

**LUNGYEN LIFE SERVICE CORP.  
AND SUBSIDIARIES**

**Consolidated Financial Statements**

**With Independent Auditors' Review Report  
For the Three Months Ended March 31, 2021 and 2020**

Address: 1F., No. 166, Sec. 2, Minquan E. Rd., Taipei City  
Telephone: (02)6615-9999

The independent 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 independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

## Table of contents

Contents	Page
1. Cover Page	1
2. Table of Contents	2
3. Independent Auditors' Review Report	3
4. Consolidated Balance Sheets	4
5. Consolidated Statements of Comprehensive Income	5
6. Consolidated Statements of Changes in Equity	6
7. Consolidated Statements of Cash Flows	7
8. Notes to the Consolidated Financial Statements	
(1) Company history	8
(2) Approval date and procedures of the consolidated financial statements	8
(3) New standards, amendments and interpretations adopted	8~9
(4) Summary of significant accounting policies	9~10
(5) Significant accounting assumptions and judgments, and major sources of estimation uncertainty	10
(6) Explanation of significant accounts	11~42
(7) Related-party transactions	42~44
(8) Pledged assets	45
(9) Significant contingent liabilities and unrecognized commitments	45~48
(10) Losses due to major disasters	48
(11) Subsequent Events	48
(12) Others	48
(13) Other disclosures	
(a) Information on significant transactions	49~54
(b) Information on investees	54
(c) Information on investment in Mainland China	55
(d) Major shareholders	56
(14) Segment information	56~57



安侯建業聯合會計師事務所

KPMG

台北市110615信義路5段7號68樓(台北101大樓)  
68F., TAIPEI 101 TOWER, No. 7, Sec. 5,  
Xinyi Road, Taipei City 110615, Taiwan (R.O.C.)

Telephone 電話 + 886 2 8101 6666  
Fax 傳真 + 886 2 8101 6667  
Internet 網址 home.kpmg/tw

## Independent Auditors' Review Report

To the Board of Directors  
Lungyen Life Service Corp.:

### Introduction

We have reviewed the accompanying consolidated balance sheets of Lungyen Life Service Corp. and its subsidiaries (“the Group”) as of March 31, 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2021 and 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

### Scope of Review

Except as explained in the Basis for Qualified Conclusion paragraph, we conducted our reviews in accordance with Statement of Auditing Standard 65, “Review of Financial Information Performed by the Independent Auditor of the Entity”. A review of the consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with the generally accepted auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Basis for Qualified Conclusion

As stated in Note 4(b), the consolidated financial statements included the financial statements of certain non-significant subsidiaries, which were not reviewed by independent auditors. These financial statements reflect total assets amounting to NT\$ 810,097 thousand and NT\$ 673,817 thousand, constituting 1% of consolidated total assets as of March 31, 2021 and 2020, respectively, total liabilities amounting to NT\$ 209,301 thousand and NT\$ 205,560 thousand, Both constituting 0% of consolidated total liabilities as of March 31, 2021 and 2020, respectively, and total comprehensive income(loss) amounting to NT\$ 8,034 thousand and (NT\$ 8,617) thousand, constituting 1% and (2%) of consolidated total comprehensive income (loss) for the three months ended March 31, 2021 and 2020, respectively.

Furthermore, as stated in Note 6(f), the other equity accounted investments of Lungyen Life Service Corp. and its subsidiaries in its investee companies of NT\$ 1,517,808 thousand and NT\$ 927,156 thousand as of March 31, 2021 and 2020, respectively, and its equity in net earnings on these investee companies of NT\$ 31,387 thousand and (NT\$ 9,598) thousand for the three months ended March 31, 2021 and 2020, respectively, were recognized solely on the financial statements prepared by these investee companies, but not reviewed by independent auditors.

### **Qualified Conclusion**

Except for the adjustments, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and equity accounted investee companies described in the Basis for Qualified Conclusion paragraph above been reviewed by independent auditors, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of Lungyen Life Service Corp. and its subsidiaries as of March 31, 2021 and 2020, and of its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2021 and 2020 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting” endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

KPMG

Taipei, Taiwan (Republic of China)

May 11, 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 review 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)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

**March 31, 2021, December 31, 2020, and March 31, 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

		March 31, 2021		December 31, 2020		March 31, 2020				March 31, 2021		December 31, 2020		March 31, 2020	
		Amount	%	Amount	%	Amount	%			Amount	%	Amount	%	Amount	%
<b>Assets</b>															
<b>Current assets:</b>															
1100	Cash and cash equivalents (Note 6(a))	\$ 150,261	-	88,734	-	804,858	1	2100	Short-term borrowings (Note 6(m))	\$ -	-	-	-	130,500	-
1110	Current financial assets at fair value through profit or loss (Note 6(b) and 9)	5,002,847	8	5,270,963	8	7,538,532	12	2130	Current contract liabilities (Note 6(t) and 9)	40,774,322	63	40,529,122	63	39,205,925	61
1150	Notes receivable, net (Note 6(c) and (t))	3,904	-	4,198	-	2,467	-	2150	Notes payable	6,844	-	6,856	-	6,978	-
1170	Accounts receivable, net (Note 6(c) and (t))	9,388,094	14	9,323,456	15	8,783,545	14	2170	Accounts payable	688,587	1	626,649	1	639,322	1
1320	Inventories (for construction business), net (Note 6(d) and 8)	16,123,435	25	16,044,615	25	15,795,018	24	2200	Other payables	881,489	1	856,429	1	802,551	1
1410	Prepayments	234,613	-	226,660	-	222,570	-	2230	Current tax liabilities	539,064	1	509,308	1	284,881	-
1460	Non-current assets classified as held for sale, net (Note 6(e))	9,158	-	105,239	-	-	-	2280	Current lease liabilities (Note 7)	21,747	-	24,820	-	34,944	-
1476	Other current financial assets (Note 6(l), 8 and 9)	1,371,024	2	1,674,228	3	2,719,471	4	2310	Advance receipts	909,192	1	914,950	1	899,793	2
1479	Other current assets, others	18,407	-	16,794	-	16,077	-	2321	Bonds payable, current portion (Note 6(n))	-	-	-	-	3,253,085	5
1480	Current assets recognised as incremental costs to obtain contract with customers (Note 9)							2399	Other current liabilities, others	31,111	-	8,307	-	30,762	-
		<u>8,275,373</u>	<u>13</u>	<u>8,259,038</u>	<u>13</u>	<u>8,158,863</u>	<u>13</u>			<u>43,852,356</u>	<u>67</u>	<u>43,476,441</u>	<u>67</u>	<u>45,288,741</u>	<u>70</u>
		<u>40,577,116</u>	<u>62</u>	<u>41,013,925</u>	<u>64</u>	<u>44,041,401</u>	<u>68</u>								
<b>Non-current assets:</b>															
1517	Non-current financial assets at fair value through other comprehensive income (Note 6(b), 7, 8 and 9)	8,745,478	13	7,221,855	11	5,794,440	9	2570	Deferred tax liabilities	3,665	-	3,665	-	3,665	-
1535	Non-current financial assets at amortised cost (Note 6(b) and 9)	1,226,780	2	1,228,727	2	1,385,790	2	2640	Net defined benefit liability, non-current	21,018	-	21,018	-	32,601	-
1550	Investments accounted for using equity method (Note 6(f)(g) and 7)	1,517,808	2	1,492,433	2	927,156	1	2645	Guarantee deposits received	44,387	-	44,584	-	44,569	-
1600	Property, plant and equipment (Note 6(h), 8, and 9)	6,336,396	10	6,157,408	10	6,157,760	10	2670	Other non-current liabilities, others	2,981	-	2,981	-	2,981	-
1755	Right-of-use assets (Note 6(i) and 7)	21,747	-	24,820	-	34,944	-			<u>72,051</u>	<u>-</u>	<u>72,248</u>	<u>-</u>	<u>83,816</u>	<u>-</u>
1760	Investment property, net (Note 6(j), 8, and 9)	4,036,522	7	4,052,472	7	3,863,685	6			<u>43,924,407</u>	<u>67</u>	<u>43,548,689</u>	<u>67</u>	<u>45,372,557</u>	<u>70</u>
1780	Intangible assets (Note 6(k))	753,481	1	748,121	1	753,966	1	<b>Total liabilities</b>							
1840	Deferred tax assets	814,838	1	814,838	1	856,719	1	<b>Equity attributable to owners of parent (Note 6(n) and (r)):</b>							
1980	Other non-current financial assets (Note 7)	266,538	-	278,127	-	336,407	1	3100	Capital stock	4,200,842	6	4,200,842	7	4,200,842	6
1990	Other non-current assets, others	1,073,336	2	1,073,336	2	786,159	1	3200	Capital surplus	2,519,954	4	2,519,954	4	2,519,954	4
		<u>24,792,924</u>	<u>38</u>	<u>23,092,137</u>	<u>36</u>	<u>20,897,026</u>	<u>32</u>		Retained earnings:						
								3310	Legal reserve	2,053,954	3	2,053,954	3	1,498,055	2
								3320	Special reserve	156,696	-	156,696	-	-	-
								3350	Unappropriated retained earnings (accumulated deficit)	10,099,499	16	9,693,988	16	10,524,203	17
								3400	Other equity interest	742,317	1	298,625	-	(695,979)	(1)
									<b>Total equity attributable to owners of parent:</b>	<u>19,773,262</u>	<u>30</u>	<u>18,924,059</u>	<u>30</u>	<u>18,047,075</u>	<u>28</u>
								36xx	Non-controlling interests (Note 6(g) and (r))	1,672,371	3	1,633,314	3	1,518,795	2
									<b>Total equity</b>	<u>21,445,633</u>	<u>33</u>	<u>20,557,373</u>	<u>33</u>	<u>19,565,870</u>	<u>30</u>
									<b>Total liabilities and equity</b>	<u>\$ 65,370,040</u>	<u>100</u>	<u>64,106,062</u>	<u>100</u>	<u>64,938,427</u>	<u>100</u>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Comprehensive Income**

**For the three months ended March 31, 2021 and 2020**

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

		<b>For the three months ended March 31</b>			
		<b>2021</b>		<b>2020</b>	
		<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
4000	<b>Operating revenue (Note 6(e)(o)(t))</b>	\$ 1,000,381	100	868,809	100
5000	<b>Operating costs (Note 6(o) and 7)</b>	<u>342,340</u>	<u>34</u>	<u>323,912</u>	<u>37</u>
5900	<b>Gross profit</b>	<u>658,041</u>	<u>66</u>	<u>544,897</u>	<u>63</u>
	<b>Operating expenses (Note 6(p)(u) and 7):</b>				
6100	Selling expenses	148,170	15	128,060	15
6200	Administrative expenses	<u>159,351</u>	<u>16</u>	<u>154,606</u>	<u>18</u>
		<u>307,521</u>	<u>31</u>	<u>282,666</u>	<u>33</u>
6500	<b>Net other income (expenses) (Note 6(v))</b>	<u>31,348</u>	<u>4</u>	<u>32,938</u>	<u>4</u>
6900	<b>Net operating income</b>	<u>381,868</u>	<u>39</u>	<u>295,169</u>	<u>34</u>
	<b>Non-operating income and expenses (Note 6(f)(w) and 7):</b>				
7100	Interest income	16,401	2	26,559	3
7010	Other income	24,703	2	42,978	5
7020	Other gains and losses, net	25,734	3	(374)	-
7050	Finance costs, net	(2,851)	-	(13,573)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net	<u>31,387</u>	<u>3</u>	<u>(9,598)</u>	<u>(1)</u>
		<u>95,374</u>	<u>10</u>	<u>45,992</u>	<u>5</u>
	<b>Profit before tax from continuing operations</b>	477,242	49	341,161	39
7950	<b>Less: Income tax expenses (Note 6(q))</b>	<u>35,855</u>	<u>4</u>	<u>34,983</u>	<u>4</u>
	<b>Profit for the three months ended March 31, 2021</b>	<u>441,387</u>	<u>45</u>	<u>306,178</u>	<u>35</u>
8300	<b>Other comprehensive income:</b>				
8310	<b>Items that will not be reclassified subsequently to profit or loss</b>				
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>468,250</u>	<u>47</u>	<u>(635,474)</u>	<u>(74)</u>
	<b>Items that will not be reclassified subsequently to profit or loss</b>	<u>468,250</u>	<u>47</u>	<u>(635,474)</u>	<u>(74)</u>
8360	<b>Items that may be reclassified subsequently to profit or loss</b>				
8361	Exchange differences on translation of foreign financial statements	288	-	3,510	-
8367	Unrealized gains (losses) from investments in debt instruments measured at fair value through other comprehensive income (Note 6(aa))	(15,384)	(2)	(29,902)	(3)
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	<u>(6,281)</u>	<u>(1)</u>	<u>(12,293)</u>	<u>(1)</u>
	<b>Items that may be reclassified subsequently to profit or loss</b>	<u>(21,377)</u>	<u>(3)</u>	<u>(38,685)</u>	<u>(4)</u>
8300	<b>Other comprehensive income, net of tax</b>	<u>446,873</u>	<u>44</u>	<u>(674,159)</u>	<u>(78)</u>
	<b>Comprehensive income for the three months ended March 31, 2021</b>	<u>\$ 888,260</u>	<u>89</u>	<u>(367,981)</u>	<u>(43)</u>
	<b>Profit attributable to:</b>				
8610	Owners of parent	\$ 405,615	41	280,532	32
8620	Non-controlling interests	<u>35,772</u>	<u>4</u>	<u>25,646</u>	<u>3</u>
		<u>\$ 441,387</u>	<u>45</u>	<u>306,178</u>	<u>35</u>
	<b>Comprehensive income attributable to:</b>				
8710	Owners of parent	\$ 849,203	85	(388,886)	(45)
8720	Non-controlling interests	<u>39,057</u>	<u>4</u>	<u>20,905</u>	<u>2</u>
		<u>\$ 888,260</u>	<u>89</u>	<u>(367,981)</u>	<u>(43)</u>
	<b>Earnings per share (in dollar) (Note 6(s)):</b>				
9750	<b>Basic earnings per share (in New Taiwan dollars)</b>	<u>\$ 0.97</u>		<u>0.67</u>	
9850	<b>Diluted earnings per share (in New Taiwan Dollars)</b>	<u>\$ 0.96</u>		<u>0.61</u>	

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
**Reviewed only, not audited in accordance with generally accepted auditing standards**

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Changes in Equity**  
**For the three months ended March 31, 2021 and 2020**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to owners of parent											
	Share capital		Retained earnings				Total other equity interest					Total equity
	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	
<b>Balance at January 1, 2020</b>	\$ 4,200,842	2,519,954	1,498,055	-	10,373,806	11,871,861	(54,543)	(102,153)	(156,696)	18,435,961	1,497,890	19,933,851
Profit for the three months ended March 31, 2020	-	-	-	-	280,532	280,532	-	-	-	280,532	25,646	306,178
Other comprehensive income for the three months ended March 31, 2020	-	-	-	-	-	-	(8,783)	(660,635)	(669,418)	(669,418)	(4,741)	(674,159)
Comprehensive income for the three months ended March 31, 2020	-	-	-	-	280,532	280,532	(8,783)	(660,635)	(669,418)	(388,886)	20,905	(367,981)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	(130,135)	(130,135)	-	130,135	130,135	-	-	-
<b>Balance at March 31, 2020</b>	<b>\$ 4,200,842</b>	<b>2,519,954</b>	<b>1,498,055</b>	<b>-</b>	<b>10,524,203</b>	<b>12,022,258</b>	<b>(63,326)</b>	<b>(632,653)</b>	<b>(695,979)</b>	<b>18,047,075</b>	<b>1,518,795</b>	<b>19,565,870</b>
<b>Balance at January 1, 2021</b>	\$ 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
Profit for the three months ended March 31, 2021	-	-	-	-	405,615	405,615	-	-	-	405,615	35,772	441,387
Other comprehensive income for the three months ended March 31, 2021	-	-	-	-	-	-	(5,993)	449,581	443,588	443,588	3,285	446,873
Comprehensive income for the three months ended March 31, 2021	-	-	-	-	405,615	405,615	(5,993)	449,581	443,588	849,203	39,057	888,260
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	(104)	(104)	-	104	104	-	-	-
<b>Balance at March 31, 2021</b>	<b>\$ 4,200,842</b>	<b>2,519,954</b>	<b>2,053,954</b>	<b>156,696</b>	<b>10,099,499</b>	<b>12,310,149</b>	<b>(57,800)</b>	<b>800,117</b>	<b>742,317</b>	<b>19,773,262</b>	<b>1,672,371</b>	<b>21,445,633</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows**

**For the three months ended March 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) operating activities:</b>		
<b>Profit before tax</b>	\$ 477,242	341,161
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit (loss):</b>		
Depreciation expense	37,338	35,894
Amortization expense	3,408	3,531
Impairment loss determined in accordance with IFRS 9	-	1
Net gain on financial assets or liabilities at fair value through profit or loss	(29,034)	(2,400)
Interest expense	2,851	13,573
Interest income	(55,859)	(68,125)
Dividend income	(6,003)	(9,930)
Share of (profit) loss of associates and joint ventures accounted for using equity method	(31,387)	9,598
Proceeds from disposal of non-current assets classified as held for sale (investment property)	(19,650)	-
Loss (gain) on disposals of property, plant and equipment	10	(69)
Exchange loss on financial assets at fair value through other comprehensive income	(124)	17,679
Gain on disposal of financial assets at fair value through other comprehensive income	-	(19,591)
<b>Total adjustments to reconcile profit (loss)</b>	<u>(98,450)</u>	<u>(19,839)</u>
<b>Changes in operating assets and liabilities:</b>		
Decrease in financial assets at fair value through profit or loss	297,157	2,181,591
Decrease (increase) in notes receivable	294	(1,689)
Increase in accounts receivable	(64,662)	(54,875)
Increase in inventories	(78,820)	(91,041)
Increase in other prepayments	(7,953)	(7,399)
Proceeds from disposal of non-current assets classified as held for sale (Investment property)	124,889	-
Increase in other financial assets	(16,768)	(15,494)
Increase in other non-current assets	(1,613)	(2,030)
Increase in assets recognized as incremental costs to obtain contract with customers	(19,469)	(37,759)
Increase in contract liabilities	245,200	206,180
(Decrease) increase in notes payable	61,926	(23,927)
Increase (decrease) in other payable	28,244	(25,677)
Increase (decrease) in advance receipts	(5,758)	6,884
Other current liabilities	22,804	23,883
<b>Total changes in operating assets and liabilities</b>	<u>585,471</u>	<u>2,158,647</u>
<b>Total adjustments</b>	<u>487,021</u>	<u>2,138,808</u>
Cash inflow generated from operations	964,263	2,479,969
Interest received	55,455	69,540
Dividends received	9,560	9,930
Interest paid	(127)	(1,330)
Income taxes paid	(6,099)	(2,105)
<b>Net cash flows from operating activities</b>	<u>1,023,052</u>	<u>2,556,004</u>

See accompanying notes to consolidated financial statements.



(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Consolidated Statements of Cash Flows (CONT'D)**

**For the three months ended March 31, 2021 and 2020**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows from (used in) investing activities:</b>		
Acquisition of financial assets at fair value through other comprehensive income	(1,073,231)	(2,691,674)
Proceeds from disposal of financial assets at fair value through other comprehensive income	1,823	776,618
Proceeds from repayments of financial assets at amortised cost	-	75,000
Acquisition of property, plant and equipment	(211,610)	(105,982)
Proceeds from disposal of property, plant and equipment	-	338
Acquisition of intangible assets	(3,328)	(1,560)
Acquisition of investment properties	-	(5,561)
Decrease (increase) in other current financial assets	316,836	(18,465)
Decrease in other non-current financial assets	11,589	14,594
<b>Net cash flows from (used in) investing activities</b>	<b>(957,921)</b>	<b>(1,956,692)</b>
<b>Cash flows from (used in) financing activities:</b>		
Increase in short-term borrowings	-	14,000
Decrease in short-term borrowings	-	(37,800)
Increase (decrease) in guarantee deposits received	(197)	434
Payment of lease liabilities	(3,424)	(3,424)
<b>Net cash flows used in financing activities</b>	<b>(3,621)</b>	<b>(26,790)</b>
Effect of exchange rate changes on cash and cash equivalents	17	372
Increase in cash and cash equivalents	61,527	572,894
Cash and cash equivalents at beginning of period	88,734	231,964
Cash and cash equivalents at end of period	<b>\$ 150,261</b>	<b>804,858</b>

See accompanying notes to consolidated financial statements.

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)  
Reviewed only, not audited in accordance with generally accepted auditing standards

**LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES**

**Notes to the Consolidated Financial Statements**

**March 31, 2021 and 2020**

**(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 May 11, 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, 2021:

- 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”

- (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 April 1, 2021, would not have a significant impact on its consolidated financial statements:

- Amendments to IFRS 16 “Covid-19-Related Rent Concessions beyond June 30, 2021”

- (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”

(Continued)

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

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 16 “Property, Plant and Equipment – 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:**

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with the preparation and guidelines of IAS 34 “Interim Financial Reporting” which are endorsed and issued into effect by FSC, and do not include all of the information required by the Regulations and International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations endorsed and issued into effect by the FSC (hereinafter referred to IFRS endorsed by the FSC) for a complete set of the annual consolidated financial statements.

Except the following accounting policies mentioned below, the significant accounting policies adopted in the consolidated financial statements are the same as those in the consolidated financial statement for the year ended December 31, 2020. For the related information, please refer to note 4 of the consolidated financial statements for the year ended December 31, 2020.

(b) Basis of consolidation

(i) List of subsidiaries in the consolidated financial statements

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

Investor	Subsidiary	Principal activity	Shareholding			Description
			March 31, 2021	December 31, 2020	March 31, 2020	
the Company	Jin Huang Construction Co., Ltd. (Jin Huang)	Architecture and civil engineering	98.20 %	98.20 %	98.20 %	(Note)
the Company	Yuji Development Corp. (Yuji)	Funeral services	54.42 %	54.42 %	54.42 %	
the Company	Dahan Property Management Co., Ltd. (Dahan)	Lease and development of residential and commercial buildings	80.00 %	80.00 %	80.00 %	(Note)
the Company	Sea Dragon Traders Ltd. (BVI) (Sea Dragon)	Investment business	100.00 %	100.00 %	100.00 %	(Note)

(Continued)

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

<u>Investor</u>	<u>Subsidiary</u>	<u>Principal activity</u>	<u>Shareholding</u>			<u>Description</u>
			<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>	
Yuji Development	Lung Fu Company Limited (Lung Fu )	Funeral services	100.00 %	100.00 %	100.00 %	(Note)

Note: The company is a non-significant subsidiary, its financial statements have not been reviewed.

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

(iii) Changes in the number of subsidiaries: None

(c) Income taxes

The income tax expenses have been prepared and disclosed in accordance with paragraph B12 of International Financial Reporting Standard 34, Interim Report.

Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management. This should be recognized fully as tax expense for the current period.

Temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and their respective tax bases shall be measured based on the tax rates that have been enacted or substantively enacted at the time of the asset or liability is recovered or settled, and be recognized directly in equity or other comprehensive income as tax expense.

(d) Employee benefits

The pension cost in the interim period was calculated and disclosed on a year-to-date basis by using that actuarially determined pension cost rate at the end of the prior fiscal year.

**(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 IFRSs (in accordance with IAS 34 “Interim Financial Reporting” and 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 estimations.

Except for the following, the preparation of the consolidated interim financial statements, estimates and underlying assumptions are reviewed on an ongoing basis which are in conformity with the consolidated financial statements for the year ended December 31, 2020. For the related information, please refer to note 5 of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

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

**(6) Explanation of significant accounts:**

Except for the following disclosures, there is no significant difference as compared with those disclosed in the consolidated financial statements for the year ended December 31, 2020. Please refer to note 6 of the 2020 annual consolidated financial statements.

(a) Cash and cash equivalents

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Cash and cash on hand	\$ 2,884	2,045	2,500
Demand and foreign currency deposits	147,367	86,666	802,338
Checking account deposits	<u>10</u>	<u>23</u>	<u>20</u>
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 150,261</u>	<u>88,734</u>	<u>804,858</u>

Please refer to note 6(x) for the currency risk and sensitivity analysis of the financial assets and liabilities of the Consolidated Company.

(b) Financial assets

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Financial assets mandatorily measured at fair value through profit or loss:			
Domestic and foreign ordinary shares	\$ -	-	84,122
Bond investments	51,726	55,577	-
Beneficiary certificate	<u>4,951,121</u>	<u>5,215,386</u>	<u>7,454,410</u>
Total	<u>\$ 5,002,847</u>	<u>5,270,963</u>	<u>7,538,532</u>

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

(Continued)

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

(ii) Non-current financial assets at fair value through other comprehensive income:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Investment in debt instrument at fair value through other comprehensive income:			
Bond investments	\$ 1,467,097	1,420,853	1,649,979
Equity investments at fair value through other comprehensive income:			
Domestic and foreign ordinary shares	6,801,477	5,339,446	3,729,519
Beneficiary certificate	<u>476,904</u>	<u>461,556</u>	<u>414,942</u>
Total	<u>\$ 8,745,478</u>	<u>7,221,855</u>	<u>5,794,440</u>

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%、1.30%~ 4.50% and 1.30%~ 4.85% as of March 31, 2021, December 31, 2020 and March 31, 2020. The maturity years are 2021 to 2030, 2021 to 2030, and 2020 to 2029, respectively.

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.

For the three months ended March 31, 2021 and 2020, the Group made disposal of a portion of equity instruments at FVOCI with fair values at NT\$ 1,823 thousand and NT\$ 340,084 thousand and accumulated disposal losses of NT\$ 104 thousand and NT\$ 130,135 thousand, which have been transferred from other equity interest 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).

(Continued)

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

(iii) Non-current financial assets at amortized cost

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Bond investments	<u>\$ 1,226,780</u>	<u>1,228,727</u>	<u>1,385,790</u>

- 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 1.00~3.00%, 0.625%~3.00%, and 0.63%~3.00%, respectively, as of March 31, 2021, December 31, 2020 and March 31, 2020. The maturity years are from 2023 to 2028, 2023 to 2028, and 2020 to 2028, respectively.
- (iv) For details on the Group's trust financial assets as of March 31, 2021, December 31, 2020 and March 31, 2020, please refer to Note 9(c).
- (v) For details on the Company's financial assets pledged as collateral as of March 31, 2021, December 31, 2020 and March 31, 2020, 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:

<b>Securities price on the reporting date</b>	<b>For the three months ended March 31</b>			
	<b>2021</b>		<b>2020</b>	
	<b>Other comprehensive income, net of tax</b>	<b>Post-tax profit or loss</b>	<b>Other comprehensive income, net of tax</b>	<b>Post-tax profit or loss</b>
10% increase	<u>\$ 629,707</u>	<u>-</u>	<u>348,664</u>	<u>6,881</u>
10% decrease	<u>\$ (629,707)</u>	<u>-</u>	<u>(348,664)</u>	<u>(6,881)</u>

(c) Notes and accounts receivable

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Notes receivable – from operation	\$ 3,904	4,198	2,467
Accounts receivable – measured at amortized cost	10,216,493	10,151,206	9,597,893
Less: loss allowance	(89,308)	(89,308)	(76,870)
Unrealized interest income	(739,091)	(738,442)	(737,478)
	<u>\$ 9,391,998</u>	<u>9,327,654</u>	<u>8,786,012</u>

(Continued)

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

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:

	<b>March 31, 2021</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Current (Note)	\$ 10,128,736	0.00%~0.15%	2,150
31 to 90 days past due	10,590	48.45%~83.18%	6,643
91 to 180 days past due	7,745	91.95%~96.88%	7,358
181 to 270 days past due	7,085	96.39%~98.41%	6,916
More than 270 days past due	<u>66,241</u>	100%	<u>66,241</u>
Total	<u>\$ 10,220,397</u>		<u>89,308</u>
	<b>December 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
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	<u>68,303</u>	100%	<u>68,303</u>
Total	<u>\$ 10,155,404</u>		<u>89,308</u>
	<b>March 31, 2020</b>		
	<b>Gross carrying amount</b>	<b>Weighted-average loss rate</b>	<b>Allowance for lifetime expected credit losses</b>
Current (Note)	\$ 9,518,336	0.00%~0.58%	5,468
31 to 90 days past due	14,624	72.58%	10,614
91 to 180 days past due	5,946	93.89%	5,583
181 to 270 days past due	4,112	96.15%	3,954
More than 270 days past due	<u>57,342</u>	100%	<u>57,342</u>
Total	<u>\$ 9,600,360</u>		<u>82,961</u>

(Continued)



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

Note: As of March 31, 2021, December 31, 2020 and March 31, 2020, the accounts receivable including accounts receivable not overdue amounted to NT\$ 8,030,432 thousand, NT\$ 7,964,249 thousand, and NT\$ 7,640,556 thousand, respectively.

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

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Beginning balance	\$ <b>89,308</b>	<b>76,870</b>
Ending balance	\$ <b>89,308</b>	<b>76,870</b>

(d) Inventories

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Residential and building for sale	\$ 9,507	30,426	58,011
Columbarium and cemetery for sale	3,457,129	3,431,236	3,514,838
Land held for construction site	4,607,131	4,606,498	4,602,343
Construction in progress	89,012	84,066	34,189
Columbarium and cemetery under construction	7,960,656	7,892,389	7,585,637
	\$ <b>16,123,435</b>	<b>16,044,615</b>	<b>15,795,018</b>
Expected to be collected after more than 12 months	\$ <b>16,101,493</b>	<b>16,015,673</b>	<b>15,771,721</b>

- (i) For the three months ended March 31, 2021 and 2020, 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 March 31, 2021, December 31, 2020 and March 31, 2020 by the Group, please refer to Note 8.

(Continued)

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

(e) Non-current Assets Held for Sale

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Land held for sale	\$ 7,089	77,348	-
Houses and buildings held for sale	2,069	27,891	-
	<u>\$ 9,158</u>	<u>105,239</u>	<u>-</u>

- (i) As March 31, 2021 and December 31, 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 asset held for sale at 2nd Sec., Neihu, Taipei on December 15, 2020, and the ownership was transferred in March 2020. The gain on disposal of NT\$ 19,650 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:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Associates	\$ 705,518	666,315	185,106
Joint ventures	812,290	826,118	742,050
	<u>\$ 1,517,808</u>	<u>1,492,433</u>	<u>927,156</u>

(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) 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.

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
The carrying amount of the equity interests in all individually insignificant joint ventures	<u>\$ 705,518</u>	<u>666,315</u>	<u>185,106</u>

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Attributable to the Group:		
Profit from continuing operation	\$ 39,664	1,266
Other comprehensive income	(598)	(1,331)
Total comprehensive income	<u>\$ 39,066</u>	<u>(65)</u>

(Continued)

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

(iii) 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.

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Percentage of ownership interest	<u>50%</u>	<u>50%</u>	<u>50%</u>
Non-current assets	\$ 1,639,143	1,579,685	1,490,267
Current assets	1,580	87,222	6,150
Current liabilities	<u>(16,143)</u>	<u>(14,671)</u>	<u>(12,316)</u>
Net assets	<u>\$ 1,624,580</u>	<u>1,652,236</u>	<u>1,484,101</u>
Cash and cash equivalents	<u>\$ 1,580</u>	<u>87,222</u>	<u>6,150</u>
The Group's share of net assets	<u>\$ 812,290</u>	<u>826,118</u>	<u>742,050</u>
	<b>For the three months ended</b>		
	<b>March 31</b>		
	<u>2021</u>	<u>2020</u>	
Operating revenue	<u>\$ -</u>	<u>-</u>	
Net loss for the current period	<u>\$ -</u>	<u>-</u>	
Loss from continuing operations for the year	(16,555)	(21,728)	
Other comprehensive income	<u>(12,286)</u>	<u>(24,586)</u>	
Total comprehensive income	<u>\$ (28,841)</u>	<u>(46,314)</u>	
The Group's share of profit (Note)	<u>\$ (8,277)</u>	<u>(10,864)</u>	
The Group's share of other comprehensive income	<u>\$ (6,143)</u>	<u>(12,293)</u>	

Note: March 31, 2021: Exchange rate at end of period: 28.531

For the three months ended March 31, 2021, USD: Average exchange rate: 28.385

- (iv) As of March 31, 2021, December 31, 2020 and March 31, 2020, none of the investments accounted for using the equity method had been pledged as collateral.
- (v) The unreviewed financial statements of investments accounted for using equity method

Investments were accounted for by using the equity method, and the share of profit or loss and other comprehensive income of those investments were calculated based on the financial statements that have not been reviewed.

(Continued)

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

(g) Subsidiaries with material non controlling interests

The material non-controlling interests of subsidiaries were as follows:

<u>Name of Subsidiary</u>	<u>Main operation place Company registered country</u>	<u>Proportion of shareholding and voting rights held by NCIs</u>		
		<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Yuji	Taiwan	45.58 %	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:

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Current assets	\$ 3,503,716	3,415,243	3,230,710
Non-current assets	1,016,186	971,164	899,352
Current liabilities	(807,008)	(759,206)	(754,690)
Equity interests	<u>\$ 3,712,894</u>	<u>3,627,201</u>	<u>3,375,372</u>
Non controlling interests	<u>\$ 1,672,389</u>	<u>1,633,330</u>	<u>1,518,746</u>
		<b>For the three months ended March 31</b>	
		<u>2021</u>	<u>2020</u>
Operating revenue		\$ 110,714	113,520
Profit for the three months ended March 31, 2021		\$ 78,488	56,283
Other comprehensive income		7,205	(10,401)
Total comprehensive income		<u>\$ 85,693</u>	<u>45,882</u>
Profits attributable to NCIs for the period		<u>\$ 35,774</u>	<u>25,654</u>
Comprehensive income, attributable to non-controlling interests		<u>\$ 39,059</u>	<u>20,913</u>
		<b>For the three months ended March 31</b>	
		<u>2021</u>	<u>2020</u>
Cash from (used in) operating activities		\$ 10,511	18,003
Cash from (used in) investing activities		(23,561)	14,610
Cash from (used in) financing activities		-	(27,000)
Increase in cash and cash equivalents		<u>\$ (13,050)</u>	<u>5,613</u>

(Continued)

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

(h) Property, plant and equipment

The cost, depreciation, and impairment of the property, plant and equipment of the Group were detailed as follows:

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Lease improvements</u>	<u>Other equipment</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>
Cost or deemed cost:								
Balance on January 1, 2021	\$ 3,075,275	2,727,906	127,137	53,406	4,100	210,669	833,342	7,031,835
Additions	122	555	-	-	-	7,453	203,480	211,610
Disposals	-	-	-	(51)	-	(581)	-	(632)
Transferred from (to) unfinished construction	-	10,420	-	-	-	6,306	(16,726)	-
Transferred to intangible assets	-	-	-	-	-	-	(5,440)	(5,440)
Balance on March 31, 2021	<u>\$ 3,075,397</u>	<u>2,738,881</u>	<u>127,137</u>	<u>53,355</u>	<u>4,100</u>	<u>223,847</u>	<u>1,014,656</u>	<u>7,237,373</u>
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	-	297	2,215	-	-	188	103,282	105,982
Disposals	-	(109)	(420)	(70)	-	(425)	-	(1,024)
Transferred from (to) unfinished construction	-	1,600	-	-	-	-	(1,600)	-
Balance on March 31, 2020	<u>\$ 2,415,999</u>	<u>2,869,984</u>	<u>109,669</u>	<u>53,745</u>	<u>4,100</u>	<u>197,391</u>	<u>1,334,764</u>	<u>6,985,652</u>
Depreciation and impairment losses:								
Balance on January 1, 2021	\$ -	647,788	62,312	52,161	3,653	108,513	-	874,427
Depreciation for the year	-	17,279	3,790	100	45	5,958	-	27,172
Disposals	-	-	-	(51)	-	(571)	-	(622)
Balance on March 31, 2021	<u>\$ -</u>	<u>665,067</u>	<u>66,102</u>	<u>52,210</u>	<u>3,698</u>	<u>113,900</u>	<u>-</u>	<u>900,977</u>
Balance on January 1, 2020	\$ -	598,624	59,192	52,307	3,473	88,940	-	802,536
Depreciation for the year	-	18,031	2,653	121	45	5,261	-	26,111
Disposals	-	-	(373)	(70)	-	(312)	-	(755)
Balance on March 31, 2020	<u>\$ -</u>	<u>616,655</u>	<u>61,472</u>	<u>52,358</u>	<u>3,518</u>	<u>93,889</u>	<u>-</u>	<u>827,892</u>
Carrying amount:								
Balance on January 1, 2021	<u>\$ 3,075,275</u>	<u>2,080,118</u>	<u>64,825</u>	<u>1,245</u>	<u>447</u>	<u>102,156</u>	<u>833,342</u>	<u>6,157,408</u>
Balance on March 31, 2021	<u>\$ 3,075,397</u>	<u>2,073,814</u>	<u>61,035</u>	<u>1,145</u>	<u>402</u>	<u>109,947</u>	<u>1,014,656</u>	<u>6,336,396</u>
Balance on January 1, 2020	<u>\$ 2,415,999</u>	<u>2,269,572</u>	<u>48,682</u>	<u>1,508</u>	<u>627</u>	<u>108,688</u>	<u>1,233,082</u>	<u>6,078,158</u>
Balance on March 31, 2020	<u>\$ 2,415,999</u>	<u>2,253,329</u>	<u>48,197</u>	<u>1,387</u>	<u>582</u>	<u>103,502</u>	<u>1,334,764</u>	<u>6,157,760</u>

- (i) The Group (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.

(Continued)

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

- (ii) For details of assets pledged as collateral for line of credit as of March 31, 2021, December 31, 2020 and March 31, 2020, please refer to Note 8.
- (iii) For the portion of the trust property, plant, and equipment as of March 31, 2021, December 31, 2020 and March 31, 2020, 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:

	<u>Land</u>	<u>Buildings</u>	<u>Transportation equipment</u>	<u>Total</u>
Cost:				
Balance on January 1, 2021	\$ <u>574</u>	<u>29,894</u>	<u>21,323</u>	<u>51,791</u>
Additions	-	-	301	301
Balance on March 31, 2021	\$ <u>574</u>	<u>29,894</u>	<u>21,624</u>	<u>52,092</u>
Balance on January 1, 2020	\$ <u>574</u>	<u>29,894</u>	<u>21,323</u>	<u>51,791</u>
Balance on March 31, 2020	\$ <u>574</u>	<u>29,894</u>	<u>21,323</u>	<u>51,791</u>
Accumulated depreciation and impairment losses:				
Balance on January 1, 2021	\$ 472	18,127	8,372	26,971
Depreciation for the year	59	2,269	1,046	3,374
Balance on March 31, 2021	\$ <u>531</u>	<u>20,396</u>	<u>9,418</u>	<u>30,345</u>
Balance on January 1, 2020	\$ 236	9,051	4,186	13,473
Depreciation for the year	59	2,269	1,046	3,374
Balance on March 31, 2020	\$ <u>295</u>	<u>11,320</u>	<u>5,232</u>	<u>16,847</u>
Carrying amount:				
Balance on January 1, 2021	\$ <u>102</u>	<u>11,767</u>	<u>12,951</u>	<u>24,820</u>
Balance on March 31, 2021	\$ <u>43</u>	<u>9,498</u>	<u>12,206</u>	<u>21,747</u>
Balance on January 1, 2020	\$ <u>338</u>	<u>20,843</u>	<u>17,137</u>	<u>38,318</u>
Balance on March 31, 2020	\$ <u>279</u>	<u>18,574</u>	<u>16,091</u>	<u>34,944</u>

(Continued)

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

(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:

	<u>Land and improvements</u>	<u>Buildings and improvements</u>	<u>Total</u>
Cost:			
Balance on January 1, 2021	\$ 3,373,742	1,110,579	4,484,321
Reclassified to assets classified as held for sale	(7,089)	(4,475)	(11,564)
Balance on March 31, 2021	<u>\$ 3,366,653</u>	<u>1,106,104</u>	<u>4,472,757</u>
Balance on January 1, 2020	\$ 3,252,380	1,017,440	4,269,820
Additions	-	5,561	5,561
Balance on March 31, 2020	<u>\$ 3,252,380</u>	<u>1,023,001</u>	<u>4,275,381</u>
Depreciation and impairment losses:			
Balance on January 1, 2021	\$ 19,910	411,939	431,849
Depreciation for the year	-	6,792	6,792
Reclassified to assets classified as held for sale	-	(2,406)	(2,406)
Balance on March 31, 2021	<u>\$ 19,910</u>	<u>416,325</u>	<u>436,235</u>
Balance on January 1, 2020	\$ 19,910	385,377	405,287
Depreciation for the year	-	6,409	6,409
Balance on March 31, 2020	<u>\$ 19,910</u>	<u>391,786</u>	<u>411,696</u>
Carrying amount:			
Balance on January 1, 2021	<u>\$ 3,353,832</u>	<u>698,640</u>	<u>4,052,472</u>
Balance on March 31, 2021	<u>\$ 3,346,743</u>	<u>689,779</u>	<u>4,036,522</u>
Balance on January 1, 2020	<u>\$ 3,232,470</u>	<u>632,063</u>	<u>3,864,533</u>
Balance on March 31, 2020	<u>\$ 3,232,470</u>	<u>631,215</u>	<u>3,863,685</u>

- (i) Investment property comprises a number of commercial properties that are leased to third parties. Please refer to Note 6(o).
- (ii) The fair value of the Group's investment property were not materially different from those disclosed in note 6(j) of the consolidated financial statements for the year ended December 31, 2020.
- (iii) As of March 31, 2021 and December 31, 2020, 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.
- (iv) For details on trust property, plant, and equipment as of March 31, 2021, December 31, 2020 and March 31, 2020, please refer to Note 9(c).

(Continued)

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

(v) For inventory pledged as collateral for line of credit as of March 31, 2021, December 31, 2020 and March 31, 2020, please refer to Note 8.

(k) Intangible assets

The costs, amortization, and impairment loss of intangible assets of the Group were as follows:

	<u>Goodwill</u>	<u>Trademarks</u>	<u>Computer software</u>	<u>Development royalties</u>	<u>Total</u>
Cost:					
Balance on January 1, 2021	\$ 542,428	192,750	145,388	5,560	886,126
Additions	-	-	3,328	-	3,328
Transferred from property, plant and equipment	-	-	5,440	-	5,440
Balance on March 31, 2021	<u>\$ 542,428</u>	<u>192,750</u>	<u>154,156</u>	<u>5,560</u>	<u>894,894</u>
Balance on January 1, 2020	\$ 542,428	192,750	140,482	5,560	881,220
Additions	-	-	1,560	-	1,560
Reclassification	-	-	85	-	85
Balance on March 31, 2020	<u>\$ 542,428</u>	<u>192,750</u>	<u>142,127</u>	<u>5,560</u>	<u>882,865</u>
Amortization and impairment losses:					
Balance on January 1, 2021	\$ -	-	138,005	-	138,005
Amortization for the year	-	-	3,408	-	3,408
Balance on March 31, 2021	<u>\$ -</u>	<u>-</u>	<u>141,413</u>	<u>-</u>	<u>141,413</u>
Balance on January 1, 2020	\$ -	-	125,283	-	125,283
Amortization for the year	-	-	3,531	-	3,531
Reclassification	-	-	85	-	85
Balance on March 31, 2020	<u>\$ -</u>	<u>-</u>	<u>128,899</u>	<u>-</u>	<u>128,899</u>
Carrying amount:					
Balance on January 1, 2021	<u>\$ 542,428</u>	<u>192,750</u>	<u>7,383</u>	<u>5,560</u>	<u>748,121</u>
Balance on March 31, 2021	<u>\$ 542,428</u>	<u>192,750</u>	<u>12,743</u>	<u>5,560</u>	<u>753,481</u>
Balance on January 1, 2020	<u>\$ 542,428</u>	<u>192,750</u>	<u>15,199</u>	<u>5,560</u>	<u>755,937</u>
Balance on March 31, 2020	<u>\$ 542,428</u>	<u>192,750</u>	<u>13,228</u>	<u>5,560</u>	<u>753,966</u>

(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.

(Continued)



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

(l) Other current financial assets

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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Time deposit more than three months	\$ 86,601	88,177	690,000
Time deposit–trust account	-	427,620	300,000
Demand deposits–trust account	237,603	122,893	708,503
Demand deposits–management fee account	891,770	891,738	893,913
Other receivables	34,831	38,077	1,992
Other notes receivable	67,011	67,416	68,631
Interest receivable on bonds	19,604	19,176	23,604
Restricted assets	10,367	12,312	8,708
Others	23,237	6,819	24,120
<b>Total</b>	<b>\$ 1,371,024</b>	<b>1,674,228</b>	<b>2,719,471</b>

(m) Short-term borrowings

The details of short-term borrowings were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Unsecured bank loans	\$ -	-	<b>130,500</b>
Unused short-term credit lines	<b>4,338,000</b>	<b>3,998,000</b>	<b>3,967,500</b>
Range of interest rates	-	-	<b>1.10%</b>

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

(ii) Issuance and redemption of short-term loans

The Group borrowed NT\$ 1,391,040 thousand with an annual interest rate of 1.10% and repaid NT\$ 2,633 thousand for the three months ended March 31, 2020.

(iii) 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:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Unsecured convertible corporate bonds	\$ -	-	3,253,085
Less: current portion	-	-	(3,253,085)
	<b>\$ -</b>	<b>-</b>	<b>-</b>

(Continued)

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

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:

<u>Item</u>	<u>Content</u>
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
Conversion period	Holder 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:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Less than one year	\$ 169,152	171,655	128,123
Between one and five years	627,892	632,099	621,569
More than five years	<u>1,263,711</u>	<u>1,263,711</u>	<u>1,390,552</u>
	<u>\$ 2,060,755</u>	<u>2,067,465</u>	<u>2,140,244</u>

(Continued)

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

For the three months ended March 31, 2021 and 2020, the rent income generated from real estate amounted to NT\$ 41,129 thousand and NT\$ 42,053 thousand, respectively. Expenses of tax and depreciation arising from investment property (presented within “operating costs”) were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Income generating property	\$ 14,280	14,428
Vacant property	-	-
	<b>\$ 14,280</b>	<b>14,428</b>

(p) Employee benefits

(i) Defined benefit plans

Management believes that there was no material volatility of the market, no material reimbursement and settlement or other material one time events since prior fiscal year. As a result, the pension cost in the accompanying interim period was measured and disclosed according to the actuarial report as of December 31, 2020 and 2019.

The expenses recognized in profit or loss for the Group were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Administrative expenses	\$ 19	11,825

(ii) Defined contribution plans

The Group’s expenses under the pension plan cost to the Bureau of Labor Insurance for the three months ended March 31, 2021 and 2020 were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Operating costs	\$ 2,131	2,150
Administrative expenses	5,529	2,889
	<b>\$ 7,660</b>	<b>5,039</b>

(q) Income taxes

(i) Income tax expenses for the period are best estimated by multiplying pre-tax income for the interim reporting period by the effective annual tax rate as forecasted by the management.

(Continued)

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

(ii) Income tax expense

The details of income tax expense were as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Current income tax expense:		
Current period	\$ 30,815	34,223
Land value increment tax	5,040	760
	35,855	34,983
Deferred tax expense (income)		
Income tax expense	<b>\$ 35,855</b>	<b>34,983</b>

- (iii) 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, except Lung Fu's income tax returns as of 2019, have been approved by the R.O.C. tax authorities.

(r) Capital and other equity interests

Except as described in the following paragraph, there were no significant changes in the Group's capital and other equity interest for the three months ended March 31, 2021 and 2020. For related information about the shareholders' equity, please refer to note 6(r) of the consolidated financial statements for the year ended December 31, 2020.

As of March 31, 2021, December 31, 2020 and March 31, 2020, 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 March 31, 2021 and 2020, 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.

(Continued)

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

(ii) Capital surplus

The components of capital surplus were as follows:

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Share capital	\$ 2,486,172	2,486,172	2,486,172
Difference arising from subsidiary's share price and its carrying value	20,972	20,972	20,972
Changes in ownership interests in subsidiaries	2,849	2,849	2,849
Share option –convertible bonds issued	-		9,961
Lapsed stock options	<u>9,961</u>	<u>9,961</u>	<u>-</u>
Total	<u>\$ 2,519,954</u>	<u>2,519,954</u>	<u>2,519,954</u>

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, it may, pursuant to a resolution by a shareholders' meeting, distribute its legal reserve by issuing new shares or by distributing cash, and only the portion of legal reserve which exceeds 25% of capital may be distributed.

(Continued)

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

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. The subsequent reversals of the contra accounts in shareholders' equity shall qualify for additional distributions.

3) Earnings distribution

On May 11, 2021 and May 29, 2020, the appropriation of the earnings for 2020 and 2019 was resolved in the general meeting of shareholders. The amounts of dividends distributed to owners were as follows:

	For the years ended December 31,			
	2020		2019	
	Amount per share	Amount	Amount per share	Amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 1.20	<u>504,101</u>	3.00	<u>1,260,253</u>

(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, 2021	\$ (51,807)	350,432	298,625
Exchange differences on translation of net assets of foreign operations	288	-	288
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	-	449,581	449,581
Share of exchange differences on associates under equity method	(6,281)	-	(6,281)
Disposal of equity investments at fair value through other comprehensive income	-	104	104
Balance on March 31, 2021	<u>\$ (57,800)</u>	<u>800,117</u>	<u>742,317</u>

(Continued)

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

	<b>Exchange differences on translation of foreign financial statements</b>	<b>Investment at fair value through other comprehensive income</b>	<b>Total</b>
Balance on January 1, 2020	\$ (54,543)	(102,153)	(156,696)
Exchange differences on translation of net assets of foreign operations	3,510	-	3,510
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	-	(641,044)	(641,044)
Disposal of investments in debt instruments at fair value through other comprehensive income reclassified to profit or loss	-	(19,591)	(19,591)
Share of exchange differences on associates under equity method	(12,293)	-	(12,293)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	130,135	130,135
Balance on March 31, 2020	<u>\$ (63,326)</u>	<u>(632,653)</u>	<u>(695,979)</u>

## (v) Non-controlling interests

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Beginning balance	\$ 1,633,314	1,497,890
Share attributable to NCIs		
Profit attributable to non-controlling interests	35,772	25,646
Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	3,285	(4,741)
Ending balance	<u>\$ 1,672,371</u>	<u>1,518,795</u>

## (s) Earnings per share

For the three months ended March 31, 2021 and 2020, the Group's basic and diluted earnings per share were calculated as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
<b>Basic earnings per share</b>		
Profit attributable to ordinary equity holders of the Group	<u>\$ 405,615</u>	<u>280,532</u>
Weighted-average number of ordinary shares outstanding	<u>420,084</u>	<u>420,084</u>
	<u>\$ 0.97</u>	<u>0.67</u>

(Continued)

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

	<b>2021</b>	<b>2020</b>
<b>Diluted earnings per share</b>		
Profit attributable to the Group	\$ 405,615	280,532
Effect of dilutive potential ordinary shares		
Convertible bonds	-	8,053
Profit attributable to ordinary equity holders of the Group (after adjusting the effect of dilutive potential ordinary share)	<b>\$ 405,615</b>	<b>288,585</b>
Weighted-average number of ordinary shares outstanding	420,084	420,084
Effect of dilutive potential ordinary shares		
Effect of employee stock bonus	389	315
Effect of the conversion of convertible bonds	-	55,097
Weighted-average number of ordinary shares outstanding (after adjusting the effect of dilutive potential ordinary share)	<b>420,473</b>	<b>475,496</b>
	<b>\$ 0.96</b>	<b>0.61</b>

(t) Revenue from contracts with customer

(i) Disaggregation of revenue

	<b>For the three months ended March 31, 2021</b>					
	<b>Sale of columbarium and cemetery products</b>	<b>Funeral services</b>	<b>Property lease</b>	<b>Cemetery operation and others</b>	<b>Construction revenue (Note)</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$ 350,037	456,091	41,129	93,852	59,272	1,000,381
Timing of revenue recognition:						
Products or services transferred at a point in time	\$ 350,037	456,091	41,129	93,852	59,272	1,000,381

Note: Net gain on disposal of investment property of NT\$ 19,650 thousand calculated as the proceeds of NT\$ 124,752 thousand less related costs and expenses of NT\$ 105,102 thousand, and the proceeds from selling real estate held for sale of NT\$ 39,622 thousand.

	<b>For the three months ended March 31, 2020</b>					
	<b>Sale of columbarium and cemetery products</b>	<b>Funeral services</b>	<b>Property lease</b>	<b>Cemetery operation and others</b>	<b>Construction revenue (Note)</b>	<b>Total</b>
Primary geographical markets:						
Taiwan	\$ 262,300	442,867	42,053	65,473	56,116	868,809
Timing of revenue recognition						
Products or services transferred at a point in time	\$ 262,300	442,867	42,053	65,473	56,116	868,809

(Continued)



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

(ii) Contract balances

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Accounts and notes receivable	\$ 10,220,397	10,155,404	9,600,360
Less: loss allowance	(89,308)	(89,308)	(76,870)
Unrealized interest income	<u>(739,091)</u>	<u>(738,442)</u>	<u>(737,478)</u>
Total	<u>\$ 9,391,998</u>	<u>9,327,654</u>	<u>8,786,012</u>
Contract liabilities—presale of columbariums and cemetery products, and funeral service contracts	<u>\$ 40,770,984</u>	<u>40,516,645</u>	<u>39,205,925</u>
Contract liabilities—advance real estate receipts	<u>\$ 3,338</u>	<u>12,477</u>	<u>-</u>

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

For 2021 and 2021, the opening balance of contract liabilities recognized as revenue amounted to NT\$ 611,034 thousand and NT\$ 549,046 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 eligible for revenue recognition, 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.

(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 should be reserved 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\$ 4,215 thousand and NT\$ 3,183 thousand for the three months ended March 31, 2021 and 2020, respectively; the Company also estimated its compensation to directors at NT\$ 8,430 thousand and NT\$ 6,367 thousand for the three march 31, 2021 and 2020, 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.

(Continued)

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

There is no difference between the amount of compensation to employee and directors recognized in the financial statements for 2020 and 2019 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:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest income	\$ 39,458	41,566
Selling expenses	(8,110)	(8,628)
Management fee income	34,867	34,431
Management fee expense	(34,867)	(34,431)
	<b><u>\$ 31,348</u></b>	<b><u>32,938</u></b>

(w) Non-operating income and expense

(i) Interest income

Interest income of the Group is detailed as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest income from bank deposits	\$ 376	1,503
Interest income from financial assets measured at amortized cost	4,846	5,727
Interest income from financial assets at fair value through other comprehensive income	8,904	16,738
Other interest income	2,275	2,591
	<b><u>\$ 16,401</u></b>	<b><u>26,559</u></b>

(ii) Other income

Other income of the Group is detailed as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Dividend income	\$ 6,003	9,930
Service fee income	2,165	2,622
Income from fines and penalties	9,631	18,105
Other income	6,904	12,321
	<b><u>\$ 24,703</u></b>	<b><u>42,978</u></b>

(Continued)

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

(iii) Other gains and losses

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

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Foreign exchange loss)	\$ (1,357)	(22,157)
Net profit (loss) on disposal of financial assets at fair value through other comprehensive income	-	19,591
Net profit(loss) from financial assets or liabilities at fair value through profit or loss	29,034	2,400
Proceeds from disposal of property, plant and equipment	(10)	69
Other expenses	(1,933)	(277)
	<b>\$ 25,734</b>	<b>(374)</b>

(iv) Finance costs

Finance costs of the Group are detailed as follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
Interest expense	\$ (2,851)	(3,507)
Discount amortization of corporate bonds	-	(10,066)
	<b>\$ (2,851)</b>	<b>(13,573)</b>

(x) Financial instruments

Except as described in the following paragraph, there were no significant changes in the Group's fair value of financial instruments exposed to credit risk and market risk. For related information about the fair value of financial instruments, please refer to note 6(x) of the consolidated financial statements for the year ended December 31, 2020.

(Continued)

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

(i) Categories of financial instruments

1) Financial assets

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Financial assets at fair value through profit or loss	\$ 5,002,847	5,270,963	7,538,532
Financial assets at fair value through other comprehensive income	8,745,478	7,221,855	5,794,440
Financial assets at amortized cost			
Cash and cash equivalents	150,261	88,734	804,858
Financial assets at amortized cost	1,226,780	1,228,727	1,385,790
Notes and accounts receivable	9,391,998	9,327,654	8,786,012
Other financial assets (including current and non-current)	<u>1,637,562</u>	<u>1,952,355</u>	<u>3,055,878</u>
Subtotal	<u>12,406,601</u>	<u>12,597,470</u>	<u>14,032,538</u>
Total	<u><u>\$ 26,154,926</u></u>	<u><u>25,090,288</u></u>	<u><u>27,365,510</u></u>

2) Financial liabilities

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Financial liabilities at amortized cost:			
Short-term borrowings	\$ -	-	130,500
Notes and accounts payable and other payables	1,576,920	1,489,934	1,448,851
Corporate bonds payable (including current portion)	-	-	3,253,085
Lease liabilities	21,747	24,820	34,944
Guarantee deposits	<u>44,387</u>	<u>44,584</u>	<u>44,569</u>
Total	<u><u>\$ 1,643,054</u></u>	<u><u>1,559,338</u></u>	<u><u>4,911,949</u></u>

(Continued)

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

(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.

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:

	<b>Other receivables</b>
Balance on January 1, 2021	\$ 22,745
Impairment losses recognized	-
Balance on March 31, 2021	<u>\$ 22,745</u>
Balance on January 1, 2020	\$ 22,745
Impairment losses recognized	-
Balance on March 31, 2020	<u>\$ 22,745</u>

(Continued)

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

(iii) Liquidity risk

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

	<u>Carrying value</u>	<u>Contractua l cash flows</u>	<u>6 months 1 year</u>	<u>6-12 months</u>	<u>1-2 years</u>	<u>2-5 years</u>	<u>Over 5years</u>
<b>March 31, 2021</b>							
Non-derivative financial liabilities							
Lease liabilities	\$ 21,747	21,747	6,831	6,831	8,085	-	-
Non-interest-bearing liabilities	<u>1,621,307</u>	<u>1,621,307</u>	<u>1,621,307</u>	-	-	-	-
	<u>\$ 1,643,054</u>	<u>1,643,054</u>	<u>1,628,138</u>	<u>6,831</u>	<u>8,085</u>	-	-
<b>December 31, 2020</b>							
Non-derivative financial liabilities							
Lease liabilities	\$ 24,820	24,820	6,749	6,749	11,322	-	-
Non-interest bearing liabilities	<u>1,534,518</u>	<u>1,534,518</u>	<u>1,534,518</u>	-	-	-	-
	<u>\$ 1,559,338</u>	<u>1,559,338</u>	<u>1,541,267</u>	<u>6,749</u>	<u>11,322</u>	-	-
<b>March 31, 2020</b>							
Non-derivative financial liabilities							
Floating rate instruments	\$ 130,500	130,500	130,500	-	-	-	-
Fixed-rate instrument	3,253,085	3,253,085	3,253,085	-	-	-	-
Lease liabilities	34,944	34,944	6,749	6,749	13,498	7,948	-
Non-interest-bearing liabilities	<u>1,493,420</u>	<u>1,493,420</u>	<u>1,493,420</u>	-	-	-	-
	<u>\$ 4,911,949</u>	<u>4,911,949</u>	<u>4,883,754</u>	<u>6,749</u>	<u>13,498</u>	<u>7,948</u>	-

The Group is not expecting that the cash flows included in the maturity analysis could 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:

	<u>March 31, 2021</u>			<u>December 31, 2020</u>			<u>March 31, 2020</u>		
	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>	<u>Foreign currency</u>	<u>Exchange rate</u>	<u>TWD</u>
<u>Financial assets</u>									
<u>Monetary items</u>									
CNY/TWD	\$ 11,611	4.343	50,428	15,688	4.320	67,776	18,886	4.265	80,548
CNY/USD	1,668	0.152	7,245	-	-	-	250	0.141	1,067
USD/TWD	39,954	28.531	1,139,915	48,775	28.508	1,390,481	40,505	30.254	1,225,440
JPY/TWD	18,455	0.257	4,743	18,545	0.272	5,043	100,650	0.281	28,283
HKD/TWD	1,919	3.661	7,025	1,919	3.650	7,004	33,578	3.903	131,055
SGD/TWD	12,206	21.158	258,245	12,143	21.264	258,205	11,498	21.275	244,627
AUD/TWD	18	21.664	388	18	21.772	390	4,122	18.556	76,488

(Continued)

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

	March 31, 2021			December 31, 2020			March 31, 2020		
	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD	Foreign currency	Exchange rate	TWD
<u>Financial assets</u>									
<u>Non-monetary items</u>									
JPY/TWD	128,320	0.257	32,978	114,400	0.272	31,105	127,360	0.281	35,788
USD/TWD	93,512	28.531	2,667,983	74,825	28.508	2,133,111	30,703	30.254	928,894
HKD/TWD	36,592	3.661	133,963	35,043	3.650	127,904	151,952	3.903	593,068
SGD/TWD	-	21.158	-	-	21.264	-	1,588	21.275	33,774
EUR/TWD	1,692	33.462	56,604	-	-	-	-	-	-
CAD/TWD	3,800	22.689	86,218	-	-	-	-	-	-

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 March 31, 2021 and 2020, the net income would increase or decrease by NT\$ 38,468 thousand and by NT\$ 49,689 thousand, and the comprehensive income would increase or decrease by NT\$ 50,447 thousand and by NT\$ 17,892 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 three months ended March 31, 2021 and 2020, the foreign currency exchange loss amounted to NT\$ 1,357 thousand and NT\$ 22,157 thousand, respectively.

(v) Interest rate analysis

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

The following sensitivity analysis is based on the risk exposure to the interest rates risk of derivative and non-derivative financial instruments on the reporting date. Regarding liabilities with variable interest rates, the analysis is based on the assumption that the amount of liabilities 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 the three months ended March 31, 2021 and 2020, is going to decrease or increase by NT\$ 0 and NT\$ 131 thousand, respectively.

(Continued)

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

(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.

	<b>March 31, 2021</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss	\$ 5,002,847	5,002,847	-	-	5,002,847
Financial assets at fair value through other comprehensive income	8,745,478	8,654,799	-	90,679	8,745,478
Financial assets at amortized cost	<u>1,266,780</u>	<u>1,266,780</u>	<u>-</u>	<u>-</u>	<u>1,266,780</u>
<b>Total</b>	<b><u>\$15,015,105</u></b>	<b><u>14,924,426</u></b>	<b><u>-</u></b>	<b><u>90,679</u></b>	<b><u>15,015,105</u></b>
	<b>December 31, 2020</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
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	<u>1,228,727</u>	<u>1,228,727</u>	<u>-</u>	<u>-</u>	<u>1,228,727</u>
<b>Total</b>	<b><u>\$13,721,545</u></b>	<b><u>13,716,693</u></b>	<b><u>-</u></b>	<b><u>4,852</u></b>	<b><u>13,721,545</u></b>
	<b>March 31, 2020</b>				
	<b>Carrying amount</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
Financial assets at fair value through profit or loss	\$ 7,538,532	7,538,532	-	-	7,538,532
Financial assets at fair value through other comprehensive income	5,794,440	5,785,558	-	8,882	5,794,440
Financial assets at amortized cost	<u>1,385,790</u>	<u>1,385,790</u>	<u>-</u>	<u>-</u>	<u>1,385,790</u>
<b>Total</b>	<b><u>\$14,718,762</u></b>	<b><u>14,709,880</u></b>	<b><u>-</u></b>	<b><u>8,882</u></b>	<b><u>14,718,762</u></b>

There were no transfers between financial assets and liabilities for the three months ended March 31, 2021 and 2020.

(Continued)



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

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.

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.

(Continued)

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

4) Reconciliation of Level 3 fair values

	<b>Fair value through other comprehensive income</b>		
	<b>at fair value through other comprehensive</b>		
	<b>income</b>	<b>Bond investments</b>	<b>Total</b>
Balance on January 1, 2021	\$ 4,852	-	4,852
Addition	85,827	-	85,827
Balance on March 31, 2021	<b>\$ 90,679</b>	-	<b>90,679</b>
Balance on January 1, 2020	<b>\$ 8,882</b>	-	<b>8,882</b>
Balance on March 31, 2020	<b>\$ 8,882</b>	-	<b>8,882</b>

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 March 31, 2021 and 2020 year were follows:

	<b>For the three months ended March 31</b>	
	<b>2021</b>	<b>2020</b>
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.

(Continued)

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

Quantified information on significant unobservable inputs was as follows:

<u>Item</u>	<u>Valuation technique</u>	<u>Significant unobservable inputs</u>	<u>Interrelationship between significant unobservable inputs and fair value measurement</u>
Financial assets at fair value through other comprehensive income – equity investments without an active market	Comparable listed companies approach	· P/E ratio (27.55, 16.62 and 16.69 as of March 31, 2021, December 31, 2020 and March 31, 2020, 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 (1.78, 1.67 and 1.65 as of March 31, 2021, December 31, 2020 and March 31, 2020, 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

- 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:

	<u>Inputs</u>	<u>Upward or downward movement</u>	<u>Current profit (loss) arising from changes in fair value</u>		<u>Other comprehensive income arising from changes in fair value</u>	
			<u>Favorable</u>	<u>Unfavorable</u>	<u>Favorable</u>	<u>Unfavorable</u>
<b>Balance on March 31, 2021</b>						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	10%	-	-	2,830	(2,830)
Equity investments without active market	P/B ratio	10%	-	-	1,421	(1,421)
<b>Balance on March 31, 2020</b>						
Financial assets at fair value through other comprehensive income						
Equity investments without an active market	P/E ratio	10%	-	-	387	(387)
Equity investments without an active market	P/B ratio	10%	-	-	572	(572)

(Continued)

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

	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
<b>Balance on March 31, 2020</b>						
Equity investments without an active market	P/E ratio	10%	-	-	414	(414)
Equity investments without an active market	P/B ratio	10%	-	-	643	(643)

(y) Financial risk management

The objective and policies of the Group's financial risk management were not materially different from those disclosed in note 6(y) of the consolidated financial statements for the year ended December 31, 2020.

(z) Capital management

The objectives, policies, and procedures of the Group's capital management have been applied consistently with those described in the consolidated financial statements for the year ended December 31, 2020. Also, there was no significant change in the Group's capital management information as disclosed for the year ended December 31, 2020. For relevant information, please refer to note 6(z) of the consolidated financial statements for the year ended December 31, 2020.

(aa) Reclassification adjustments of components of other comprehensive income

Details on the reclassification adjustments of other comprehensive income are summarized as follows:

	For the three months ended March 31	
	2021	2020
Investment in debt instrument at fair value through other comprehensive income		
Net movements in fair value for the current year	\$ (15,384)	(10,311)
Net movements in fair value reclassified to profit or loss	-	(19,591)
Net changes in fair value recognized in other comprehensive income	<u>\$ (15,384)</u>	<u>(29,902)</u>

**(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
Fe Huei Cp., Ltd	Substantive related party

(Continued)

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

<u>Name of related party</u>	<u>Relationship with the Group</u>
Xin Wei International Leasing Co., Ltd.	Substantive related party
Knowtions Research Inc.	The director of the company is the director of the Company
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 the three months ended March 31, 2021 and 2020 both amounted to NT\$ 18. As of March 31, 2021, December 31, 2020, and March 31, 2020, the balance of lease liabilities were NT\$ 5,607 thousand, NT\$ 6,547, and NT\$ 11,080 thousand, respectively.

2) As a lessor

The Group leases out office buildings and parking space to other related parties, and the rental income for the three months ended March 31, 2021 and 2020 both amounted to NT\$ 9 thousand.

(ii) Others

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

	<u>March 31,</u> <u>2021</u>	<u>December 31,</u> <u>2020</u>	<u>March 31,</u> <u>2020</u>
Other related parties	\$ <u>1,070</u>	<u>1,070</u>	<u>1,070</u>

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\$ 2 thousand, NT\$ 13 thousand, and NT\$ 5 thousand respectively as of March 31, 2021, December 31, 2020, and March 31, 2020.

2) Administrative expenses

	<u>For the three months ended</u> <u>March 31</u>	
	<u>2021</u>	<u>2020</u>
Other related parties	\$ <u>132</u>	<u>220</u>

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.

(Continued)

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

(iii) Acquisition of Financial Assets

<u>Relationship</u>	<u>Account</u>	<u>For the three months ended March 31, 2021</u>		
		<u>Number of shares</u>	<u>Purpose</u>	<u>Acquisition price</u>
Other related parties	Non-current financial assets at FVOCI	\$ 4,799	Preference share	84,102

(iv) Trust contract

A portion of the Group's land was entrusted and registered in the name of other related parties as of March 31, 2021, December 31, 2020, and March 31, 2020; please refer to Note 6(d) and 6(h) for details.

(v) Other

- 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 March 31, 2021, December 31, 2020, and March 31, 2020. 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\$ 0, NT\$ 804 thousand, and NT\$ 204 thousand as of March 31, 2021, December 31, 2020, and March 31, 2020, respectively.

(c) Key management personnel transactions

	<u>For the three months ended March 31</u>	
	<u>2021</u>	<u>2020</u>
Short-term employee benefits	\$ 15,477	14,480
Post-employment benefits	453	479
	<u>\$ 15,930</u>	<u>14,959</u>

(Continued)

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

**(8) Pledged assets:**

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

<u>Asset Name</u>	<u>Purpose</u>	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Other current financial assets	Performance guarantee for joint development investment and sales business	\$ 10,367	12,312	11,952
Inventories	Guarantee for loans and corporate finance	3,168,048	3,167,415	3,163,260
Property, plant and equipment	Collateral for loans	2,269,902	2,277,555	2,295,890
Investment property	Guarantee for loans and corporate finance	281,019	281,304	285,010
Financial assets at fair value through other comprehensive income	Collateral for loans	-	-	177,668
		<u>\$ 5,729,336</u>	<u>5,738,586</u>	<u>5,933,780</u>

**(9) Significant contingent liabilities and unrecognized commitments:**

(a) Significant unrecognized commitments

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Construction contract	<u>\$ 1,296,480</u>	<u>1,587,999</u>	<u>1,738,471</u>

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

	<u>March 31, 2021</u>	<u>December 31, 2020</u>	<u>March 31, 2020</u>
Price of sales contracts signed	<u>\$ 16,750</u>	<u>124,752</u>	<u>-</u>
Amount collected as per the contract	<u>\$ 3,338</u>	<u>12,477</u>	<u>-</u>

(iii) 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).

(Continued)

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

(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 March 31, 2021, December 31, 2020, and March 31, 2020 were as follows:

(Continued)



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

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Bank deposits (recognized in other current financial assets)			
Demand deposits	\$ 237,603	122,893	708,503
Time deposits	-	427,620	300,000
Financial assets at fair value through profit or loss	2,659,122	2,525,766	1,206,040
Financial assets at fair value through other comprehensive income	4,347,160	3,845,270	3,243,498
Financial assets measured at amortized cost	1,226,780	1,228,727	1,385,790
Property, plant and equipment (Note)	2,206,293	2,206,293	2,206,293
Investment property (Note)	1,949,863	1,949,863	1,962,845
	<b><u>\$ 12,626,821</u></b>	<b><u>12,306,432</u></b>	<b><u>11,012,969</u></b>

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\$ 891,770 thousand, NT\$ 891,738 thousand and NT\$ 893,913 thousand as of March 31, 2021, December 31, 2020, and March 31, 2020, 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 March 31, 2021, December 31, 2020, and March 31, 2020. The preneed contract entered into and related deferred marketing expenses were as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Total contract price (recognized as contract liabilities)	\$ 40,164,471	39,934,515	38,799,319
Uncollected proceeds	(7,899,538)	(7,847,795)	(7,582,615)
Advance	<b><u>32,264,933</u></b>	<b><u>32,086,720</u></b>	<b><u>31,216,704</u></b>
Incremental cost of contract acquisition (prepaid expenses)	<b><u>8,155,994</u></b>	<b><u>8,144,643</u></b>	<b><u>8,059,332</u></b>
Expected to be reclassified for more than twelve months	<b><u>\$ 38,888,975</u></b>	<b><u>38,729,650</u></b>	<b><u>37,621,404</u></b>

(Continued)

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

- (iv) The Company had contracts signed with clients for the presale of columbarium niches and burial ground as of March 31, 2021, December 31, 2020, and March 31, 2020. The contracts and related deferred marketing expenses are summarized as follows:

	<b>March 31, 2021</b>	<b>December 31, 2020</b>	<b>March 31, 2020</b>
Total contract price (recognized as contract liabilities)	\$ 606,513	582,130	406,606
Uncollected proceeds	(130,894)	(116,454)	(57,941)
Advance	<u>\$ 475,619</u>	<u>465,676</u>	<u>348,665</u>
Incremental cost of contract acquisition (prepaid expenses)	<u>\$ 119,379</u>	<u>114,395</u>	<u>99,531</u>
Expected to be reclassified for more than twelve months	<u>\$ 590,526</u>	<u>518,895</u>	<u>351,660</u>

**(10) Losses due to major disasters: None**

**(11) Subsequent Events: None**

**(12) Others:**

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

	By function	For the three months ended March 31							
		2021				2020			
		Cost of Sale	Operating Expense	Other (Note)	Total	Cost of Sale	Operating Expense	Other (Note)	Total
Employee benefits									
Salary		56,401	70,811	29,380	156,592	57,120	64,432	20,234	141,786
Labor and health insurance		4,121	6,556	2,749	13,426	3,993	6,828	1,624	12,445
Pension		2,131	5,548	-	7,679	2,150	13,871	843	16,864
Other employee benefits expense		1,689	2,300	1,287	5,276	1,736	1,995	875	4,606
Depreciation		17,284	18,749	1,305	37,338	16,310	18,325	1,259	35,894
Amortization		-	3,408	-	3,408	-	3,531	-	3,531

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.

- (b) Seasonal operation:

The operations of the Group are not affected by seasonal or cyclical factors.

(Continued)

## LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

### Notes to the Consolidated Financial Statements

#### (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 March 31, 2021:

##### (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	287,163	287,163	3%	1	72,000	Operating capital	-	Columbarium products held by the debtor	369,040	742,579	1,485,158

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 40% 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\$ 3,712,894 thousand  $\times$  40% = NT\$ 1,485,158 thousand

Maximum amount of loans to an individual party: NT\$3,712,894 thousand  $\times$  20% = NT\$ 742,579 thousand

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

The limit is NT\$ 742,579 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	5,931,979	600,000	600,000	-	-	3.03 %	9,886,631	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	2	5,931,979	300,000	300,000	-	-	1.52 %	9,886,631	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.

(Continued)

## LUNGYEN LIFE SERVICE CORP. AND SUBSIDIARIES

### Notes to the Consolidated 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.

Note 3: Originally, 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. Pursuant to the board resolution on March 29, 2021, the maximum amount of endorsement to Yuji was still NT\$ 300,000 thousand.

Note 4: Originally, 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. Pursuant to the board resolution on February 26, 2021, the maximum amount of endorsement to Lung fu has been set to NT\$ 200,000 thousand starting from April 1, 2021 to March 31, 2022.

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

(iii) Securities held as of March 31, 2021 (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	25,758	423,666	- %	423,666	- %	Trust
the Company	Yuanta De Bao Money Market Fund	—	Current financial assets at fair value through profit or loss	43,725	529,751	- %	529,751	- %	Trust
the Company	Franklin Templeton Sinoam Money Market Fund	—	Current financial assets at fair value through profit or loss	70,023	730,763	- %	730,763	- %	Trust
the Company	FSITC Taiwan Money Market Fund	—	Current financial assets at fair value through profit or loss	5,865	90,584	- %	90,584	- %	Trust
the Company	Jih Sun Money Market Fund	—	Current financial assets at fair value through profit or loss	23,109	345,747	- %	345,747	- %	Trust
the Company	Cathay Taiwan Money Market Fund	—	Current financial assets at fair value through profit or loss	9,315	116,820	- %	116,820	- %	Trust
the Company	Nomura Taiwan Money Market Fund	—	Current financial assets at fair value through profit or loss	22,493	370,065	- %	370,065	- %	Trust
the Company	The ABG-WTT Fund	—	Current financial assets at fair value through profit or loss	-	119,994	- %	119,994	- %	Owner occupied
the Company	Primavera Capital Fund III L.P.	—	Current financial assets at fair value through profit or loss	-	188,660	- %	188,660	- %	Owner occupied
the Company	LCP IX. L.P.	—	Current financial assets at fair value through profit or loss	-	90,147	- %	90,147	- %	Owner occupied
the Company	EQT IX (No.1) EUR SCSP.	—	Current financial assets at fair value through profit or loss	-	56,603	- %	56,603	- %	Owner occupied
the Company	U.S. Treasury Securities 20300815	—	Current financial assets at fair value through profit or loss	2,000	51,726	- %	51,726	- %	Trust
the Company	Jih Sun Money Market Fund	—	Current financial assets at fair value through profit or loss	104,665	1,565,982	- %	1,565,982	- %	Owner occupied
the Company	CTBC Hwa win Money Market Fund	—	Current financial assets at fair value through profit or loss	7,485	83,184	- %	83,184	- %	Owner occupied
the Company	Millerful No.1 REIT	—	Non-current financial assets at FVOCI	33,000	358,380	- %	358,380	- %	Trust
the Company	Cathay No.1 Real Estate Investment Trust	—	Non current financial assets at FVOCI	3,922	73,263	- %	73,263	- %	Trust

(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	Fubon No.1 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	542	10,260	- %	10,260	- %	Trust
the Company	Fubon No.2 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	917	16,405	- %	16,405	- %	Trust
the Company	Cathay No.2 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	467	9,798	- %	9,798	- %	Trust
the Company	Shin Kong No.1 Real Estate Investment Trust	—	Non-current financial assets at FVOCI	450	8,798	- %	8,798	- %	Trust
the Company	Taiyen	—	Non-current financial assets at FVOCI	5,743	196,985	2.87 %	196,985	2.87 %	Owner occupied
the Company	Fubon Financial Holding-Preferred Shares B	—	Non-current financial assets at FVOCI	2,396	148,792	- %	148,792	- %	Owner occupied
the Company	Cathay Financial Holding-Preferred Shares B	—	Non-current financial assets at FVOCI	2,530	157,113	- %	157,113	- %	Owner occupied
the Company	CTBC Financial Holding-Preferred Shares B	—	Non-current financial assets at FVOCI	529	33,592	- %	33,592	- %	Owner occupied
the Company	CTBC Financial Holding-Preferred Shares C	—	Non-current financial assets at FVOCI	1,540	95,018	- %	95,018	- %	Owner occupied
the Company	TaiShin Financial Holding-Preferred Stock E Tadin	—	Non-current financial assets at FVOCI	1,597	84,801	- %	84,801	- %	Owner occupied
the Company	Fubon Financial Holding-Preferred Stock	—	Non-current financial assets at FVOCI	4,636	287,432	- %	287,432	- %	Owner occupied
the Company	Cathay Financial Holding-Preferred Stock A	—	Non-current financial assets at FVOCI	4,095	253,071	- %	253,071	- %	Owner occupied
the Company	TaiShin Financial Holding - Class E Preferred Shares II	—	Non-current financial assets at FVOCI	955	49,565	- %	49,565	- %	Owner occupied
the Company	LARGAN Precision	—	Non-current financial assets at FVOCI	145	472,700	0.11 %	472,700	0.11 %	Owner occupied
the Company	TSMC	—	Non-current financial assets at FVOCI	1,726	1,013,162	0.01 %	1,013,162	0.01 %	Owner occupied
the Company	Chaillease	—	Non-current financial assets at FVOCI	2,272	453,304	0.16 %	453,304	0.16 %	Owner occupied
the Company	Asia Cement	—	Non-current financial assets at FVOCI	8,309	397,170	0.25 %	397,170	0.25 %	Owner occupied
the Company	Chenbro Micom	—	Non-current financial assets at FVOCI	2,280	194,484	1.89 %	194,484	1.89 %	Owner occupied
the Company	PCSC	—	Non-current financial assets at FVOCI	646	180,880	0.06 %	180,880	0.06 %	Owner occupied
the Company	Feng Tay	—	Non-current financial assets at FVOCI	580	113,100	0.07 %	113,100	0.07 %	Owner occupied
the Company	Sun life holding Co Ltd.	—	Non-current financial assets at FVOCI	160	33,030	2.35 %	33,030	2.35 %	Owner occupied
the Company	Knowtions	—	Non-current financial assets at FVOCI	4,799	85,827	10.86 %	85,827	10.86 %	Owner occupied
the Company	Sunny Optical Technology (Group) Company Limited	—	Non-current financial assets at FVOCI	207	133,977	0.02 %	133,977	0.02 %	Trust
the Company	AGNC preferred stock	—	Non-current financial assets at FVOCI	44	32,070	- %	32,070	- %	Trust
the Company	QTS preferred stock	—	Non-current financial assets at FVOCI	24	19,465	- %	19,465	- %	Trust
the Company	TGP preferred stock	—	Non-current financial assets at FVOCI	32	23,698	- %	23,698	- %	Trust
the Company	VEREIT preferred stock	—	Non-current financial assets at FVOCI	10	6,847	- %	6,847	- %	Trust
the Company	ETP preferred stock	—	Non-current financial assets at FVOCI	264	175,651	- %	175,651	- %	Trust
the Company	Berkshire Hathaway	—	Non-current financial assets at FVOCI	78	570,568	0.01 %	570,568	0.01 %	Trust
the Company	Alphabet	—	Non-current financial assets at FVOCI	7	429,076	- %	429,076	- %	Trust
the Company	Microsoft	—	Non-current financial assets at FVOCI	50	338,416	- %	338,416	- %	Trust
the Company	Intel	—	Non-current financial assets at FVOCI	208	379,805	0.01 %	379,805	0.01 %	Trust

(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 (%)			
the Company	Visa	—	Non-current financial assets at FVOCI	49	293,586	- %	293,586	- %	Trust
the Company	081 Chailease Holding Company Limited-A	—	Non-current financial assets at FVOCI	190,000	190,000	- %	190,000	- %	Trust
the Company	104 Central Bond A5	—	Non-current financial assets at FVOCI	100,000	105,379	- %	105,379	- %	Trust
the Company	CEXIM CNY Corp. Bond 4.15 20270618	—	Non-current financial assets at FVOCI	5,000	23,202	- %	23,202	- %	Trust
the Company	ICBC CNY Corp. Bond 4.2 20270119	—	Non-current financial assets at FVOCI	4,000	18,509	- %	18,509	- %	Trust
the Company	ICBC CNY Corp. Bond 4.5 20281113	—	Non-current financial assets at FVOCI	5,000	23,628	- %	23,628	- %	Trust
the Company	Saudi Electricity Global-Bond 20230408	—	Non-current financial assets at FVOCI	2,000	59,914	- %	59,914	- %	Trust
the Company	Saudi Electricity Global-Bond 20240408	—	Non-current financial assets at FVOCI	1,000	30,831	- %	30,831	- %	Trust
the Company	Qatar Telecom USD Corp. Bond 3.25 20230221	—	Non-current financial assets at FVOCI	3,000	89,508	- %	89,508	- %	Trust
the Company	Standard Chattered USD Corp. Bond 4.05 20260412	—	Non-current financial assets at FVOCI	3,000	93,955	- %	93,955	- %	Trust
the Company	Islamic Bank 20210531	—	Non-current financial assets at FVOCI	3,000	86,006	- %	86,006	- %	Trust
the Company	Malaysia National Resource Bond 20261019	—	Non-current financial assets at FVOCI	1,000	30,363	- %	30,363	- %	Trust
the Company	China Cinda USD Bond 20240309	—	Non-current financial assets at FVOCI	1,500	46,244	- %	46,244	- %	Trust
the Company	Huarong USD Bond 20240309	—	Non-current financial assets at FVOCI	3,000	85,848	- %	85,848	- %	Trust
the Company	Societe Generale SGD Corp. Bond	—	Non-current financial assets at FVOCI	3,250	68,982	- %	68,982	- %	Trust
the Company	BNP Paribas SGD Corp. Bond	—	Non-current financial assets at FVOCI	3,500	79,570	- %	79,570	- %	Trust
the Company	HISPANO S.A. Financial Bond	—	Non-current financial assets at FVOCI	3,000	86,351	- %	86,351	- %	Trust
the Company	Manulife Financial Corporation SGD Bond	—	Non-current financial assets at FVOCI	750	15,932	- %	15,932	- %	Trust
the Company	Manulife Financial Corporation SGD Bond 20291121	—	Non-current financial assets at FVOCI	4,000	87,875	- %	87,875	- %	Trust
the Company	BMW Bond 20300409	—	Non-current financial assets at FVOCI	4,000	130,295	- %	130,295	- %	Trust
the Company	State Grid Bond 20300805	—	Non-current financial assets at FVOCI	3,000	78,685	- %	78,685	- %	Trust
the Company	HRLEAS 1.9 20220112	—	Non-current financial assets at FVOCI	1,260	36,020	- %	36,020	- %	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	104,009	- %	104,009	- %	Trust
the Company	Taipower Corporate bond 20231230	—	Non-current financial assets at amortized cost	150,000	152,834	- %	152,834	- %	Trust
the Company	106 Central Bond 4	—	Non-current financial assets at amortized cost	100,000	100,598	- %	100,598	- %	Trust
the Company	106 Central Bond 9	—	Non-current financial assets at amortized cost	150,000	149,591	- %	149,591	- %	Trust
the Company	107 Central Bond 7	—	Non-current financial assets at amortized cost	100,000	99,764	- %	99,764	- %	Trust
the Company	104 Central Bond 12	—	Non-current financial assets at amortized cost	100,000	101,192	- %	101,192	- %	Trust
the Company	107 Central Bond 2	—	Non-current financial assets at amortized cost	100,000	101,127	- %	101,127	- %	Trust
the Company	93 Central Bond 9	—	Non-current financial assets at amortized cost	100,000	108,171	- %	108,171	- %	Trust
the Company	94 Central Bond 3	—	Non-current financial assets at amortized cost	100,000	106,418	- %	106,418	- %	Trust
the Company	02 China Steel 1B 20230712	—	Non-current financial assets at amortized cost	100,000	101,616	- %	101,616	- %	Trust

(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	02 TSMC 2C 20230206	—	Non-current financial assets at amortized cost	100,000	101,460	- %	101,460	- %	Trust
Yuji Development Corp.	LARGAN Precision	—	Non-current financial assets at FVOCI	44	143,440	0.11 %	143,440	- %	Owner occupied
Yuji Development Corp.	CTBC Hwa win Money Market Fund	—	Current financial assets at fair value through profit or loss	15,066	167,424	- %	167,424	- %	Owner occupied
Jing Huang Construction Co., Ltd.	Stocks of J Garden Corp.	—	Non-current financial assets at FVOCI	90	892	- %	892	- %	Owner occupied
Jing Huang Construction Co., Ltd.	Jih Sun Money Market Fund	—	Current financial assets at fair value through profit or loss	1,928	28,850	- %	28,850	- %	Owner occupied
Lung Fu Company Limited	CTBC Hwa win Money Market Fund	—	Current financial assets at fair value through profit or loss	3,859	42,881	- %	42,881	- %	Owner occupied

- (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	Nomura Taiwan Money Market Fund	Current financial assets at fair value through profit or loss	-	None	-	-	22,493	370,000	-	-	-	-	22,493	370,000
the Company	CTBC Hwa win Money Market Fund	Current financial assets at fair value through profit or loss	-	None	30,477	338,493	89,334	992,500	112,326	1,248,000	1,247,814	186	7,485	83,179
the Company	Jih Sun Money Market Fund	Current financial assets at fair value through profit or loss	-	None	129,396	1,924,792	-	-	24,731	370,000	365,656	4,344	104,665	1,559,136

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

(Continued)

**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	Other income	15,000	-	1.50%
0	"	"	1	Other current liabilities	17,778	-	0.03%
1	Yuji Development Corp.	Lungyen Life Service Corp.	2	Accounts receivable	17,778	-	0.03%
1	"	"	2	Advance receipts	8,466	-	0.01%
1	"	"	2	Accounts payable	5,250	-	0.01%
1	"	"	2	Administrative expenses	15,000	-	1.50%

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 three months ended March 31, 2021 (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 March 31, 2021			Net income (losses) of investee	Share of profits/losses of investee	Note
				March 31, 2021	December 31, 2020	Shares (thousands)	Percentage of ownership	Carrying value			
the Company	ling Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20 %	(7,209)	(30)	(30)	Subsidiary
the Company	Yuji Development Corp.	Taiwan	Funeral Services	900,000	900,000	110,723	54.42 %	1,998,316	78,488	42,714	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 %	266	(9)	(7)	Subsidiary
the Company	Sea Dragon Traders Ltd. (BVI)	The British Virgin Islands	Investment holding	1,094,570 (USD 35,510)	1,094,570 (USD 35,510)	3,551	100.00 %	996,030	(6,543)	(6,543)	Subsidiary
the Company	RIA AWANA SDN.BHD	Malaysia	Funeral Services	31,454 (MYR 3,920)	31,454 (MYR 3,920)	3,920	49.00 %	27,851	52	25	Associates
the Company	The Law Co., Ltd.	Taiwan	Investment holding	420,426	420,426	14,014	30.93 %	516,933	122,351	37,843	Associates
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Services	557,800	557,800	55,100	100.00 %	550,698	16,167	16,167	Sub-subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited (BVI)	The British Virgin Islands	Investment holding	165,268 (USD 5,264)	165,268 (USD 5,264)	5	26.32 %	160,734	6,822	1,796	Associates
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment holding	996,498 (USD 32,500)	996,498 (USD 32,500)	3,250	50.00 %	812,290	(16,555)	(8,277)	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: 28.531; USD average exchange rate: 28.385.

(Continued)



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

## (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, 2020	Investment flows		Accumulated outflow of investment from Taiwan as of March 31, 2021	Percentage of ownership	Investment income (losses)	Book value	Accumulated remittance of earnings in current period
					Outflow	Inflow					
Lungyen Cemetery (Wenzhou) Co., Ltd.	Funeral Services	1,491,601 (USD 52,280)	Sea Dragon Traders Ltd. (BVI)	837,385 (USD 29,350)	-	-	837,385 (USD 29,390)	50%	(3,832)	678,356	-
Long Young Life (China) Holding Co., Ltd.	Investment holding	342,372 (USD 12,000)	Sea Dragon Traders Ltd. (BVI)	-	85,593 (USD 3,000)	-	85,593 (USD 3,000)	50%	(2,765)	140,909	-
Shijiazhang Taiifu Cemetery Management Co., Ltd.	Management, construction, and sale of cemetery	73,941 (CNY 17,041)	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	40%	(947)	89,991	-

## (ii) Limitation on investment in Mainland China:

Accumulated Investment in Mainland China as of March 31, 2021	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
922,978	2,353,808 USD82,500	11,863,957

USD exchange rate: closing rate: 28.531 ; CNY exchange rate: 4.339

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. accounting firm.
  - 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

(Continued)

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

(d) Major shareholders:

Shareholder's Name	Shareholding	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.

(Continued)

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

The Group's segment financial information is as follows:

	For the three months ended March 31, 2021						
	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	350,037	456,091	41,129	93,852	59,272	-	1,000,381
Intersegment revenue	-	-	43	-	-	(43)	-
<b>Total revenue</b>	<b>\$ 350,037</b>	<b>456,091</b>	<b>41,172</b>	<b>93,852</b>	<b>59,272</b>	<b>(43)</b>	<b>1,000,381</b>
<b>Profit (loss) of reportable segments</b>	<b>\$ 180,039</b>	<b>108,474</b>	<b>20,341</b>	<b>139,520</b>	<b>28,911</b>	<b>(43)</b>	<b>477,242</b>
	For the three months ended March 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	262,300	442,867	42,053	65,473	56,116	-	868,809
Intersegment revenue	12,413	-	43	-	-	(12,456)	-
<b>Total revenue</b>	<b>\$ 274,713</b>	<b>442,867</b>	<b>42,096</b>	<b>65,473</b>	<b>56,116</b>	<b>(12,456)</b>	<b>868,809</b>
<b>Profit (loss) of reportable segments</b>	<b>\$ 128,156</b>	<b>95,752</b>	<b>20,184</b>	<b>79,441</b>	<b>18,349</b>	<b>(721)</b>	<b>341,161</b>
	Sale of columbarium and cemetery products	Funeral services	Property lease	Cemetery operation and others	Constructio n and sales	Reconciliation and eliminations	Total
Assets of reportable segments							
March 31, 2021	<b>\$ 19,138,107</b>	<b>10,338,803</b>	<b>4,045,680</b>	<b>27,195,952</b>	<b>4,705,650</b>	<b>(54,152)</b>	<b>65,370,040</b>
December 31, 2020	<b>\$ 19,087,599</b>	<b>10,233,005</b>	<b>4,157,711</b>	<b>25,959,663</b>	<b>4,720,032</b>	<b>(51,948)</b>	<b>64,106,062</b>
March 31, 2020	<b>\$ 18,743,626</b>	<b>9,848,300</b>	<b>3,863,685</b>	<b>27,881,098</b>	<b>4,694,543</b>	<b>(92,823)</b>	<b>64,938,429</b>
Liabilities of reportable segments							
March 31, 2021	<b>\$ 16,364,601</b>	<b>24,361,130</b>	<b>41,010</b>	<b>3,186,040</b>	<b>3,338</b>	<b>(31,712)</b>	<b>43,924,407</b>
December 31, 2020	<b>\$ 16,439,126</b>	<b>24,036,196</b>	<b>41,072</b>	<b>3,031,489</b>	<b>12,477</b>	<b>(11,671)</b>	<b>43,548,689</b>
March 31, 2020	<b>\$ 16,271,553</b>	<b>22,894,993</b>	<b>41,147</b>	<b>6,235,343</b>	<b>-</b>	<b>(70,479)</b>	<b>45,372,557</b>