Stock No.：5530

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The Year Ended December 31, 2018 and 2017
(Including an Independent Auditor's Audit Report)

Address: 1F., No. 166, Sec. 2, Minquan E. Rd., Taipei City
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REPRESENTATION DECLARATION

The entities that are required to be included in the combined financial statement of Lungyen Life Service Corporation as of and for the year ended December 31, 2018, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Report Standard 10, "Consolidated Financial Statement." In addition, the information required to be disclosed in the combined financial statement is included in the consolidated financial statements. Consequently, Lungyen Life Service Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company: Lungyen Life Service Corporation
Chairman: Liu, Weilung

Date: February 27, 2019

INDEPENDENT AUDITORS' REPORT

To Board of Directors and Shareholders
Lungyen Life Service Corp.

Opinion

We have audited the accompanying consolidated financial statements of Lungyen Life Service Corporation and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulation Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

As mentioned in Note 3(1) of the Consolidated Financial Report, the Company first introduced the International Financial Reporting Standards 9 "Financial Instruments" on January 1, 2018 and chose

not to restate the comparison period, thus we did not modify the audit opinion.

As mentioned in Note 3(1), the Company first introduced the International Financial Reporting Standards 15 “Revenue from Contracts with Customers” on January 1, 2018 and adopted the cumulative effect method rather restated the comparison period, thus we did not modify the audit opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provided a separate opinion on these matter. Key audit matters for the Company’s consolidated financial statements for the year ended December 31, 2018 are stated as follows:

1. Revenues Recognition

   Accounting policies regarding revenues recognition can be found Notes 4 (18) Revenues Recognition; explanation for revenues recognition can be found in Notes 6 (20) Revenues.

   Explanation for key audit matters:

   The Company sells columbarium and cemetery products and provides funeral services, prepayments for products and services are paid by cash or installments. Timing of revenues recognition is judged by management team.

   Besides, as being a listed company, the Company may be affected by external investors and debtors’ expectation and internal performance pressure to inflate revenues, which may bring risks to revenues recognition. Therefore, examination on revenues recognition is one of our key audit matters when auditing the Company’s consolidated financial reports.

   Adaptive auditing processes:

   - Examine whether revenues were recognized based on the Company’s internal control process;
   - Conduct the selective examination of sales orders, contracts and collection records to clarify whether revenues were recognized at a proper timing.

2. Goodwill and Goodwill Impairment

Accounting policies regarding goodwill and goodwill impairment can be found in Notes 4 (15) Intangible Assets; estimation and uncertainty of assumption of goodwill and goodwill impairment can be found in Notes 5 (2); explanation of goodwill and goodwill impairment can be found in Notes 6 (11) of the consolidated financial report.

Explanation of key auditing matters:

The Company's goodwill and trademark were resulted from corporate acquisition; receivable amounts related to goodwill and trademark were estimated based on managers' subjective judgment thus including high uncertainty, which may result in material risks of inaccurate expression. For this reason, examination on goodwill and goodwill impairment is one of our key audit matters when auditing the Company's consolidated financial reports.

Adaptive auditing processes:

- Examine whether the cash generating unit and impairment test process recognized by managers were comprehensive and correct.
- Access the rationality of evaluation method adopted by managers to evaluate receivable amounts; access the accuracy of past forecast made by managers; examine calculating and accounting records of receivable amounts of cash unit evaluated by managers; access parameters used to estimate cash flow forecast and receivable amounts (eg. sales growth rate); and examine weighted average cost of capital and parameters thereon used in the impairment tests.

Other Matter

We also audited the unconsolidated financial report of Lungyen Life Service Corp. as of and for the years ended December 31, 2018 and 2017 on which we have issued an unmodified opinion and an emphasis of matter.

Responsibilities of Management and Those Charge with Governance of the Consolidated Financial Statements

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 the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2018 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determined that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG

CPA: Zeng, Guo-Yang

Lai. Li-Zeng

Approval issued by the competent securities authority:

FSC VI. Tzi No. 0940129108

February 26, 2019

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Balance Sheets

December 31, 2018 and 2017

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

		12.31.2018		12.31.2017	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1) & 9)	$ 194,002	-	169,781	-
1110	Financial assets at fair value through profit or loss – current (Note 6 (2) & 9)	1,527,182	2	1,457,535	3
1150	Notes receivable, net (Note 6 (3) & (20))	6,345	-	16,577	-
1170	Accounts receivable, net (Note 6 (3) & (20))	8,748,396	14	1,009,425	2
1320	Inventory (Note 6(4), 7, & 8)	15,440,765	25	14,768,349	28
1410	Prepayments (Note 9)	251,030	-	9,548,767	18
1460	Non-current assets for sale (net) (Note 6 (5) & 8)	2,565,683	4	-	-
1476	Other financial assets – current (Note 6 (12), 8 & 9)	2,113,425	3	2,374,528	4
1479	Other current assets (Note 7 & 9)	7,600	-	3,497	-
1480	Incremental cost of contract acquisition – current (Note 9)	7,969,334	13	-	-
		38,823,762	61	29,348,459	55
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income (Note 6 (2), 8, & 9)	10,048,850	17	-	-
1524	Available-for-sale financial assets - non-current (Note 6 (2), 8, & 9)	-	-	8,585,120	16
1527	Held to maturity financial assets – non-current (Note 6(2) & 9)	-	-	614,832	1
1535	Financial assets at amortized cost－non-current (Note 6(2) & 9)	1,017,051	2	-	-
1543	Financial assets carried at cost－non-current (Note 6 (2))	-	-	18,992	-
1550	Investment under equity method (Note 6 (6) & (67)	1,209,106	2	425,480	1
1600	Property, plant and equipment (Note 6 (9), 7, 8, & 9)	5,812,305	9	5,844,965	11
1760	Investment property, net (Note 6 (10), 8, & 9)	3,893,572	6	6,486,105	12
1780	Intangible assets (Note 6 (11))	759,365	1	764,631	1
1840	Deferred income tax assets (Note 6 (17))	899,795	1	805,900	2
1980	Other financial assets – non-current (Note 7)	55,838	-	45,761	-
1990	Other non-current assets - others	773,664	1	697,3	1
				34	
		24,469,546	39	24,289,120	45
	Total Assets	**$ 63,293,308**	**100**	**53,637,579**	**100**

		12.31.2018		12.31.2017	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loan (Note 6 (12))	$ 3,165,300	5	2,824,000	5
2130	Contract Liability－current(Note 6 (20) & 9)	37,755,020	61	-	-
2150	Notes payable	7,105	-	-	-
2170	Payable accounts (Note 7)	617,756	1	464,114	1
2200	Other payable accounts (Note 7)	830,485	1	709,194	1
2230	Current income tax liabilities (Note 6 (17))	290,179	-	249,060	-
2310	Advance receipts (Note 10)	834,391	1	32,222,626	60
2399	Other current liabilities - others	7,835	-	8,562	-
		43,508,071	69	36,477,556	67
	Non-current liabilities:				
2530	Corporate bond payable (Note 6 (14))	3,190,916	5	3,139,651	6
2570	Deferred income tax liabilities (Note 6 (17))	16,119	-	18,994	-
2640	Net defined benefit liability – non-current	30,686	-	31,263	-
2645	Deposit received	71,542	-	60,931	-
2670	Other non-current liabilities - others	2,981	-	2,981	-
		3,312,244	5	3,253,820	6
	Total liabilities	46,820,315	74	39,731,376	73
	Equity attributable to owners of parent (Note 6(13) & (17))				
3100	Capital stock – common stock	4,200,842	7	4,200,842	8
3200	Capital surplus	2,519,954	4	2,519,954	5
	Retained earnings:				
3310	Legal reserve	1,280,001	2	1,095,601	2
3350	Unappropriated retained earnings	6,293,123	10	4,253,894	8
3400	Other equity interest	688,453	1	458,615	1
	Total equity attributable to owners of parent	14,982,373	24	12,528,906	24
36xx	Non-controlling interest (Note 6 (6)&(18))	1,490,620	2	1,377,297	3
	Total Equity	16,472,9		13,906,2	
		93	26	03	27
	Total liabilities and equity	**$ 63,293,308**	**100**	**53,637,579**	**100**

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Comprehensive Income

For Year Ended December 31, 2018 and 2017

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

		2018		2017	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6 (15), (20), (21), & 7)**	$ 4,957,018	100	5,104,378	100
5000	**Operating cost(Note 6 (15) & 7)**	1,613,521	33	1,293,599	25
5900	**Operating gross profit (loss)**	3,343,497	67	3,810,779	75
	Operating expenses (Note 6 (16),(22) & 7)：				
6100	Selling expenses	981,072	20	965,280	19
6200	Administration expenses	547,579	11	620,414	12
6450	Expected credit losses	7,763	-	-	-
6000		1,536,414	31	1,585,694	31
6500	**Other income and expenses (Note 6 (23))**	145,618	3	-	-
6900	**Operating income**	1,952,701	39	2,225,085	44
	Non-operating income and expenses (Note 6(24)&7)：				
7010	Other income	433,354	9	398,736	8
7020	Other gains and losses	338,277	7	(85,410)	(2)
7050	Financial costs	(83,273)	(2)	(81,040)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6 (6))	(42,241)	(1)	(11,190)	-
		646,117	13	221,096	4
7900	**Operating income before tax**	2,598,818	52	2,446,181	48
7950	**Less: Income tax expense (Note 6 (17))**	307,344	6	264,148	5
	Net income	2,291,474	46	2,182,033	43
8300	**Other comprehensive income:**				
8310	**Items that may not be subsequently reclassified to profit or loss:**				
8311	Defined benefit obligation (Note 6(16))	791	-	(669)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	481,235	10	-	-
	Total items that may not be subsequently reclassified to profit or loss	482,026	10	(669)	-
8360	**Items that may be subsequently reclassified to profit or loss**				
8361	Exchange differences on translation of foreign statements	34,825	1	(2,157)	-
8362	Unrealized losses on available-for-sale financial assets	-	-	60,431	1
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(42,204)	(1)	-	-
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method- items that may be reclassified to profit or loss	(45,815)	(1)	(368)	-
	Total items that may be subsequently reclassified to profit or loss	(53,194)	(1)	57,906	1
8300	**Other comprehensive income, net**	428,832	9	57,237	1
	Total comprehensive income	**$ 2,720,306**	**55**	**2,239,270**	**44**
	Net income, attributable to:				
8610	Owners of parent	$ 2,180,535	44	1,843,999	36
8620	Non-controlling interest	110,939	2	338,034	7
		$ 2,291,474	**46**	**2,182,033**	**43**
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 2,606,983	53	1,904,588	37
8720	Non-controlling interest	113,323	2	334,682	7
		$ 2,720,306	**55**	**2,239,270**	**44**
	Earnings per share (Note 6 (19))				
9750	**Basic earnings per share (NTD)**	**$ 5.19**		**4.44**	
9850	**Diluted earnings per share (NTD)**	**$ 4.70**		**4.15**	

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

Consolidated Statements of Changes in Equity

From January 1 to December, 2018 and 2017

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

	Equity attributable to owners of parent												
	Capital Stock		Retained Earnings				Others						
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated Earnings	Total	Exchange differfernces on foreign translation	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Unrealized gain (loss) on available-for-sale financial assets	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance – January 1, 2018	$ 3,990,842	1,420,112	997,817	401,665	2,610,784	4,010,266	(11,300)	-	408,657	397,357	9,818,577	1,254,399	11,072,976
Net profit	-	-	-	-	1,843,999	1,843,999	-	-	-	-	1,843,999	338,034	2,182,033
Other comprehensive income	-	-	-	-	(669)	(669)	(2,525)		63,783	61,258	60,589	(3,352)	57,237
Total comprehensive income	-	-	-	-	1,843,330	1,843,330	(2,525)	-	63,783	61,258	1,904,588	334,682	2,239,270
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	97,784	-	(97,784)	-	-	-	-	-	-	-	-
Special reserve	-	-	-	(401,665)	401,665	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares (NTD$1.2 per share)	-	-	-	-	(504,101)	(504,101)	-	-	-	-	(504,101)	-	(504,101)
Recognition of equity from issuance of convertible bond	-	9,961	-	-	-	-	-	-	-	-	9,961	-	9,961
Capital increased by cash	210,000	1,094,100	-	-	-	-	-	-	-	-	1,304,100	-	1,304,100
Changes to subsidiaries' ownership	-	(4,219)	-	-	-	-	-	-	-	-	(4,219)	4,219	-
Increase (decrease) in non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	(216,003)	(216,003)
Balance – January 1, 2018	4,200,842	2,519,954	1,095,601	-	4,253,894	5,349,495	(13,825)	-	472,440	458,615	12,528,906	1,377,297	13,906,203
Retrospective adjustment due to new accounting standard	-	-	-	-	1,104,855	1,104,855	-	264,279	(472,440)	(208,161)	896,694	-	896,694
Restated beginning balance	4,200,842	2,519,954	1,095,601	-	5,358,749	6,454,350	(13,825)	264,279	-	250,454	13,425,600	1,377,297	14,802,897
Net income	-	-	-	-	2,180,535	2,180,535	-	-	-	-	2,180,535	110,939	2,291,474
Other comprehensive income	-	-	-	-	791	791	(10,990)	436,647	-	425,657	426,448	2,384	428,832
Total comprehensive income	-	-	-	-	2,181,326	2,181,326	(10,990)	436,647	-	425,657	2,606,983	113,323	2,720,306
Appropriation and distribution of retained earnings:													
Legal reserve	-	-	184,400	-	(184,400)	-	-	-	-	-	-	-	-
Cash dividends on ordinary shares (NTD$2.5 per share)	-	-	-	-	(1,050,210)	(1,050,210)	-	-	-	-	(1,050,210)	-	(1,050,210)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(12,342)	(12,342)	-	12,342	-	12,342	-	-	-
Balance –September 30, 2018	**$ 4,200,842**	**2,519,954**	**1,280,001**	**-**	**6,293,123**	**7,573,124**	**(24,815)**	**713,268**	**-**	**688,453**	**14,982,373**	**1,490,620**	**16,472,993**

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Cash Flows

Year Ended December 31, 2018 and 2017

(expressed in thousands of New Taiwan dollars)

	2018	2017
Cash flows from (used in) operating activities		
Profit (loss) before tax	$ 2,598,818	2,446,181
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	127,920	144,589
Amortization expense	17,427	16,039
Allowance for bad debt	7,763	19,643
Net loss (profit) on financial assets or liabilities at fair value through profit or loss	12,347	(25,910)
Interest expense	83,273	81,040
Interest revenue	(277,761)	(115,984)
Dividend income	(232,871)	(184,701)
Loss (gain) on affiliates under equity method	42,241	11,190
Loss (gain) on disposal and scrap of property, plant and equipment	1,780	(179)
Loss (gain) on disposal of investment property	(525)	-
Loss (gain) on disposal of other assets	(347,626)	-
Loss (gain) on disposal of investment	-	(27,814)
Loss (gain) on disposal of investment under equity method	6,924	-
Impairment loss on financial assets	5,940	-
Exchange loss on available-for-sale financial assets	-	88,602
Exchange profit on financial assets at fair value through other comprehensive income	(51,860)	-
Loss on disposal of financial assets at fair value through other comprehensive income	27,734	-
Total adjustments to reconcile profit (loss)	(577,294)	6,515
Changes in operating assets and liabilities:		
(Increase) Decrease in financial assets held for trading	-	(524,392)
(Increase) Decrease in financial assets at fair value through income	53,012	-
(Increase) Decrease in notes receivable	10,232	(6,865)
(Increase) Decrease in account receivable	(28,893)	(497,884)
(Increase) Decrease in inventories	(672,416)	(343,138)
(Increase) Decrease in prepayments	169,335	(759,634)
(Increase) Decrease in other financial assets	(99,759)	13,044
(Increase) Decrease in other current assets	(5,180)	1,507
Increase (Decrease) in incremental cost of contract acquisition	183,643	-
Increase (Decrease) in contract liabilities	(155,281)	-
Increase(Decrease) in accounts payable	153,642	19,978
Increase (Decrease) in other payable	76,677	189,663
Increase (Decrease) in advance receipts	5,637	553,636
Increase (Decrease) in other current liabilities	(729)	(3,379)
Increase (Decrease) in defined benefits liabilities	214	536
Total net change in assets and liabilities related to operations	(309,866)	(1,356,928)
Total Adjustments	(887,160)	(1,350,413)
Cash inflow generated from operations	1,711,658	1,095,768
Interest received	277,891	109,852
Dividend received	232,871	187,000
Interest paid	(25,874)	(37,899)
Income taxes (paid)	(368,476)	(112,891)

Lungyen Life Service Corp. and Subsidiaries
Consolidated Statements of Cash Flows (Cont.)

Year Ended September 30, 2018 and 2017

(expressed in thousands of New Taiwan dollars)

	2018	2017
Net cash flows from (used in) operating activities	1,828,070	1,241,830
Cash flows from (used in) investment activities		
Acquisition of financial assets at fair value through other comprehensive income	(1,857,471)	
Disposal of financial assets at fair value through other comprehensive income	929,548	
Return on capital reduction of financial assets at fair value through other comprehensive income	893	-
Distribution from liquidation of financial assets at fair value through other comprehensive income	2,551	-
Acquisition of financial assets at amortized cost	(607,084)	-
Acquisition of available-for-sale financial assets	-	(1,124,127)
Disposal of available-for-sale financial assets	-	1,218,123
Acquisition of held-to-maturity financial assets	-	(309,640)
Disposal of investment under equity method	1,009	-
Payment from capital reduction of investee under equity method	-	11,135
Acquisition of property, plant and equipment	(71,929)	(75,765)
Disposal of property, plant and equipment	814	997
Acquisition of intangible assets	(12,161)	(5,444)
Acquisition of investment property	(675)	-
Disposal of investment property	750	-
Decrease (Increase) in other financial assets - current	215,383	(317,515)
Decrease (Increase) in other financial assets - non current	(10,075)	(20,612)
Cash outflow due loss of control of subsidiaries	(17,621)	-
Disposal of other non-current assets	604,32	15
Acquisition of other non-current assets	(293,430)	-
Net cash flows from (used in) investing activities	(1,115,196)	(622,833)
Cash flow from (used in) financing activities:		
Increase in short-term loans	8,479,300	8,804,100
Decrease in short-term loans	(8,138,000)	(13,155,000)
Issuance of corporate bond	-	3,113,000
Increase in guarantee deposits	10,611	8,129
Cash dividends	(1,050,210)	(504,101)
Capital increase	-	1,304,100
Change in non-controlling interests	-	(216,003)
Net cash flows from (used in) financing activities	(698,299)	(645,775)
Effects of foreign exchange rates changes on cash and cash equivalents	9,646	(3,062)
Net (decrease) increase in cash and cash equivalents	24,221	(29,840)
Cash and cash equivalents at beginning of period	169,781	199,621
Cash and cash equivalents at end of period	**$ 194,002**	**169,781**

Lungyen Life Service Corp. and Subsidiaries
Notes to Consolidated Financial Statements

For The Years Ended December 31, 2018 and 2017

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

I. Company profile

Lungyen Life Service Corp. (Original Da Han Construction; hereinafter referred to as the "Company") was incorporated in March 27, 1987, and was registered in 1F., No.166, Sec. 2, Minquan E. Rd., Zhongshan Dist., Taipei City 104, Taiwan (R.O.C.). The Company and its subsidiaries (together referred to as the 'Consolidated Company' and individually as 'Group entities') is primarily engaged in operation of funeral facilities, life service, development and lease of interment premises, and development and lease of residential areas and buildings.

II. Approval and procedures of the consolidated financial statements

The quarterly consolidated financial statements were accepted and published by the Board of Directors on February 26, 2019.

III. Application of new and revised standards and interpretations

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

The Consolidated Company has adopted completely by Financial Supervisory Commission (hereinafter referred to as the "FSC") in 2018. The financial report was issued according to the IFRS and became effective in 2018, the following table depicts the new, amended, revised standards and interpretations:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
Amendments to IFRS No.2 "Share-based Payment" that clarify the classification and measurement of transactions.	January 1, 2018
Amendments to IFRS No.4 "Insurance Contracts" about the scope of entities for financial instruments in IFRS No.9	January 1, 2018
IFRS No.9 "Financial Instruments"	January 1, 2018
IFRS No.15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS No.7 "Disclosure Initiative"	January 1, 2017
Amendments to IFRS No.12 "Recognition of Deferred Tax Assets for	January 1, 2017

Unrealized Losses”	
Amendments to IFRS 40 “Conversion of Investment Property”	January 1, 2018
2014-2016 International Financial Reporting Year Improvement:	
Amendments to IFRS No.12	January 1, 2017
Amendments to IFRS No.1 and amendments to IAS No. 28	January 1, 2018
International Financial Reporting Interpretation No. 22 "Foreign Currency Transactions and Advance Payment Consideration"	January 1, 2018

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

1. IFRS 15 Revenue from Contracts with Customers

   It establishes a comprehensive framework for determining whether, how much and when revenue is recognized. It replaces existing revenue recognition guidance, including IAS 18 “Revenue” and IAS 11 “Construction Contracts”.

   The Consolidated Company adopted cumulative impact method, which applied to IFRS 15. Thus, there is no need to reproduce the comparative information of the previous period. The cumulative effect of the initial application of the criteria will be adjusted on January 1, 2018 surplus.

   The Consolidated Company is expected to have completed the contract to apply the substantive right to practice, that is, contracts which are completed on the earliest applicable date (January 1, 2018) will not be restated.

   The Consolidated Company applied substantive right to practice method to all contracts completed before January 1, 2018, that is, when the Consolidated Company identified completed contracts, not completed contracts, determined trading prices, and the allocation of upcoming trading prices to completed contracts, not completed contracts, the Consolidated Company reflects all effects that occurred before January 1, 2018.

   The extent and impact of signification changes are as follows:

   (1) Sales of Goods

   In respect of the sale of the tower product, the current income is recognized when the goods are delivered to the customer for permanent use, at which time the customer has accepted the product and the significant risks and rewards of the relevant ownership have been transferred to the customer. At that point in time to recognize the income, due to the time point of income and cost can be a reliable

measure, the price is likely to recover, and no longer continue to participate in the management of goods. In accordance with the IFRS No. 15, income will be recognized when the customer obtains control of the product.

Under current accounting standards, the collection and payment of management fees for Cemetery and columbaria products are not recognized as in equity; however, under IFRS No.15, management fees are thought to be consideration for C&C sites operation and management obligation specified in the contracts, thus will be recognized as revenues up to the amount the costs occurred at the time.

(2) Significant financial components

IFRS 15 specified that entities shall adjust the amount of committed consideration to reflect impact of time value in money if terms regarding timing of payment and product or service delivery in the contract clearly or unclearly includes material financial benefits to customers or entities when the contract price decided. However, above situation is not applicable for repayment if the timing of transfer of product or service is decided by customers. Currently, the advanced receipts from C&C products and pre-need funeral contracts are collected by one-time payment or installments. Customers paying installments also bear the time value cost; in comparison, customers choosing one-time payment have the right to request for immediate exercise of the contract, which means that the timing of transfer is decided by the customers thus no financial components shall be considered. Customers paying installments can only request to exercise the contract when paying up the whole amount of sales price hence contract revenues and financial components shall be separately recognized in the Comprehensive Income statement. The financial components are recognized as interest revenues in accordance with the repayment schedule.

(3) Impact to Financial Statements:

The impact to 2018 consolidated financial statements applying IFRS 15 is as below:

	12.31.2018			1.1.2018		
Effected Items on Consolidated Balance Sheet	**Book Value (IFRS15 not applied)**	**Effects of Changes in Accounting Policies**	**Book Value (IFRS15 applied)**	**Book Value (IFRS15 not applied)**	**Effects of Changes in Accounting Policies**	**Book Value (IFRS15 applied)**
Accounts receivable, net	$ 1,012,101	7,736,295	8,748,396	1,009,425	7,718,654	8,728,079
Incremental cost of contract acquisition - current	8,242,086	(272,752)	7,969,334	8,451,553	(274,049)	8,177,504
Assets effects		**7,463,543**			**7,444,605**	

Contract liability – current	$ -	37,755,020	37,755,020	-	37,910,301	37,910,301
Other payables	799,244	31,241	830,485	709,194	31,482	740,676
Advance receipts	32,072,251	(31,237,860)	834,391	32,222,626	(31,393,872)	828,754
Liability effects		**6,548,401**			**6,547,911**	
Retained earnings (Note)	$ 5,169,820	915,142	6,084,962	4,253,894	896,694	5,150,588
Equity effects		**915,142**			**896,694**	

Note: Effects of IFRS 9 in not included in retained earnings on December 31 and January 1, 2018.

	2018		
Effected Items on Comprehensive Income	**Book Value (IFRS15 not applied)**	**Effects of Changes in Accounting Policies**	**Book Value (IFRS15 applied)**
Operating revenue	$ 5,110,761	(153,743)	4,957,018
Selling expenses	(1,021,407)	40,335	(981,072)
Administration expenses	(547,008)	(571)	(547,579)
Other income and losses	-	145,618	145,618
Interest income	106,297	(13,191)	93,106
Net income effects		**18,448**	
Basic earnings per share (NTD)	**$ 5.15**	**0.04**	**5.19**
Diluted earnings per share (NTD)	**$ 4.66**	**0.04**	**4.70**

	Nine Months Ended September 30, 2018		
Effected Items on Consolidated Statement of Cash Flows	**Book Value (IFRS15 not applied)**	**Effects of Changes in Accounting Policies**	**Book Value (IFRS15 applied)**
Cash flows from operating activities			
Profit (loss) before tax	$ 2,580,370	18,448	2,598,818
Adjustments:			
Interest income	(93,106)	(184,655)	(277,761)
(Increase) Decrease on account receivable	(11,252)	(17,641)	(28,893)
(Increase) Decrease on incremental cost of contract acquisition	184,940	(1,297)	183,643
Increase (Decrease) on contract liabilities	-	(155,281)	(155,281)
Increase (Decrease) on advance receipts	(150,375)	156,012	5,637
Increase (Decrease) on other payable	76,918	(241)	76,677
Cash outflow generated from		(203,103)	

operations effects			
Interest received	93,236	184,655	277,891
Net cash flows from (used in) operating activities effects		-	

2. IFRS 9 "Financial Instruments"

IFRS 9 "Financial Instruments" (hereinafter referred to as IFRS 9) replaces IAS 39 "Financial Instruments: Recognition and Measurement" (hereinafter referred to as IAS 39) which contains classification and measurement of financial instruments, impairment and hedge accounting.

On account of applying IFRS 9, the Consolidated Company applied IAS 1 "Presentation of Financial Statements", which regulated that gain (loss) on financial assets should be carried alone, and gain or loss from accounts receivable was recognized as administration expenses before. Besides, the Consolidated Company applied IFRS 7 "Financial Instruments: Disclosures" to disclose information in 2018, and the rule is usually not applicable to comparative information.

The extent and impact of signification changes due to applying IFRS 9 are as follows:

(1) Classification- Financial assets and liabilities:

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL).Under IFRS 9, classification of financial assets is based on the business model and contractual cash flows of the financial asset, and deleted held-to-maturity, The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial assets in the scope of the standard are never bifurcated. Instead, it's a classification to estimate the hybrid financial instrument. The accounting policies about classifications, measurements, and recognition related gains and losses of financial assets please refer to note 4(7).

Applying IFRS 9 has no significant impact on the accounting policy of financial liability of the consolidated company.

(2) Impairment-Financial assets and contract assets

IFRS 9 replaces the incurred loss model in IAS 39 with a forward-looking expected credit loss (ECL) model. The new impairment model which measured at amortized cost will apply to financial assets, contractual assets, and other measured at fair

value through other comprehensive income, but not applicable to equity instruments.

Under IFRS 9, recognition time for credit losses is earlier than IAS 39, please refer to note 4(7).

(3) Transition

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below:

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOC.
- If credit risk of debt securities are low on the first effective date of IFRS 9, the consolidated company assumes that credit risks will not increase significantly since recognition date.

(4) Classification of financial assets on the first effective date of IFRS 9

Measuring category of financial assets applicable to IAS 39 which transferred to IFRS 9, the new measuring classification, book value, and extent of the financial assets are as below (measuring category and book value of financial liability are still) :

	IAS39		IFRS9	
	Classification	**Book Value**	**Classification**	**Book Value**
Financial Asset				
Investments in debt instruments	Investments in debt instrument (Note 1)	1,832,729	Measured at fair value through other comprehensive income	1,832,729
	Measured at fair value through profit or loss	662,268	Measured at fair value through profit or loss	662,268
	Available-for-sale (Note 2)	387,013	Measured at fair value through profit or loss	387,013
	Held-to-maturity (Note 3)	414,832	Amortized cost	414,832
	Held-to-maturity (Note 2)	200,000	Measured at fair value through other	200,000

			comprehensive income	
Investments in equity instruments	Measured at fair value through profit or loss	347,381	Measured at fair value through profit or loss	347,381
	Measured at fair value through profit or loss (Note 2)	447,886	Measured at fair value through other comprehensive income	447,886
	Available-for-sale (Note 2)	195,879	Measured at fair value through profit or loss	195,879
	Available-for-sale (Note 4)	6,169,499	Measured at fair value through other comprehensive income	6,169,499
Investments in equity instruments	Measured at cost (Note 4)	18,992	Measured at fair value through other comprehensive income	18,992

Note 1: When applying IAS 39, investments in debt instruments are classified to available-for-sale financial assets, the finance department in the consolidated company gain interest revenue held in the same investment portfolio, but might be sold during operation to satisfy the liquidity, the consolidated company thinks that the business model of the debt is composed of earning cash and selling financial assets simultaneously. The maturity of the debt security will be in 1-2 years, plus contract provision of the financial asset which generate cash flows on specific date, the cash flows are to pay for principle amount and interest for outstanding principle amount. Thus, when applying IFRS 9, the classification of the asset will be measured at fair value through other comprehensive income.

Note 2: Those debt instruments and equity instruments were measured at fair value through profit or loss, available-for-sale financial assets, held-to-maturity financial assets, the consolidated company reclassified to measured at fair value through other comprehensive income and measured at fair value through profit or loss on account of intention of holding.

Note 3: For the financial asset which was reclassified from held-to-maturity to be measured at amortized cost, the consolidated company has the intention to hold the asset to maturity to receive the cash flows of contractual right, the cash flows are to pay for principle amount and interest for outstanding principle amount.

Note 4: The equity instrument (including financial assets measured at cost) represent strategic investments that the consolidated company has the intention to hold for long-term, according to IFRS 9, the consolidated company designated the investment

classification as measured at fair value through other comprehensive income on the first effective date.

The reconciliation from IFRS 39 to IAS 39 for book value of financial assets on January 1, 2018 is as below:

	12.31.2017 IAS 39 Book Value	Reclassification	Reassess	1.1.2018 IFRS 9 Book Value	1.1.2018 Retained Earnings Effects	1.1.2018 Other Equity Effects
Financial assets at fair value through profit or loss						
Measured at fair value through profit or loss at the beginning of the period under IAS 39	$ 1,457,535	-	-		-	-
Additions－Investments in debt instruments：						
From available-for-sale	-	387,013	-		(14,972)	14,972
Additions－Investments in equity instruments：						
From available-for-sale	-	195,879	-		20,280	(20,280)
Deductions－Investments in equity instruments：						
Reclassified to measured at fair value through other comprehensive income	-	(447,886)	-		-	-
Total	**$ 1,457,535**	**135,006**	**-**	**1,592,541**	**5,308**	**(5,308)**
Financial asset measured at fair value through other comprehensive income						
Available-for-sale (including measured at cost) at the beginning of the period under IAS 39	$ 8,604,112	-	-		-	-
Available-for-sale reclassified to measured at fair value through other comprehensive income	-	-	-		236,144	(236,144)
Additions－Investments in debt instruments：						
From held-to-maturity	-	200,000	-		-	-
Additions－Investments in equity instruments：						
From measured at fair value through profit or loss	-	447,886	-		(33,291)	33,291
Deductions－Investments in debt instruments：						
Reclassified to measured at fair value through profit or loss – reclassified on the basis of the classification standard	-	(387,013)	-		-	-
Deductions－Investments in equity instruments：						
Reclassified to measured at fair value through profit or loss – reclassified on the basis of the classification standard	-	(195,879)	-		-	-
Total	**$ 8,604,112**	**64,994**	**-**	**8,669,106**	**202,853**	**(202,853)**
Financial assets at amortized cost						
Investments in debt instruments with no active market, held-to-maturity, accounts receivable, and other financial assets at the beginning of the period under IAS 39	$ 614,832	-	-		-	-
Deductions：						
Reclassified to measured at fair value through other comprehensive income	-	(200,000)	-		-	-
Total	**$ 614,832**	**(200,000)**	**-**	**414,832**	**-**	**-**

3. IFRS No.7 “Disclosure Initiative”

Amendments to the standard has regulated that companies should provide users of financial statements changes in liabilities from financing activities to evaluate, including changes from both cash flows and non-cash flows. During 2018, the evaluation has no significant impact on changes in liabilities from financing activities of the consolidated company.

4. Amendments to IFRS No.12 "Recognition of Deferred Tax Assets for Unrealized Losses"

   Amendments clarified that if meets specific requirements, unrealized losses will be recognized to deferred tax assets, and clarify the calculation of "Future Taxable Profit". During 2018, the above-mentioned has no significant impact on recognition of deferred tax assets for unrealized losses of the consolidated company.

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

According to official document No.1070324857 announced by FSC on July 17, 2018, public companies should apply IFRSs endorsed by the FSC comprehensively since 2019 which become effective in 2019. The following table depicts the new, amended, revised standards and interpretations:

New／Amended／Revised Standards and Interpretations	Effective date per IASB
IFRS 16 "Leases"	January 1, 2019
IFRIC 23 "Uncertainty over Income Tax Treatments"	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019
Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"	January 1, 2019
Amendments to IFRS 28 "Long-Term Interests in Associates and Joint Ventures"	January 1, 2019
Annual Improvements to IFRS 2015-2017 Cycle	January 1, 2019

Applying endorsed IFRSs mentioned above have no significant impact on consolidated financial reports except for the followings. The characters and extent of impact which lead to signification changes are as follows:

1. IFRS 16 "Leases"

   The standard supersedes IAS 17 "Leases", IFRIC 4 "Determining Whether an Arrangement Contains a Lease", SIC 15 " Operating Leases – Incentives", and SIC 27

"Evaluating the Substance of Transactions in the Legal Form of a Lease"

The new standard applies single accounting model to lessee which recognize leases on balance sheet, and recognizes a Right-to-use (ROU) Asset to express the right of using the underlying asset, and a Lease Liability to express the obligation of lease payments. Besides, lease expense will be expressed in depreciation and interest instead of operating leases which generally feature straight-line recognition of total lease expense. Moreover, there's an optional lessee exemption for short-term leases and low-value items. The accounting model for lessor remains similar to current standard, which indicates that lessor should classify into operating lease and finance lease.

The Company predicts that there will be potential impact to consolidated financial report due to the amendments mentioned above, but the detail evaluation is not yet finished. The impact on financial reports on the first application date after applying will consider future situations, including evaluating discount rate, lease portfolio, option to extend the lease whether adopting transition and exemption.

(1) Identify whether an arrangement contains a lease

The Consolidated Company can choose the following during the transition.

- The definition of lease that is applicable to all contracts ; or
- Take practicable expedient measures and won't reassess whether an arrangement is, or contains, a lease.

The Consolidated Company plans to take practicable expedient measures and not to reassess the definition of lease. Meaning that all arrangements signed before January 1, 2019 are applicable to lease definition of current regulations.

(2) Transition

The Consolidated Company is able to choose the following if it's a lessee in an arrangement:

- Adopt the standard retrospectively; or
- Follow a modified retrospective approach and one or more practicable expedients.

The Consolidated Company expects to follow a modified retrospective approach, thus the accumulated effect will recognize to retained earnings on January 1, 2019

instead of restatement of comparative information.

When applying modified retrospective approach, whether agreements which are classified to operating leases under current standard to adopt one or more practical expedients can be evaluated on individual basis. The practical expedient the Consolidated Company will adopt are listed below.

- The Company will apply a single discount rate to a portfolio of lease with reasonably similar characteristics to measure lease liabilities.
- The evaluation results of onerous contracts made in accordance to IAS 37 before the first adoption date will be treated as the substitute to evaluate the losses of the use right assets.
- For those leases ending within 12 months from the first adoption date, recognition of use right assets and lease liabilities can be remitted.
- Original costs will not be included into the evaluation of use right assets on the first adoption date.
- The lease duration of those lease contracts with an extension or termination option will be decided by the contract results.

(3) Up to date the Consolidated Company estimated the most important impact from adopting the new standard is recognition of use right assets and lease liabilities for those offices, factories and warehouses currently leased under operation lease. Difference mentioned above may increase the use right assets and lease liabilities by NT$51,791 and have no significant impact on those contracts currently treated as financial lease. Besides, the Consolidated Company expected that the adoption of the new standard has no impact on the adherence capacity of the maximum leverage limitation agreed in the loan contracts. Also, for those sublease contracts in which the Consolidated Company acts as an intermediate lessor, it is estimated that no adjustment has to be made.

2. IFRIC 23 “Uncertainty over Income Tax Treatments”

The new interpretation clarifies that when assessing the impact of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates with uncertainties, should assume that a taxation authority with the right to examine any amounts reported to it will examine those amounts and will have full knowledge of all relevant information when doing so.

If after the assessment, the entity concludes that it is probable that a particular tax treatment will be accepted, it has to determine taxable profit (tax loss), tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatment included in its tax filings; on the contrary, if after the assessment, the entity concludes that it is not probable that a particular tax treatment is accepted, it has to use the most likely amount or the expected value of the tax treatment. The decision should be able to reflect impact of every tax treatments with uncertainty.

So far, the Consolidated Company expected that above-mentioned changes has no significant impact on the Consolidated Company's financial report.

However, those expected effects mentioned above brought by the adoption of the new standard may differ as the future environment or situation differs.

(III) The new and revised standards and interpretations but not yet endorsed by the FSC

The following table depicts the new, amended, revised standards and interpretations issued by IASB, but not yet endorsed by the FSC:

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

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

Issuance / Release Dates	New Standard or Amendments	Interpretations
September 11, 2014	Amendments to IFRS 10 and IAS 28 "Sales or Contributions of Assets Between an Investor and its Associate or Joint Venture"	Clarify that when an investor transfers its subsidiary to its associate or joint venture, if sales or contributions of assets constitute a business, a full gain or loss should be recognized on the loss of control of a business. If that does not constitute a business, it should calculates unrealized profits and losses according to shareholding ratio and defer recognition to the extent of the gain or loss.

October 22, 2018	Amendment to IFRS 3 "Definition of a Business"	The IASB issued the Amendment to IFRS 3 to narrow the criteria of a business and clarify its definitions. This amendment will help entities to distinguish between the acquisition of a business and a group of asset. The amended definition stresses that outputs of a business shall be able to provide good and services to customers; the previous version laid emphasis on the ability to provide returns such as dividends, lower costs or other economic benefits. Besides, in addition to the amendment to the definition, the IASB also has provided supplementary guidance.
October 31, 2018	Amendment to IFRS 1 and IFRS 8 "Definition to Material"	This amendment illustrates the definition of material and how to apply to the material guidance mentioned in the current standards. Besides, the amendment also has improved the explanation of material and confirmed that the definitions of material in all standards are consistent.

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report utilizes significant accounting policies summary as below. Following accounting policies are all applied to the period presented in this consolidated financial report.

(I) Compliance Statement

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

standards, interpretation, and bulletin (referred to as "the IFRS approved by the FSC" hereinafter) approved and issued by the FSC.

(II) Basis of Preparation

1. Basis of measurement

Except for the material items in the balance sheet as below, the consolidated financial reports have been prepared in accordance with the historical cost:

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

(2) Financial assets at fair value through other comprehensive income (available-for-sale financial assets); and

(3) Defined benefit liabilities (or assets) are recognized in accordance with the fair value of pension fund assets deducted by net present value of defined benefit obligation and maximum effects in Note 4(16).

2. Functional currency and presentation currency

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

(III) Basis of Consolidation

1. Principle for the preparation of consolidated financial statements

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

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

even if the non-controlling equity is with a deficit balance.

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

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

2. Losing control of the subsidiaries

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

3. The subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements include:

Investee	Name of subsidiary	Nature of business	Shareholding ratio		Remarks
			12.31.2018	12.31.2017	
The Company	Jin Huang Construction Co., Ltd.	Architecture and Civil Engineering business operations	98.20%	98.20%	-
The Company	Yuji Development Corp.	Funeral services business operations	54.42%	54.42%	
The Company	Dahan Property Management Co., Ltd.	Residences and buildings development and lease.	80.00%	80.00%	-
The Company	Sea Dragon Traders Ltd. (BVI)	Investment business	100.00%	100.00%	Note4 (3).5(1)

The Company	Singapore Lungyen Life Service Pte. Ltd.	Funeral services	100.00%	100.00%	-
The Company	Lung An Company Limited	Funeral services	100.00%	100.00%	Note4 (3).5(3)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services	77.75%	77.75%	
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Company Limited (renamed to Long Young Life Company Limited(Cayman) since Jan, 2018)	Investment business	50.00%	100.00%	Note4 (3).5(2)
Long Young Life (Cayman) Limited	Lungyen HK Company Limited (renamed to Long Young Life Company Limited (HK) since Feb, 2018)	Investment business	50.00%	100.00%	Note4 (3).5(2)
Long Young Life (HK) Limited	Wenzhou Lungyen Cemetery Company Limited (Lungyen Wenzhou)	Funeral services	50.00%	100.00%	Note4 (3).5(2)

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

3. Changes in subsidiary:

   (1) The Company increased cash capital in Sea Dragon Traders Ltd. in June and July, 2017 by US$7,000 thousand and US$10,000 thousand. The pre-money and post-money percentages of ownership were both 100%.

   (2) Sea Dragon established and invested in Lungyen (Wenzhou) for US$11,000 thousand with 100% ownership through reinvesting in Lungyen (Cayman) and Lungyen (HK) in October, 2016. In June and July, 2017, Sea Dragon increased cash capital in Lungyen (Wenzhou) for USD$17,000 thousand through Lungyen (HK). The post-money percentage of ownership remained 100%. Sea Dragon signed a joint venture agreement with Sino-Ocean Group (joint venture party) on December 31, 2017, the joint venture party increased cash capital in Lungyen (Cayman) for USD$28,000 thousand, and changed the name of Lungyen (Cayman) into Long Young Life Company Limited (Cayman). Shareholding ratio of the Consolidated Company has decreased from 100% to 50% after increasing cash capital. As the Consolidated Company has residual interest in net assets of Long Young Life Company Limited (Cayman), thus the agreement was categorized into joint venture and using equity method, and will not be listed in the

consolidated financial statements since 2018.

(3) In January and May, 2017, the Company acquired 10,800 thousand of Lung An's outstanding shares for each transaction from other shareholder(s) at $10 per share. The Company's shareholding ratio after above transactions has increased from 70% to 100%.

(IV) Foreign Currency

1. Transactions in foreign currencies

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

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

Except for non-monetary equity instrument at fair value through other comprehensive income (available-for-sale equity instrument), financial liabilities designated as hedges of foreign institution's net investment or qualified cash flow hedge, the foreign currency exchange difference arising from translation is recognized in "Other comprehensive profit or loss" while others are recognized in "Profit or loss."

2. Foreign operating agency

Foreign institution's assets and liabilities include goodwill arising on acquisition and fair value adjustments that are translated into the functional currency on the reporting date. Income and expenses are translated into the functional currency in accordance with the current average exchange rates; also, the resulted exchange differences are recognized in "Other comprehensive profit or loss."

When the disposal of a foreign operation causes a loss of control, loss of joint control, or significant influence, the cumulative exchange difference related to the foreign operation

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

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

(V) Classification of Assets and Liabilities as Current and Non-current

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

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

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

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

(VI) Cash and Cash Equivalent

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

(VII) Financial Instruments (applicable from January 1, 2018)

1. Financial Assets

Financial assets of the Consolidated Company are classified as financial assets at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss.

Only when the operation model of financial asset management has been changed, the Consolidated Company will reclassify financial assets which are affected by the change.

(1) Financial asset at amortized cost:

Financial asset shall be measured at amortized cost when it meets the conditions simultaneously and not designated as measured at fair value through profit and loss.

- Financial asset held due to the business model of earning contractual cash flows.
- The asset that cash flows earned on maturity date due to contractual right are to pay for principle amount and interest for outstanding principle amount.

If the initial recognition is measured at fair value plus transaction cost which is directly attributable, then use effective interest rate method, which is calculated through amortized cost minus impairment loss. Interest revenue, profit and loss of foreign currency exchange, and impairment loss are recognized in profits and losses. Gains or losses will be in profit or loss during derecognition. Those financial assets purchased or sold as a trade practice will be recognized by trade date accounting.

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

If investment in debt instrument meet the following conditions simultaneously, and not designated as measured at fair value through profit and loss, will be measured at fair value through other comprehensive income.

- Financial asset held due to the business model of earning contractual cash flows and being sold.
- The asset that cash flows earned on maturity date due to contractual right are to

pay for principle amount and interest for outstanding principle amount.

The Consolidated Company has the choice of being irrevocable during initial recognition, the subsequent changes of fair value for investment in equity instrument not held for trading will be recognized in other comprehensive income. The above choice is on the basis of instrument-by-instrument approach.

If the initial recognition is measured at fair value plus transaction cost which is directly attributable, then measured at fair value, except investments in debt instruments below: profits and losses of foreign currency exchanges, and interest revenue, impairment loss, dividend revenue of investment in equity instrument (unless representing recovery of the cost of the investment significantly) using effective interest method will be recognized in profit and loss, other changes in book value will be recognized in other comprehensive income, and accumulated to unrealized profit and loss of financial assets measured at fair value through other comprehensive income in equity. Accumulated amount of gains or losses under equity will be reclassified to income if belongs to investments in debt instruments, and accumulated amount of gains or losses under equity will be reclassified to retained earnings instead of income if belongs to investments in equity instruments during derecognition. Those financial assets purchased or sold as a trade practice will be recognized by trade date accounting.

Dividend revenue of investments in equity will generally be recognized on the date that the Consolidated Company has the right to earn dividends (Usually equals to ex-dividend date).

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

Financial assets that aren't belong to above mentioned (measured at amortized cost or measured at fair value through other comprehensive income) will be measured at fair value through profit or loss, including derivative financial assets. To eliminate or reduce accounting mismatch significantly, the Consolidated Company is able to appoint financial assets that conform to measured at amortized cost or measured at fair value through other comprehensive income to financial assets measured at fair value through profit or loss irrevocably during initial recognition.

If being measured at fair value in initial recognition, and recognized in income

when transaction cost occurs, will be measured at fair value later, the profit or loss generated from remeasurement (including related dividend revenue and interest revenue) will be recognized to income. Those financial assets purchased or sold as a trade practice will be recognized by trade date accounting.

(4) Financial assets impairment

For financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, finance lease receivable, refundable deposit and other financial asset…etc.), investments in debt instruments measured at fair value through other comprehensive income, accounts receivables measured at fair value through other comprehensive income, forecast loss of credit for contractual assets, the Consolidated Company recognizes in allowance for loss.

The allowance for losses of following financial assets are amount measured at 12-month expected credit losses, other amount will be measured at lifetime expected credit losses:

・Credit loss of debt securities on reporting date is low; And

・Credit loss of other debt securities and bank deposits(refer to the risk of being default during expected lifetime of the financial asset) haven't increased significantly since initial recognition.

The amounts of accounts receivables and allowance for loss of contractual assets are measured at lifetime expected credit loss.

Lifetime expected credit loss refers to expected credit loss generated from possible default items during expected lifetime of financial instruments.

12-month expected credit loss refers to expected credit loss generated in 12 months from possible default items after reporting date of financial instruments (or shorter if the expected lifetime of the financial instrument is shorter than 12 months).

The longest period of measuring expected credit loss is the longest contractual period that the Consolidated Company being exposed to credit risk.

When determining if credit risk has increased significantly since initial recognition, the Consolidated Company considers rational and provable information (acquired

with no undue cost or effort), including qualitative and quantitative information, and according to the Consolidated Company's past experiences, credit evaluation, analyses from forecasting information.

If the credit risk evaluation equals to global-defined investment grade (BBB- or higher by Standards & Poor's, Baa3 or higher by Moody's, twA or higher by Taiwan Ratings, the Consolidated Company regards the debt security as low credit risk.

If the contractual amount has expired for over 30 days, the Consolidated Company will assume that the credit risk of the financial asset has increased significantly.

If the contractual amount has expired for over 90 days, or the borrower is unlikely to execute the contract of paying total amount to the Consolidated Company, the Consolidated Company considers that default has occurred.

Expected credit loss is the estimation of probability-weighting of credit loss during expected life of the financial asset. Credit loss is measured by total present value of short pay cash payment, which equals the difference between actual contractual cash flows receivable for Consolidated Company and expected contractual cash flows receivable for Consolidated Company. Expected credit loss is discounted at effective interest of the financial asset.

The Consolidated Company will evaluate financial assets measured at amortized cost and debt securities measured at fair value through other comprehensive income on every reporting date to see if there is credit impairment. If one or more events that are adverse to the estimated future cash flows of the financial asset have occurred, the financial asset will be considered to be credit-impaired. The evident of credit impairment of the financial asset includes the following observable materials:

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as default or being expired for over 90 days.
- For economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Consolidated Company would not otherwise consider.

・It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.

・The disappearance of an active market for that financial asset because of financial difficulties.

Allowance for financial assets measured at amortized cost should be reduced from the book value of assets, allowance for debt securities measured at fair value through other comprehensive income should be recognized in other comprehensive income (which is not to reduce book value of the assets.). Loss allowance and reversal will be recognized in profit and loss.

When there is no reasonable expectation of recovery for part of or all of the financial asset, the Consolidated Company will deduce the total book value for the financial asset directly. Which usually means that the Consolidated Company considers that assets or sources of income for the borrower aren't able to generate enough write-off amount. However, a write-off the financial asset can still be implemented to meet the procedure of recovering expired amount of the Consolidated Company.

(5) Elimination of financial assets

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

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

When one investment in debt instrument is not derecognized entirely, the Consolidated Company based on the relative fair value of each portion on the transfer date has the original book value of the financial asset allocated to the continuingly recognized portion and the derecognized portion. The difference between the book value allocated to the derecognized portion and the total amount

of the consideration received for the derecognized portion plus any cumulative gain or loss recognized in other comprehensive profit or loss that is allocated to the derecognized portion is recognized in "profit or loss;" also, it is reported in the "Other gains and losses" of the "Non-operating income and expenses." The cumulative gain or loss that is recognized in "Other comprehensive profit or loss" is allocated to the continuingly recognized portion and the derecognized portion.

2. Financial Assets (applicable before January 1, 2018)

The Consolidated Company's financial assets are classified as follows: "Financial assets at costs", "help-to maturity" financial assets, "available-for-sale" financial assets and "loans and receivables".

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

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

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

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

(2) Available-for-sale financial assets

This kind of financial assets is appointed as available-for-sale or non-derivative financial assets that are not classified as other categories. Initial recognition is measured in accordance with fair value adding transaction cost which can be directly classified. Subsequent measurement is in accordance with fair value, despite deducting impairment loss, interest income calculated based on effective interest rate method, dividend income and foreign currency exchange gain or loss

of monetary financial assets, other changes of book value should be recognized as other comprehensive profit or loss, and accumulated at the unrealized gain or loss of the available-for-sale financial assets under equity. When derecognizing, the accumulative profit or loss under equity is reclassified to profit or loss. When purchasing or selling financial assets utilizes transaction date accounting treatment based on transaction practices.

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

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

(3) Held-to-maturity financial assets

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

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

(4) Loans and receivables

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

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

and expenses."

(5) Financial assets impairment

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

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

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

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

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

All financial assets impairment loss is directly deducted from the book value of the financial asset. However, the book value of accounts receivable is decreased through the allowance account. The receivable that is concluded to be uncollectible is written off against the allowance account. Previously written off amounts that

are recovered subsequently are credited to the allowance account. Changes in the book value of the allowance account are recognized in "Profit or loss".

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

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

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

(6) Elimination of financial assets

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

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

When one financial asset is not derecognized entirely, the Consolidated Company

based on the relative fair value of each portion on the transfer date has the original book value of the financial asset allocated to the continuingly recognized portion and the derecognized portion. The difference between the book value allocated to the derecognized portion and the total amount of the consideration received for the derecognized portion plus any cumulative gain or loss recognized in other comprehensive profit or loss that is allocated to the derecognized portion is recognized in "profit or loss;" also, it is reported in the "Other gains and losses" of the "Non-operating income and expenses." The cumulative gain or loss that is recognized in "Other comprehensive profit or loss" is allocated to the continuingly recognized portion and the derecognized portion.

3. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

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

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

(2) Other financial liabilities

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

(3) Elimination of financial liabilities

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

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

(VIII)Inventories

1. Buildings for Sale

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

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

(1) Construction Site: Net realizable value is by referring to the estimate made by the competent authorities in accordance with the prevailing market conditions.

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

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

2. Columbarium and Cemetery Invested and Built for Sale

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

Interest expense incurred to have the construction in progress (including land and

construction in progress) available for use or completed shall be capitalized. Columbarium and cemetery for sale is measured at the lower of cost or net realizable value.

(IX) Non-Current Assets Held for Sale

The Board of the Consolidated Company approved the resolution to offer part of the Consolidated Company's investment property for sale by public auction. As a result, accounting policies related to non-current assets held for sales have been applied since July 1, 2018.

The non-current assets (or the disposal groups which are composed of assets and liabilities) are reclassified as assets for sales or held for distribution to owners when the book value are expected to be recovered through sale or distribution to owners rather than continuing use. Those non-current assets or disposal groups met the criteria of the classification shall be available for immediate sale in their present condition and its sale must be highly probable within one year. Components of assets or disposal groups shall be reevaluated in accordance in the Company's accounting policies before being reclassified to held for sale or held for distribution for owners. After being classified to held for sale or held for distribution to owners, non-current assets or disposal groups are measured at the lower of carrying amount and fair value less costs to sell.

Depreciation or amortization will no longer be accrued when properties, plants and equipment have been classified as assets held for sale or assets held for distribution to owners.

(X) Investments in affiliated enterprises

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

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

The consolidated financial report includes the period from the date the significant influence received to the date the significant influence ceased. After adjusting the accounting policies to be consistent with the Consolidated Company's, the Consolidated Company recognizes

the affiliated enterprise's profit or loss and other comprehensive profit or loss proportionally to equity.

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

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

(XI) Joint Arrangements

Joint arrangements are arrangements jointly controlled by two or more parties and include joint operation and joint venture. A joint arrangement has the following characteristics: (a) the parties are bound by a contractual arrangement, and (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. IFRS 11 "Joint Arrangement" defined the joint control as the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (namely activities have material impact on returns of the agreement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. A joint venture shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 unless the entity is exempted from applying the equity method as specified in that standard.

To evaluate the classification of the joint arrangement, the Consolidated Company considered the structure of the arrangement, the legal form of the separate vehicle, the terms of the contractual arrangement and other facts and circumstances. The previous evaluation considered only the structure of the arrangement. The Consolidated Company reevaluated the joint arrangement it participated in and reclassified the "joint control entity" to "joint venture". That investment though has been reclassified, the equity method will still be

adopted as its accounting treatment. Thus assets, liabilities and comprehensive income which have already been recognized will not be affected.

(XII) Investment Properties

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

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

(XIII) Property, plant, and equipment

1. Recognition and measurement

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

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

The gain or loss from the disposition of property, plant, and equipment bases on the

difference between the book value and the disposal amount; also, the net amount is recognized in the "Other gains and losses" of the "Non-operating income and expenses."

2. Subsequent cost

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

3. Depreciation

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

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

Land is not depreciated.

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

(1) House and building	1～69 years
(2) Office equipment	3～5 years
(3) Transportation equipment	5 years
(4) Other equipment	1～10years
(5) Leasehold improvement	2～10 years

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

4. Reclassification to investment property

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

(XIV) Lease

1. Lessor

   The rental income from operating leases is recognized as income over the period of the lease in accordance with the straight-line method. The total incentives provided to the lessee for achieving the lease arrangement is recognized as decrease of rental income over the period of the lease in accordance with the straight-line method.

2. Lessee

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

(XV) Intangible Assets

1. Goodwill

   (1) Initial recognition

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

   (2) Subsequent measurement

   Goodwill is measured at cost net of the accumulated impairment. Regarding equity method investment, the book value of the goodwill is included in the book value of the investment, and the impairment loss of that investment will be treated as part of book value of the equity investment rather than be classified to goodwill and other assets.

2. Other intangible assets

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

3. Subsequent expense

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

4. Amortization

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

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

   Computer software 1~10 years

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

(XVI) Non-financial Assets Impairment

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

For goodwill and intangible assets without certain useful life, an impairment loss assessment shall be proceeded annual no matter whether there is an indication of impairment.

The recoverable amount is the fair value of an individual asset or cash-generating unit less disposal cost and the value in use whichever is higher. When assessing the value in use, the estimated future cash flow shall be discounted at the pre-tax discount rate to calculate its present value. That discount rate shall reflect the market assessment of time value of money and certain unit risk generated by that asset or cash.

If the recoverable amount of an individual asset or cash-generating unit is less than the book value, the book value of the individual asset or cash-generating unit is adjusted down

to the recoverable amount with impairment loss recognized. Impairment losses were recognized immediately in current profit or loss.

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

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

(XVII) Provision for Liabilities

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

(XVIII) Income Recognition

1. Revenue from Contracts with Customers (applicable from January 1, 2018)

Revenue is measured by the right of receiving the transaction price after transferring goods or services. The Consolidated Company recognizes revenue when it satisfies a performance obligation by transferring a promised good or service to a customer. The main items for revenue of the Consolidated Company is as below:

(1) Construction and sale of columbarium and cemeteries

The Consolidated Company invests in and constructs columbarium and cemetery

for sale, and sells before or during construction frequently. The Consolidated Company recognizes revenues when control of the product is transferred, which is when the permanent use right has been transferred to the customer after the construction is completed and all receivables are collected.

For columbarium, cemeteries, and preneed contracts that are sold in advance, and usually sign a contract that contains the installments until the good or service is transferred to the customer during the period, if the contract contains finance income, it will recognize interest revenue in accordance with payment period; the unconditional right for the transaction price will be recognized as accounts receivable, the advance will be recognized as contract liabilities, and the accumulated amount of contract liabilities will be recognized as revenue at the time the good or service is transferred to the customer.

In Accordance with "Mandatory Provisions to be Included in and Prohibitory Provisions of Standard Form Purchase and Sale Contract for Bone Ashes Storage Entity" issued by the Ministry of the Interior, for all standard form contracts signed after the regulation effective date on April 1, 2013, relevant provisions for future rescission and refund and promise for the useful life shall be estimated according to historical experience.

(2) Funeral services

Funeral services revenues are recognized upon the completion of the labor service.

(3) Rental

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

(4) Land development and sale of properties

The Consolidated Company develops and sell residential real estate, and recognizes revenues when control of the real estate is transferred, therefore, the Consolidated Company recognizes revenues at the time when legal ownership has been transferred to the customer and the property has been delivered. However, revenue

will still be recognized if only one criterion mentioned above has been completed before the reporting date and the other one has been actually completed after the reporting date.

Revenue is measured by the transaction price agreed in the contract. In most cases, if the one being sold is a readily available property, the transaction price can be collected at the time the legal ownership of the property transferring to the customer. In a few cases, payment could be deferred if agreed in the contract, however, the deferment shall be within twelve months. Therefore, no adjustment to transaction price will be made for the sake of reflecting the effect of significant financing component. If the one being sold is a presale real estate, it is usually signed under a contract that contains the installments until the real estate is transferred to the customer during the period, if the contract contains significant financing component, the transaction price will be adjusted according to the loan interest of construction projects to reflect the effect of time value of money during the period. The advance will be recognized as contract liabilities, adjustment for the effect of time value of money will be recognized as interest expense and contract liabilities. The accumulated amount of contract liabilities will be recognized as revenue at the time when the real estate is transferred to the customer.

(5) Construction contract

The Consolidated Company engages in the construction of houses, commercial buildings and public construction. For the reason that clients have the control right over the assets when construction is still in process, revenues are recognized based on the percentage of the actual costs incurred to date to the total expected contract costs. A contract contains both fixed consideration and variable consideration. Customers pay fixed consideration on the agreed schedule. Some variable considerations (such as penalties calculated based on days delayed and subsidy for price adjustment) are estimated based on historical expected value. The Consolidated Company recognizes variable consideration if it is highly probable that the recognition will not result in a significant revenue reversal. A contract asset will be recognized if the customer has not yet paid the related consideration and that contract asset will be reclassified as note receivables when the Consolidated Company owns unconditional rights to the consideration.

If the progress toward completion is not able to be assessed reasonably, the contract

revenue can be recognized only within the range of estimated collectable costs.

When the Consolidated Company expects that the inevitable costs of an obligation of a construction contract will exceed the economic benefits expected to be gained from the contract, a contract provision for that onerous contract shall be presented.

If the situation changes, estimation to revenue, cost and completion progress will be adjusted. Relevant increase and decrease will be presented in the income statement when the management finds out the change and makes the adjustment.

2. Revenue from Contracts with Customers (applicable until January 1, 2018)

(1) Construction and sale of columbarium and cemeteries

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

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

(2) Funeral service

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

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

(3) Construction contract

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

activity. The cost of the future events related to the contract should be recognized as assets to the extent of the recoverable amount.

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

(4) Rent income

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

(XIX) Costs from Contracts with Customers

1. Incremental Costs of Obtaining a Contract

If the Consolidated Company expects that the incremental costs of obtaining a contract from customer are to be recovered, these costs are recognized as an asset. Incremental costs of obtaining a contract are costs that would not have been incurred had that individual contract not been obtained. Any other costs of obtaining a contract are expensed when incurred, unless they are explicitly chargeable to the customer regardless whether the contract is obtained.

(XX) Employee Welfare

1. Defined contribution plan

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

2. Defined benefit plan

The retirement pension plan that is not a defined contribution plan is a defined benefit plan. The Consolidated Company's net obligation under the defined benefit plan is the future benefits earned by employees currently or in the past and it is discounted to

present value. Any unrecognized prior service cost and the fair value of the project assets is deducted or eliminated. Discount rate is based on the interest rate that is with a maturity date close to the net obligation deadline of the Consolidated Company and the currency of denomination same as the market yield rate of government bonds for the expected benefit payment on the reporting date.

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

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

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

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

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

Consolidated Company shall have the curtailment or settlement gain or loss of the defined benefit plan recognized upon occurrence. Curtailment or settlement gain or loss

includes any changes in the fair value of plan assets, changes in the present value of the defined benefit obligation, any previously unrecognized actuarial gain or loss, and prior service cost.

3. Short-term employee welfare

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

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

(XXI) Income tax

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

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

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

1. Does not belong to a business combination and trading upon initial recognition of an asset or liability and, at the time of the transaction affects neither the accounting profit nor taxable income (loss) persons.
2. Equity investments in subsidiaries and joint ventures generated, and it is probable in the foreseeable future will not swing by.
3. Original goodwill recognized.

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

substantive legislation.

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

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

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

(XXII) Earnings Per Share

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

(XXIII) Department Information

An operating segment is an integral part of the Consolidated Company, engaged in the business activities that may earn income and incur expenses (including the income and expense of the transactions conducted with other divisions within the Consolidated

Company).All operating segments' operating results are regularly reviewed by the chief operator of the Consolidated Company for decision-making in regard of the resource allocation to each division and evaluating its performance. Each operating division has independent financial information provided.

V. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

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

1. Accounting policy involving critical judgment and having significant effect on the amounts recognized in the consolidated financial statements

   (1) Classification of Joint Arrangement

   Long Young Life (Cayman) Limited Co., a joint arrangement participated by the Consolidated Company, is structured as a single vehicle. The Consolidated Company owns the residual interests of the net asset of Long Young Life (Cayman) Limited Co, thus the Consolidated Company classified that joint arrangement as a joint venture and adopted equity method to treat relevant accounting recognition. Details can be found in Note 6 (7).

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

   (1) Impairment of receivables

   The receivable provision of the Consolidated Company is estimated based on assumptions of default risk and expected loss ratio. The Consolidated Company considered historical experience, current market condition and forward-looking estimation to judge and calculate the assumption upon calculating the impairment and choose the input amount. Explanation to relevant assumption and input amount can be found in Note 6 (3).

   (2) Impairment of goodwill and trademark

   The Consolidated Company conducts impairment test every year to determine whether the

receivable amount is less than book value and recognize the difference as impairment loss. Goodwill acquired from corporate acquisition shall be allocated to cash generating units (or cash generating unit group) benefited by the merging synergy when conducting impairment test. If receivable amount of one cash generating unit is less than its book value, book value of goodwill allocated to the unit will be written-off first, then allocate book value of the unit's assets proportionally to each asset. However, important assumptions may vary with changes of market and economic condition. Explanation for related key assumptions can be found in Note 6 (11).

(3) Measurement of defined benefit obligation

The defined benefit cost and defined benefit liabilities (assets) of a defined benefit plan are measured by the projected unit credit method, which adopts assumption including discount rate, employee separation rate and future salary increase rate, etc. If those assumptions change with changes of market and economic condition, recognized costs and liabilities may be effected significantly. Explanation for significant assumption adopted by the actuarial valuation and sensitivity analysis can be found in Note 6 (16).

(4) Recognition of deferred income tax asset

A deferred income tax asset is recognized for deductible temporary differences and unused tax credit when it is considered probable that there will be sufficient future taxable profit against which the loss or credit carryforward can be utilized. The Consolidate Company adopted tax deduction assumption based on future sale growth, margin, tax exemption period, usable tax deduction and tax plan to measure the feasibility of a deferred income tax asset. The changes of economy, industrial environment and regulations may cause significant effect on the deferred income tax asset. Details of the measurement of the deferred income tax asset can be found in Note 6 (17).

Estimate Processes

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

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

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

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

Level 1: Public offer (unadjusted) of the same asset or liability in the active market.

Level 2: In addition to the public quotation at the first level, the input parameters of the asset or liability are observed directly (ie, price) or indirectly (ie derived from the price).

Level 3: Input parameters for assets or liabilities are not based on observable market data (non-observable parameters).

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

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

1. Note 6 (5) Non-current Assets Held for Sale
2. Note 6 (10) Investment Property
3. Note 6 (25) Financial Instruments

VI. IMPORTANT ACCOUNTING ACCOUNTS

(I) Cash and cash equivalent

	12.31.2018	12.31.2017
Cash on hand	$ 3,966	5,690
Demand deposits	189,996	161,997
Check deposits	40	94
Time deposits	-	2,000
Cash and cash equivalent on the Consolidated Statement of Cash Flow	**$ 194,002**	**169,781**

1. Time deposits, which are used for short-term cash commitments instead of investment or other purposes are classified as cash and cash equivalents.
2. For the interest rate risk and sensitivity analysis disclosure of the Consolidated Company's financial assets and liabilities, please refer to Note 6(25).

(II) Financial assets

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

	12.31.2018	12.31.2017
Financial assets at fair value through profit and loss:		
Domestic and foreign common stocks	$115,590	-
Beneficiary certificates	1,411,592	-
Financial assets held for trading		
Domestic and foreign common stocks	-	516,334
Beneficiary certificates	-	941,201
Total	**$ 1,527,182**	**1,457,535**

(1) For profits and losses recognized from the reevaluation at fair value, please refer to Note 6(24).

(2) Those recognized as financial assets at fair value through profit and loss as of December 31, 2018 were recognized as financial assets held for trading and available-for-sale financial assets as of December 31, 2017.

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

	12.31.2018
Liability instruments at fair value through other comprehensive income:	
Bonds	$ 1,722,906
Equity instruments at fair value through other comprehensive income:	
Domestic and foreign common stocks	8,034,494
Beneficiary certificates	291,450
Total	**$ 10,048,850**

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

The Consolidated Company held bond investment through cash flow from contract with customers and sales of financial assets, thus the Company categorized those investments in bonds as financial assets at fair value through other comprehensive income from January 1, 2018. As of December 31, 2017, those investment were recognized as financial assets held for trading and financial assets held-to-maturity.

The coupon rates of the Company's bond investment at fair value through other comprehensive income were between 1.625% and 4.50% as of December 30, 2018. The maturity years were between 2020 and 2028.

For profits and losses from disposal of investment, please refer to Note 6 (24).

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

The Consolidated Company was for long-term strategic reason and not for trading to hold those equity instruments, thus recognized them at fair through other comprehensive income. Those equity instrument were categorized as available-for-sale financial assets, financial assets at fair value through profit and loss and financial assets carried at costs as of December 31, 2017.

The Consolidated Company made disposal of a portion of equity instruments at fair value through other comprehensive income with a fair value at NT$95,819 thousand and an accumulated disposal profits of NT$9,269 thousand, which have been transferred from other comprehensive income to retained earnings.

One of the Consolidated Company's investee, PK Venture Capital Corp, was liquidated on December 13, 2018 with a liquidation distribution of NT$2,551 thousand. The difference between the distribution and book value was NT$21,611

thousand. The foregoing accumulated liquidation loss has been transferred from other comprehensive income to retained earnings.

The Consolidated Company recognized an impairment loss of NT$5,940 thousand of Creative Space Design Co.in 2018 due to its continuous losses.

Details of credit risks (including impairment of debt instrument investment) and market risks can be found in Note 6 (25).

None of foregoing financial assets are pledged as a collateral.

3. Available-for-sale financial assets – non-current

	12.31.2017
Listed investment:	
Domestic and foreign common stocks	$ 6,365,378
Bonds	1,832,729
Beneficiary certificates	387,013
Total	**$ 8,585,120**

(1) The coupon rates of the Consolidated Company's bonds recognized as available-for-sale financial assets – non-current as of December 31, 2017 were between 2.10%~6.38%. The maturity years were from 2020 to 2046.

(2) Investment mentioned above were recognized as financial assets at fair value through other comprehensive income and financial assets at fair value through profit and loss as of December 31, 2018.

4. Held-to-maturity investment – non-current

	12.31.2017
Bonds	**$ 614,832**

(1) The Consolidated Company's bond investment amounted to NT$200,000 thousand was recognized as financial assets at fair value through other comprehensive income on December 31, 2018, other investment targets were as financial assets at amortized cost.

(2) The coupon rates of the Consolidated Company's investments in held-to-maturity bonds were both from 1.85% to 2.08% as of December 31, 2017. The maturity years were from 2021 to 2025.

5. Financial assets at amortized cost – non-current

	12.31.2018
Bonds	$ 1,017,051

(1) The Consolidated Company held above investment to its maturity in order to collect the contract cash flow, which was purely for paying the principle and interests of outstanding principle, thus the Company cauterized those investments as financial assets carried at amortized cost from January 1, 2018.

(2) The coupon rates of the Consolidated Company's investments in financial assets at amortized cost were between 0.625% and 2.45% as of December 31, 2018. The maturity years were from 2020 to 2027.

6. Financial assets carried at cost – non-current

	12.31.2017
Stock Investment - PK Venture Capital Corp.	$ 3,277
Stock Investment – FORTUNE IC FUND I	4,030
Stock Investment – Chen-Yuan Industry Co., Ltd	1,785
Stock Investment-Creative Space Design Co. Ltd.	9,900
Total	$ 18,992

The Consolidated Company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed; the Consolidated Company's management believes that its fair value cannot be reliably measured. Assets mentioned above were re-categorized as financial assets at fair through other comprehensive income.

7. For details of trusting part of the Consolidated Company's financial assets as of December 31, please refer to Note 9 (3).

8. For details of the Consolidated Company's financial assets pledged as collateral as of December 31, 2018 and 2017, please refer to Note 8.

9. Sensitivity analysis – risks from equity price change

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

	2018		2017	
Stock price on the reporting date	**Other consolidated profit or loss after tax**	**Profit or loss after tax**	**Other consolidated profit or loss after tax**	**Profit or loss after tax**
Increased by 10%	**$ 786,000**	**11,109**	**632,807**	**49,184**
Decreased by 10%	**$ (786,000)**	**(11,109)**	**(632,807)**	**(49,184)**

(III) Account Receivables and Note Receivables

	12.31.2018	12.31.2017
Note receivables – from operation	$ 6,345	16,577
Account receivables – at amortized cost	9,538,757	1,062,738
Less: allowance	(60,875)	(53,313)
Unrealized interest revenues	(729,486)	-
	$ 8,754,741	**1,026,002**

The Consolidated Company estimated expected credit risk of all account receivables and note receivables by the simplified method, which evaluates the expected credit losses by the duration. The Consolidated Company's expected credit losses from account receivables and note receivables are analyzed below.

	Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period
Non-overdue(*)	$ 9,490,896	0.00%~0.22%	2,208
Overdue for 31~90 days	6,132	29.65%	1,818
Overdue for 91~180 days	2,160	78.08%	1,687
Overdue for 181~270 days	2,022	91.84%	1,856
Overdue for 270 days and more	43,892	100%	43,892
	$ 9,545,102		**51,461**

*Account receivables as of December 31, 2018 included undue account receivables of NT$8,500,476 thousand.

Realized credit loss pattern was adopted to evaluate allowance of account receivables and note receivables as of December 31, 2017. Analysis of age of receivables for receivables which were

overdue but not deducted as of December 31, 2017 are listed below.

	12.31.2017
Overdue for 31~60 days	$ 44,345
Overdue for 61~90 days	22,210
Overdue for 91~120 days	12,184
Overdue for 120 days and more	67,415
	$ 146,154

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

		2017	
	2018	Allowance losses by individual evaluation	Allowance losses by group evaluation
Beginning balance (based on IAS39)	$ 53,313	-	33,730
Adjustment when IFRS 9 first applied	-		
Ending balance (based on IFRS 9)	53,313		
Recognized allowance loss	7,763	-	19,583
Bad debt written off	(201)	-	-
Ending balance	**$ 60,875**	-	**53,313**

(IV) Inventory

	12.31.2018	12.31.2017
Columbarium and cemetery for sale	$ 3,099,606	2,477,979
Construction Site	4,601,056	4,600,606
Residential and building under construction	92,118	74,602
Columbarium and cemetery under construction	7,647,985	7,615,162
	$ 15,440,765	**14,768,349**
Expected to be recovered in more than twelve months	**$ 15,419,793**	**14,593,436**

1. As of year 2018 and 2017, the interest which was recognized by the Consolidated Company and capitalized amount of residential and buildingunder construction as well as columbarium and cemetery under construction is zero.
2. Parts of the land of the Company (refer to as "the principal") were registered by the trustee's

name in order to deal with the land purchasing. The two sides signed the contract regulating after land consolidation has been completed, the property will be transferred to the Company unconditionally. The trustee shall, at the same time, hand over the documents required for the transfer of the right to the principal. In addition, the entrusted shall hand over the promissory note with the same value of the land opened and registered under his/her name to the principal.

3. For the Consolidated Company's inventories pledged as collateral as of December 31, 2018 and 2017, please refers to Note 8.

(V) Non-current Assets Held for Sale

	12.31.2018
Land held for sale	$ 1,762,998
Houses and buildings held for sale	802,685
	$ 2,565,683

The Consolidated Company's Board meeting made resolution on August 10, 2018 to dispose part of its investment properties. Since no impairment occurred when comparing the book value and the fair value minus disposal costs, those assets for sale were recognized at book value in non-current assets held for sale.

(VI) The investment under equity method

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

	12.31.2018	12.31.2017
Affiliates	$ 417,658	425,480
Joint venture	791,448	-
	$ 1,209,106	**425,480**

- Affiliates

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

Affiliates	Nature of the relationship with the Company	Major operating place/ Country	Ownership & voting ratio	
			12.31.2018	12.31.2017
Lung Ting Life Sciences Co. Ltd.	Flower cultivation , wholesales, and retail business	Taiwan	49.00%	49.00%

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

- Financial information for Lung Ting Life Sciences Ltd:

	12.31.2018	12.31.2017
Current Assets	$ 222,526	205,070
Non-current Assets	265,544	295,178
Current Liabilities	(13,060)	(11,272)
Net Assets	(1,677)	-
Net Assets attributable to controlling equity	**$ 473,333**	**488,976**
Net Assets attributable to the owner of the investee	**$ 241,400**	**249,378**
Current Assets	**$ 231,933**	**239,598**

	2018	2017
Operating Revenue	**$ 110,879**	**98,299**
Current net loss	(15,643)	(20,943)
Other comprehensive profit or loss	-	-
Total profit or loss	**$ (15,643)**	**(20,943)**
Total comprehensive profit or loss attributable to controlling equity	**$ (7,978)**	**(10,681)**

	2018	2017
The share of the Company's net assets of affiliated enterprises at the beginning period	$ 239,598	249,860
Total comprehensive profit or loss attributable to the Consolidated Company	(7,665)	(10,262)
The book value of the Company's equity in the affiliated enterprise of the Company	**$ 231,933**	**239,598**

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

	12.31.2018	12.31.2017
Ending balance of affiliated enterprise under equity method which is not significant individually	$ 185,725	185,882

	2018	2017
Attribute to the Company:		
Continuing operations' current loss	$ (291)	(928)
Other comprehensive profit or loss	1,255	(368)
Total comprehensive profit or loss	$ 964	(1,296)

(3) As of December 31, 2018 and 2017, the Consolidated Company did not have its investment using equity method pledged as collateral.

(4) Joint Venture

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

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

	12.31.2018
Ownership	50%
Non-current assets	$ 1,562,292
Current assets	27,247
Current liabilities	(6,643)

Net assets	**$ 1,582,896**
Cash and cash equivalents	**$ 27,247**
Net assets attributable to the Consolidated Company	**$ 791,448**

	2018
Revenues	**$ -**
Net losses	-
Net losses from continuing operations	(68,573)
Other comprehensive income	(81,291)
Total comprehensive income	**$ (149,864)**
Net income attributable to the Consolidated Company(*)	**$ (34,285)**
Other comprehensive income attributable to the Consolidated Company	**$ (40,646)**

*Ending exchange rate of US$ on December 31, 2018: 30.733; average exchange rate of US$ for the year 2018: 30.189

(VII) Loss of Control to Subsidiary

The Consolidated Company lost control to Long Young Life (Cayman) Co. Ltd., Long Young Life (Hong Kong) Co., and Wenzhou Lungyen Co. on January 1, 2018., Based on fair value on December 31, 2018, total losses from writing-off net book value and remained equity were estimated to be US$234 thousand.

Book value of assets and liabilities of company mentioned above as of December 31, 2017 as below:

Cash and cash equivalents	$ 17,621
Prepayment	676,900
Other financial assets	146,080
Other current assets	1,080
Real estate, plant and equipment	1,326
Differed tax assets	5,481
Other payables	(1,255)
Book value of subsidiaries' net assets	**$ 847,233**

(VIII) Subsidiaries in Which the Company Has Significant Influence but with None Control

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

Name of subsidiaries	Main operation location/ Country of registration	Proportion of shareholdings held by non-controlling interest and voting rights	
		12.31.2018	12.31.2017
Yuji construction Co. Ltd.	Taiwan	45.58%	45.58%

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

1. Summarized financial information of Yuji:

	12.31.2018	12.31.2017
Current asset	$ 3,422,653	2,927,368
Non-current asset	412,149	381,974
Current liability	(653,960)	(383,203)
Equity	**$ 3,180,842**	**2,926,139**
Book value of ending non-controlling interests	**$ 1,430,081**	**1,313,986**

	2018	2017
Operating revenue	$ 583,347	1,276,921
Net income	249,472	744,583
Other comprehensive income	5,230	(7,353)
Total comprehensive income	**$ 254,702**	**737,230**
Net income, attributable to non-controlling interest	**$ 113,710**	**339,382**
Total comprehensive income, attributable to non-controlling interest	**$ 116,095**	**336,030**

	2018	2017
Cash flows from operating activities	$ 11,601	(830)
Cash flows from investing activities	(15,350)	20,560
Cash flows from financing activities	-	(18,000)
Net cash flow increase (decrease)	**$ (3,749)**	**1,730**

(IX) Property, Plant, and Equipment

The changes in the cost, depreciation, and impairment loss of the consolidated company's property, plant, and equipment of year 2018 and 2017 are as follows:

	Land	Houses and buildings	Transportation equipment	Office equipment	Leased assets and leasehold improvements	Other equipment	Construction in progress and equipment to be tested	Total
Cost or identified cost								
Balance on January 1, 2018	$ 2,359,206	2,770,810	93,403	56,283	4,100	170,088	1,022,373	6,476,263
Additions	17	4,157	4,302	925	-	15,437	47,091	71,929
Disposal and scrap	-	(2,777)	(2,990)	(618)	-	(389)	-	(6,774)
Loss control of subsidiary	-	-	(1,516)	(88)	-	-	-	(1,604)
Reclassification	56,776	57,440	1,000	-	-	1,972	(117,238)	(50)
Balance on Dec. 31, 2018	**$ 2,415,999**	**2,829,630**	**94,199**	**56,502**	**4,100**	**187,108**	**952,226**	**6,539,764**
Balance on January 1, 2017	$ 2,357,212	2,731,678	79,074	55,214	4,100	147,689	1,030,922	6,405,889
Additions	-	4,536	3,825	1,237	-	7,834	58,333	75,765
Disposal and scrap	-	-	(6,560)	(169)	-	(692)	-	(7,421)
Reclassification	1,994	34,596	17,029	-	-	15,257	(66,882)	1,994
Effects of Changes in Foreign Exchange Rates	-	-	35	1	-	-	-	36
Balance on Dec. 31, 2017	**$ 2,359,206**	**2,770,810**	**93,403**	**56,283**	**4,100**	**170,088**	**1,022,373**	**6,476,263**
Depreciation and impairment loss:								
Balance on January 1, 2018	$ -	449,850	69,761	54,066	3,113	54,508	-	631,298
Current depreciation	-	72,832	7,884	784	180	18,939	-	100,619
Disposal	-	(666)	(2,919)	(373)	-	(222)	-	(4,180)
Loss control of subsidiary	-	-	(240)	(38)	-	-	-	(278)
Reclassification	-	(60)	-	-	-	60	-	-
Balance on Dec. 31, 2018	**$ -**	**521,956**	**74,486**	**54,439**	**3,293**	**73,285**	**-**	**727,459**
Balance on January 1, 2017	$ -	379,721	63,394	53,622	2,933	39,571	-	539,241
Current depreciation	-	70,129	12,169	605	180	15,574	-	98,657
Disposal	-	-	(5,805)	(161)	-	(637)	-	(6,603)
Effects of Changes in Foreign Exchange Rates	-	-	3	-	-	-	-	3
Balance on Dec. 31, 2017	**$ -**	**449,850**	**69,761**	**54,066**	**3,113**	**54,508**	**-**	**631,298**
Book value:								
December 31, 2018	**$ 2,415,999**	**2,307,674**	**19,713**	**2,063**	**807**	**113,823**	**952,226**	**5,812,305**
January 31, 2018	**$ 2,357,212**	**2,351,957**	**15,680**	**1,592**	**1,167**	**108,118**	**1,030,922**	**5,866,648**
December 31, 2017	**$ 2,359,206**	**2,320,960**	**23,642**	**2,217**	**987**	**115,580**	**1,022,373**	**5,844,965**

1. The Consolidated Company (referred to as "the Principal" hereinafter) has part of the land registered in the name of the discretionary related party (referred to as "the Trustee" hereinafter) for land acquisition matters. The contractual parties agree to have the land ownership transferred back to the Principal unconditionally upon the completion of land

consolidation. The Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records.

2. For details of assets pledged as collateral as of December 31, 2018 and 2017, please refer to Note 8.

3. For details of part of the property, plant and equipment trusted as of December 31, 2018 and 2017, please refer to Note 9 (3)

(X) Investment Property

The changes in investment for the Company as the followings:

	Land and improvements	Building and structure	Total
Cost or identified cost:			
Balance on January 1, 2018	$ 5,022,148	1,992,136	7,014,284
Addition	-	675	675
Disposal	(129)	(167)	(296)
Reclassified as asset to be sold	(1,762,998)	(977,063)	(2,740,061)
Balance on December 31, 2018	**$ 3,259,021**	**1,015,581**	**4,274,602**
Balance on January 1, 2017	**$ 5,024,142**	**1,992,136**	**7,016,278**
Reclassification	(1,994)	-	(1,994)
Balance on December 31, 2017	**$ 5,022,148**	**1,992,136**	**7,014,284**
Depreciation and impairment loss:			
Balance on January 1, 2018	$ 19,910	508,269	528,179
Current depreciation	-	27,301	27,301
Disposal	-	(72)	(72)
Reclassified as asset to be sold	-	(174,378)	(174,378)
Balance on December 31, 2018	**$ 19,910**	**361,120**	**381,030**
Balance on January 1, 2017	$ 19,910	462,337	482,247
Current depreciation	-	45,932	45,932
Balance on December 31, 2017	**$ 19,910**	**508,269**	**528,179**
Book value:			
December 31, 2018	**$ 3,239,111**	**654,461**	**3,893,572**

January 1, 2017	$ 5,004,232	1,529,799	6,534,031
December 31, 2017	$ 5,002,238	1,483,867	6,486,105
Fair value:			
December 31, 2018			$ 7,230,329
December 31, 2017			$ 10,499,022

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6 (15).
2. The Company reclassified part of land, building and structure as non-current asset to be sold after resolution of the Board of directors on August 10, 2018.
3. With regards to real estate delivered to investment trust case as of December 31, 2018 and 2017, please refer to Note 9 (3).
4. For the investment property pledged for collateral as of December 31, 2018 and 2017, please refer to Note 8.

(XI) Intangible Assets

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

	Goodwill	Trademark	Computer Software	Total
Cost:				
Balance on January 1, 2018	$ 542,428	192,750	121,954	857,132
Acquired separately	-	-	12,161	12,161
Balance on December 31, 2018	$ 542,428	192,750	134,115	869,293
Balance on January 1, 2017	$ 542,428	192,750	116,510	851,688
Acquired separately	-	-	5,444	5,444
Balance on December 31, 2017	$ 542,428	192,750	121,954	857,132
Amortization and impairment loss:				
Balance on January 1, 2018	$ -	-	92,501	92,501
Current Amortization	-	-	17,427	17,427
Balance on December 31, 2018	$ -	-	109,928	109,928
Balance on January 1, 2017	$ -	-	76,462	76,462
Current Amortization	-	-	16,039	16,039
Balance on December 31, 2017	$ -	-	92,501	92,501

Book value:				
Balance on December 31, 2018	$ 542,428	192,750	24,187	759,365
January 1, 2017	$ 542,428	192,750	40,048	775,226
Balance on December 31, 2017	$ 542,428	192,750	29,453	764,631

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

Explanation for critical assumptions adopted in calculating the recoverable amounts are as follows.

1. The future cash flow was estimated based on the 5-year financial budget which was compiled according to the management's estimation to historical operation results and future operation plan.
2. The industrial weighted average cost of capital (WACC) was adopted as the pre-tax discount rate to conduct the calculation.

(XII) Other Financial Assets - Current

The Consolidated Company's other financial assets as below:

	12.31.2018	12.31.2017
Time deposit – trust account	$ 350,000	609,698
Current deposit – trust account	828,307	637,912
Current deposit – management fees account	853,870	881,491
Financial products	-	146,080
Other receivables	7,530	4,735
Bond interest receivables	20,551	19,950
Restricted assets	709	709
Receivables for sales of securities	42,865	64,161
Others	9,593	9,792
Total	$ 2,113,425	2,374,528

(XIII) Short-term loan

	9.30.2018	12.31.2017
Guaranteed bank loans	$ 2,762,000	2,492,000
Unguaranteed bank loans	403,300	332,000
Total	$ 3,165,300	2,824,000

Unused credit lines	$ 3,302,700	2,404,000
Range of interest rates	0.68%~1.15%	0.68%~1.83%

1. For details of the Consolidated Company's exposure to exchange rate, foreign currency and liquidity risk, please refer to Note 6 (25).
2. For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIV) Bond Payable

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

	12.31.2018	12.31.2017
Unsecured convertible bond	$ 3,190,916	3,139,651
Equity component- convertible rights (booked as capital reserve)	$ 9,961	9,961

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

Item	Content
Total amount of the issue	Total amount of the issuance is NT$3,113,000,000, each face value is NT$100,000.The actual issue price of the convertible bond through private placement is NT$100,000.
Issue coupon rate	0%
Issue period	April 10, 2017, for 3 years.
Ways of return	In addition to writing off of the bond, the Company could repay 104.5% of the face value of the bond on maturity date.
Convertible price	NT$59.30 per share.
Convertible period	The holder of the bond could be converted into ordinary shares of the Company at any time after one month of the date of issuance of the private convertible bonds (May 11, 2017) until the expiry date (March 31, 2020), except for the period from the date on which the Company has paid off the free shareholding, the cash dividend or the cash increase account, the date of the distribution of the rights distribution, 15 business days before the consolidated or division of the base date, and to the date of consolidation or division of the base date, the date of the reduction of the capital reduction from the date of the reduction of the stock to commemorate the day before the

	commencement of trading and other ordinary shares of the Company suspended by the transfer period.
Others	No redemption, put option and re-establishment

(XV) Operating Lease

The Consolidated Company leased its investment property by means of operating lease, for more information please refer to Note6 (10).The minimum lease amount of future receivables during the guaranteed lease period is as the follows:

	12.31.2018	12.31.2017
Within 1 year	$ 190,813	194,008
1~5 years	642,567	565,082
Over 5 years	1,568,232	1,429,820
	$ 2,401,612	**2,188,910**

The rent income arising from the investment property amounted to NT$201,315 thousand and NT$189,921 thousand as of year 2018 and 2017, respectively. The tax and depreciation expenses (booked in the "Operating cost") incurred from investment property are as follows:

	2018	2017
Rent income generated	$ 66,425	91,468
Rent income not generated	-	-
	$ 66,425	**91,468**

(XVI) Employee Welfare

1. Defined benefit plan

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

	12.31.2018	12.31.2017
Total present value of obligations	$ 38,665	38,896
The fair value of plan assets	(7,979)	(7,633)
Recognized defined benefit obligations liability (asset), net	**$ 30,686**	**31,263**

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

years of service and the average salary six months prior to the retirement.

(1) Composition of plan assets

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

The Consolidated Company's labor pension fund account at the Bank of Taiwan is with a balance of NT$7,979 thousand and NT$7,633 thousand as of the report day. Labor Pension Fund Asset Management information includes fund yield rate and pension asset allocation. Please refer to the website of the Pension Fund Supervisory Committee of the Council of Labor.

(2) Changes in value of defined benefit obligation

The Consolidated Company's changes in value of defined benefit obligation for 2018 and 2017 as follows:

	2018	2017
Value of defined benefit obligation balance January 1	$ 38,896	37,579
Current service cost and interest	619	692
Re-measurement of net defined benefit obligation liability		
─Actuarial loss (gain) adjusted based on experience	(1,807)	(1,205)
─Actuarial loss (gain) caused by change of demographic statistics assumption	79	623
─Actuarial loss (gain) caused by change of finance assumption	1,147	1,207
Previous service costs	(269)	-
Value of defined benefit obligation balance December 31	**$ 38,665**	**38,896**

(3) Changes in the present value of plan assets

Annual Consolidated Company 2018 and 2017 changes in the present value of the defined benefit plan assets are as follows:

	2018	2017
The fair value of plan assets on January 1	$ 7,633	7,521
Interest income	98	118
Re-measurement of net defined benefit obligation liability (asset)		
－Expected return on plan assets (excluded current interest)	210	(44)
Appropriated amount	38	38
The fair value of the plan assets is December 31	**$ 7,979**	**7,633**

(4) Expenses through profit or loss

The Consolidated Company recognized gains and losses for year 2018 and 2017 as follows:

	2018	2017
Current service cost	**$ (135)**	**130**
Net interest of net defined benefit obligation liability	**386**	**444**
	$ 251	**574**

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

The Consolidated Company actuarial gains and losses recognized in other comprehensive (loss) income for year 2018 and 2017 as follows:

	2018	2017
January 1 cumulative balance	$ (9,185)	(8,516)
Recognition during this period	791	(669)
December 31 cumulative balance	**$ (8,394)**	**(9,185)**

(6) Actuarial assumptions

The Consolidated Company's principal actuarial assumptions (expressed as weighted average) in 2018 and 2017 are as follows:

	12.31.2018	12.31.2017
Discount rate	1.00%	1.25%
Future salary increases	2.00%	2.00%

The Consolidated Company expects to pay appropriated amount NT$729 thousand to defined benefit plan within 1 year after report day of 2018.

The weighted average duration of defined benefit plan is 12 years.

(7) Sensitivity analysis

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

On December 31, 2018 and 2017, impact to present value of defined benefit obligation caused by main actuarial assumption change as below.

	Impact to defined benefit obligation	
	Increase 0.25%	Decrease 0.25%
December 31, 2018		
Discount rate (change 0.25%)	$ (1,141)	1,189
Future wage increase (change 0.25%)	1,175	(1,133)
December 31, 2017		
Discount rate (change 0.25%)	(1,232)	1,286
Future wage increase (change 0.25%)	1,274	(1,226)

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

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

2. Defined contribution plans

Defined contribution plans of the Consolidated Company is in accordance with Labor

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

As of 2018 and 2017, the Consolidated Company actual appropriated pension expense is NT$18,72 thousand and NT$18,735 thousand, respectively. The amount has already been appropriated to Bureau of Labor Insurance.

(XVII) Income Tax

On February 7, 2018, the R.O.C. government announced the amendment to the Income Tax Law to adjust the corporate income tax rate from 17% to 20%, which starting from January 1, 2018.

1. Income tax expense

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

	2018	2017
Current income tax expenses		
Current generated	$ 263,049	243,300
Overestimate (underestimate) of previous income tax	17,209	(3,640)
Land value increment tax	1,452	1,562
Additional 10% Surtax on Undistributed Retained Earnings	127,885	77,665
	409,595	318,887
Deferred income tax expenses (profits)		
Change in income tax rate	(137,898)	-
Temperate differences happened and reversal	35,647	(54,739)
Current income tax expenses	(102,251)	(54,739)
Current generated	**$ 307,344**	**264,148**

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

	2018	2017
Pre-tax profit	$ 2,598,818	2,446,181
Income tax rate calculation using the domestic tax rate and dividend revenues	519,764	446,402

Profits from equity method investment	(186,031)	(238,460)
Tax-exempt income	8,448	-
Restoration of temporary management fee received in advance	(5,949)	(6,761)
Change of income tax rate	17,209	(8,933)
Prior period overestimated income tax	(137,898)	-
Land appreciation tax	1,452	1,562
Undistributed earnings to 10%	127,885	77,665
Other	(37,536)	(7,327)
	$ 307,344	**264,148**

1. Deferred tax assets and liabilities

(1) Unrecognized deferred income tax assets and liabilities

December 31, 2018 and 2017 temporary differences associated with investments in subsidiaries due to the Consolidated Company can control the timing of reversal of temporary differences, and the belief in the foreseeable future will not swing, so unrecognized deferred income tax assets and liabilities. Related amounts are as follows:

	12.31.2018	**12.31.2017**
Temporary differences associated with investments in subsidiaries aggregated amount	**$ (14,471)**	**42,400**
Amount not recognized as deferred tax (assets) liabilities	**$ (2,894)**	**7,208**

(2) Unrecognized deferred tax assets

The Company unrecognized deferred income tax assets as follows:

	12.31.2018	**12.31.2017**
Deductible temporary differences	$ 889	-
Tax loss	18,847	12,899
	$ 19,736	**12,899**

Department of taxable losses in accordance with the provisions of the Income Tax

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

Ended December 31, 2018, the Consolidated Company has not yet recognized as tax loss deferred tax asset, net of its period as follows:

Deductible Year	Losses yet to be deducted	Last Deductible Year
Authorized loss in 2010	2,601	2020
Authorized loss in 2011	101	2021
Authorized loss in 2012	1,953	2022
Authorized loss in 2013	13,416	2023
Authorized loss in 2014	3,898	2024
Authorized loss in 2015	15,291	2025
Authorized loss in 2016	17,929	2026
Authorized loss in 2017	15,325	2027
Authorized loss in 2018	23,724	2028
	$ 94,238	

(3) Recognized deferred tax assets and liabilities

Changes in assets and liabilities of the years ended 2017 and 2016 deferred income tax as follows:

Deferred income tax liabilities:

	Goodwill and trademark amortization	Other	Total
January 1, 2018	$ 15,879	3,115	18,994
Debit (credit) to income statement	(3,425)	550	(2,875)
December 31, 2018	**$ 12,454**	**3,665**	**16,119**
January 1, 2017	$ 21,172	3,115	24,287
Debit (credit) to income statement	(5,293)	-	(5,293)
December 31, 2017	**$ 15,879**	**3,11**	**18,994**

Deferred tax assets:

	Cemetery Revenue	Contract Revenue	Other	Total
January 1, 2018	$ 622,472	104,162	79,266	805,900
(Debit) credit to income statement	36,301	16,204	46,871	99,376
(Debit) credit to exchange profits and losses	-	-	(5,481)	(5,481)
December 31, 2018	**$ 658,773**	**120,366**	**120,656**	**899,795**
January 1, 2017	$ 647,612	101,780	52,571	801,963
(Debit) credit to income statement	(25,140)	2,382	26,614	3,856
(Debit) credit to exchange profit (loss)	-	-	81	81
December 31, 2017	**$ 622,472**	**104,162**	**79,266**	**805,900**

The Company's income tax returns have been audited by the tax authorities up to 2013.

(XVIII) Capital and Other Equity

The Company's authorized capital was NT$6,000,000 thousand for 600,000 thousand shares to be issued at NT$10 Par, and 420,084 thousand common stock shares issued as of December 31, 2018 and 2017 respectively.

Adjustments for the Consolidated Company's numbers of outstanding shares for 2018 and 2017 are as follows:

(Thousand shares)

	Ordinary Shares	
	2018	**2017**
Balance on January 1	420,084	399,084
Capital increase	-	21,000
Balance on December 31	**420,084**	**420,084**

1. Issuance of Ordinary shares

The Company resolved in special shareholders' meeting on January 25, 2017 to authorize the Board of Directors to increase paid- up capital and issue ordinary shares

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

The transfer of the aforesaid private placement and its free distribution of shares shall be subject to the provisions of section 43-8 of the Securities Exchange Act and after the expiration of three years from the date of delivery of the ordinary shares through private placement (April 10, 2017), first of all, go to TPEX or TWSE for issuance of standard letter in order to apply to the authorities for reimbursement, and to TPEX or TWSE to apply for the private placement of the ordinary shares for trading.

2. Additional paid-in capital

The Company's additional paid-in capital balance:

	12.31.2018	12.31.2017
Stock premium	$ 2,486,172	2,486,172
Difference between disposal price and book value of subsidiaries' equity	20,972	20,972
Recognition changes in net equity of subsidiaries	2,849	2,849
Stock option for convertible bonds issued	9,961	9,961
Total	**$ 2,519,954**	**2,519,954**

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

3. Retained earnings

According to the Company's Articles of Incorporation, the total annual earnings, if any, should be applied to pay tax, make up losses of prior years, then appropriated 10% legal reserve; however, this restriction does not apply in the event that the amount of the

accumulated legal reserve equals or exceeds the Company's total capital stock, and if necessary, appropriated special reserve, the remaining amount thereafter, if any, is deposited as retained earnings partially and the rest amount is allocated as follows; the remains except appointment of dividends, along with undistributed earnings at the beginning of the period, the Board shall proposed distribution plan and resolved by the shareholders' meeting.

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

(1) Legal reserve

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

(2) Special reserve

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

	2018	2017
Balance on January 1	$ -	401,665
Reversal of special reserve	-	(401,665)
Balance on December 31	$ -	-

(3) Distribution of earnings

The Company's distribution of 2017 earnings was resolved in the general shareholders' meeting on June 20, 2018, and the Company's distribution of 2016 earnings was resolved in the general shareholders' meeting on June 21, 2017. The distribution of dividends to shareholders is as follows:

	2017		2016	
	Share distribution rate (NT$)	Amount	Share distribution rate (NT$)	Amount
Dividends distributed to common stock shareholders:				
Cash	$ 2.50	**1,050,210**	1.20	**504,101**

4. Other equity

	Exchange differences from the translation of foreign institution's financial statements	Investments at fair value through other comprehensive income	Available-for-sale investment	Total
January 1, 2018	$ (13,825)	-	472,440	458,615
Retrospective adjustment due to new accounting standard	-	264,279	(472,440)	(208,161)
Re-estimated balance on January 1, 2018	(13,825)	264,279	-	250,454
The Consolidate Company	34,825	436,647	-	471,472
Exchange difference of affiliate company using equity method	(45,815)	-	-	(45,815)
Disposal of equity instruments measured at fair value through other comprehensive income	-	12,342	-	12,342
Balance on December 31, 2018	**$ (24,815)**	**713,268**	**-**	**688,453**
January 1, 2017	$ (11,300)	-	408,657	397,357
The Consolidate Company	(4,848)	-	67,783	62,935
Unrealized profit (loss) from available-for-sale financial assets under equity method	-	-	(4,000)	(4,000)
Exchange difference of affiliate company using equity method	2,323	-	-	2,323

Balance on December 31, 2017	$	(13,825)	-	472,440	458,615

5. Non-controlling equity

		2018	2017
Balance at beginning of period	$	1,377,297	1,254,399
Non-controlling equity			
Net profit of non-controlling equity		110,939	338,034
Financial assets measured at fair value through other comprehensive income		2,384	(3,352)
Equity changes to subsidiaries		-	4,219
Acquisition of shares of subsidiaries to non-control equity		-	(216,003)
Balance at end of period	$	1,490,620	1,377,297

(XIX) Earnings per share

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

		2018	2017
Basic earnings per share			
Net income attributable to the Consolidated Company's common stock shareholders:		2,180,535	1,843,999
Weighted average outstanding common stock shares		420,084	415,079
	$	5.19	4.44
Diluted earnings per share			
Net income attributable to the Consolidated Company	$	2,180,535	1,843,999
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares			
Convertible Bond		41,012	30,388
Net income attributable to the Consolidated Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	$	2,221,547	1,874,387
Weighted average outstanding common stock shares		420,084	415,079
The impact of common stock shares with potential dilutive			

effect of the weighted average outstanding common stock shares		
The impact of stock bonus to employees	517	308
The impact of convertible bond	52,496	36,010
Weighted average outstanding common stock shares (after adjusting the potential dilutive effect of the common stock shares)	**473,097**	**451,397**
	$ 4.70	**4.15**

(XX) Revenues from Contracts with Customers

1. Details of revenues

	2018				
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Total
Main market area:					
Taiwan	**$ 2,910,954**	**1,630,939**	**201,315**	**213,810**	**4,957,018**
Revenues recognized at:					
Goods or services that are transferred at a certain point in time	**$ 2,910,954**	**1,630,939**	**201,315**	**213,810**	**4,957,018**

For details of revenues of 2017, please refer to Note 6 (21).

2. Outstanding contract amount

	12.31.2018	1.1.2018
Account receivables and note receivables	$ 9,545,102	1,079,315
Less: allowance	(60,875	(53,313)
Unrealized interests revenues	(729,486)	-
Total	**$ 8,754,741**	**1,026,002**
Contract liabilities – presale of columbarium and cemetery products and contracts of funeral services	**$ 37,755,02**	

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

NT$ 3,537,547 thousand of the contract liabilities balance on January 1, 2018 has been recognized as revenues during the year 2018.

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

(XXI) Revenues

The Consolidated Company's revenues for the year 2017 are as follows:

	2017
Sales of columbarium and cemetery	2,019,409
Funeral services	1,278,640
Rent from investment property	142,393
Other operation	165,158
	3,605,600

For details of revenues of 2018, please refer to Note 6 (20).

(XXII) Remuneration to Employees, Directors, and Supervisors

According to the Company's Articles of association approved by the Board but not yet approved by the shareholder meeting, any earnings after the Company's fiscal year final settlement shall be allotted no less than 1% as the remuneration to employees, and no more than 2% as the remuneration to directors. However, if there are still accumulated losses, certain amount shall be reserved to cover the deficit in advance. The preceding employees who receive stocks or cash include employees of subsidiaries under certain conditions.

The Company's remuneration to employees as of the year 2018 and 2017 were NT$24,673 thousand and NT$21,149, and the remuneration to directors and supervisors were NT$49,345 thousand, NT$42,297 thousand. The estimated basis is that after-tax net income of the specific period before deducting the remuneration to employees and directors multiplied by the distribution ratio of the Company's Articles of association, and is reported as operating expense during the period. When there is difference between the actual and estimated distribution amount in the next year, it will be conducted based on changes in accounting estimates, and recognized as profit or loss in the next year. If the Board resolves to pay stocks as employee remuneration, the calculation basis of the

number of stock remuneration is in accordance with the closing price of the common stock on the day before the Board resolution.

In 2017 and 2016, the allowance amount of the remuneration to employees and directors and supervisors of the Consolidated Company had no difference with the actual apportion. For more information please refer to M.O.P.S.

(XXIII) Net Other Gains or Losses

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

	2018	2017
Interest income	$ 184,655	-
Marketing expenses	(39,037)	-
Management fees income	204,602	-
Management fees expenses	(204,602)	-
	$ 145,618	**-**

(XXIV) Non-operating Income and Expense

1. Other income

The Consolidated Company's other income is as follows:

	2018	2017
Interest income	$ 93,106	115,984
Dividend income	232,871	184,701
Fee income	12,291	14,657
Fines income	56,275	42,080
Other income	38,811	41,314
	$ 433,354	**398,736**

2. Other profit and loss

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

	2018	2017
Foreign exchange gain (loss)	$ 50,108	(136,843)
Net gains from net financial assets measured at fair value through income and loss	(12,347)	25,910
Gains (losses) from disposal of available-for-sale financial assets	-	27,814
Gains (losses) from disposal of financial assets at fair value	(27,734)	-

through other comprehensive income		
Gain (losses) from disposal of investment under equity method	(6,924)	-
Disposal of property, plant, and equipment	(1,780)	179
Disposal of investment property	525	-
Disposal of other non-current asset	347,626	-
Impairment loss	(5,940)	-
Other income (expense)	(5,257)	(2,470)
	$ 338,277	**(85,410)**

3. Financial cost

Details of the Consolidated Company's finance cost of year 2018 and 2017 are as follows:

	2018	2017
Interest expense	$ 32,007	44,428
Amortization for discount on cooperate bond	51,266	36,612
	$ 83,273	**81,040**

(XXV) Financial Instruments

1. Types of financial instruments

(1) Financial Assets

	12.31.2018	12.31.2017
Financial assets at fair value through income and loss	$ 1,527,182	1,457,535
Financial assets at fair value through other comprehensive income	10,048,850	-
Available-for-sale financial assets	-	8,585,120
Hold-to-maturity investment	-	614,832
Financial assets carried at amortized cost	1,017,051	-
Financial assets carried at cost	-	18,992
Financial assets carried at amortized cost (loans and receivables):		
Cash and cash equivalent	194,002	169,781
Notes receivable and accounts receivable	8,754,741	1,026,002
Other financial assets (current & non-current)	2,169,263	2,420,289
Sub-total	11,118,006	3,616,072
Total	**$ 23,711,089**	**14,292,551**

(2) Financial liabilities

Financial liabilities carried at amortized costs:	12.31.2018	12.31.2017
Short term loans	$ 3,165,300	2,824,000
Note, account and other payables	1,062,094	853,022
Bond payable	3,190,916	3,139,651
Guarantee deposit	71,542	60,931
Total	**$ 7,489,852**	**6,877,604**

2. Credit risk

(1) Credit risk exposure

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

(2) Concentration of credit risk

As the Company has a broad customer base, not with a significant focus on customer transactions and sales area scattered, thus credit risks of receivables are not concentrative. And in order to reduce credit risk, the Company also continued to regularly assess the financial condition of customers, but usually do not require customers to provide collateral.

(3) Credit risks of account receivables and liabilities securities

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

Liabilities investments at fair value through other comprehensive income include non-listed liabilities securities (which were booked as available-for-sale or hold-to-maturity financial assets as of December 31, 2017)

Those mentioned above are all financial assets with low risks, thus the expected twelve-month credit loss amount is allied to evaluate the allowance during the reporting period (for details of how the Consolidated Company judges the credit risk, please refer to Note 4 (3)). Changes of allowance during 2018 are as follows:

	Other receivables	Liabilities securities carried at amortized costs	Liabilities securities at fair value through other comprehensive income	Total
Beginning balance (according to IAS39)	$ 22,745	-	-	22,745
Adjustment for IFRS 9 first applied	-	-	-	-
Beginning balance (according to IFRS 9)	22,745	-	-	22,745
Allowance	-	-	-	-
Ending balance	**$ 22,745**	**-**	**-**	**22,745**

3. Liquidity risk

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

	Book value	Contract Cash flow	6 months Within	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2018							
Non-derivative financial liabilities							
Floating rate instruments	$ 3,165,300	3,165,300	3,165,300	-	-	-	-
Fixed rate instruments	3,190,916	3,190,916	-	-	3,190,916	-	-
No interest-bearing liabilities	1,133,636	1,133,636	1,133,636	-	-	-	-
	$ 7,489,852	**7,489,852**	**4,298,936**	**-**	**3,190,916**	**-**	**-**
December 31, 2017							
Non-derivative financial liabilities							
Floating rate instruments	$ 2,824,000	2,824,000	2,824,000	-	-	-	-
Fixed rate instruments	3,139,651	3,139,651	-	-	-	3,139,651	-
No interest-bearing liabilities	913,953	913,953	913,953	-	-	-	-
	$ 6,877,604	**6,877,604**	**3,737,953**	**-**	**-**	**3,139,651**	**-**

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

4. Market risks

(1) Exchange rate risk

The Consolidated Company's financial assets and liabilities exposed to

significant foreign exchange rate risk is as follows:

	12.31.2018			12.31.2017		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
Financial assets						
Monetary items						
RMB/NTD	$ 17,144	4.452	76,327	25,955	4.553	118,182
RMB/USD	250	0.145	1,111	1,657	0.153	7,543
USD/NTD	39,718	30.733	1,229,661	74,256	29.848	2,216,38
JPY/NTD	95,918	0.27	26,742	17,989	0.264	4,745
HKD/NTD	21,875	3.902	85,343	16,973	3.805	64,582
SGD/NTD	21,503	22.420	482,094	-	-	-
Non-monetary items	106	21.54	2,288	-	-	-
JPY/NTD						
USD/NTD	155,840	0.279	43,448	229,827	0.264	60,628
HKD/NTD	20,937	30.732	643,446	8,635	29.848	257,743
SGD/NTD	78,402	3.902	305,886	51,092	3.805	194,405

(2) Sensitivity analysis

The Consolidated Company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation. When the exchange rate of the Consolidated Company's functional currency against main foreign currency depreciated or appreciated by 10% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) of year 2018 and 2017, the net income was increased or decreased by NT$234,272 thousand and by NT$244,668 thousand, respectively.

Due to the variety of the Consolidated Company's functional currencies, the exchange gain or loss of currency items are disclosed in summary. For the year 2018 and 2017, the foreign currency exchange gain (loss) was NT$50,108 thousand and NT$(136,843), respectively.

5. Interest rate analysis

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

The following sensitivity analyzes are based on the interest rate risk exposure of the

derivative and non-derivative instruments on the reporting date. The analysis of floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the Consolidated Company's net income for 2018 and 2017 is going to decreased or increased by NT$12,661 thousand and NT$11,720 thousand, respectively.

6. Fair value

(1) Financial instruments category and fair value

Fair value of the Consolidated Company's financial assets and liabilities at fair value through profits and losses, debt and hedging financial assets and financial assets at fair value though other comprehensive income (available-for-sale financial assets) are assessed based on repeatability. The Consolidated Company's book value and fair value (including fair value hierarchy information, but the book value of financial instruments' which is not measured by fair value and reasonably similar to fair value, as well as the equity method investments without active market price and of which fair value cannot be reliably invested, it is not necessary to disclose their fair value information accordingly to regulation) of the financial assets and financial liabilities are listed as below:

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

	12.31.2017				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets at fair value through profit or loss	$ 1,457,535	1,457,535	-	-	1,457,535
Available-for-sale financial assets	8,585,120	8,585,120	-	-	8,585,120
Hold-to-maturity investment	614,832	614,832	-	-	614,832
Total	**$ 10,657,487**	**10,657,487**	**-**	**-**	**10,657,487**

No financial assets and liabilities of each hierarchy were transferred during 2018 and 2017.

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

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

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

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

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

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

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

Except foregoing financial instruments traded in active markets, fair value of other

financial instruments is measured by evaluation technique or estimated base on the counterparty's quoted price. Current fair value of other financial instruments, cash flow discount method and other evaluation techniques, such as modeling with available market information (e.g. the yield rate issued by the Taipei Exchange or Reuters's quotes for commercial papers) on the reporting date, can be used as the reference when using evaluation technique to measure the fair value.

Financial instruments held by the Consolidated Company's without active market are classifies based on classification and attribute as follows.

Equity instruments without public quote: the market comparable company method is adopted to measure the fair value. The investee's earnings before interests, tax, depreciation and amortization are used as the calculating base, and a multiple, which is derived from the market price of the listed comparable company, is applied to calculate the fair value. The estimate has been adjusted by the discount of lack of market liquidity.

(4) Details of changes in Class III

	Financial assets at fair value through other comprehensive income (available-for-sale) financial assets)		
	Equity instrument without public prices	Bonds	Total
January 1, 2018	$ 18,992	-	**18,992**
Total profits or losses			
Recognized as profit or loss	(5,940)	-	(5,940)
Liquidation	(3,277)	-	(3,277)
Return of capital reduction	(893)	-	(893)
September 30, 2018	**$ 8,882**	**-**	**8,882**

Total profits or losses mentioned above were recognized as "unrealized gains (losses) from financial assets at fair value through other comprehensive income". Among which related asset still held as of December 31, 2018 are:

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

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

The Consolidated Company's fair value measurement which categorized in class III mainly includes financial asset at fair value through other comprehensive income.

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

Information of significant unobservable inputs are quantified in below table:

Item	Measurement method	Significant unobservable input	Relation between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	• P/E ratio (20.92 as of December 31, 2018)	• The higher the multiplier and ownership premium, the higher the fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	• P/B ratio (1.46 as of December 31, 2018)	Same as above
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Net assets value method	• Net asset value	Not applicable

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

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

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

(XXVI) Financial Risk Management

1. Summary

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

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

2. Risk management structure

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

constructive controlled environment to help all employees understand their roles and obligations.

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

3. Credit risk

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

(1) Accounts receivable and other receivables

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

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

(2) Investment

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

therefore, there is no significant credit risk.

(3) Guarantees

The Consolidated Company regulated by the company policies can only provide financial guarantee to the business-related companies. The Consolidated Company offers no endorsement and guarantee to non-subsidiary as of December 31, 2018 and 2017.

4. Liquidity risk

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

The Consolidated Company's unused loan facilities amounted to NT$3,302,700 thousand and NT$2,404,000 thousand as of December 31, 2018 and 2017.

5. Market risk

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

(1) Exchange rate risk

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

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

(2) Interest rate risk

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

interest rate.

(XXVII) Capital management

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

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

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

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

	12.31.2018	12.31.2017
Total liabilities	$ 46,820,315	39,731,376
Minus: Cash and cash equivalent	(194,002)	(169,781)
Net liabilities	46,626,313	39,561,595
Total equity	14,982,373	12,528,906
Adjusted capital	**$ 61,608,686**	**52,090,501**
Debt to equity ratio	**75.68%**	**75.95%**

The Consolidated Company's capital management method has not been changed as of December 31, 2018 and 2017.

(XXVIII) Re-categorization of Components of Other Comprehensive Income

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

	2018	2017
Available-for-sale financial assets		
Net changes in fair value of current year	$ -	56,083
Net change in fair value re-categorized to profits and losses	-	4,348
Investment in debt instrument at fair value through other comprehensive income		

Net changes in fair value of current year	(56,674)	-
Net change in fair value re-categorized公to profits and losses	14,470	-
Net change in fair value recognized in other comprehensive income	**$ (42,204)**	**60,431**

VII. RELATED PARTY TRANSACTIONS

(I) Related Parties' Names and Relations

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

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

(II) Significant Transaction between Related Parties

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

1. Purchase from related party

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

	Purchase		Payable to related parties	
	2018	2017	12.31.2018	12.31.2017
Affiliated Company	**$ 587**	**505**	**9**	**45**

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

2. Lease

(1) Lessee

The Consolidated Company leases property and transport equipment from the related

party, and the rental expense for the year 2018 and 2017 were NT$6,896 thousand and NT$7,394 thousand respectively.

(2) Lessor

The Consolidated Company rents office building and parking space to the related party, and the rental income for the year 2018 and 2017 were both NT$4 thousand.

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

3. Others

(1) Other payables

	12.31.2018	12.31.2017
Other related parties	$ 57	95

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

	12.31.2018	12.31.2017
Other related parties	$ 557	557

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

	12.31.2018	12.31.2017
Other related parties	$ 961	961

Refundable deposits are deposit for the consolidated company leasing property from other related party. Interests from those deposits collected on September 30, 2018, December 31 and September 30, 2017 were NT$7 thousand, NT$12 thousand and NT$9 thousands, respectively.

(4) Management fees

	2018	2017
Other related parties	$ 553	553

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

4. Obtaining other assets

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

Category	Item	2018	2017
Affiliated Companies	Fixed assets	$ 771	850

5. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of other related party as of December, 2018. Please refer to Note 6(4) and (9) for details.

6. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price below NT$376,820 thousand as of December 31, 2018 and 2017. The discretionary trustee is to handle the land combination matter on behalf of the Company.

Other related parties purchased products from the consolidated company for a total price at NT$6,815 thousand and NT$4,411 thousand as of December 31, 2018 and 2017, respectively.

(III) Main Manager Transaction

	2018	2017
Benefit for short-term employees	$ 41,209	45,121
Post-employment benefits	1,371	1,598
	$ 42,580	**46,719**

VIII. PLEDGED ASSETS

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

Assets name	Purpose of collateral	12.31.2018	12.31.2017
Non-current assets to be sold	Guarantee for loans and corporate finance amount	$ 834,394	-
Other financial assets - current	Guarantee for mutual investment development and sales	1,302	1,221
Inventories	Guarantee for loans and corporate finance amount	3,162,166	3,161,789
Property, plant, and equipment	Collateral for loan	2,373,297	2,402,195
Investment property	Guarantee for loans and corporate finance amount	1,445,300	4,021,630
Available-for-sale financial assets – non-current	Collateral for loan	-	3,091,111
Financial assets at fair value through other comprehensive income	Collateral for loan	3,930,200	-
		$11,746,659	**12,677,946**

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

(I) Significant Unrecognized Contractual Commitments

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

	12.31.2018	12.31.2017
Acquisition of columbarium and cemetery	$ -	19,580
Construction contract	$ 1,269,442	960,754

2. The contract price of the sold investment property

	12.31.2018	12.31.2017
Price of signed sale contract	$ 2,007,350	-
Contract price collected	$ -	-

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

4. In order to expand the Consolidated Company's cemetery business, its Board of Directors has passed the resolution in December 2018 to purchase land located in Hsinwu Section, Taoyuan Ciay from Fuyuan Development Limited at a price NT$172,900 thousand.

(II) Contingent Liabilities

1. The legislative purpose of Mortuary Service Administration Act Article 36 is to cope with repair and management costs when a major accident hits or abnormal operations occur due to poor management. In order to maintain and manage funeral facilities, the Company has set up an administration fee account for specific uses only, so that if any significant incidents occur in the future, subsequent general impairment and management of the facilities will not be affected. The application and enforcement of the current laws and regulations are still controversial. At present, the government authority has not yet set up administrative procedures for the establishment of special funds and the related management system. Since relevant regulations are awaiting further discussion, the future possible obligation amount of the Company cannot be confirmed. The negotiation among parties is finished on October 18, 2017, thus the proposal is sent to the Legislative Yuan for further discussion on December 29, 2017; the 2nd and 3rd reading will start after completion of the discussion. After the amendment, the old fund system will be replaced by the new management system.

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

(III) Others

1. For enhancing the quality of funeral service and ensuring the ability of performance, the Consolidated Company (referred to as "the principal" hereinafter) had a trust contract signed with Taiwan Industrial Bank Co., Ltd. (referred to as "the trustee" hereinafter) in April 2010. According to the trust contract signed, 75% selling price (tax included) of each pre-need contract sold should be transferred to the trustee, including the delivery and transfer of the trust property. However, the trustee referred to above was replaced by Chang Hwa Commercial Bank Co., Ltd. on December 28, 2012. In addition, the trust assets as of September 30, 2018, December 31 and September 30, 2017 are as follows：

	12.31.2018	12.31.2017
Bank deposits (booked as other financial assets – current)		
Demand deposits	$ 828,307	637,912
Time deposits	350,000	609,698
Financial assets at fair value through profits or losses - current	1,036,529	679,012
Financial assets at fair value through other comprehensive income	2,843,388	-
Available-for-sale financial assets – non-current	-	2,439,218
Financial assets at amortized costs	1,017,051	-
Hold-to-maturity financial assets	-	614,832
Property, plant and equipment (*)	2,206,293	2,206,293
Investment property (*)	1,962,845	1,962,845
	$ 10,244,413	**9,149,810**

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

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

2. The Consolidated Company has a management fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The administration fee account was with a balance of NT$853,870 thousand and NT$881,491 thousand as of December 31 2018 and 2017, respectively; also, it is booked in the "Other financial assets – current."

3. The Company had contracts signed with clients for the sale of columbarium and funeral service as of December 31, 2018 and 2017. The pre-need contract signed and the related deferred marketing expenses are as follows:

	12.31.2018	12.31.2017
Total contract price (booked as contract liabilities)	$ 37,522,150	39,808,069
Outstanding proceeds	(7,613,138)	(8,465,773)
Advanced receipts	**$ 29,909,012**	**31,342,296**
Incremental cost of contract acquisition	**$ 7,910,905**	**8,444,352**
Expected to be reclassified for more than twelve months	**$ 36,137,082**	**28,638,880**

4. Subsidiaries had contracts signed with clients for the sale of columbarium and funeral service as of December 31, 2018 and 2017. The pre-need contract signed and the related deferred marketing expenses are as follows:

	12.31.2018	12.31.2017
Total contract price (booked as contract liabilities)	$ 232,870	81,818
Outstanding proceeds	(17,112)	(41,065)
Advanced receipts	**$ 215,758**	**40,753**
Incremental cost of contract acquisition	**$ 58,429**	**7,201**
Expected to be reclassified for more than twelve months	**$ 178,053**	**30,157**

X. SIGNIFICANT DISASTER

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

XII. Others

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

By function / By item	2018				2017			
	Classified as operating costs	Classified as operating expenses	Other (*)	Total	Classified as operating costs	Classified as operating expenses	Other(*)	Total
Employee benefits								
Salary	220,598	223,175	122,476	566,249	217,726	249,889	110,136	577,751
Labor and health insurance	14,803	15,713	6,696	37,212	15,051	15,976	6,997	38,024
Pension	8,180	7,483	3,310	18,973	8,358	8,087	2,864	19,309
Others	6,686	9,510	3,958	20,154	6,764	10,100	3,639	20,503
Depreciation	62,422	49,329	16,169	127,920	80,442	50,541	13,606	144,589
Amortization	-	15,989	1,438	17,427	-	14,791	1,248	16,039

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

(II) Operational seasonality

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

XIII. OTHER DISCLOSURES

(I) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of the year 2018 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties

No	Creditor	Debtor	Accounting Item	Related Party or Not	Current Maximum	Ending Balance	Amount Used	Interest Rate Period	Nature of the Financing	Transaction Amount	Reason for the Need of Short-term Financing	Allowance	Collateral		Limitation to Single Debtor(**)	Financing Limitation(**)
													Name	Value		
1	Yuji Construction Limited Co.	Sande Futian Miaoguo Limited Co.	Other recievables	no	420,000	420,000	-	3%	1	72,000	For use of working capital	-	Columbarium products owned by the debtor	432,000	636,168	1,272,337

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

Limitation on the total loan amount to other parties: 3,180,842 thousand × 40% = 1,272,337 thousand

Limitation on the loan amount to single debtor: 3,180,842 thousand × 20% = 636,168 thousand

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

Limited to 636,168 thousand

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

1. Parties with business transactions
2. Parties with need of short-term financing

(II) Guarantees and endorsements provided for other parties

Unit: NT$ thousand

No	Guarantee / Endorsement Provider	Guaranteed Party		Limits on Guarantee / Endorsement Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Guarantee / Endorsement Collateralized by Properties	Ratio of accumulated guarantee / Endorsement to Net Equity per Latest Financial Statements	Maximum Guarantee / Endorsement Amount Allowable	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China
		Name	Relationship										
0	Lungyen Life Service Corp.	LungAn Co.Ltd.	2	4,494,712	200,000	200,000	12,300	-	1.33%	7,491,187	Y	N	N
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	4,494,712	500,000	500,000	-	-	3.34%	7,491,187	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	2	4,494,712	400,000	400,000	64,000	-	2.67%	7,491,187	Y	N	N

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

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

i. The Company has business with the receiving parties.

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

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

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

v. The Company is required to make guarantees or endorsements for the construction project based on the construction contract.

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

vii. Joint guarantee between peers for performance guarantees for pre-sale sales contracts under the Consumer Protection Act.

Note 3: Upon the board resolution on December 27, 2017, the maximum amount of endorsements to LungAn has been set to NT$100,000 thousand until December 31. 2018. Upon the board resolution on December 28, 2018, this endorsement has been extended.

Note 4: Upon the board resolution on December 27, 2017, the maximum amount of endorsements to Yuji has been set to NT$200,000 thousand. Upon the board resolution on December 28, 2018, this endorsement has been extended and raised to NT$300,000 thousand.

Note 5: Upon the Board resolution on December 27, 2017, the maximum amount of endorsements to Lung Fu has been set to NT$100,000 thousand. Upon the board resolution on December 28, 2018, this endorsement has been extended and raised to NT$300,000 thousand.

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

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending Balance				Maximum shareholding or funding during the period	Remarks
				Shares/Units in Thousand	Book Value	% of Ownership	Fair Value		
The Company	Stock of Cheng Shin Rubber Ind., Co., Ltd.	-	Financial assets at fair value through profits and losses - current	245	10,008	0.01 %	10,008	0.01 %	Company-owned
The Company	Stock of WIN Semiconductors Corp.	-	Financial assets at fair value through profits and losses - current	704	83,072	0.17 %	83,072	0.17 %	Company-owned
The Company	Qualcomm	-	Financial assets at fair value through profits and losses - current	13	22,510	- %	22,510	- %	Trust
The Company	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profits aand losses - current	43,343	705,667	- %	705,667	- %	Trust
The Company	Prudential Money Market Fund	-	Financial assets at fair value through profits and losses - current	7,618	120,312	- %	120,312	- %	Trust
The Company	Cathay China High Yield Bond Fund B TWD	-	Financial assets at fair value through profits and losses - current	5,389	43,174	- %	43,174	- %	Trust
The Company	Yuanta AUD Money Market Fund TWD	-	Financial assets at fair value through profits and losses - current	3,162	29,282	- %	29,282	- %	Trust
The Company	Nomura Global Short Duration Fund	-	Financial assets at fair value through profits and losses - current	2,937	29,903	- %	29,903	- %	Trust
The Company	Prudential Financial Asia Bond Fund - Monthly Distribution Class	-	Financial assets at fair value through profits and losses - current	5,362	44,524	- %	44,524	- %	Trust
The Company	Evenstar Sub-Fund 1 Segregated Portfolio	-	Financial assets at fair value through profits and losses - current	1	97,689	- %	97,689	- %	Company-owned
The Company	iShares MSCI China ETF	-	Financial assets at fair value through profits and losses - current	25	41,157	- %	41,157	- %	Trust
The Company	051 Chailease Holding Company Limited-A	-	Financial assets at fair value through other comprehensive income – non-current	200,000	200,200	- %	200,200	- %	Trust
The Company	104 Central Bond A5	-	Financial assets at fair value through other comprehensive income – non-current	100,000	105,145	- %	105,145	- %	Trust
The Company	Saudi Electricity Global - Bond	-	Financial assets at fair value through other comprehensive income – non-current	2,550	79,134	- %	79,134	- %	Trust
The Company	CNOOC Limited USD Callable Corporate Bond 20230509	-	Financial assets at fair value through other comprehensive income – non-current	3,100	92,310	- %	92,310	- %	Trust
The Company	The Export-Import Bank of China CNY Corporate Bond 4.15	-	Financial assets at fair value through other comprehensive income – non-current	5,000	22,309	- %	22,309	- %	Trust
The Company	Africa Finance Corporate Bond 4.375	-	Financial assets at fair value through other comprehensive income – non-current	3,000	91,782	- %	91,782	- %	Trust
The Company	ICBC RMB Corp. Bond 4.2 20270119	-	Financial assets at fair value through other comprehensive income – non-current	4,000	17,831	- %	17,831	- %	Trust

The Company	ICBC RMB Corp. Bond 4.5 20281113	-	Financial assets at fair value through other comprehensive income – non-current	5,000	23,037	- %	23,037	- %	Trust
The Company	China Comm Cons Corp. Bond 20200421	-	Financial assets at fair value through other comprehensive income – non-current	1,900	57,461	- %	57,461	- %	Trust
The Company	Saudi Electricity Global - Bond 20230408	-	Financial assets at fair value through other comprehensive income – non-current	2,000	60,339	- %	60,339	- %	Trust
The Company	Saudi Electricity Global - Bond 20240408	-	Financial assets at fair value through other comprehensive income – non-current	1,000	30,380	- %	30,380	- %	Trust
The Company	Qatar Telecom USD corp. bond 3.25 20230221	-	Financial assets at fair value through other comprehensive income – non-current	3,000	89,271	- %	89,271	- %	Trust
The Company	Standard Chattered USD corp. bond 4.05 20260412	-	Financial assets at fair value through other comprehensive income – non-current	3,000	87,760	- %	87,760	- %	Trust
The Company	Islamic Bank 20210531	-	Financial assets at fair value through other comprehensive income – non-current	3,000	91,380	- %	91,380	- %	Trust
The Company	China Railway USD Bond 20260728	-	Financial assets at fair value through other comprehensive income – non-current	2,500	72,610	- %	72,610	- %	Trust
The Company	Malaysia National Resource Bond 20261019	-	Financial assets at fair value through other comprehensive income – non-current	1,000	28,690	- %	28,690	- %	Trust
The Company	China Cinda USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	1,500	45,425	- %	45,425	- %	Trust
The Company	Huarong USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	3,000	92,674	- %	92,674	- %	Trust
The Company	Bank of Communications USD Bond 20200515	-	Financial assets at fair value through other comprehensive income – non-current	3,000	89,915	- %	89,915	- %	Trust
The Company	Société Générale SGD Corp. Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,250	73,632	- %	73,632	- %	Trust
The Company	BNP PARIBASSGD Corp. Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,500	79,476	- %	79,476	- %	Trust
The Company	SANTANDER CENTRAL HISPANO S.A. Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,000	90,643	- %	90,643	- %	Trust
The Company	Lloyds Banking Group Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	2,000	41,876	- %	41,876	- %	Trust
The Company	Goldman Sachs Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	2,000	42,710	- %	42,710	- %	Trust

The Company	Manulife Asset Management SGD Corporate Bond	-	Financial assets at fair value through other comprehensive income – non-current	750	16,916	- %	16,916	- %	Trust
The Company	Chang Hwa Bank	-	Financial assets at fair value through other comprehensive income – non-current	383,811	6,601,543	3.92 %	6,601,543	3.92 %	Company-owned
The Company	Stocks of Taiyen	-	Financial assets at fair value through other comprehensive income – non-current	9,710	289,358	4.86 %	289,358	4.86 %	Company-owned
The Company	Sun Life Holding CoLtd	-	Financial assets at fair value through other comprehensive income – non-current	160	43,448	2.35 %	43,448	2.35 %	Company-owned
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through other comprehensive income – non-current	210	8,947	0.02 %	8,947	0.02 %	Trust
The Company	Stock of PetroChina	-	Financial assets at fair value through other comprehensive income – non-current	1,200	26,171	- %	26,171	- %	Trust
The Company	Stock of Sands China Limited	-	Financial assets at fair value through other comprehensive income – non-current	320	42,823	- %	42,823	- %	Trust
The Company	Stock of China Construction Bank	-	Financial assets at fair value through other comprehensive income – non-current	1,860	46,879	- %	46,879	- %	Trust
The Company	ST.SP	-	Financial assets at fair value through other comprehensive income – non-current	625	41,056	- %	41,056	- %	Trust
The Company	Stock of Beijing Enterprises Water Group Limited	-	Financial assets at fair value through other comprehensive income – non-current	1,600	24,907	0.02 %	24,907	0.02 %	Trust
The Company	GlaxoSmithKline PLC	-	Financial assets at fair value through other comprehensive income – non-current	36	41,805	- %	41,805	- %	Trust
The Company	National Grid PLC	-	Financial assets at fair value through other comprehensive income – non-current	24	35,095	- %	35,095	- %	Trust
The Company	Electronic Business	-	Financial assets at fair value through other comprehensive income – non-current	166	35,297	0.01 %	35,297	0.01 %	Trust
The Company	Stock of ICBC(Hong Kong)	-	Financial assets at fair value through other comprehensive income – non-current	1,820	39,693	- %	39,693	- %	Trust
The Company	Stock of China Molybdenum Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	3,672	41,260	0.09 %	41,260	0.09 %	Trust
The Company	Stock of Cheung Kong Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income – non-current	173	39,909	0.01 %	39,909	0.01 %	Trust
The Company	Stock of 3M	-	Financial assets at fair value through other comprehensive income – non-current	6	32,793	- %	32,793	- %	Trust

The Company	Stock of Texas Instruments	-	Financial assets at fair value through other comprehensive income – non-current	7	19,750	- %	19,750	- %	Trust
The Company	Stock of LYB-LyondellBasell Industries	-	Financial assets at fair value through other comprehensive income – non-current	6	16,102	- %	16,102	- %	Trust
The Company	Fubon Financial Holding - Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	1,666	103,292	- %	103,292	- %	Company-owned
The Company	Cathay Financial Holding - Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	1,250	77,375	- %	77,375	- %	Company-owned
The Company	Preferred stock of HSBC	-	Financial assets at fair value through other comprehensive income – non-current	52	41,183	- %	41,183	- %	Trust
The Company	Preferred stock of RBS	-	Financial assets at fair value through other comprehensive income – non-current	55	43,108	- %	43,108	- %	Trust
The Company	Preferred stock of AGNC	-	Financial assets at fair value through other comprehensive income – non-current	44	34,436	- %	34,436	- %	Trust
The Company	Preferred stock of QTS	-	Financial assets at fair value through other comprehensive income – non-current	24	17,247	- %	17,247	- %	Trust
The Company	Preferred stock of TGP	-	Financial assets at fair value through other comprehensive income – non-current	32	21,344	- %	21,344	- %	Trust
The Company	Preferred stock of VEREIT	-	Financial assets at fair value through other comprehensive income – non-current	27	19,946	- %	19,946	- %	Trust
The Company	Preferred stock of AXIS	-	Financial assets at fair value through other comprehensive income – non-current	66	42,474	- %	42,474	- %	Trust
The Company	Preferred stock of PSA	-	Financial assets at fair value through other comprehensive income – non-current	40	26,221	- %	26,221	- %	Trust
The Company	Preferred stock of WFC	-	Financial assets at fair value through other comprehensive income – non-current	62	43,921	- %	43,921	- %	Trust
The Company	Preferred stock of BBT	-	Financial assets at fair value through other comprehensive income – non-current	65	46,665	- %	46,665	- %	Trust
The Company	Stocks of Creative Space Design	-	Financial assets at fair value through other comprehensive income – non-current	396	3,960	19.80 %	3,960	19.80 %	Company-owned
The Company	FORTUNE IC FUND I	-	Financial assets at fair value through other comprehensive income – non-current	600	4,030	4.86 %	4,030	4.86 %	Company-owned
The Company	Trans globe Insurance	-	Financial assets at fair value through other comprehensive income – non-current	15	-	0.01 %	-	0.01 %	Company-owned

The Company	Millerful No.1 REIT	-	Financial assets at fair value through other comprehensive income – non-current	29,000	291,450	- %	291,450	- %	Trust
The Company	Nan Ya Corp. Bond P02 Nan Ya 3B	-	Financial assets at amortized costs – non-current	100,000	106,099	- %	106,099	- %	Trust
The Company	China airline corporate bond	-	Financial assets at amortized costs – non-current	150,000	150,597	- %	150,597	- %	Trust
The Company	Taipower Corporate bond 20231230	-	Financial assets at amortized costs – non-current	150,000	155,117	- %	155,117	- %	Trust
The Company	02 Yang Ming1B 20201101	-	Financial assets at amortized costs – non-current	150,000	153,647	- %	153,647	- %	Trust
The Company	106 Central Bond 4	-	Financial assets at amortized costs – non-current	100,000	100,818	- %	100,818	- %	Trust
The Company	106 Central Bond 9	-	Financial assets at amortized costs – non-current	150,000	149,455	- %	149,455	- %	Trust
The Company	107 Central Bond 7	-	Financial assets at amortized costs – non-current	100,000	99,536	- %	99,536	- %	Trust
The Company	104 Central Bond 12	-	Financial assets at amortized costs – non-current	100,000	101,782	- %	101,782	- %	Trust
Yuji Development	CTCB Hwa-win Money Market Fund	-	Financial assets at fair value through profits and losses - current	24,335	267,786	- %	267,786	- %	Company-owned
Yuji Development	Stock of Taiyen Corp.	-	Financial assets at fair value through other comprehensive income – non-current	2,737	81,564	1.38 %	81,564	1.38 %	Company-owned
Jing Huang Construction	Jih Sun Money Market Fund	-	Financial assets at fair value through profits and losses - current	2,170	32,098	- %	32,098	- %	Company-owned
Jing Huang Construction	Stocks of J-Garden Corp.	-	Financial assets at fair value through other comprehensive income – non-current	90	892	- %	892.00	- %	Company-owned

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

Company Name	Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares	Amount	Shares	Amount	Shares	Amount	Carrying Value	Gain/Loss on Disposal	Shares	Amount(note)
The Company	Yuanta De-Li Money Market Fund	Financial assets at fair value through profits and losses - current	-	-	24,124	390,000	20,920	340,000	1,700	27,566	27,483	83	43,344	702,517

Note：Valuation gain of NT$3,150 thousand was not included in the ending balance.

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

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

Company Name	Property Name	Transaction Date	Original Acquisition Date	Book Value	Transaction Amount	Collection	Gain/Loss on Disposal	Counterparty	Nature of Relationships	Purpose of Disposal	Price Reference	Other Terms and Conditions
The Company	Sec. 2, Dunhua Sec, Taipei	November 7, 2018	September, 2006	1,731,289	2,007,350	Not collected yet	About NT$246 million	Shin Kong Life	None	Asset Activation	Appraisal	-

In NT$ thousand

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

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

6. Engage in derivatives trading: None.

(IV) Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Lungyen Life Service Corp	Yuji Development Corp.	1	Other financial assets – current	5,250	Equal to transaction with non-related parties	0.01 %
0	〃	〃	1	Account payable	41,095	-	0.06 %
0	〃	〃	1	Prepayments	20,805	-	0.03 %
0	〃	〃	1	Operation revenues	2,225	-	0.05 %
0	〃	〃	1	Operation costs	2,826	-	0.06 %
0	〃	〃	1	Other revenue	36,000	-	0.73 %
0	〃	〃	1	Other liabilities- current	15,949	-	0.03 %
0	〃	LongAn co.Ltd.	1	Accounts payable	1,589	-	-
0	〃	〃	1	Other financial assets – current	30,587	-	0.05 %
0	〃	〃	1	Other current assets	1,003	-	-
0	〃	Lung Fu Corp. Ltd.	1	Other financial assets – current	622	-	-
0	〃		1	Other revenue	3,024	-	0.06 %
0	〃	Dahan Property Management Co., Ltd.	1	Operation revenues	2,397		0.05 %
1	Yuji Development Corp.	Lungyen Life Service Corp	2	Account receivable	57,044	-	0.09 %
1	〃	〃	2	Advance Receipts	20,805	-	0.03 %
1	〃	〃	2	Other payable accounts	5,250	-	0.01 %
1	〃	〃	2	Operation revenues	2,826	-	0.06 %
1	〃	〃	2	Management expenses	38,225	-	0.78 %
2	LongAn co.Ltd.	Lungyen Life Service Corp	2	Account payable	23,607	-	0.04 %
2	〃	〃	2	Account receivable	1,589	-	-
2	〃	〃	2	Other liabilities- current	7,983	-	0.01 %
3	Lung Fu Corp. Ltd.	Lungyen Life Service Corp	2	Other payable accounts	622	-	-
3		〃	2	Management expenses	3,024	-	0.06 %
3	Dahan Property Management Co., Ltd.	Lungyen Life Service Corp	2	Management expenses	2,397	-	0.05 %

Note 1: Said transactions shall be numbered as follows:
1. “0” for parent company
2. Subsidiaries are numbered from “1”

Note 2: Transactions with stakeholders are divided into three categories as follows:
1. Parent company to subsidiaries;
2. Subsidiaries to parent company;
3. Subsidiaries to subsidiaries

(V) Information on investees:

The Consolidated Company's reinvestment as of September 30, 2018 is as follows (Excluding from China investee company):

In NT$ thousand

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Current gain/loss of investees	Current recognized Investment gains and losses	Note
				Ending balance	Last year	Shares	Ratio of shares	Book value			
The Company	Jing Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20 %	(11,825)	98.20 %	115	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	110,723	54.42 %	1,708,900	54.42 %	249,472	Subsidiary
The Company	Dahan Property Management Co., Ltd.	Taiwan	Development, lease and sale of residential areas and building	3,870	3,870	400	80.00 %	387	80.00 %	(2,653)	Subsidiary
The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	1,010,536 (USD32,710)	1,010,536 (USD32,710)	3,271	100.00 %	1,024,476	100.00 %	(41,437)	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00 %	(16,420)	100.00 %	(3,189)	Subsidiary
The Company	Lung Ting Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	259,700	259,700	25,970	49.00 %	231,933	49.00 %	(15,643)	Affiliated Company
The Company	Lung An Company Limited	Taiwan	Funeral Service	716,656	716,656	72,000	100.00 %	685,370	100.00 %	(12,054)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	210,700	210,700	21,070	77.75 %	131,531	77.75 %	(10,459)	Affiliated Company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	165,268 (USD5,264)	165,268 (USD5,264)	5	26.32 %	156,352	26.32 %	(2,697)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited(BVI)	British Virgin Islands	Investment	-	1,873 (USD40)	-	- %	-	- %	191	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	W&W Professional Management Limited	Samoa	IT & Software services	863,463 (USD28,000)	863,463 (USD28,000)	2,800	50.00 %	791,448	50.00 %	(68,570)	Affiliated Company (Note 2)
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment	1,010,536 (USD32,710)	1,010,536 (USD32,710)	3,271	100.00 %	1,024,476	100.00 %	(41,437)	Joint-venture

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

Note 2: The Company's board meeting approved the resolution to dissolve W&W Professional Management Limited on June 1, 2018. The liquidation has been completed since July 5, 2018.

Note 3: USD exchange rate: 30.733 (closing) and 30.189 (average).

(VI) Information on investment in Mainland China

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

In NT$ / foreign currency thousand

China Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of January 1, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2018	Percentage of Ownership	Share of Profits / Losses	Carry Amount as of December 31, 2018	Accumulated Inward Remittance of Earnings as of December 31, 2018
					Outflow	Inflow					
Lungyen Cemetery (Wenzhou) Co. Ltd	Funeral services	107,566 USD3,500	Sea Dragon Traders Ltd. (BVI)	863,463 USD 28,000	-	-	863,463 USD 28,000	50.00%	(15,150)	805,217	-
Long Young Life (China) Holding Co. Ltd.	Investment holding	5,374 RMB1,207	Sea Dragon Traders Ltd. (BVI)-	-	-	-	50.00 %	50.00%	(1,045)	52,921	-
Shijiazuang Taifu Cebetery Managenebt Co, Ltd	Cemetery management, construction and sales	107,566 USD3,500	Sea Dragon Traders Ltd. (BVI)	-	-	-	40.00 %	40.00%	(56)	1,085	-

2. Limitation on investment in Mainland China:

Ending balance of the accumulated amount of investment from Taiwan to Mainland China	Investment amount approved by Ministry of Economic Affairs	Limitation on investment in Mainland China in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs (Note 4)
863,463	1,229,320 USD 40,000	8,989,424

USD exchange Rate: 30.733 (closing); RMB exchange rate: 4.452

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

(A) Directly engaged in investment in Mainland China

(B) Re-invest in the mainland through a third country company (please specify in the third area of investment companies)

(C) Other methods.

Note 2: the current investment income recognized:

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

(B) The gain or loss recognized on the basis of the investment is divided into the following two types with note:

1 Financial statements to be prepared by international CPA audit that is in cooperation with ROC CPA audit.

2 By the parent company in Taiwan audited financial statements.

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

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

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

XIV. DEPARTMENT INFORMATION

(I) General Information

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

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

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

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

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

	2018						
	Columbarium and Cemetery for Sale	Funeral Services	Property Leasing	Cemetery Operation and Others	Construction for Sale	Adjustments and Written-off	Total
Income:							
Income from external customers	$ 2,910,954	1,630,939	201,315	213,810	-	-	4,957,018
Inter-segment income	2,866	-	4,725	-	-	(7,591)	-
Total income	$ 2,913,820	1,630,939	206,040	213,810	4,264	(7,591)	4,957,018
Interest expenses	$ -	-	-	(83,273)	-	-	(83,273)
Depreciation and amortization	-	(42,985)	(32,605)	(69,757)	-	-	(145,347)
Share of profit of associates and joint venture accounted for using the equity method	-	-	-	(42,241)	-	-	(42,241)
Reportable segment profit or loss	**$ 1,311,986**	**431,666**	**117,377**	**745,469**	**(89)**	**(7,591)**	**2,598,818**
Assets:							
Investment accounted for using the equity method	$ -	-	-	1,209,106	-	-	1,209,106
Reportable segment assets	**$ 17,552,446**	**9,612,615**	**6,459,256**	**25,112,081**	**4,693,174**	**(136,264)**	**63,293,308**
Reportable segment liabilities	**$ 16,636,314**	**20,261,395**	**68,343**	**9,968,181**	**-**	**(113,918)**	**46,820,315**

	2017						
	Columbarium and Cemetery for Sale	Funeral Services	Property Leasing	Cemetery Operation and Others	Construction for Sale	Adjustments and Written-off	Total
Income:							
Income from external customers	$ 3,041,659	1,671,863	189,921	196,671	4,264	-	5,104,378
Inter-segment income	5,694	-	2,495	-	-	(8,189)	-
Total income	$ 3,047,353	1,671,863	192,416	196,671	4,264	(8,189)	5,104,378
Interest expenses	$ -	-	-	(81,040)	-	-	(81,040)
Depreciation and amortization	-	(32,546)	(47,018)	(81,064)	-	-	(160,628)
Share of profit of associates and joint venture accounted for using the equity method	-	-	-	(11,190)	-	-	(11,190)
Reportable segment profit or loss	**$ 1,665,598**	**380,144**	**77,864**	**331,026**	**(262)**	**(8,189)**	**2,446,181**
Assets:							
Investment accounted for using the equity method	$ -	-	-	425,480	-	-	425,480
Reportable segment assets	**$ 16,066,733**	**4,180,595**	**6,486,105**	**22,361,938**	**4,675,208**	**(133,000)**	**53,637,579**
Reportable segment liabilities	**$ 15,954,035**	**15,381,238**	**57,690**	**8,449,068**	**-**	**(110,655)**	**39,731,376**

(I) Region Information

Region information of the Consolidated Company is listed below. Among which, revenues were categorized by customers location, while non-current assets were by location of each asset.

Region	2018	2017
Revenues from external customers:		
Taiwan	$ 4,957,018	5,104,378
Non-current assets:		
Taiwan	$ 11,238,906	13,793,035

Non-current assets includes real estate, plant and equipment, investment properties, intangible assets and other assets. Financial instruments and differed income tax assets are not included.

(II) Information of important customers

The Consolidated Company had no customer who attributed revenues for more than 10% of the total operation revenues recognized in the comprehensive income statements of 2018 and 2017s.