	88,940	-	802,536
Book value:								
Balance on December 31, 2020	$ 3,075,275	2,080,118	64,825	1,245	447	102,156	833,342	6,157,408
Balance on January 1, 2019	$ 2,415,999	2,307,674	19,713	2,063	807	113,823	952,226	5,812,305
Balance on December 31, 2019	$ 2,415,999	2,269,572	48,682	1,508	627	108,688	1,233,082	6,078,158

(Continued)

(i) 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 agreed 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 have them delivered to the Principal for recording purpose. In addition, a promissory note issued by the trustee for an amount equivalent to the land value shall be delivered to the Principal for records, please refer to Note 7.

(ii) For details of assets pledged as collateral for line of credit as of December 31, 2020 and 2019, please refer to Note 8.

(iii) For the portion of the trust property, plant, and equipment as of December 31, 2020 and 2019, please refer to Note 9(c).

(i) Right-of-use assets

The Group leases including land, buildings and improvements, and vehicles recognized as right-of-use assets. Information about the movements in their recognition or reversal of cost, depreciation, and impairment are presented below:

	Land	Buildings	Transportation equipment	Total
Cost:				
Balance on January 1, 2020	$ 574	29,894	21,323	51,791
Balance on December 31, 2020	$ 574	29,894	21,323	51,791
Balance on January 1, 2019	$ 574	29,894	21,323	51,791
Balance on December 31, 2019	$ 574	29,894	21,323	51,791
Accumulated depreciation and impairment losses:				
Balance on January 1, 2020	$ 236	9,051	4,186	13,473
Depreciation for the year	236	9,076	4,186	13,498
Balance on December 31, 2020	$ 472	18,127	8,372	26,971
Balance on January 1, 2019	$ -	-	-	-
Depreciation for the year	236	9,051	4,186	13,473
Balance on December 31, 2019	$ 236	9,051	4,186	13,473
Book value:				
Balance on December 31, 2020	$ 102	11,767	12,951	24,820
Balance on January 1, 2019	$ 574	29,894	21,323	51,791
Balance on December 31, 2019	$ 338	20,843	17,137	38,318

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(j) Investment property

Investment property are assets owned by the Group and some leases include an option to renew the lease for an additional period of the same duration at the end of the contract term.

The movements in investment property of the Group were as follows:

	Land and improvements	Buildings and improvements	Total
Cost or deemed cost:			
Balance on January 1, 2020	$ 3,252,380	1,017,440	4,269,820
Additions	-	5,762	5,762
Transferred from property, plant and equipment	223,340	146,714	370,054
Disposal	(24,630)	(18,827)	(43,457)
Reclassified to assets held for sale	(77,348)	(40,510)	(117,858)
Balance on December 31, 2020	**$ 3,373,742**	**1,110,579**	**4,484,321**
Balance on January 1, 2019	$ 3,259,021	1,015,581	4,274,602
Additions	-	1,010	1,010
Transferred from property, plant and equipment	-	1,505	1,505
Reclassified to assets held for sale	(6,641)	(656)	(7,297)
Balance on December 31, 2019	**$ 3,252,380**	**1,017,440**	**4,269,820**
Depreciation and impairment losses:			
Balance on January 1, 2020	$ 19,910	385,377	405,287
Depreciation for the year	-	25,496	25,496
Transferred from property, plant and equipment	-	23,140	23,140
Disposal	-	(9,455)	(9,455)
Reclassified to assets held for sale	-	(12,619)	(12,619)
Balance on December 31, 2020	**$ 19,910**	**411,939**	**431,849**
Balance on January 1, 2019	$ 19,910	361,120	381,030
Depreciation for the year	-	24,551	24,551
Reclassified to assets held for sale	-	(294)	(294)
Balance on December 31, 2019	**$ 19,910**	**385,377**	**405,287**
Carrying amount:			
Balance on December 31, 2020	**$ 3,353,832**	**698,640**	**4,052,472**
Balance on January 1, 2019	**$ 3,239,111**	**654,461**	**3,893,572**
Balance on December 31, 2019	**$ 3,232,470**	**632,063**	**3,864,533**
Fair value:			
Balance on December 31, 2020			**$ 5,907,328**
Balance on December 31, 2019			**$ 7,174,035**

(Continued)

(i) Investment property comprises a number of commercial properties that are leased to third parties. Please refer to Note 6(o).

(ii) During 2018 and 2019, the Group's Board of Directors' resolved to sell a portion of its investment property; therefore, land, buildings and improvements were reclassified as non-current assets held for sale. Please refer to Note 6(e) for details.

(iii) For details on trust property, plant, and equipment as of December 31, 2020 and 2019, please refer to Note 9(c).

(iv) For inventory pledged as collateral for line of credit as of December 31, 2020 and 2019, please refer to Note 8.

(k) Intangible assets

	Goodwill	Trademarks	Computer software	Development royalties	Total
Cost:					
Balance on January 1, 2020	$ 542,428	192,750	140,482	5,560	881,220
Additions	-	-	4,821	-	4,821
Reclassification	-	-	85	-	85
Balance on December 31, 2020	**$ 542,428**	**192,750**	**145,388**	**5,560**	**886,126**
Balance on January 1, 2019	$ 542,428	192,750	134,115	-	869,293
Additions	-	-	8,751	5,560	14,311
Transferred from unfinished construction	-	-	(2,384)	-	(2,384)
Balance on December 31, 2019	**$ 542,428**	**192,750**	**140,482**	**5,560**	**881,220**
Amortization and impairment losses:					
Balance on January 1, 2020	$ -	-	125,283	-	125,283
Amortization for the period	-	-	12,637	-	12,637
Reclassification	-	-	85	-	85
Balance on December 31, 2020	**$ -**	**-**	**138,005**	**-**	**138,005**
Balance on January 1, 2019	$ -	-	109,928	-	109,928
Amortization for the period	-	-	16,100	-	16,100
Reclassification	-	-	(745)	-	(745)
Balance on December 31, 2019	**$ -**	**-**	**125,283**	**-**	**125,283**
Book value:					
Balance on December 31, 2020	**$ 542,428**	**192,750**	**7,383**	**5,560**	**748,121**
Balance on January 1, 2019	**$ 542,428**	**192,750**	**24,187**	**-**	**759,365**
Balance on December 31, 2019	**$ 542,428**	**192,750**	**15,199**	**5,560**	**755,937**

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(i) The Group entered into 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 operation period is 20 years and a development royalty of NT$ 5,560 thousand shall be paid upon the commencement of the construction.

(ii) The Group carried out annually impairment assessment of goodwill and trademark rights, and no impairment loss on goodwill and trademark rights had been recognized as of 31 December 2020 and 2019.

(iii) The Group carried out annually impairment assessment of goodwill and trademark rights, and no impairment loss on goodwill and trademark rights had been recognized as of 31 December 2020 and 2019.

A summary of the key assumptions used in the calculation of the recoverable amount is provided below:

1) The cash flow projections were based on historical operating performance and future financial budgets, covering a period of 5 years.

2) Pretax discount rate used in calculating the value in use was determined from weighted-average cost of capital (WACC) of the Group.

(l) Other current financial assets

The Group's other financial assets are detailed as follows:

		December 31, 2020	December 31, 2019
Time deposit more than three months	$	88,177	690,000
Time deposit–trust account		427,620	130,000
Demand deposits–trust account		122,893	860,038
Demand deposits–management fee account		891,738	891,890
Other receivables		38,077	2,332
Other notes receivable		67,416	69,036
Interest receivable on bonds		19,176	25,044
Restricted assets		12,312	8,832
Others		6,819	9,780
Total	**$**	**1,674,228**	**2,686,952**

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(m) Short-term borrowings

The details of short-term borrowings were as follows:

	December 31, 2020	December 31, 2019
Unsecured bank loans	$ -	154,300
Unused credit lines	$ 3,998,000	5,003,700
Range of interest rates	-	1.10%

(i) For information on the Group’s exposure to interest risk, foreign currency risk, and liquidity risk, please refer to Note 6(x).

(ii) For the collateral for bank loans, please refer to Note 8.

(n) Corporate bonds payable (due within one year)

The details of the Group’s bonds payable were as follows:

	December 31, 2020	December 31, 2019
Unsecured convertible corporate bonds	$ -	3,243,019
Less: current portion	-	(3,243,019)
	$ -	-
Equity components–conversion option (recognized as capital surplus)	$ -	9,961

The above corporate bonds payable were due on April 9, 2020, and the repayment, calculated as the principal amount plus interest, had been made by the Group.

As of April 2017, the key rights and obligations of the unsecured convertible bonds issued by the Group were as follows:

Item	Content
Total amount	The amount of the issued shares totaled NT$ 3,113 million with a par value of NT$ 100 thousand, and the actual issue price of the domestic private convertible corporate bond was NT$ 100 thousand.
Coupon rate	0%
Duration	The issuance date was April 10, 2017, and the issuance period was three years.
Method of repayment	In addition to cancellation of the convertible corporate debt, the issuing entity will repay the principal with 104.5% par value of the bond on the maturity date.
Conversion price	NT$ 56.50 per share

Item	Content
Conversion period	Holders are entitled to request the conversion of the corporate bond into ordinary shares in the Company at any time after one month of the issuance date of the private convertible bond (May 11, 2017) until the expiry date (March 31, 2020), except for the following periods: the period starting from 15 business days prior to the book closure date for issuance of bonus shares, cash dividends, and cash capital increase, to the record date of right/benefit distribution; the period between the record date of merger or consolidation and 15 business days before the date; the period from the record date of capital reduction to one day before the reissuance of the trading of shares after the capital reduction; and the period wherein the transfer of the Company's common stock is suspended.
Others	No right of redemption, put option, and reset.

(o) Operating lease

The Group leases out its investment property (including non-current assets held for sale) and classified these leases as operating leases, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the assets; please refer to Note 6(j) for details. A maturity analysis of lease payments, illustrating the undiscounted lease payments to be received after the reporting date, is as follows:

	December 31, 2020	December 31, 2019
Less than one year	$ 171,655	170,856
Between one and five years	632,099	616,666
Over five years	1,263,711	1,390,552
	$ 2,067,465	**2,178,074**

For the years ended December 31, 2020 and 2019, the rent income generated from real estate amounted to NT$ 166,647 thousand and NT$ 172,635 thousand, respectively. Expenses of tax and depreciation arising from investment property (presented within "operating costs") were as follows:

	For the Years Ended December 31	
	2020	**2019**
Income generating property	$ 58,168	65,974
Vacant property	-	-
	$ 58,168	**65,974**

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(p) Employee benefits

(i) Defined benefit plans

Reconciliation of defined benefit obligations at present value and plan assets at fair value was as follows:

	December 31, 2020	December 31, 2019
Present value of defined benefit obligations	$ 41,660	40,990
Fair value of plan assets	(20,642)	(8,389)
Net defined benefit liabilities	**$ 21,018**	**32,601**

The Company makes defined benefit plan contributions to the pension fund account with Bank of Taiwan, which provides pensions for employees upon retirement. Under the Labor Standards Act, each employee's retirement payment is calculated based on years of service and the average salary for the six months prior to retirement.

1) Composition of plan assets

Pursuant to the ROC Labor Standards Act, the Company contributes an amount based on a certain percentage of employees' total salaries and wages paid every month to its pension fund (the "Fund"), which is administered by the Bureau of Labor Fund, Ministry of Labor and supervised by the employees' pension plan committee (the "Committee") and deposited in the Committee' s name with Bank of Taiwan. Under the ROC Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund, the minimum return on the plan assets should not be lower than the average interest rate on two-year time deposits published by the local banks. The government is not only responsible for the determination of the investment strategies and policies, but also for any shortfall in the event that the rate of return is less than the required rate of return.

As of the years ended December 31, 2020 and 2019, the Group' s contributions to the pension funds were deposited with Bank of Taiwan, and the balance had amounted to NT$ 20,642 thousand, and NT$ 8,389 thousand, respectively. For information on the utilization of the labor pension fund assets including the asset allocation and yield of the fund, please refer to the website of the Bureau of Labor Funds, Ministry of Labor.

(Continued)

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2) Movements in the present value of the defined benefit obligations

The movements in the present value of the defined benefit obligations for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31	
	2020	2019
Defined benefit obligations at January 1	$ 40,990	38,665
Current service cost and interest	444	513
Remeasurement loss (gain):		
－Actuarial loss (gain) arising from experience adjustments	(1,678)	567
－Actuarial gains and losses arising from changes in demographic assumptions	4	65
－Actuarial gains and losses arising from changes in financial assumptions	1,900	1,180
Defined benefit obligations at December 31	**$ 41,660**	**40,990**

3) Movements in fair value of the plan assets

The movements in the fair value of the defined benefit plan assets for 2020 and 2019 were as follows:

	For the Years Ended December 31	
	2020	2019
Fair value of plan assets at January 1	$ 8,389	7,979
Interest income	63	77
Remeasurements of net defined benefit liabilities (assets)		
－Return on plan assets (excluding interest income)	324	284
Contribution paid by the employer	11,866	49
Fair value of plan assets at December 31	**$ 20,642**	**8,389**

4) Expenses recognized in profit or loss

The Group's expenses recognized for the years ended December 31, 2020 and 2019 were as follows:

	For the Years Ended December 31	
	2020	2019
Current and past service cost	$ 139	130
Net interest of net liabilities for defined benefit obligations	242	306
	$ 381	**436**
Operating expenses	**$ 381**	**436**

(Continued)

5) Remeasurement values of net defined benefit liabilities (assets) recognized in other comprehensive income

The Group's remeasurement values of net defined benefit liabilities (assets), presented within other comprehensive income for the years ended December 31, 2020 and 2019, were as follows:

	For the Years Ended December 31	
	2020	**2019**
Cumulative amount at January 1	$ (9,922)	(8,394)
Recognized for the period	98	(1,528)
Cumulative amount at December 31	**$ (9,824)**	**(9,922)**

6) Actuarial assumptions

Major assumptions used to determine the present value of the defined benefit obligations were as follows:

	December 31, 2020	**December 31, 2019**
Discount rate	0.35 %	0.75 %
Increasing rate of future compensation levels	2.00 %	2.00 %

The expected contribution to be made by the Group to the defined benefit plans within one year after the reporting date is NT$ 732 thousand.

The weighted-average duration of the defined benefit plan is 11 years.

7) Sensitivity Analysis

As of December 31, 2020 and 2019, the changes in main actuarial assumptions might have the following impact on the present value of the defined benefit obligation:

	Impact on the defined benefit obligations	
	0.25% increase	**0.25% decrease**
December 31, 2020		
Discount rate (0.25% change)	$ (1,202)	1,251
Future salary increase rate (0.25% change)	1,228	(1,186)
December 31, 2019		
Discount rate (0.25% change)	(1,183)	1,231
Future salary increase rate (0.25% change)	1,213	(1,172)

(Continued)

The sensitivity analysis above assumed all other assumptions remained constant during the measurement. In practice, the relevant actuarial assumptions are correlated to each other. The method used in the sensitivity analysis was consistent with the calculation of the defined benefit liabilities on the balance sheet.

The approach and assumptions used for current sensitivity analysis were the same as those of the prior period.

(ii) Defined contribution plans

The Company allocates 6% of each employee's monthly wages to the Labor Pension personal account of the Bureau of Labor Insurance in accordance with the provisions of the Labor Pension Act. Under these defined contribution plans, the Group contribute a fixed amount to the Bureau of Labor Insurance without additional legal or constructive obligation.

The Group's pension costs under the defined contribution method amounted to NT$ 19,699 thousand and NT$ 20,126 thousand for the years ended December 31, 2020 and 2019, respectively. Payment to the Bureau of Labor Insurance has been made.

(q) Income taxes

(i) Income tax expense

The details of income tax expense for 2020 and 2019 were as follows:

	For the Year Ended December 31	
	2020	**2019**
Current income tax expense:		
Current period	$ 129,994	71,911
Overestimate of income tax in prior periods	(63,136)	(27,790)
Land value increment tax	3,444	78,417
Undistributed earnings additional tax	241,407	101,003
	311,709	223,541
Deferred tax expense (income)		
Origination and reversal of temporary differences	41,881	30,622
Income tax expense	**$ 353,590**	**254,163**

(ii) The amounts of income tax expense (gains), recognized in other comprehensive income for 2020 and 2019, were as follows:

	For the Year Ended December 31	
	2020	**2019**
Items that will not be reclassified subsequently to profit or loss:		
Unrealized gains (losses) on investments in equity instruments measured at fair value through other comprehensive income	$ (41,945)	164,770
Income tax (benefit) expense (presented within retained earnings)	**$ (41,945)**	**164,770**

(iii) Reconciliation of income tax expense and profit before tax for 2020 and 2019 was as follows:

	For the Years Ended December 31	
	2020	**2019**
Profit before income tax	$ 1,733,316	2,624,505
Income tax using relevant countries' domestic tax rate	346,663	524,901
Non-taxable and dividend income	(128,757)	(365,760)
Profit (loss) on investments accounted for using equity method	(6,684)	10,458
Write-downs of advance on temporary management fee to the original amount	3,905	(2,409)
Overestimate of income tax in prior periods	(63,136)	(27,790)
Land value increment tax	3,444	78,417
5% additional tax on undistributed earnings	241,407	101,003
Valuation gains on financial assets	(11,136)	-
Others	(32,116)	(64,657)
	$ 353,590	**254,163**

(iv) Deferred tax assets and liabilities

1) Unrecognized deferred tax assets and liabilities

As of December 31, 2020 and 2019, the temporary differences associated with investments in subsidiaries were not recognized as deferred income tax assets and liabilities as the Group had the ability to control the reversal of these temporary differences which are not expected to reverse in the foreseeable future. Related amounts were as follows:

	December 31, 2020	**December 31, 2019**
Aggregate amount of temporary differences related to investment in subsidiaries	**$ (86,465)**	**(65,122)**
Unrecognized amounts of deferred tax assets and liabilities	**$ (17,293)**	**(13,024)**

(Continued)

2) Unrecognized deferred income tax assets

The Group's unrecognized deferred income tax assets were as follows:

	December 31, 2020	December 31, 2019
Deductible temporary difference	$ 889	889
Tax loss	9,314	8,697
	$ 10,203	9,586

The R.O.C. Income Tax Act allows net losses, as assessed by the tax authorities, to offset taxable income over a period of ten years for local tax reporting purposes. The temporary difference associated with the net losses was not recognized as deferred tax assets as the Group is not expected to have sufficient taxable income to offset against temporary difference in the foreseeable future.

As of December 31, 2020 the net losses that had not been recognized as deferred tax assets and the expiration years were as follows:

Year of loss	Unused tax loss	Expiry year
2011	$ 101	2021
2012	15	2022
2013	16	2023
2014	16	2024
2015	5,890	2025
2016	6,257	2026
2017	6,158	2027
2018	12,658	2028
2019	6,487	2029
2020	8,972	2030
	$ 46,570	

3) Recognized deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities for 2020 and 2019 were as follows:

Deferred tax liabilities:

	Amortization of goodwill and trademarks	Others	Total
January 1, 2020	$ -	**3,665**	**3,665**
December 31, 2020	**$ -**	**3,665**	**3,665**
January 1, 2019	$ 12,454	3,665	16,119
Debit (credit) on income statement	(12,454)	-	(12,454)
December 31, 2019	**$ -**	**3,665**	**3,665**

(Continued)

Deferred income tax assets:

	Cemetery	Contract	Others	Total
January 1, 2020	$ 631,268	113,099	112,352	856,719
(Debit) credit on income statement	(5,747)	(4,147)	(31,987)	(41,881)
December 31, 2020	**$ 625,521**	**108,952**	**80,365**	**814,838**
January 1, 2019	$ 658,773	120,366	120,656	899,795
(Debit) credit on income statement	(27,505)	(7,267)	(8,304)	(43,076)
December 31, 2019	**$ 631,268**	**113,099**	**112,352**	**856,719**

(v) 1) The Company's income tax returns for the years as of 2018 have been approved by the R.O.C. tax authorities.

2) Domestic subsidiaries' income tax returns as of 2018 have been approved by the R.O.C. tax authorities.

(r) Capital and other equity interests

As of both December 31, 2020 and 2019, the Company's authorized share capital comprised 600,000 thousand shares with a par value of $10 per share, amounting to NT$ 6,000,000 thousand. The total number of issued shares were 420,084 thousand ordinary shares. As of December 31, 2020 and 2019, the number of shares outstanding were both 420,084 thousand.

(i) Issuance of ordinary shares

The special shareholders' meeting, held on January 25, 2017, approved the Board of Directors to increase paid-in capital by issuing ordinary shares not exceeding 21,000 thousand shares through private placement within one year from the special shareholders' meeting. During the meeting of the Board of Directors held on March 15, 2017, the Company resolved to issue 21,000 thousand ordinary shares through private placement at NT$ 62.1 per share, with par value of NT$ 10, totaling NT$ 1,304,100 thousand. Relevant statutory procedures of the capital increase dated March 29, 2017 had 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 for issuance of standard letter in order to apply to the authorities for reimbursement, and to TPEx to apply for the trading of the ordinary shares under private placement.

(ii) Capital surplus

The components of capital surplus were as follows:

	December 31, 2020	December 31, 2019
Additional paid-in capital	$ 2,486,172	2,486,172
Difference between consideration and carrying amount of subsidiaries disposed of	20,972	20,972
Changes in ownership interests in subsidiaries	2,849	2,849
Share option –convertible bonds issued	-	9,961
Lapsed stock options	9,961	-
Total	$ 2,519,954	2,519,954

Pursuant to the R.O.C. Company Act amended in January 2012, capital surplus can only be used to offset a deficit, and only the realized capital surplus can be used to increase the common stock or be distributed as cash dividends in proportion to shareholding. The aforementioned realized capital surplus includes capital surplus resulting from premium on issuance of capital stock and earnings from donated assets received. In accordance with the Regulations Governing the Offering and Issuance of Securities by Securities Issuers, the amount of capital reserves to be reclassified under share capital shall not exceed 10 percent of the actual share capital amount.

(iii) Retained earnings

In accordance with the Company’s articles of incorporation, if there are earnings at year end, 10 percent should be set aside as legal reserve (unless the amount in the legal reserve is already equal to or greater than the total paid-in capital), after which special reserve shall be recognized or reversed according to reduction of shareholders' equity. The remaining portion, combined with earnings from prior years, shall be distributed according to the distribution plan proposed by the Board of Directors and submitted to the shareholders’ meeting for approval.

The Company's dividend policy aims to protect shareholders' interests according to future budget planning and capital needs in the upcoming years. Dividends shall be distributed in cash or stock; however, cash dividends shall not be less than 10 percent of the total shareholders’ bonuses.

1) Legal reserve

When a company incurs no loss and the legal reserve has exceeded 25% of the Group’s paid-in capital, the excess may, pursuant to a resolution reached in a shareholders’ meeting, be used to increase the common stock or be distributed as cash dividends.

(Continued)

2) Special reserve

In accordance with Order No. 1010012865 issued by the FSC on April 6, 2012, a portion of current period earnings and undistributed prior period earnings shall be reclassified as a special earnings reserve during earnings distribution. The amount to be reclassified should be equal to the total net reduction of current period of other shareholders' equity resulting from the IFRS first-time adoption. Similarly, a portion of undistributed prior period earnings shall be reclassified as a special earnings reserve (and does not qualify for earnings distribution) to account for cumulative changes to other shareholders' equity pertaining to prior periods due to the IFRS first time adoption. Amounts of subsequent reversals pertaining to the net reduction of other shareholders' equity shall qualify for additional distribution.

3) Earnings distribution

On May 29, 2020 and May 31, 2019, the appropriation of the earnings for 2019 and 2018 was resolved in the general meeting of shareholders. The amounts of dividends distributed to owners were as follows:

	For the Years Ended December 31			
	2019		2018	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	$ 3.00	1,260,253	3.00	1,260,253

(iv) Other equity interests

	Exchange differences on translation of foreign financial statements	Investment at fair value through other comprehensive income	Total
Balance on January 1, 2020	$ (54,543)	(102,153)	(156,696)
Exchange differences on translation of net assets of foreign operations	(54,477)	-	(54,477)
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	-	483,074	483,074
Equity investments at fair value through other comprehensive income–related income tax	-	41,945	41,945
Disposal of investments in debt instruments at fair value through other comprehensive income reclassified to profit or loss	-	(24,064)	(24,064)
Share of exchange differences on associates under equity method	57,213	-	57,213
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	(48,370)	(48,370)
Balance on December 31, 2020	$ (51,807)	350,432	298,625

(Continued)

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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	Exchange differences on translation of foreign financial statements	Investment at fair value through other comprehensive income	Total
Balance on January 1, 2019	$ (24,815)	713,268	688,453
Exchange differences on translation of net assets of foreign operations	(21,275)	-	(21,275)
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	-	2,613,971	2,613,971
Gain (loss) on disposal of foreign operations reclassified to profit or loss	377	-	377
Share of exchange differences on associates under equity method	(8,830)	-	(8,830)
Disposal of investments in debt instruments designated at fair value through other comprehensive income reclassified to profit or loss	-	(3,444)	(3,444)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	(3,425,948)	(3,425,948)
Balance on December 31, 2019	**$ (54,543)**	**(102,153)**	**(156,696)**

(v) Non-controlling interests

	For the Years Ended December 31	
	2020	**2019**
Beginning balance	$ 1,497,890	1,490,620
Share attributable to NCIs		
Profit attributable to non-controlling interests	135,164	67,471
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	343	3,368
Changes in ownership interests in subsidiaries	-	3,531
Cash dividends paid by subsidiaries	(83)	-
Acquisition of ownership interests in subsidiaries from non-controlling interests	-	(67,100)
Ending balance	**$ 1,633,314**	**1,497,890**

(Continued)

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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(s) Earnings per share

For the years ended December 31, 2020 and 2019, the Group's basic and diluted earnings per share were calculated as follows:

	For the Year Ended December 31	
	2020	2019
Basic earnings per share		
Profit attributable to ordinary equity holders of the Group	$ 1,244,562	2,302,871
Weighted-average number of ordinary shares outstanding	420,084	420,084
	$ 2.96	5.48
Diluted earnings per share		
Profit attributable to the Group	$ 1,244,562	2,302,871
Effect of dilutive potential ordinary shares		
Convertible bonds	8,053	41,682
Profit attributable to ordinary equity holders of the Group (after adjusting the effect of dilutive potential ordinary share)	$ 1,252,615	2,344,553
Weighted-average number of ordinary shares outstanding	420,084	420,084
Effect of dilutive potential ordinary shares		
Effect of employee stock bonus	369	470
Effect of the conversion of convertible bonds	15,054	55,097
Weighted-average number of ordinary shares outstanding (after adjusting the effect of dilutive potential ordinary share)	435,507	475,651
	$ 2.88	4.93

(t) Revenue from contracts with customer

(i) Disaggregation of revenue

	For the Year Ended December 31, 2020					
	Sale of columbarium and cemetery products	Funeral services	Property lease	Cemetery operation and others	Construction revenue (Note)	Total
Primary geographical markets:						
Taiwan	$ 1,506,503	1,658,806	166,647	197,167	134,384	3,663,507
Timing of revenue recognition:						
Products or services transferred at a point in time	$ 1,506,503	1,658,806	166,647	197,167	134,384	3,663,507

Note: Net gain on disposal of investment property of NT$ 22,486 thousand calculated as the proceeds of NT$ 56,489 thousand les related costs and expenses of NT$ 34,003 thousand, and the proceeds from selling real estate held for sale of NT$ 111,898 thousand.

(Continued)

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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	For the Year Ended December 31, 2019					
	Sale of columbarium and cemetery products	Funeral services	Property lease	Cemetery operation and others	Construction revenue (Note)	Total
Primary geographical markets:						
Taiwan	$ 1,666,937	1,601,340	172,635	211,042	907,394	4,559,348
Timing of revenue recognition						
Products or services transferred at a point in time	$ 1,666,937	1,601,340	172,635	211,042	907,394	4,559,348

Note: Net gain on disposal of investment property of NT$ 834,167 thousand calculated as the proceeds of NT$ 3,432,014 thousand less related costs and expenses of NT$ 2,597,847 thousand, and the proceeds from selling real estate held for sale of NT$ 73,227 thousand.

(ii) Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Accounts and notes receivable	$ 10,155,404	9,542,046	9,545,102
Less: loss allowance	(89,308)	(76,870)	(60,875)
Unrealized interest income	(738,442)	(735,754)	(729,486)
Total	$ 9,327,654	8,729,422	8,754,741
Contract liabilities—presale of columbariums and cemetery products, and funeral service contracts	$ 40,516,645	38,958,476	3,755,020
Contract liabilities—advance real estate receipts	$ 12,477	41,269	-

Please refer to Note 6(c) for the disclosure of accounts receivable and the impairment.

For 2020 and 2019, the opening balance of contract liabilities recognized as revenue amounted to NT$ 2,482,941 thousand and NT$ 2,381,381 thousand, respectively.

Those contract liabilities are from pre-sale cemetery and columbarium products, preneed funeral contract, and pre-sale house contracts that have not yet been completed, paid off, or performed. Those contract liabilities will be transferred to revenue when the the construction and payment of cemetery and columbarium products have been completed, the service has been performed, and the ownership of the construction project has been transferred.

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(u) Compensation to employees and directors

The Company's Articles of Incorporation stipulate that if there is profit for the year, a minimum of 1% shall be allocated as employee compensation and a maximum of 2% as director compensation. However, if the Company has accumulated deficits, the profit shall be set aside to offset the deficit. Employee compensation may be shares or cash, and recipients may include the employees of the Company's affiliated companies who meet certain conditions.

The Company estimated its compensation to employees at NT$ 16,150 thousand and NT$ 26,020 thousand for 2020 and 2019, respectively; the Company also estimated its compensation to directors at NT$ 32,300 thousand and NT$ 52,040 thousand for 2020 and 2019, respectively. The estimated amounts mentioned above were based on the profit before tax of each respective ending period, multiplied by the percentage of the compensation to employees and directors, as specified in the Company' s article. The estimates were recognized as operating costs or expenses. If the actual amounts differ from the estimated amounts, the differences shall be accounted as changes in accounting estimates and recognized as profit or loss in the following year.

There is no difference between the amount of compensation to employee and directors recognized in the financial statements for 2019 and 2018 and the actual distribution. The related information is available on the Market observation Post System website.

(v) Other operating income and expenses

The Group's other operating income and expenses are detailed as follows:

	For the Year Ended December 31	
	2020	2019
Interest income	$ 165,627	177,094
Selling expenses	(34,235)	(37,757)
Management fee income	166,075	181,670
Management fee expense	(166,075)	(181,670)
	$ 131,392	**139,337**

(w) Non-operating income and expense

(i) Interest income

Interest income of the Groupp is detailed as follows:

	For the Year Ended December 31	
	2020	2019
Interest income from bank deposits	$ 3,755	6,157
Other interest income	10,322	16,579
Interest income from financial assets	84,772	87,222
	$ 98,849	**109,958**

(Continued)

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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(ii) Other income

Other income of the Group is detailed as follows:

	For the Year Ended December 31	
	2020	2019
Dividend income	$ 130,169	332,984
Service fee income	11,128	10,890
Income from fines and penalties	36,144	71,842
Other income	33,409	72,781
	$ 210,850	**488,497**

(iii) Other gains and losses

Other gains and losses of the Group are detailed as follows:

	For the Year Ended December 31	
	2020	2019
Foreign exchange (loss) gain	$ (98,240)	(41,192)
Net profit (loss) on disposal of financial assets at fair value through other comprehensive income	24,064	3,444
Net profit(loss) from financial assets or liabilities at fair value through profit or loss	55,747	75,311
Proceeds from disposal of investments accounted for using equity method	-	2,331
Proceeds from disposal of property, plant and equipment	160	2,534
Other expenses	(637)	(978)
	$ (18,906)	**41,450**

(iv) Finance costs

Finance costs of the Group are detailed as follows:

	For the Year Ended December 31	
	2020	2019
Interest expense	$ 17,907	20,019
Discount amortization of corporate bonds	10,066	52,103
	$ 27,973	**72,122**

(x) Financial instruments

(i) Categories of financial instruments

1) Financial assets

	December 31, 2020	December 31, 2019
Financial assets at fair value through profit or loss	$ 5,270,963	9,717,723
Financial assets at fair value through other comprehensive income	7,221,855	4,543,340
Financial assets at amortized cost		
Cash and cash equivalents	88,734	231,964
Financial assets at amortized cost	1,228,727	1,463,240
Notes and accounts receivable	9,327,654	8,729,422
Other financial assets (including current and non-current)	1,952,355	3,037,954
Subtotal	12,597,470	13,462,580
Total	$ **25,090,288**	**27,723,643**

2) Financial liabilities

	December 31, 2020	December 31, 2019
Financial liabilities at amortized cost:		
Short-term borrowings	$ -	154,300
Notes and accounts payable and other payables	1,489,934	1,502,404
Corporate bonds payable (including current portion)	-	3,243,019
Lease liabilities	24,820	38,318
Guarantee deposits	44,584	44,135
Total	$ **1,559,338**	**4,982,176**

(ii) Credit risks

1) Exposure to credit risk

The carrying amount of financial assets, represents the maximum amount exposed to credit risk.

2) Concentration of credit risk

With a broad customer base, the Company's transactions are not concentrated within one single customer, and its sales regions are scattered; therefore, credit risk related to receivables are not concentrated. To reduce credit risk, the Group continuously assesses the financial position of its customers, normally without a request for collateral.

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3) Credit risk of receivables and debt securities

For credit risk exposure to notes and accounts receivable, please refer to Note 6(c). Other financial assets carried at amortized costs included other receivables and other notes receivable.

Investment in debt instrument at fair value through other comprehensive income included unlisted debt securities.

All of these financial assets are considered to be low risk, and thus the impairment provision recognized during the period was limited to 12 months expected losses. (Please refer to Note 4(g) for how the Group determines credit risk to be low).

The loss allowance provisions were determined as follows:

	Other receivables
Balance on January 1, 2020	$ 22,745
Impairment losses recognized	-
Balance on December 31, 2020	**$ 22,745**
Balance on January 1, 2019	$ 22,745
Impairment losses recognized	-
Balance on December 31, 2019	**$ 22,745**

(iii) Liquidity risk

The following table shows the contractual maturities of financial liabilities, excluding estimated interest payments and the impact of netting agreements.

	Carrying value	**Contractual cash flows**	**6 months 1 year**	**6-12 months**	**1-2 years**	**2-5 years**	**Over 5years**
Balance on December 31, 2020							
Non-derivative financial liabilities							
Lease liabilities	$ 24,820	24,820	6,749	6,749	11,322	-	-
Non-interest-bearing liabilities	1,534,518	1,534,518	1,534,518	-	-	-	-
	$ 1,559,338	**1,559,338**	**1,541,267**	**6,749**	**11,322**	**-**	**-**
Balance on December 31, 2019							
Non-derivative financial liabilities							
Floating rate instruments	$ 154,300	154,300	154,300	-	-	-	-
Fixed-rate instrument	3,243,019	3,243,019	3,243,019	-	-	-	-
Lease liabilities	38,318	38,318	6,749	6,749	13,498	11,322	-
Non-interest-bearing liabilities	1,546,539	1,546,539	1,546,539	-	-	-	-
	$ 4,982,176	**4,982,176**	**4,950,607**	**6,749**	**13,498**	**11,322**	**-**

The Group is not expecting the cash flows included in the maturity analysis to occur significantly earlier or at significantly different amounts.

(iv) Currency risk

1) Exposure to currency risk

The Group's significant exposure to foreign currency risk was as follows:

	December 31, 2020			December 31, 2019		
	Foreign currency	**Exchange rate**	**TWD**	**Foreign currency**	**Exchange rate**	**TWD**
Financial assets						
Monetary items						
CNY/USD	$ 15,688	4.320	67,776	18,409	4.294	79,055
USD/TWD	48,775	28.508	1,390,481	47,670	30.106	1,435,156
JPY/TWD	18,545	0.272	5,043	100,670	0.276	27,795
HKD/TWD	1,919	3.650	7,004	26,428	3.857	101,921
SGD/TWD	12,143	21.264	258,205	13,725	22.285	305,872
AUD/TWD	18	21.772	390	8,730	21.089	184,100
Non-monetary items						
JPY/TWD	114,400	0.272	31,105	156,160	0.276	43,116
USD/TWD	74,825	28.508	2,133,111	26,124	30.106	786,494
HKD/TWD	35,043	3.650	127,904	180,303	3.857	695,356
SGD/TWD	-	21.264	-	3,346	22.285	74,571

2) Sensitivity analysis

The Group' s exchange rate risk comes mainly from translation gains and losses on cash and cash equivalents, financial assets at fair value through profit or loss, and financial assets measured at fair value through other comprehensive income. When the exchange rate of the Group' s functional currency against main foreign currency depreciated or appreciated by 2% (the analysis of two periods was conducted using the same basis, assuming all other variables held constant) on December 31, 2020 and 2019, the net income would increase or decrease by NT$ 40,541 thousand and by NT$ 47,523 thousand, and the comprehensive income would increase or decrease by NT$ 39,879 thousand and by NT$ 27,146 thousand, respectively.

Due to the variety of the Group' s functional currencies, the exchange gain or loss on currency items are disclosed in summary. For the year 2020 and 2019, the foreign currency exchange loss amounted to NT$ 98,240 thousand and NT$ 41,192 thousand, respectively.

(v) Interest rate analysis

Please refer to the notes on liquidity risk management for interest rate exposure of the Group's financial assets and liabilities.

The following sensitivity analysis is based on the risk exposure to interest rate on the derivative and non-derivative financial instruments on the reporting date. Regarding assets with variable interest rates, the analysis is based on the assumption that the amount of assets outstanding at the reporting date was outstanding throughout the 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 Group's net income for 2020 and 2019 is going to decrease or increase by NT$ 0 and NT$ 617 thousand, respectively.

(Continued)

(vi) Fair value of financial instruments

1) Categories of financial instruments and fair value hierarchy

The fair value of financial assets and liabilities at fair value through profit or loss, financial instruments used for hedging, and financial assets at fair value through other comprehensive income is measured on a recurring basis. The following sets out carrying amount and fair value of the Group' s financial assets and liabilities, including the information on fair value hierarchy but excluding the optional information on financial instruments not measured at fair value with carrying amount reasonably close to their fair value as well as lease liabilities.

	December 31, 2020				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 5,270,963	5,270,963	-	-	5,270,963
Financial assets at fair value through other comprehensive income	7,221,855	7,217,003	-	4,852	7,221,855
Financial assets at amortized cost	1,228,727	1,228,727	-	-	1,228,727
Total	**$13,721,545**	**13,716,693**	**-**	**4,852**	**13,721,545**

	December 31, 2019				
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss	$ 9,717,723	9,717,723	-	-	9,717,723
Financial assets at fair value through other comprehensive income	4,543,340	4,534,458	-	8,882	4,543,340
Financial assets at amortized cost	1,463,240	1,463,240	-	-	1,463,240
Total	**$15,724,303**	**15,715,421**	**-**	**8,882**	**15,724,303**

There were no transfers between financial assets and liabilities for the years ended December 31, 2020 and 2019.

2) Fair value valuation technique of financial instruments not measured at fair value

The assumptions and methods used in valuing financial instruments that are not measured at fair value are as follows:

Financial assets at amortized cost (held-to-maturity financial assets): If the quoted prices in active markets are available, the market price is established as the fair value. However, if quoted prices in active markets are not available, the estimated valuation or prices used by competitors are adopted.

(Continued)

3) Fair value valuation technique of financial instruments measured at fair value

Fair value measurement of financial instruments was based on quoted market prices if these prices were available in an active market. The quoted price of a financial instrument obtained from main exchanges and on-the-run bonds from Taipei Exchange was the basis of determining the fair value of the listed companies' equity instrument, and debt instrument that has the quoted price in an active market.

If a quoted price of a financial instrument can be obtained in time and often from exchanges, brokers, underwriters, industrial union, pricing institute, or authorities and such price can reflect those actual trading and frequently happen in the market, then the financial instrument is considered to have a quoted price in an active market. Otherwise, the market is deemed to be inactive. In general, market with low trading volume or high bid-ask spreads is an indication of a non-active market.

Publicly traded stock, beneficiary certificates, and corporate bonds held by the Group are with standard terms and conditions and are traded in active market. The fair value is based on quoted market prices.

Measurements of fair value of financial instruments without an active market are based on valuation technique or quoted price from a competitor. Fair value, measured by using valuation technique that can be extrapolated from either similar financial instruments or discounted cash flow method or other valuation techniques, including models, is calculated based on available market data at the reporting date. (For example, over the counter yield curve and Reuters Primary CP Rate average prices.)

The categories and nature of the fair value for the Group's financial instruments which without an active market are as below:

The main assumption behind this is that the estimated pretax, pre-depreciation, and pre amortization earnings of the investee company is added to the earnings multiplier derived from the comparable quoted price of the listed company. The estimate of the fair value of equity instruments has been adjusted due to the effect of the discount arising from the lack of market liquidity of the equity security.

4) Reconciliation of Level 3 fair values

	Fair value through other comprehensive income		
	at fair value through other comprehensive income	**Bond investments**	**Total**
Balance on January 1, 2020	$ 8,882	-	8,882
Liquidation	(4,030)	-	(4,030)
Balance on December 31, 2020	**$ 4,852**	**-**	**4,852**
Balance on January 1, 2019	**$ 8,882**	**-**	**8,882**
Balance on December 31, 2019	**$ 8,882**	**-**	**8,882**

(Continued)

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The aforementioned total gains or losses were classified as "unrealized losses from financial assets at fair value through other comprehensive income". The assets held as of December 31, 2020 and 2019 year were follows:

	For the Year Ended December 31	
	2020	**2019**
Total gains and losses		
Recognized in other comprehensive income (classified as "unrealized losses from financial assets at fair value through other comprehensive income")	$ -	-

5) Quantified information on significant unobservable inputs (Level 3) used in fair value measurement

The Group's financial instruments that use Level 3 inputs to measure fair value include fair value through other comprehensive income.

Most of the Group's financial instruments that use Level 3 inputs have only one significant unobservable input. Only equity investment with no-active markets have multiple significant unobservable inputs. The significant unobservable inputs of the equity investments without an active market are independent, therefore, there is no correlation between them.

Quantified information on significant unobservable inputs was as follows:

Item	Valuation technique	Significant unobservable inputs	Interrelationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable listed companies approach	· P/E ratio (16.62 and 14.35 as of December 31, 2020 and 2019, respectively)	· The higher the multiplier and control premium, the higher the fair value.
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable listed companies approach	· P/B ratio (1.67 and 1.77 as of December 31, 2020 and 2019, respectively)	Ibid.
Financial assets at fair value through other comprehensive income – equity investments without an active market	Net Asset Value Method	· Net asset value	N/A

(Continued)

6) Fair value measurements in Level 3 – sensitivity analysis of reasonably possible alternative assumptions

The Group's measurement on the fair value of financial instruments is deemed reasonable despite different valuation models or parameters may lead to different results. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effects on profit or loss and other comprehensive income:

	Inputs	Upward or downward movement	Current profit (loss) arising from changes in fair value		Other comprehensive income arising from changes in fair value	
			Favorable	Unfavorable	Favorable	Unfavorable
Balance on December 31, 2020						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	10%	-	-	387	(387)
Investment in equity instruments without active market	P/B ratio	10%	-	-	572	(572)
Balance on December 31, 2019						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	10%	-	-	329	(329)
Equity investments without an active market	P/B ratio	10%	-	-	745	(745)

(y) Financial risk management

(i) Overview

The Group is exposed to the following risks arising from financial instruments:

1) Credit risk

2) Liquidity risk

3) Market risk

This note expressed the information on risk exposure and objectives, policies and process of risk measurement and management of the Group. For more disclosures about the quantitative effects of these risk exposures, please refer to respective notes in the report.

(ii) Structure of risk management

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

(Continued)

(iii) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or a counterparty to a financial instrument fails to meet its contractual obligations. The Group's exposures to credit risk were mainly from receivables due from customers and investments in securities.

1) Accounts receivable and other receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the the Group's customer base, including the default risk of the industry and the country in which customers operate, as these factors may have an influence on credit risk.

The Group has established an allowance account for bad debts that reflects its estimate of incurred losses in respect of accounts receivables, other receivables, and investment. This allowance mainly comprises a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. This allowance for the loss component is determined based on historical payment statistics of similar financial assets.

2) Investments

The credit risk exposure for bank deposits, fixed-income investments and other financial instruments are measured and monitored by the Group's finance department. As the Group only deals with banks with good credit rating as well as other external parties, corporate organizations, government agencies and financial institutions above investment grade, contract performance shall not be in significant doubt, hence no significant credit risk.

3) Guarantees

The Group's policy stipulates that financial guarantees shall only be provided for trading counterparties. The Group had not provided any endorsement or guarantee for non-subsidiary entities as of December 31, 2020 and 2019.

(iv) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's unused line of credit had amounted to NT$ 3,998,000 thousand and NT$ 5,003,700 thousand as of December 31, 2020 and 2019.

(Continued)

(v) Market risk

Market risk is the risk the Group's yield or financial instrument value affected by changes in market prices, such as exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable range, while optimizing the return on investment.

1) Currency risk

The Group is exposed to currency risk for investment transactions denominated in a currency other than the functional currencies of the Group entities. The primary functional currency of the Group entities is TWD. These transactions are denominated in major currencies of New Taiwan Dollar, Singapore Dollar, U.S. Dollar, Chinese Yuan, and Japanese Yen.

On the principle of natural hedge, the Group hedged exchange rate risk according to capital demand on each currency, the net positions, and the conditions of foreign exchange market.

2) Interest rate risk

The Group's policy is to ensure that the interest rate risk exposure is assessed in accordance with the global economic climate and market rate of interest.

(z) Capital management

The Group sets its objectives for managing capital to sustain the future development of the business, to continue to provide returns to its shareholders and other related parties, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the dividend payment and reduce the capital for redistribution to its shareholders. The Group also issues new shares or sell assets to settle any liabilities.

The Group uses the debt-to-capital ratio to manage its capital. This ratio is the total net debt divided by the total capital. The net debt from the balance sheet is derived from the total liabilities less cash and cash equivalents. Total capital is the entire equity (i.e. capital stock, additional paid-in capital, retained earnings, other equity, and non-controlling equity) plus net debt.

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

		December 31, 2020	**December 31, 2019**
Total liabilities	$	43,548,689	45,172,957
Less: Cash and cash equivalents		(88,734)	(231,964)
Net debts		43,459,955	44,940,993
Total equity		18,924,059	18,435,961
Adjusted capital	**$**	**62,384,014**	**63,376,954**
Debt-to-equity ratio		**69.67%**	**70.91%**

(Continued)

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The Group’ s capital management method has not changed as of December 31, 2020 and 2019. Decrease in debt to equity ratio is mainly due to disposal of financial assets at fair value through other comprehensive income and repayment of short-term debt, thereby decreasing net liabilities.

(aa) Reclassification adjustments of components of other comprehensive income

Details on the reclassification adjustments of other comprehensive income for 2020 and 2019 are summarized as follows:

		For the Years Ended December 31	
		2020	**2019**
Investment in debt instrument at fair value through other comprehensive income			
Net movements in fair value for the current year	$	33,229	69,876
Net movements in fair value reclassified to profit or loss		(24,064)	(3,444)
Net changes in fair value recognized in other comprehensive income	**$**	**9,165**	**66,432**

(7) Related-party transactions:

(a) Names and relationship with related parties

The followings are related parties that had transactions with the Group during the period covered in the consolidated financial statements:

Name of related party	Relationship with the Group
Fuyuan International Development Co. Ltd.	Substantive related party
Fuyang Development Co., Ltd.	Legal person of the subsidiary (Not included as a related party from November 1, 2019)
Fe Huei Cp., Ltd	Substantive related party
Xin Wei International Leasing Co., Ltd.	Substantive related party
Other natural persons	Directors, supervisors, and key management personnel of the Company and associates

(b) Significant transactions with related parties

(i) Lease

1) As a lessee

The Group leases real estate for operating use from one of other related parties under a lease contract of five years at a comparable price in February 2014, with reference to the price in the vicinity. The recognized interest expense for 2020 and 2019 amounted to NT$ 71 for both 2020 and 2019. As of December 31, 2020 and 2019, the balance of lease liabilities were NT$ 6,547 thousand and NT$ 12,591 thousand, respectively.

(Continued)

2) As a lessor

The Group leases out office buildings and parking space to other related parties, and the rental income for 2020 amounted to NT$ 34 thousand.

(ii) Others

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

	December 31, 2020	December 31, 2019
Other related parties	$ 1,070	1,070

Refundable deposit is a deposit made by the Group to one of other related parties to lease a building, which along with imputed interests, had amounted to NT$ 13 thousand and NT$ 8 thousand respectively as of December 31, 2020 and 2019.

2) Administrative expenses

	For the Year Ended December 31	
	2020	2019
Other related parties	$ 528	442

The Group entrusted one of other related parties to assist in the management of the leased buildings and paid management fee as per the contract.

(iii) Financial assets acquired

1) The Group acquired land in Taoyuan (recognized as inventory) from other related party at NT$ 173,250 thousand on January 1, 2019 and all transaction amount was paid and the transaction was completed as of December 31, 2019.

2) The Group acquired shares of Lung Fu Co., Ltd. For 4,710 thousand shares from other related party at NT$ 47,100 thousand. All payments had been made as of December 31, 2019.

(iv) Disposal of other assets

The Group sold 25,970 thousand shares in Lung Ting Life Science Co., Ltd. to other related parties at NT$ 231,912 thousand, all of which had been paid as of December 31, 2019.

(v) Trust contract

A portion of the Group's land was entrusted and registered in the name of other related parties as of December 31, 2020 and 2019; please refer to Note 6(d) and 6(h) for details.

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(vi) Others

1) The Group commissioned one of other related parties to acquire land for construction projects for a total price below NT$ 376,820 thousand as of December 31, 2020 and 2019. The discretionary trustee is to handle the land integration for construction projects on behalf of the Group.

2) The price of the products purchased by the Group from other related parties totaled NT$ 804 thousand and NT$ 6,107 thousand as of December 31, 2020 and 2019, respectively.

(c) Key management personnel transactions

	For the Year Ended December 31	
	2020	**2019**
Short-term employee benefits	$ 55,156	45,249
Post-employment benefits	1,760	1,531
	$ 56,916	**46,780**

(8) Pledged assets:

The book value of the Group's pledged assets was as follows:

Asset Name	Purpose	December 31, 2020	December 31, 2019
Other current financial assets	Performance guarantee for joint development investment and sales business	$ 12,312	8,832
Inventories	Guarantee for loans and corporate finance	3,167,415	3,163,260
Property, plant and equipment	Collateral for loans	2,277,555	2,303,429
Investment property	Guarantee for loans and corporate finance	281,304	280,993
Financial assets at fair value through other comprehensive income	Collateral for loans	-	187,124
		$ 5,738,586	**5,943,638**

(9) Commitments and contingencies:

(a) Significant unrecognized commitments

(i) The Group's unrecognized contractual commitments were as follows:

	December 31, 2020	December 31, 2019
Construction contract	**$ 1,974,913**	**1,891,878**

(ii) The Group sold its investment property, and the contract prices were as follows:

	December 31, 2020	December 31, 2019
Price of sales contracts signed	$ 124,772	-
Amount collected as per the contract	$ 12,477	-

(iii) Prices of presale house contracts entered into between the Group and clients were as follows:

	December 31, 2020	December 31, 2019
Price of sales contracts signed	$ -	56,938
Amount collected as per the contract	$ -	41,269

(iv) The Group entered into an investment contract with the Kaohsiung City Government in July 2018 for the construction and operation of the funeral home located at 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 when the commencement of the construction was agreed. From the date of operation, a fixed royalty amount, plus a fixed percentage of operating profit after tax, shall be paid annually. In July 2019, NT$ 5,560 thousand was paid as development royalty (recognized as intangible assets).

(v) In order to expand the Group’s cemetery business, its Board of Directors passed the resolution in December 2018 to purchase land located at Hsinwu Section, Taoyuan Ciay from Fuyuan Development Limited at a price of NT$ 173,250 thousand, all of which had been paid along with the completion of ownership transfer as of December 31, 2019.

(b) Contingent liabilities:

(i) Since there were disputes over the adoption and implement of Article 36 of Mortuary Service Administration Act, the Taiwan Funeral Association, of which the Company has been a member, filed a petitioned, after which a legislator of the 9th Legislative Yuan proposed amendments to the Mortuary Service Administration Act to incorporate funeral facility management funds into management fee special account, which would facilitate consumer protection. Although the proposal was not passed before the dissolution of the Legislative Yuan, pursuant to legislative procedures, the Ministry of the Interior proposed the draft amendments to Article 35 and 36 of the Mortuary Service Administration Act based on the management framework of “ incorporating funeral facility management funds into management fee special account”. Since May 27, 2020 has been held numerous meetings for the draft amendments. If the amendments are approved by the Legislative Yuan, the old fund system will be replaced by the new management system.

(ii) A small number of shareholders of Lungyen Service Co., Ltd. (the dissolved entity in merger in 2011, hereinafter referred to as Lungyen Service), 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 R.O.C. Company Act. On October 7, 2016, the Taipei District Court issued a civil ruling that the Company shall buy back all the shares held by the shareholders in an apparently unreasonable price. Since the civil ruling was not authenticated pursuant to the provisions of the Enterprise Mergers and Acquisitions Law, which was a violation of the law, Taiwan Taipei District Court abandoned the original ruling on October 25, 2018, with a statutory stipulation, and set purchasing price of NT$ 77.79 per share. The applicable regulations of the previous ruling were obviously wrong, and the Company filed a further protest during the statutory period. The Taiwan High Court, in decision (107) FE-KANG-No. 147, remanded the original judgement to Taiwan Taipei District Court as it did not apply the share price resolved in the shareholder's meeting, which was not pursuant to the law.

(c) Others

(i) The Group (referred to as "the principal" hereinafter) had a trust contract entered into with Taiwan Industrial Bank Co., Ltd. (referred to as "the trustee" hereinafter) in April 2010. From the commencement of the contract, 75% selling price (tax included) of each preneed contract sold shall be transferred to the trustee, including the delivery and transfer of the trust property. However, the trustee referred to above was replaced by Chang Hwa Commercial Bank Co., Ltd. on December 28, 2012. In addition, the trust assets as of December 31, 2020 and 2019 were as follows:

	December 31, 2020	December 31, 2019
Bank deposits (recognized as other current financial assets)		
Demand deposits	$ 122,893	860,038
Time deposits	427,620	130,000
Current financial assets at fair value through profit or loss	2,525,766	1,195,179
Financial assets at fair value through other comprehensive income	3,845,270	3,659,237
Financial assets at amortized cost	1,228,727	1,463,240
Property, plant and equipment (Note)	2,206,293	2,206,293
Investment property (Note)	1,949,863	1,962,845
	$ 12,306,432	**11,476,832**

Note: The book value of the asset when it was entrusted.

The aforementioned amounts of trust assets were used to purchase financial instruments and real estate which had been entrusted and transferred to the trustee, so that the trustee could manage and dispose of the trust assets according to the uses designated by the trustor.

(ii) The Group 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 management fee account had respectively amounted to NT$ 891,738 thousand and NT$ 891,890 thousand as of December 31, 2020 and 2019, which were recognized as the "Other financial assets – current."

(iii) The Company entered into contracts with clients for the sale of columbarium and funeral service as of December 31, 2020 and 2019. The preneed contract entered into and related deferred marketing expenses were as follows:

		December 31, 2020	December 31, 2019
Total contract price (recognized as contract liabilities)	$	39,934,515	38,566,937
Uncollected proceeds		(7,847,795)	(7,663,542)
Advance	$	**32,086,720**	**30,903,395**
Incremental cost of contract acquisition (prepaid expenses)	$	**8,144,643**	**8,024,093**
Expected to be reclassified for more than twelve months	$	**38,729,650**	**37,417,766**

(iv) The Company had contracts signed with clients for the presale of columbarium niches and burial ground as of December 31, 2020 and 2019. The contracts and related deferred marketing expenses are summarized as follows:

		December 31, 2020	December 31, 2019
Total contract price (recognized as contract liabilities)	$	582,130	391,539
Uncollected proceeds		(116,454)	(43,390)
Advance	$	**465,676**	**348,149**
Incremental cost of contract acquisition (prepaid expenses)	$	**114,395**	**100,145**
Expected to be reclassified for more than twelve months	$	**518,895**	**335,414**

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(10) Losses due to major disasters: None

(11) Subsequent Events: None

(12) Others:

The expenses of employee benefits, depreciation, and amortization, by function, are summarized as follows:

By funtion / By item	For the years ended December 31							
	2020				2019			
	Cost of Sale	Operating Expense	Other (Note)	Total	Cost of Sale	Operating Expense	Other (Note)	Total
Employee benefits								
Salary	221,920	237,123	111,881	570,924	208,251	277,836	89,975	576,062
Labor and health insurance	15,723	15,042	9,695	40,460	15,867	18,916	7,614	42,397
Pension	8,350	11,730	-	20,080	8,516	8,438	3,608	20,562
Others	6,851	8,211	4,901	19,963	6,908	11,827	4,278	23,013
Depreciation	67,643	73,800	5,007	146,450	62,469	67,953	11,752	142,174
Amortization	15	12,622	-	12,637	-	14,610	1,490	16,100

Note: Including expenses related to the mausoleum management center (recognized as a deduction from management fees) and deferred marketing expenses arising from the sales contract.

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(13) Other disclosures:

(a) Information on significant transactions:

The following is the information on significant transactions required by the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" of the Group for the as of December 31,2020:

(i) Loans to other parties:

(In Thousands of New Taiwan Dollars)

Number	Name of lender	Name of borrower	Account name	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing
													Item	Value		
1	Yuji Development	Sande Futian Miaoguo Limited	Other financial assets (current and non-current)	No	362,163	302,163	302,163	3%	1	72,000	Operating capital	-	Columbarium products held by the debtor	377,120	725,440	1,450,880

Note 1: Pursuant to "Procedure of Loans to Other Parties" of Yuji Construction Limited Co., capital shall only be loaned to trading counterparties, and the aggregate amount shall not exceed 20% of the Company's net value disclosed in its latest financial statements. For a single debtor, the amount of loans shall not exceed 20 times of the amount of transaction with the Company, and 20% of Company's net value disclosed in its latest financial statements.
Maximum amount of loans to other parties: NT$ 3,627,201 thousand × 40% ＝ NT$ 1,450,880 thousand
Maximum amount of loans to an individual party: NT$ 3,627,201 thousand × 20% ＝ NT$ 725,440 thousand
NT$ 72,000 thousand × 20 = NT$ 1,440,000 thousand
The limit is NT$ 725,440 thousand.

Note 2: Financing purposes:
1) Trading counterparty
2) Entity with short-term financing needs

Note 3: Pursuant to the board resolution reached on December 28, 2018, NT$ 420,000 thousand were loaned to Sande Futian Miaoguo Limited Co., with a loan period commencing from January 11, 2019 to January 10, 2020. According to a subsequent board resolution reached on August 13, 2019, the loan to Sande Futian Miaoguo Limited Co. was extended for seven years to January 10, 2026.

(ii) Guarantees and endorsements for other parties:

(In Thousands of New Taiwan Dollars)

No.	Name of guarantor	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 for 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 endorsements/ guarantees to third parties on behalf of subsidiary	Subsidiary endorsements/ guarantees to third parties on behalf of parent company	Endorsements/ guarantees to third parties on behalf of companies in Mainland China
		Name	Relationship with the Company										
0	Lungyen Life Service Corp.	Yuji Development	2	5,677,218	300,000	300,000	-	-	1.59 %	9,462,030	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	2	5,677,218	300,000	300,000	-	-	1.59 %	9,462,030	Y	N	N

Note 1: The total amount of guarantees and endorsements shall not exceed 50% of the net value in the latest financial statements.
Guarantees amount provided to a single party shall not exceed 30% of the Company's net value disclosed in the latest financial statements.

Note 2: There are seven conditions in which the Company may have guarantees or endorsements for other parties:
1) Trading counterparty
2) The Company holds more than 50% of the voting shares in the entity, directly and indirectly.
3) The entity holds more than 50% of voting shares in the Company, directly and indirectly.
4) The Company holds more than 90% of voting shares in the entity, directly and indirectly.
5) An entity in the construction industry mutually guaranteed pursuant to a project contract.
6) The stockholders of the Company provide guarantees or endorsements for the entity in proportion to percentage of ownership for joint investment.
7) Performance guarantees for presale contracts for entities in the same industry pursuant to the Consumer Protection Act.

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Note 3: Pursuant to the board resolution on February 25, 2020, the maximum amount of endorsements to Yuji has been set to NT$ 300,000 thousand, and the expiry date is March 31, 2021.

Note 4: Pursuant to the board resolution on February 25, 2020, the maximum amount of endorsements to Lung Fu has been set to NT$ 300,000 thousand, and the expiry date is March 31, 2021.

Note 5: Reconciliated in the preparation of the consolidated report.

(iii) Securities held as of December 31, 2020 (excluding investment in subsidiaries, associates and joint ventures):

(In Thousands of New Taiwan Dollars)

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
the Company	Yuanta De-Li Money Market Fund	—	Current financial assets at fair value through profit or loss	33,910	557,448	- %	557,448	- %	Trust
the Company	Yuanta De-Bao Money Market Fund	—	Current financial assets at fair value through profit or loss	43,725	529,502	- %	529,502	- %	Trust
the Company	Franklin Templeton Sinoam Money Market	—	Current financial assets at fair value through profit or loss	70,023	730,224	- %	730,224	- %	Trust
the Company	FSITC Taiwan Money Market Fund	—	Current financial assets at fair value through profit or loss	5,865	90,516	- %	90,516	- %	Trust
the Company	Jih Sun Money Market Fund	—	Current financial assets at fair value through profit or loss	23,109	345,474	- %	345,474	- %	Trust
the Company	Cathay Taiwan Money Market Fund	—	Current financial assets at fair value through profit or loss	17,315	217,025	- %	217,025	- %	Trust
the Company	ABG-WTT Fund	—	Current financial assets at fair value through profit or loss	-	89,180	- %	89,180	- %	Owner-occupied
the Company	Primavera Capital Fund III L.P.	—	Current financial assets at fair value through profit or loss	-	144,691	- %	144,691	- %	Owner-occupied
the Company	LCP IX. L.P.	—	Current financial assets at fair value through profit or loss	-	64,282	- %	64,282	- %	Owner-occupied
the Company	U.S. Treasury Securities 20300815	—	Current financial assets at fair value through profit or loss	2,000	55,577	- %	55,577	- %	Trust
the Company	Jih Sun Money Market Fund	—	Current financial assets at fair value through profit or loss	129,396	1,934,470	- %	1,934,470	- %	Owner-occupied
the Company	CTBC Hwa-win Money Market Fund	—	Current financial assets at fair value through profit or loss	30,477	338,520	- %	338,520	- %	Owner-occupied
the Company	Millerful No.1 REIT	—	Non-current financial assets at FVOCI	33,000	347,820	- %	347,820	- %	Trust
the Company	Cathay No.1 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	3,835	71,753	- %	71,753	- %	Trust
the Company	Fubon No.1 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	542	9,957	- %	9,957	- %	Trust
the Company	Cathay No.2 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	401	7,980	- %	7,980	- %	Trust
the Company	Shin Kong No.1 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	450	8,784	- %	8,784	- %	Trust
the Company	Fubon No.2 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	892	15,262	- %	15,262	- %	Trust
the Company	Taiyen	—	Non-current financial assets at FVOCI	5,743	187,796	2.87 %	187,796	2.87 %	Owner-occupied
the Company	Fubon Financial Holding - Preferred Shares B	—	Non-current financial assets at FVOCI	2,396	149,750	- %	149,750	- %	Owner-occupied
the Company	Cathay Financial Holding - Preferred Shares B	—	Non-current financial assets at FVOCI	2,530	159,137	- %	159,137	- %	Owner-occupied
the Company	CTBC Financial Holding - Preferred Shares C	—	Non-current financial assets at FVOCI	1,540	94,864	- %	94,864	- %	Owner-occupied
the Company	Fubon Financial Holding - Preferred Stock	—	Non-current financial assets at FVOCI	3,006	187,274	- %	187,274	- %	Owner-occupied

(Continued)

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest Percentage of ownership (%)	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value		
the Company	Cathay Financial Holding - Preferred Stock A	–	Non-current financial assets at FVOCI	3,065	189,417	- %	189,417	- %	Owner-occupied
the Company	TaiShin Financial Holding - Class E Preferred Shares II	–	Non-current financial assets at FVOCI	955	49,087	- %	49,087	- %	Owner-occupied
the Company	CTBC Financial Holding - Preferred Shares B	–	Non-current financial assets at FVOCI	529	33,539	- %	33,539	- %	Owner-occupied
the Company	TaiShin Financial Holding - Preferred Stock E	–	Non-current financial assets at FVOCI	1,597	84,002	- %	84,002	- %	Owner-occupied
the Company	LARGAN Precision	–	Non-current financial assets at FVOCI	145	463,275	0.11 %	463,275	0.11 %	Owner-occupied
the Company	TSMC	–	Non-current financial assets at FVOCI	1,423	754,190	0.01 %	754,190	0.01 %	Owner-occupied
the Company	Chailease	–	Non-current financial assets at FVOCI	1,945	326,794	0.14 %	326,794	0.14 %	Owner-occupied
the Company	Asia Cement	–	Non-current financial assets at FVOCI	4,559	196,949	0.14 %	196,949	0.14 %	Owner-occupied
the Company	Chenbro Micom	–	Non-current financial assets at FVOCI	2,280	186,960	1.89 %	186,960	1.89 %	Owner-occupied
the Company	PCSC	–	Non-current financial assets at FVOCI	646	172,159	0.06 %	172,159	0.06 %	Owner-occupied
the Company	Sun life Corporation	–	Non-current financial assets at FVOCI	160	31,105	2.35 %	31,105	2.35 %	Owner-occupied
the Company	AGNC preferred stock	–	Non-current financial assets at FVOCI	44	32,208	- %	32,208	- %	Trust
the Company	QTS preferred stock	–	Non-current financial assets at FVOCI	24	19,254	- %	19,254	- %	Trust
the Company	TGP preferred stock	–	Non-current financial assets at FVOCI	32	22,618	- %	22,618	- %	Trust
the Company	VEREIT preferred stock	–	Non-current financial assets at FVOCI	12	8,662	- %	8,662	- %	Trust
the Company	ETP preferred stock	–	Non-current financial assets at FVOCI	264	155,698	- %	155,698	- %	Trust
the Company	Sunny Optical Technology (Group) Company Limited	–	Non-current financial assets at FVOCI	207	127,904	0.02 %	127,904	0.02 %	Trust
the Company	Berkshire Hathaway	–	Non-current financial assets at FVOCI	78	517,442	0.01 %	517,442	0.01 %	Trust
the Company	Alphabet	–	Non-current financial assets at FVOCI	7	346,602	- %	346,602	- %	Trust
the Company	Microsoft	–	Non-current financial assets at FVOCI	35	218,813	- %	218,813	- %	Trust
the Company	Intel	–	Non-current financial assets at FVOCI	208	295,416	0.01 %	295,416	0.01 %	Trust
the Company	Visa	–	Non-current financial assets at FVOCI	35	218,244	- %	218,244	- %	Trust
the Company	104 Central Bond A5	–	Non-current financial assets at FVOCI	100,000	106,072	- %	106,072	- %	Trust
the Company	081 Chailease Holding Company Limited-A	–	Non-current financial assets at FVOCI	190,000	190,000	- %	190,000	- %	Trust
the Company	CEXIM CNY Corp. Bond 4.15 20270618	–	Non-current financial assets at FVOCI	5,000	22,802	- %	22,802	- %	Trust
the Company	ICBC CNY Corp. Bond 4.2 20270119	–	Non-current financial assets at FVOCI	4,000	18,274	- %	18,274	- %	Trust
the Company	ICBC CNY Corp. Bond 4.5 20281113	–	Non-current financial assets at FVOCI	5,000	23,485	- %	23,485	- %	Trust
the Company	Saudi Electricity Global - Bond 20230408	–	Non-current financial assets at FVOCI	2,000	60,224	- %	60,224	- %	Trust
the Company	Saudi Electricity Global - Bond 20240408	–	Non-current financial assets at FVOCI	1,000	31,010	- %	31,010	- %	Trust
the Company	Qatar Telecom USD Corp. Bond 3.25 20230221	–	Non-current financial assets at FVOCI	3,000	89,612	- %	89,612	- %	Trust
the Company	Standard Chattered USD Corp. Bond 4.05 20260412	–	Non-current financial assets at FVOCI	3,000	96,845	- %	96,845	- %	Trust
the Company	Islamic Bank 20210531	–	Non-current financial assets at FVOCI	3,000	86,707	- %	86,707	- %	Trust
the Company	Societe Generale SGD Corp. Bond	–	Non-current financial assets at FVOCI	3,250	69,896	- %	69,896	- %	Trust
the Company	Malaysia National Resource Bond 20261019	–	Non-current financial assets at FVOCI	1,000	31,081	- %	31,081	- %	Trust

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LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

Name of holder	Category and name of security	Relationship with company	Account title	Ending balance				Highest	Note
				Shares/Units (thousands)	Carrying value	Percentage of ownership (%)	Fair value	Percentage of ownership (%)	
the Company	China Cinda USD Bond 20240309	—	Non-current financial assets at FVOCI	1,500	46,043	- %	46,043	- %	Trust
the Company	Huarong USD Bond 20240309	—	Non-current financial assets at FVOCI	3,000	85,541	- %	85,541	- %	Trust
the Company	BNP Paribas SGD Corp. Bond	—	Non-current financial assets at FVOCI	3,500	79,899	- %	79,899	- %	Trust
the Company	HISPANO S.A. Financial Bond	—	Non-current financial assets at FVOCI	3,000	86,282	- %	86,282	- %	Trust
the Company	Manulife Financial Corporation SGD Bond	—	Non-current financial assets at FVOCI	750	16,102	- %	16,102	- %	Trust
the Company	Manulife Financial Corporation SGD Bond 20291121	—	Non-current financial assets at FVOCI	4,000	87,739	- %	87,739	- %	Trust
the Company	BMW Bond 20300409	—	Non-current financial assets at FVOCI	4,000	138,033	- %	138,033	- %	Trust
the Company	State Grid Bond 20300805	—	Non-current financial assets at FVOCI	2,000	55,206	- %	55,206	- %	Trust
the Company	Trans globe Insurance	—	Non-current financial assets at FVOCI	15	-	0.01 %	-	0.01 %	Owner-occupied
the Company	Creative Space Design	—	Non-current financial assets at FVOCI	396	3,960	19.80 %	3,960	19.80 %	Owner-occupied
the Company	Nan Ya Corp. Bond P02 Nan Ya 3B	—	Non-current financial assets at amortized cost	100,000	104,244	- %	104,244	- %	Trust
the Company	Taipower Corporate bond 20231230	—	Non-current financial assets at amortized cost	150,000	153,087	- %	153,087	- %	Trust
the Company	106 Central Bond 4	—	Non-current financial assets at amortized cost	100,000	100,622	- %	100,622	- %	Trust
the Company	106 Central Bond 9	—	Non-current financial assets at amortized cost	150,000	149,576	- %	149,576	- %	Trust
the Company	107 Central Bond 7	—	Non-current financial assets at amortized cost	100,000	99,739	- %	99,739	- %	Trust
the Company	104 Central Bond 12	—	Non-current financial assets at amortized cost	100,000	101,257	- %	101,257	- %	Trust
the Company	107 Central Bond 2	—	Non-current financial assets at amortized cost	100,000	101,167	- %	101,167	- %	Trust
the Company	93 Central Bond 9	—	Non-current financial assets at amortized cost	100,000	108,721	- %	108,721	- %	Trust
the Company	94 Central Bond 3	—	Non-current financial assets at amortized cost	100,000	106,819	- %	106,819	- %	Trust
the Company	02 China Steel 1B 20230712	—	Non-current financial assets at amortized cost	100,000	101,839	- %	101,839	- %	Trust
the Company	02 TSMC 2C 20230206	—	Non-current financial assets at amortized cost	100,000	101,656	- %	101,656	- %	Trust
Yuji Development Corp.	CTBC Hwa-win Money Market Fund	—	Current financial assets at fair value through profit or loss	8,990	99,864	- %	99,864	- %	Owner-occupied
Yuji Development Corp.	LARGAN Precision	—	Non-current financial assets at FVOCI	33	105,435	- %	105,435	- %	Owner-occupied
Jing Huang Construction Co., Ltd.	Jih Sun Money Market Fund	—	Current financial assets at fair value through profit or loss	1,928	28,829	- %	28,829	- %	Owner-occupied
Jing Huang Construction Co., Ltd.	Stocks of J-Garden Corp.	—	Non-current financial assets at FVOCI	90	892	- %	892	- %	Owner-occupied
Lung Fu Company Limited	CTBC Hwa-win Money Market Fund	—	Current financial assets at fair value through profit or loss	4,084	45,361	- %	45,361	- %	Owner-occupied

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LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(iv) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20% of the capital stock:

(In Thousands of New Taiwan Dollars)

Name of company	Category and name of security	Account name	Name of counter-party	Relationship with the company	Beginning Balance		Purchases		Sales				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Price	Cost	Gain (loss) on disposal	Shares	Amount
the Company	Yuanta De-Bao Money Market Fund	Current financial assets at fair value through profit or loss	-	None	9,794	118,051	33,931	410,281	-	-	-	-	43,725	528,332
the Company	Franklin Templeton Sinoam Money Market Fund	Current financial assets at fair value through profit or loss	-	None	9,642	100,000	60,380	628,871	-	-	-	-	70,022	728,817
the Company	Yuanta USD Money Market Fund	Current financial assets at fair value through profit or loss	-	None	-	-	1,456	461,057	1,456	458,001	461,057	(3,056)	-	-
the Company	Jih Sun Money Market Fund	Current financial assets at fair value through profit or loss	-	None	154,024	2,290,000	43,226	645,000	44,745	668,000	665,208	2,792	152,505	2,269,792
the Company	CTBC Hwa-win Money Market Fund	Current financial assets at fair value through profit or loss	-	None	375,720	4,153,598	469,469	5,206,500	814,712	9,031,000	9,021,605	9,395	30,477	338,493
the Company	FSITC Money Market	Current financial assets at fair value through profit or loss	-	None	108,112	1,660,000	22,076	340,000	130,188	2,003,805	2,000,000	3,805	-	-
the Company	TSMC	Non-current financial assets at FVOCI	-	None	-	-	1,423	405,276	-	-	-	-	1,423	405,276
the Company	LARGAN Precision	Non-current financial assets at FVOCI	-	None	-	-	145	597,103	-	-	-	-	145	597,103
the Company	Alphabet	Non-current financial assets at FVOCI	-	None	-	-	10	400,643	3	156,181	131,740	24,441	7	268,903
the Company	Berkshire Hathaway	Non-current financial assets at FVOCI	-	None	-	-	78	435,807	-	-	-	-	78	435,807
the Company	Elite Material	Non-current financial assets at FVOCI	-	None	-	-	2,543	278,515	2,543	400,839	278,515	122,324	-	-
the Company	Microsoft	Non-current financial assets at FVOCI	-	None	-	-	63	331,598	28	174,798	146,317	28,481	35	185,281
the Company	The Law Co., Ltd.	Equity-accounted investments	JINGLUN INTERIOR DESIGN CO., LTD.	None	-	-	14,014	420,426	-	-	-	-	14,014	420,426

Note: The amounts at the beginning and end of the period did not include valuation gains or losses on valuation and investment.

(v) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vi) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20% of the capital stock: None

(vii) Related-party transactions for purchases and sales with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(viii) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20% of the capital stock: None

(ix) Trading in derivative instruments: None

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements

(x) Business relationships and significant intercompany transactions:

(In Thousands of New Taiwan Dollars)

No.	Name of company	Name of counter-party	Nature of relationship	Intercompany transactions			
				Account name	Amount	Trading terms	Percentage of the consolidated net revenue or total assets
0	Lungyen Life Service Corp.	Yuji Development Corp.	1	Other current financial assets	5,250	The same as non-related party transactions.	0.01%
0	〃	〃	1	Prepayments	8,466	-	0.01%
0	〃	〃	1	Operating costs	11,662	-	0.32%
0	〃	〃	1	Other income	36,104	-	0.99%
0	〃	〃	1	Other current liabilities	16,278	-	0.03%
0	〃	Lung Fu Company Limited	1	Other income	4,557	-	0.12%
1	Yuji Development Corp.	Lungyen Life Service Corp.	2	Accounts receivable	16,278	-	0.03%
1	〃	〃	2	Advance receipts	8,466	-	0.01%
1	〃	〃	2	Accounts payable	5,250	-	0.01%
1	〃	〃	2	Operating revenue	11,662	-	0.32%
1	〃	〃	2	Administrative expenses	36,104	-	0.99%
2	Lung Fu Company Limited	Lungyen Life Service Corp.	2	Administrative expenses	4,591	-	0.13%

Note 1: Numbers are filled in as follows:

(i) "0" represents the parent company.

(ii) Subsidiaries are numbered starting from "1".

Note 2: Categories of relationship with counterparty are as below:

(i) Parent and subsidiary.

(ii) Subsidiary and parent.

(iii) Subsidiary and subsidiary.

(b) Information on investees:

The following is the information on investees for the years ended December 31, 2020 (excluding information on investees in Mainland China):

(In Thousands of New Taiwan Dollars)

Name of investor	Name of investee	Location	Main businesses and products	Original investment amount		Balance as of December 31, 2020			Highest Percentage of wnership	Net income (losses) of investee	Share of profits/losses of investee	Note
				December 31, 2020	December 31, 2019	Shares (thousands)	Percentage of wnership	Carrying value				
the Company	Jing Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20 %	(7,179)	98.20 %	1,443	1,417	Subsidiary ?
the Company	Yuji Development Corp.	Taiwan	Funeral Services	900,000	900,000	110,723	54.42 %	1,951,682	54.42 %	296,958	161,478	Subsidiary
the Company	Dahan Property Management Co., Ltd.	Taiwan	Development, lease and sale of residential and commercial buildings	3,870	3,870	400	80.00 %	273	80.00 %	(71)	(57)	Subsidiary
the Company	Sea Dragon Traders Ltd. (BVI)	The British Virgin Islands	Investment holding	1,094,570 (USD35,510)	1,057,099 (USD34,210)	3,551	100.00 %	1,008,105	100.00 %	(25,457)	(25,457)	Subsidiary
the Company	RIA AWANA SDN.BHD	Malaysia	Funeral Services	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00 %	28,284	49.00 %	292	143	Associates
the Company	The Law Co., Ltd.	Taiwan	Investment holding	420,426	-	14,014	30.93 %	479,092	30.93 %	189,685	58,669	Associates
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Services	557,800	377,800	55,100	100.00 %	454,367	100.00 %	(7,994)	(7,900)	Sub-subsidiary
Sea Dragon raders Ltd. (BVI)	Witty Dragon Limited (BVI)	The British Virgin Islands	Investment holding	165,268 (USD5,264)	165,268 (USD5,264)	5	26.32 %	158,939	26.32 %	12,494	3,288	Associates
Sea Dragon raders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment holding	996,498 (USD32,500)	910,026 (USD29,500)	3,250	50.00 %	826,118	50.00 %	(57,362)	(28,680)	Joint ventures

Note 1: The equity of the above-mentioned subsidiaries of the Group is written off when preparing the consolidated financial report.

Note 2: USD exchange rate, end of the period: 28.508; USD average exchange rate: 28.539.

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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(c) Information on investment in Mainland China:

(i) The names of investees in Mainland China, the main businesses and products, and other information:

(In Thousands of New Taiwan Dollars)

Name of investee	Main businesses and products	Total amount of paid-in capital	Method of investment	Accumulated outflow of investment from Taiwan as of January 1, 2019	Investment flows		Accumulated outflow of investment from Taiwan as of December 31, 2020	Percentage of ownership	Highest percentage of ownership	Investment income (losses)	Book value	Accumu-lated remittance of earnings in current period
					Outflow	Inflow						
Lungyen Cemetery (Wenzhou) Co., Ltd.	Funeral Services	1,490,398 (USD52,280)	Sea Dragon Traders Ltd. (BVI)	904,470 (USD29,350)	1,194 (USD40)	-	905,664 (USD29,390)	50.00%	50.00%	(14,574)	687,324	-
Long Young Life (China) Holding Co., Ltd.	Investment holding	256,572 (USD9,000)	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	50.00%	50.00%	(10,038)	102,200	-
Shijiazuang Taifu Cebetery Managenebt Co., Ltd.	Management, construction, and sale of cemetery	73,624 (RMB17,041)	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	40.00%	40.00%	(1,043)	91,502	-

(ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of December 31, 2020	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
905,664	2,351,910 USD82,500	11,354,435

USD exchange rate:closing rate:28.508；CNY exchange rate: 4.3204

Note 1: Investment are divided into the following three types:

(1) Direct investments in Mainland China

(2) Indirect investment Mainland China through an existing company registered in the third region. (Please specify the investor in the third region.)

(3) Other methods

Note 2: Profit and loss recognized from investment for the current period:

(1) As the investee was still in the pipeline, no investment profit (loss) had been generated yet, which shall be specified.

(2) Recognition basis of investment gains or losses were grouped under the following two categories, which shall be specified.

1) Financial statements of the investee company were audited by an international accounting firm in cooperation with an R.O.C. accountingfirm.

2) The financial statements were audited by the parent’s external accountants.

Note 3: The corresponding currency shall be expressed in TWD. The amounts denominated in foreign currency were translated into TWD accounts at the exchange rate on the reporting date.

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

(iii) Significant transactions: None

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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(d) Major shareholders:

Shareholding / Shareholder's Name	Shares	Percentage
WISH GIVER LIMITED (The British Virgin Islands)	139,792,000	33.28 %
CHENG CHANG INVESTMENT CO., LTD	41,716,332	9.93 %
UOB Kay Hian (HK) customer account entrusted to Citybank	34,713,000	8.26 %
ORIX Asia Capital investment account entrusted to Fubon Securities	21,000,000	5.00 %

(14) Segment information:

(a) General information

The Group consist of five segments: columbarium sales , funeral service, property lease, cemetery operation and others, and construction sales. Columbarium sales segment is primarily engaged in columbarium-related business. The funeral service segment is engaged in funeral service business. The property lease segment is engaged in real estate rental. The segment of cemetery operation and others are engaged in management and operation of cemeteries. The construction sales segment is engaged in the construction of buildings and sales of real estate.

The Group's reported segments consist of strategic business units which provide different products and services. Since each strategic business unit requires different technology and marketing strategies, it must be administered separately. Most of the business units were acquired separately. The management of the acquired units remains employed by the Group.

(b) Information about reportable segments and their measurement and reconciliations

The Group uses the internal management report that the chief operating decision maker reviews as the basis to determine resource allocation and make a performance evaluation. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses. The internal management report includes profit before taxation, but not including any extraordinary activity and foreign exchange gain or losses because taxation, extraordinary activity, and foreign exchange gain or losses are managed on a group basis, and hence they are not able to be allocated to each reportable segment. In addition, not all reportable segments include depreciation and amortization of significant non-cash items. The reportable amount is similar to that of the report used by the chief operating decision maker.

LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES
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The Group's segment financial information is as follows:

	For the Year Ended December 31, 2020						
	Sale of columbarium and cemetery products	**Funeral services**	**Property lease**	**Cemetery operation and others**	**Construction and sales**	**Reconciliation and eliminations**	**Total**
Revenue:							
Revenue from external customers	1,506,503	1,658,806	166,647	197,167	134,384	-	3,663,507
Intersegment revenue	12,434	-	171	-	-	(12,605)	-
Total revenue	**$ 1,518,937**	**1,658,806**	**166,818**	**197,167**	**134,384**	**(12,605)**	**3,663,507**
Interest expense	$ -	-	-	(27,973)	-	-	(27,973)
Depreciation and amortization	-	(38,427)	(28,200)	(92,460)	-	-	(159,087)
Share of profit (loss) of associates and joint ventures accounted for using equity method	-	-	-	33,420	-	-	33,420
Profit (loss) of reportable segments	**$ 791,455**	**377,929**	**83,700**	**422,180**	**58,901**	**(849)**	**1,733,316**
Assets:							
Investments accounted for using equity method	$ -	-	-	1,492,433	-	-	1,492,433
Assets of reportable segments	**$ 19,087,599**	**10,233,005**	**4,157,711**	**25,959,663**	**4,720,032**	**(51,948)**	**64,106,062**
Liabilities of reportable segments	**$ 16,439,126**	**24,036,196**	**41,072**	**3,031,489**	**12,477**	**(11,671)**	**43,548,689**

	For the Year Ended December 31, 2019						
	Sale of columbarium and cemetery products	**Funeral services**	**Property lease**	**Cemetery operation and others**	**Construction and sales**	**Reconciliation and eliminations**	**Total**
Revenue:							
Revenue from external customers	1,666,937	1,601,340	172,635	211,042	907,394	-	4,559,348
Intersegment revenue	29	-	247	-	-	(276)	-
Total revenue	**$ 1,666,966**	**1,601,340**	**172,882**	**211,042**	**907,394**	**(276)**	**4,559,348**
Interest expense	$ -	-	-	(72,122)	-	-	(72,122)
Depreciation and amortization	-	(35,670)	(25,863)	(96,741)	-	-	(158,274)
Share of profit (loss) of associates and joint ventures accounted for using equity method	-	-	-	(52,289)	-	-	(52,289)
Profit (loss) of reportable segments	**$ 764,009**	**409,782**	**83,730**	**618,610**	**748,650**	**(276)**	**2,624,505**
Assets:							
Investments accounted for using equity method	$ -	-	-	945,905	-	-	945,905
Assets of reportable segments	**$ 23,040,524**	**9,660,042**	**3,864,533**	**23,965,056**	**4,688,134**	**(111,481)**	**65,106,808**
Liabilities of reportable segments	**$ 16,876,358**	**21,626,418**	**40,558**	**6,677,489**	**41,269**	**(89,135)**	**45,172,957**

(Continued)

(c) Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

	For the Years Ended December 31	
Geographic information	**2020**	**2019**
Revenue from external customers:		
Taiwan	$ 3,663,413	4,559,348
Non-current assets:		
Taiwan	$ 12,161,396	11,523,108

Non-current assets include property, plant and equipment, right-of-use assets, investment property, intangible assets, and other assets, excluding financial instruments and deferred tax assets.

(d) Major customers

The Group had no customer representing more than 10% of net revenue disclosed in the consolidated statements of comprehensive income for 2020 and 2019.