Stock No.：5530

Lungyen Life Service Corp.

Individual Financial Statements

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

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INDEPENDENT AUDITORS' REPORT

To Board of Directors and Shareholders

Lungyen Life Service Corp.

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

In our opinion, the accompanying individual financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 201, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

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 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.

Highlighted Items

As illustrated in Note 3 (1), the Company first applied IFRS 9 "Financial Instruments" on January 1, 2018 and chose not to restate the financial statements of the comparison period. We do not adjust the review results accordingly.

As illustrated in Note 3 (1), the Company first applied IFRS 15 "Revenue from Contracts with Customers" on January 1, 2018 and chose not to restate the financial statements of the comparison period. We do not adjust the review results accordingly.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2018. These matters were addressed in the context of our audit of the 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 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 (17) Revenues Recognition; explanation for revenues recognition can be found in Notes 6 (17) Revenues.

   Explanation for key audit matters:

   The Company sells columbarium and cemetery products and provides funeral services, and the 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 individual 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 (14) 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 (9) 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 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 (e.g. sales growth rate); and examine weighted average cost of capital and parameters (e.g. stock price) thereon used in the impairment tests.

Management's Responsibility for the Individual Financial Statements

Management is responsible for the preparation and fair presentation of the individual financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers to enable the preparation of individual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the individual 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.

The Audit Committee of the Company are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Individual Financial Statements

Our objective are to obtain reasonable assurance about whether the individual 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 individual 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 individual 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 individual 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 individual financial statements, including the disclosures, and whether the individual 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 individual 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 individual 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

Balance Sheets

December 31, 2018 and 2017

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

	Assets	12.31.2018 Amount	%	12.31.2017 Amount	%
	Current Assets：				
1100	Cash and cash equivalents (Note 6 (1) & (22))	$ 107,666	-	60,066	-
1110	Financial assets at fair value through profit or loss – current (Note 6 (2)、(22) and 9)	1,227,298	2	1,178,602	2
1150	Notes receivable, net (Note 6 (3) & (22))	6,345	-	16,077	-
1170	Accounts receivable, net (Note 6 (3) & (22))	8,120,727	13	555,505	1
1320	Inventory (Note 6 (4) & 8)	12,125,388	21	11,776,407	23
1410	Prepayments (Note 7)	257,307	-	8,839,371	17
1460	Non-current assets for sale (net) (Note 6 (5) & 8)	2,565,683	4	-	-
1476	Other financial assets – current (Note 6 (22), 7 &9)	2,146,927	4	2,255,362	5
1479	Other current assets-other	7,567	-	1,877	-
1480	Incremental cost of contract acquisition - current	7,910,905	13	-	-
		34,475,813	57	24,683,267	48
	Non-current assets：				
1517	Financial assets at fair value through other comprehensive income (Note 6 (2), (22), 8 & 9)	9,966,394	17	-	-
1524	Available-for-sale financial assets - non-current (Note 6 (2), (22), 8 & 9)	-	-	8,508,339	17
1527	Held to maturity financial assets – non-current (Note 6 (2), (22) & 9)	-	-	614,832	1
1535	Financial assets at amortized cost－non-current (Note 6 (2), (22) & 9)	1,017,051	2	-	-
1543	Financial assets carried at cost－non-current (Note 6 (2), (22))	-	-	17,207	-
1550	Investment under equity method (Note 6 (6))	3,652,194	6	3,590,587	7
1600	Property, plant and equipment (Note 6 (7), 7, 8 & 9)	5,679,403	9	5,711,010	12
1760	Investment property, net (Note 6 (8), 8 & 9)	3,886,738	6	6,479,270	12
1780	Intangible assets (Note 6 (9))	759,365	1	764,631	1
1840	Deferred income tax assets (Note 6 (14))	854,014	1	777,751	1
1980	Other financial assets – non-current (Note 6 (22) & 7)	44,283	-	44,298	-
1990	Other non-current assets - others	773,280	1	696,962	1
		26,632,722	43	27,204,887	52
	Total Assets	**$ 61,108,535**	**100**	**51,888,154**	**100**

	Liabilities and Equity	12.31.2018 Amount	%	12.31.2017 Amount	%
	Current liabilities:				
2100	Short-term loan (Note 6 (10), (22))	$ 3,089,000	5	2,792,000	5
2130	Contract Liability－current (Note 6 (17) &9)	37,522,150	63	-	-
2150	Notes Payable (Note 6 (22))	7,027	-	-	-
2170	Accounts Payable (Note 6 (22))	460,468	1	350,135	1
2180	Accounts Payable-related party (Note 6 (22) &7)	41,104	-	38,223	-
2200	Other payable accounts (Note 6 (22) &7)	611,424	1	537,363	1
2230	Current income tax liabilities	228,777	-	177,515	-
2310	Advance receipts (Note 9)	833,687	1	32,181,387	63
2399	Other current liabilities - others(Note 7)	23,262	-	31,786	-
		42,816,899	71	36,108,409	70
	Non-current liabilities:				
2530	Corporate bond payable (Note 6 (11), (22) & 7)	3,190,916	5	3,139,651	6
2570	Deferred income tax liabilities (Note 6 (14))	16,119	-	18,994	-
2640	Net defined benefit liability – non-current (Note 6 (13))	30,686	-	31,263	-
2645	Deposit received (Note 6 (22))	71,542	-	60,931	-
		3,309,263	5	3,250,839	6
	Total liabilities	46,126,162	76	39,359,248	76
	Equity:				
3100	Capital stock (Note 6 (15))	4,200,842	7	4,200,842	8
3200	Capital surplus (Note 6 (11) & (15))	2,519,954	4	2,519,954	5
	Retained earnings:				
3310	Legal reserve (Note 6 (15))	1,280,001	2	1,095,601	2
3350	Unappropriated retained earnings (or losses to be compensated) (Note 6 (15))	6,293,123	10	4,253,894	8
		7,573,124	12	5,349,495	10
	Other equity interest:				
3410	Exchange difference for conversion of financial statements of foreign operating institutions (Note 6 (15))	(24,815)	-	(13,825)	-
3420	Unrealized gains and losses on financial assets measured at fair value through other comprehensive income (Note 6 (15))	713,268	1	-	-
3425	Unrealized gains and losses on available-for-sale financial assets (Note 6 (15))	-	-	472,440	1
		688,453	1	458,615	1
	Total Equity	14,982,373	24	12,528,906	24
	Total liabilities and equity	**$ 61,108,535**	**100**	**51,888,154**	**100**

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp.
Statements of Comprehensive Income
January 1 to 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 (12), (17) & (18))**	$ 4,378,482	100	3,831,552	100
5000	**Operating cost (Note 6 (12))**	1,552,236	36	1,176,602	31
5900	**Operating gross profit (loss)**	2,826,246	64	2,654,950	69
	Operating expenses:				
6100	Selling expenses	877,929	20	721,424	19
6200	Administration expenses (Note 6 (19) & 7)	485,396	11	483,881	13
6450	Expected credit impairment loss (gain) (Note 6 (3))	7,763	-	-	-
6000	**Total operating expenses**	1,371,088	31	1,205,305	32
6500	**Other income and expenses (Note 6(20))**	138,011	3	-	-
6900	**Operating income (loss)**	1,593,169	36	1,449,645	37
	Non-operating income and expenses:				
7010	Other income (Note 6 (21) & 7)	463,243	11	414,058	11
7020	Other gains and losses (Note 6 (21))	346,825	8	(90,582)	(2)
7050	Financial costs (Note 6 (21))	(79,419)	(2)	(80,703)	(2)
7070	Share of profit (loss) of subsidiaries associates and joint ventures accounted for using equity method (Note 6 (6))	69,571	2	358,995	9
		800,400	19	601,768	16
7900	**Operating income before tax**	2,393,569	55	2,051,413	53
7950	**Less: Income tax expense (Note 6 (14))**	213,034	5	207,414	5
	Net income	2,180,535	50	1,843,999	48
8300	**Other comprehensive income:**				
8310	**Items that may not be subsequently reclassified to profit or loss:**				
8311	Revaluation of defined benefit plans (Note 6 (13))	(791)	-	(669)	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	476,006	11	-	-
8330	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method- items that may not be reclassified to profit or loss	2,845	-	-	-
8360	**Items that may be subsequently reclassified to profit or loss:**				
8361	Exchange differences on translation of foreign statements	34,825	1	(4,848)	-
8362	Unrealized losses on available-for-sale financial assets	-	-	67,783	2
8367	Unrealized loss on investments in liability instruments at fair value through other comprehensive income	(42,204)	(1)	-	-
8380	Share of other comprehensive profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method- items that may be reclassified to profit or loss	(45,815)	(1)	(1,677)	-
	Total items that may be subsequently reclassified to profit or loss	(53,194)	(1)	61,258	2
8300	**Other comprehensive income, net**	426,448	10	60,589	2
	Total comprehensive income	**$ 2,606,983**	**60**	**1,904,588**	**50**
	Net income, attributable to:				
	Earnings per share (Note 6(16))				
9750	**Basic earnings per share (NTD)**	**$ 5.19**		**4.44**	
9850	**Diluted earnings per share (NTD)**	**$ 4.70**		**4.15**	

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

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp.
Statements of Changes in Equity
For The Twelve Months Ended December 31, 2018 and 2017

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

	Capital Stock		Retained Earnings				Others				
	Common Stock	Capital Surplus	Legal reserve	Special reserve	Unappropriated Earnings	Total	Exchange differences on foreign translation	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	Unrealized gain (loss) on available-for-sale financial assets	Total	Total equity
Balance – January 1, 2017	$ 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
Net profit	-	-	-	-	1,843,999	1,843,999	-	-	-	-	1,843,999
Other comprehensive income	-	-	-	-	(669)	(669)	(2,525)	-	63,783	61,258	60,589
Total comprehensive income	-	-	-	-	1,843,330	1,843,330	(2,525)	-	63,783	61,258	1,904,588
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)
Other changes in capital surplus：											
Recognition of equity from issuance of convertible bond	-	9,961	-	-	-	-	-	-	-	-	9,961
Capital increased by cash	210,000	1,094,100	-	-	-	-	-	-	-	-	1,304,100
Changes to subsidiaries' ownership	-	(4,219)	-	-	-	-	-	-	-	-	(4,219)
Balance – December 31, 2017	4,200,842	2,519,954	1,095,601	-	4,253,894	5,349,495	(13,825)	-	472,440	458,615	12,528,906
Retrospective adjustment due to new accounting standard	-	-	-	-	1,104,855	1,104,855	-	264,279	(472,440)	(208,161)	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
Net income	-	-	-	-	2,180,535	2,180,535	-	-	-	-	2,180,535
Other comprehensive income	-	-	-	-	791	791	(10,990)	436,647	-	425,657	426,448
Total comprehensive income	-	-	-	-	2,181,326	2,181,326	(10,990)	436,647	-	425,657	2,606,983
Appropriation and distribution of retained earnings:											
Legal reserve	-	-	184,400	-	(184,400)	-	-	-	-	-	-
Cash dividends on ordinary shares (NTD$2.5 per share)	-	-	-	-	(1,050,210)	(1,050,210)	-	-	-	-	(1,050,210)
Disposal of equity instruments at fair value through other comprehensive income	-	-	-	-	(12,342)	(12,342)	-	12,342	-	12,342	-
Balance – December 31, 2018	**$ 4,200,842**	**2,519,954**	**1,280,001**	**-**	**6,293,123**	**7,573,124**	**(24,815)**	**713,268**	**-**	**688,453**	**14,982,373**

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

Lungyen Life Service Corp.

Statements of Cash Flows

For The Twelve Months Ended December 31, 2018 and 2017

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

	2018	2017
Cash flows from operating activities:		
Profit (loss) before tax	$ 2,393,569	2,051,413
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	120,228	137,508
Amortization expense	17,427	15,892
Allowance for doubtful accounts	7,763	3,898
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	13,868	(25,329)
Interest expense	79,419	80,703
Interest income	(269,358)	(103,315)
Dividend income	(228,582)	(179,472)
Share of profit (loss) of associates and joint ventures accounted for using equity method	(69,751)	(358,995)
Loss (gain) on disposal and scrap of property, plant and equipment	606	(179)
Loss (gain) on disposal of investment property	(525)	-
Loss (gain) on disposal of other assets	(347,626)	-
Disposal of investment gains (losses)	-	(21,031)
Impairment loss on financial assets carried at costs	5,940	-
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	-
Exchange loss on available-for-sale financial assets	-	88,603
Total adjustments to reconcile profit (loss)	(694,717)	(361,717)
Changes in operating assets and liabilities:		
Net changes in operating assets:		
Financial assets held for trading	-	(291,301)
Financial assets at fair value through income	72,442	-
Notes receivable and account receivable, net	154,589	(77,217)
Inventories	(348,981)	(256,291)
Prepayments	130,511	(115,005)
Other financial assets - current	39,733	(14,180)
Other current assets	(5,690)	1,203
Incremental cost of contract acquisition	215,682	-
Total net changes in operating assets	258,286	(752,791)
Net changes in operating liabilities:		
Contract liability	(347,397)	-
Notes payable and accounts payable (including related parties)	120,241	40,540
Other payable	54,696	18,640
Advance receipts	5,418	795,178
Other current liabilities	(8,524)	986
Net defined benefit liabilities	214	536
Total net changes in operating liabilities	(175,352)	855,880
Total net changes in operating assets and liabilities	82,934	103,089
Total adjustments	(611,783)	(258,628)
Cash inflow (outflow) generated from operations	1,781,786	1,792,785
Interest received	269,488	97,183

Lungyen Life Service Corp.

Consolidated Statements of Cash Flows (Cont.)

For The Twelve Months Ended December 31, 2018 and 2017

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

	2018	2017
Dividend received	228,582	179,648
Interest paid	(22,021)	(37,562)
Income taxes paid	(240,910)	(88,484)
Net cash flows from (used in) operating activities	2,016,925	1,943,570
Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,857,468)	-
Disposal of financial assets at fair value through other comprehensive income	929,099	-
Return on capital reduction 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	-	(1,115,574)
Disposal of available-for-sale financial assets	-	1,183,975
Acquisition of held-to-maturity financial assets	-	(309,640)
Acquisition of investment under equity method	-	(732,955)
Acquisition of property, plant and equipment	(62,245)	(65,283)
Disposal of property, plant and equipment	318	997
Acquisition of intangible assets	(12,161)	(5,444)
Acquisition of investment real estate	(675)	-
Disposal of investment property	749	-
Decrease (increase) in other financial assets - current	69,303	(488,503)
Decrease (increase) in other financial assets - non current	15	(21,334)
Acquisition of other non-current assets	604,302	-
Disposal of other non-current assets	(293,430)	-
Net cash flows from (used in) investing activities	(1,226,726)	(1,553,761)
Cash flow from (used in) financing activities:		
Increase in short-term loans	8,435,000	8,794,000
Decrease in short-term loans	(8,138,000)	(13,137,000)
Issuance of corporate bond	-	3,113,000
Increase (decrease) in guarantee deposits received	10,611	8,129
Payment for cash dividends	(1,050,210)	(504,101)
Capital Increase	-	1,304,100
Net cash flows from (used in) financing activities	(742,599)	(421,872)
Net increase (decrease) in cash and cash equivalents	47,600	(32,063)
Cash and cash equivalents at beginning of period	60,066	92,129
Cash and cash equivalents at end of period	**$ 107,666**	**60,066**

Lungyen Life Service Corp.
Notes to Financial Statements
For The Twelve Months 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 is primarily engaged in funeral service, development and lease of interment premises, and development and lease of residential areas and buildings.

II. Approval and procedures of the financial statements

The quarterly individual 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 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 Unrealized Losses"	January 1, 2017
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 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 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 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 Company applied substantive right to practice method to all contracts completed before January 1, 2018, that is, when the Company identified completed contracts, not completed contracts, determined trading prices, and the allocation of upcoming trading prices to completed contracts, not completed contracts, the 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 individual financial statements applying IFRS 15 is as below:

	12.31.2018			1.1.2018		
Effected Items on 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	$ 384,432	7,736,295	8,120,727	555,505	7,718,654	8,274,159
Incremental cost of contract acquisition - current	8,183,657	(272,752)	7,910,905	8,444,353	(274,049)	8,170,304
Assets effects		**7,463,543**			**7,444,605**	
Contract liability – current	$ -	37,522,150	37,522,150	-	37,910,301	37,910,301
Other payables	580,183	31,241	611,424	537,363	31,482	568,845
Advance receipts	31,838,677	(31,004,990)	833,687	32,181,387	(31,393,872)	787,515
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, 2018.

	2018		
Effected Items on Comprehensive Income	**Book Value (IFRS15 not applied)**	**Effects of Changes in Accounting Policies**	**Book Value (IFRS15 applied)**
Operating revenue	$ 4,532,225	(153,743)	4,378,482
Selling expenses	(918,264)	40,335	(877,929)
Administration expenses	(484,825)	(571)	(485,396)
Other income and losses	-	138,011	138,011
Interest income	97,894	(5,584)	92,310
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**

Effected Items on Consolidated Statement of Cash Flows	2018 Book Value (IFRS15 not applied)	2018 Effects of Changes in Accounting Policies	2018 Book Value (IFRS15 applied)
Cash flows from operating activities			
Profit (loss) before tax	$ 2,375,121	18,448	2,393,569
Adjustments:			
Interest income	(92,310)	(177,048)	(269,358)
(Increase) Decrease on account receivable	172,230	(17,641)	154,589
(Increase) Decrease on incremental cost of contract acquisition	216,979	(1,297)	215,682
Increase (Decrease) on contract liabilities	-	(347,397)	(347,397)
Increase (Decrease) on advance receipts	(342,710)	348,128	5,418
Increase (Decrease) on other payable	54,937	(241)	54,696
Cash outflow generated from operations effects		(195,496)	
Interest received	92,440	177,048	269,488
Net cash flows from (used in) operating activities effect		-	

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 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 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 (6).

Applying IFRS 9 has no significant impact on the accounting policy of financial liability of the 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 (6).

(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 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 comprehensive income	200,000
Investments in equity instruments	Measured at fair value through profit or loss	68,448	Measured at fair value through profit or loss	68,448
	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)	6,092,718	Measured at fair value through other comprehensive income	6,092,718
Investments in equity instruments	Measured at cost (Note 4)	17,207	Measured at fair value through other comprehensive income	17,207

Note 1: When applying IAS 39, investments in debt instruments are classified to available-for-sale financial assets, the finance department in the Company gain interest revenue held in the same investment portfolio, but might be sold during operation to satisfy the liquidity, the 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 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 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 Company has the intention to hold for long-term, according to IFRS 9, the 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	$ 1,178,602	-	-		-	-
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	**$ 1,178,602**	**135,006**	**-**	**1,313,608**	**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	$ 8,525,546	-	-		-	-
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	**$ 8,525,546**	**64,994**	**-**	**8,590,540**	**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. From January 1 to December 31, 2018, the evaluation has no significant impact on changes in liabilities from financing activities of the 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". From January 1 to December 31, 2018, the above-mentioned has no significant impact on recognition of deferred tax assets for unrealized losses of the 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 individual 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.

(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 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 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 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 Company will adopt the following practical expedients after assessment:

- Adopt single discount rate for lease combinations with similar characteristics;
- Use the evaluation results of the IAS37 loss-making contract before the first application date, as an alternative to the impairment assessment of the right-of-use asset;
- For leases that are expired within 12 months after the initial application date, the right-of-use asset and lease liability are not recognized;
- The original direct cost is not included in the measurement of the right-of-use asset on the initial application date;
- In the case of a lease contract that includes a lease extension or termination option, the hindsight is used when determining the lease term.

(3) Until now, the most significant impact of the Company's assessment of the applicable new standards is the recognition of the right-of-use assets and lease

liabilities for the current operating leases, office and warehouse locations. The above differences may increase both the right-of-use assets and lease liabilities by NT$51,791 thousand, but has no significant impact on the current contracts dealt with financial lease. In addition, the Company expects that the application of the new standard will not affect the ability to comply with the maximum number of financing leverages agreed in its loan contracts. The contract for the intermediate lessor of the sub-lease transaction is not subject to any adjustment.

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 Company assesses that the above changes have no significant effect on the Company's financial reports.

However, the above mentioned estimated effect of adopting the new standard may be changed due to future changes in the environment or conditions.

(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
Amendments to IAS1 and IAS 8 "Definition of Materiality"	January 1, 2020

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

Issuance / Release Dates	New Standard or Amendments	Interpretations
2014.9.11	Amendments to IFRS 10 and IAS 28 "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.
2018.10.22	Amendments to IFRS 3 "Definition of Business"	The Board of Directors issues an amendment to IFRS 3, which limits the scope of the business to improve the definition of the business. This amendment will assist the company in determining whether to acquire a business or a group of assets. The revised definition emphasizes that the output of a business refers to the provision of goods and services to customers; the definition before the amendment focuses on the benefits of providing dividends, lower costs or other economic benefits. In addition, except for the revised definition, the Council also provides supplementary guidance.
2018.10.31	Amendments to IAS1 and IAS 8 "Definition of Materiality"	Explain the definition of materiality and how it can be applied to guidelines that refer to materiality in existing standards. Also improve the interpretation of the definition of materiality and ensure that the definitions of all criteria are consistent.

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

IV. Summary of significant accounting policies

The financial report utilizes significant accounting policies summary as below. Despite other explanations, the following accounting policies are all applied to the period presented in this financial report.

(I) Compliance Statement

The financial report is prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of consolidation

1. Basis of measurement

Except for the important items in the balance sheet as below, the financial report has been prepared in accordance with the historical cost:

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

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

(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(20).

2. Functional currency and presentation currency

The Company makes the currency of the primary economic environment its functional currency. The 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) 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 measured 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 income" while others are recognized in "Profit or loss."

2. Foreign operating institutions

Foreign operating 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 income."

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."

(IV) 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 be realized in the normal business cycle, or with intent to be sold or consumed.
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;
2. Primarily for trading purposes;
3. Expected to be settled within 12 months after the financial report date;
4. Liabilities that cannot be unconditionally 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.

(V) Cash and cash equivalent

Cash includes cash on hand and time deposits. Cash equivalents are short-term, highly liquid investments that can be converted into fixed-value cash at any time with minimal risk of changes in value. Time deposits that meet the aforementioned definitions and whose purpose

is to meet short-term cash commitments, not investment or other purposes, are presented in cash and cash equivalent.

(VI) Financial instruments

1. Financial Assets (adopted after January 1, 2018)

The classifications for financial assets of the Company are: Financial asset measured at amortized cost, financial asset measured at fair value through other comprehensive income, financial asset measured at fair value through profit and loss.

The Company will only reclassify the financial assets effected due to changes of financial assets' business model on the basis of regulation.

(1) Financial asset measured at amortized cost:

Financial asset will 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.

(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 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 de-recognition.

Dividend revenue of investments in equity will generally be recognized on the date that the 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 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 re-measurement (including related dividend revenue and interest revenue) will be recognized to income.

(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, expected loss of credit for contractual assets, the Company recognizes in allowance for loss.

The allowance for losses of following financial assets are measured at 12-month expected credit losses, others 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) have not increased significantly since initial recognition.

The allowance for accounts receivable and contract assets is measured by the amount of expected credit losses during the duration.

Expected credit losses during the period of existence are expected credit losses arising from all possible defaults during the expected duration of the financial instrument.

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 duration of the financial instrument is shorter than 12 months).

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

When determining if credit risk has increased significantly since initial recognition, the Company considers rational and provable information (acquired with no undue cost or effort), including qualitative and quantitative information, and according to the 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 Company regards the debt security as low credit risk.

If the contractual amount has expired for over 30 days, the 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 Company, the Company considers that default has occurred.

Expected credit loss is the estimation of probability-weighting of credit loss during expected duration 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 the Company and expected contractual cash flows receivable for the Company. Expected credit loss is discounted at effective interest of the financial asset.

The 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 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 Company will reduce the total book value for the financial asset directly. Which usually means that the 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 Company.

(5) Elimination of financial assets

The 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

Company apportions the original carrying amount of the financial asset to the portion of the continuing recognition and the de-recognized portion based on the relative fair value of each portion on the transfer date. 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 (adopted before January 1, 2018)

The classifications for financial assets of the Company are: Financial asset measured at fair value through profit or loss, held-to-maturity financial assets, available-for-sale financial assets, 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 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. In addition, when the fair value of the available-for-sale equity investment is substantially or permanently reduced below its cost, it is also an objective evidence of impairment.

The individually assessed accounts receivable without impairment is further assessed for impairment on a collective basis. Objective evidence of collective receivables impairment includes the 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.

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 available-for-sale financial assets are impaired, the cumulative profits and losses previously recognized in other comprehensive income are reclassified to 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.

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

The 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 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 Company apportions the original carrying amount of the financial asset to the portion of the continuing recognition and the de-recognized portion based on the relative fair value of each portion on the transfer date. 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

(1) Classification of liabilities or equity

The debt and equity instruments issued by the 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 Company's residual equity of assets net of liabilities. The equity instruments issued by the 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 loss (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

The 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."

(4) Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities can offset against each other only when the Company has legal right to conduct offsetting and has intention for net settlement or liquidating asset and settling liability simultaneously; also, shall be expressed in net amount on the balance sheet.

(VII) Inventories

1. Building for sales

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 (refer to 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. Invest and construct columbarium and cemetery 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.

(VIII) Investments in affiliated enterprises

Affiliated enterprise is the one that the Company has significant influence but not control over its financial and operating policies. If the 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 financial report includes the period from the date of the significant influence to the date of loss of the significant influence. After adjusting the accounting policies to be consistent with the Company's accounting policies, the 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 Company and the affiliated enterprise has been written off within the range of the invested company's equity held by the 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 Company equals or exceeds its interest in the affiliated enterprise, the recognition of loss was ceased; additional loss and related liability were only recognized upon the occurrence of a legal obligation, constructive obligations, or prepayment made on behalf of the invested company.

(IX) Investments in subsidiaries

In the preparation of individual financial reports, the Company evaluates the investee companies with control under equity method. Under the equity method, the amortization amount of the profit or loss and other comprehensive profit or loss in the Company's financial statements and the profit or loss and other comprehensive profit or loss attributable to the shareholder's equity of the parent company in the financial statements prepared on a consolidated basis is the same, and the shareholder's equity in the Company's financial statements and the shareholder's equity of the parent company in the financial statements prepared on a consolidated basis is the same.

If the company's equity ownership change in a subsidiary does not result in loss of control, it is treated as equity transaction with the shareholders.

(X) Joint agreement

A joint venture is a joint agreement whereby the parties to the joint control of the agreement (i.e. the joint ventures) have rights to the net assets of the agreement. The joint ventures shall recognize its joint venture interest as an investment and use the equity method to process the investment in accordance with IAS 28, unless the company exempts the applicable equity method in accordance with the provisions of the standard.

In the assessment of the classification of the joint agreement, the Company has considered the structure of the agreement, the legal form of the individual vehicle, the terms of the contractual agreement and other facts and circumstances. When evaluating the classification of a joint agreement, only the structure of the contract is considered. The Company has re-evaluated the joint agreement for its participation and reclassified the investment from "jointly controlled individuals" to "joint ventures". The investment has been reclassified, but its accounting treatment was still under the equity method and therefore there was no impact on the recognized individuals' assets, liabilities and comprehensive profit or loss.

(XI) Investment in properties

Investment in 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.

(XII) Real 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 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 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	3～69 years
(2) Office equipment	3～5 years
(3) Transportation equipment	5 years
(4) Other equipment	1～10 years
(5) Leasehold improvement	2～5 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.

(XIII) 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.

(XIV) 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. For the investment under the equity method, the book value of goodwill is included in the book value of the investment and the impairment loss of the investments is not allocated to goodwill and any asset but as part of the book value of the investment under the equity method.

2. Other intangible assets

The intangible assets acquired by the 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.

(XV) Non-financial assets impairment

The Company has inventories, deferred income tax assets, and non-financial assets other than employees benefits 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 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 determined durability years, regardless of whether there are signs of impairment, annual impairment testing should be conducted.

The recoverable amount is the fair value of an individual asset or cash-generating unit less selling cost and the value in use whichever is higher. In assessing value in use, the estimated future cash flows are translated using the pre-tax discount rate to the present value, which should reflect the current market's assessment of the time value of money and the specific risks to the asset or cash-generating unit.

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 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 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.

(XVI) Provision for liabilities

The recognition of provision is the current obligation due to past events, so that the 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.

(XVII) Income recognition

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

   Revenue is measured by the right of receiving the transaction price after transferring goods or services. An entity recognizes revenue when (or as) it satisfies a performance obligation by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service). The main items for revenue of the

Company is as below:

(1) Invest in and construct columbarium and cemetery for sale:

The Company invests in and constructs columbarium and cemetery for sale, and sells before or during construction frequently. The Company recognizes revenue when control of the product is transferred, therefore, the Company recognizes revenue at the time when right of permanent use has transferred to the customer after the construction is completed and the payment is settled.

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 recognizes 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.

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) Life service:

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

(3) Rental Income

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 real property for sale

The Company develop and sell residential real estate, and recognize revenue when control of the real estate is transferred, therefore, the Company recognizes revenue at the time when legal ownership has transferred to the customer and the actual date of delivery, if only one of above is completed before the date of reporting, but are both completed during the period, will also be recognized as revenue.

Revenue is measured by the transaction price according to agreement of the contract.

If the one being sold is a readily available house, the transaction price can be collected at the time legal ownership of the real property is transferred to the customer in most cases. In a few cases, payment could be deferred according to agreements in the contract, but the deferred period shall not exceed 12 months. Therefore, no adjustment to transaction price will be made to reflect the effect of significant financing component. If the one being sold is a presale real estate, it's 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 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.

2. Income recognition (adopted before January 1,2018)

(1) Invest and construct columbarium and cemetery for sale

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) 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.

(XVIII) Cost from Contracts with Customers (adopted from January 1, 2018)

1. Incremental cost of contract acquisition

These costs should be recognized as an asset if they are expected to be recovered from the customer. Any other costs of acquiring a contract are expensed when incurred, unless they are explicitly chargeable to the customer regardless of whether the contract is acquired.

(XIX) Non-Current Assets Held for Sale

Board of the Company approved the resolution to offer part of the 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. The impairment loss of any disciplinary group is first distributed to goodwill and then distributed to the remaining assets and liabilities on a pro-rata basis, except that the loss is not allocated to assets that are not subject to the impairment of assets of IAS 36, which is measured in accordance with the company's accounting policies. The benefits and losses arising from the impairment losses and subsequent re-measurements that are initially classified as or to be allocated to the owners are recognized as profit or loss, except that the benefits of the recovery should not exceed the recognized cumulative impairment losses.

When the property, plant and equipment are classified as held for sale or to be allocated to the owner, no depreciation or amortization is recognized.

(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 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 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 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 Company. If the benefit can be realized during the project period or when the project liabilities settled, it means economic benefit to the Company.

When the content of the planned welfare is improved, the associated expense arising from the increase welfare due to the service performed by the employees is recognized in profit or loss immediately.

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 company recognizes the re-measurement of the defined welfare plan under the retained surplus.

The 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 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 recognized directly in equity or in other comprehensive income related to the project, 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 measured at the tax rate of the expected asset realization or liability settlement, and is based on the statutory tax rate or the substantive legislative rate on the reporting date.

The Company will offset the deferred income tax assets and deferred income tax liabilities only when the following conditions are met:

1. There is a legally enforceable right to offset current tax assets and current tax liabilities; and
2. Deferred tax assets and deferred tax liabilities are related to one of the following tax entity subject to income tax by the same taxation authority:
   (1) the same taxable entity; or
   (2) different taxable entities, provided that each of the entities intends to settle the current income tax liabilities and assets on a net basis in the future period of the expected recovery of the deferred income tax assets and the expected settlement of the deferred income tax liabilities, or at the same time realize the assets and liquidate liabilities.

For unused tax losses and unused tax credits, and deductible temporary differences, within the range of probable future that the taxable income is available for use, are recognized as deferred income tax assets. It will be reassessed on each reporting day and will be reduced in the context where the relevant income tax benefits are not likely to be realized.

(XXII) Earnings per share

The Company lists the basic and diluted earnings per share of the common stock shareholders of the Company. The 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 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 Company's potential diluted common stock includes the estimated bonus to employees.

(XXIII) Department information

The Company had segment information disclosed in the consolidated financial statements;

therefore, segment information was not disclosed in the Company's financial statements.

V. Major sources of significant accounting judgements, estimates, and assumptions for the uncertainties:

When the management has the 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 management continually checks estimation and basic assumption. The accounting estimation changes are recognized in the changeable period and future period being impacted.

(1) For the significant judgments involved in accounting policies and the influential information to the amount recognized in the financial report, please refer to the following notes:

- The judgements for subsidiaries having real control, please refer to 2018 financial report.

(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:

- Impairment of accounts receivable

  The allowance for the Company's accounts receivable is estimated based on the assumption of default risk and expected loss rate. The Company considers historical experience, current market conditions and forward-looking estimates on each reporting date to determine the assumptions and selection inputs to be used in calculating the impairment. For details of the relevant assumptions and input values, please refer to Note 6 (3).

- Impairment of goodwill and trademark

  The 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 (9).

- Measurement of defined welfare obligation

  The defined benefit costs and net defined benefit liabilities (assets) for the defined benefit plan is based on the actuarial valuation using the projected unit benefit method. The actuarial assumptions used include the discount rate, employee turnover rate, and future salary increase rate. If these assumptions are subject to change due to changes in market and economic conditions, the recognized costs and liabilities may be materially affected. The main actuarial assumptions and sensitivity analysis used by the actuarial firm are detailed in Note 6 (13).

- Recognition of deferred income tax asset

  Deferred income tax assets are recognized in the future when it is probable that there will be sufficient taxable income for deducting temporary differences and losses. The Company assesses the achievability of deferred income tax assets based on assumptions such as

expected future sales growth, profit margin, tax exemption period, applicable income tax credits and tax planning. Changes in the economy, industrial environment, and the laws and regulations may result in significant adjustments in deferred income tax assets. Please refer to Note 6 (14) for the estimation of deferred income tax assets.

Process of measurement

The accounting policies of the Company and disclosures include the conducting of fair value to measure their financial and nonfinancial assets and liabilities. The 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 Company. The investment property is appraised regularly by the Company according to the evaluation method and the parameter hypothesis announced by Financial Supervisory Commission.

The Company uses its 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 (i.e. price) or indirectly (i.e. 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 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 available for sale
2. Note 6 (8), investment property
3. Note 6 (22), financial instruments

VI. Important accounting accounts

(I) Cash and cash equivalent

	12.31.2018	12.31.2017
Cash on hand	$ 3,491	4,813
Demand deposits	104,136	55,214

Check deposits	39	39
Cash and cash equivalent on the Statement of Cash Flow	**$ 107,666**	**60,066**

For the interest rate risk and sensitivity analysis disclosure of the Company's financial assets and liabilities, please refer to Note 6(22).

(II) Financial assets

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

	12.31.2018	12.31.2017
Financial asset at fair value through profit and loss- current		
Domestic and foreign common stocks	$ 115,590	-
Beneficiary certificates	1,111,708	-
Financial assets held for trading		
Domestic and foreign common stocks	-	516,334
Beneficiary certificates	-	662,268
Total	**$ 1,227,298**	**1,178,602**

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(1) For profits and losses recognized from the reevaluation at fair value, please refer to Note 6(22).

(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	7,952,038
Beneficiary certificates	291,450
Total	**$ 9,966,394**

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

The 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 31, 2018.

The maturity years were between 2020 and 2028.

For profits and losses from disposal of investment, please refer to Note 6 (21).

(2) Equity instruments at fair value through other comprehensive income
The Company holds such equity instrument investments for long-term strategic investments, not for trading purposes. Thus the Company recognized them at fair value 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 Company made disposal of a portion of equity instruments at fair value through other comprehensive income with a fair value at NT$95,373 thousand and an accumulated disposal profits of NT$9,268 thousand, which have been transferred from other comprehensive income to retained earnings.

The investee, PK Venture Capital Corp. were liquidated on December 13, 2018. The settlement price of the clearing house was NT$2,551 thousand. The difference between the distribution price and the book value was NT$ 21,611 thousand as liquidation losses. The aforementioned cumulative liquidation losses was transferred from other equity to retained earnings.

The investee, Creative Space Design Co., Ltd. suffered loss for the year, and after the assessment, it proposed a loss of NT$5,940 thousand.

Credit risk (including impairment of debt instrument investment) and market risk information, please refer to Note 6 (22).

The above financial assets are not provided as collateral guarantee.

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

	12.31.2017
Domestic and foreign common stocks	$ 6,288,597
Bonds	1,832,729
Beneficiary certificates	387,013
Total	**$ 8,508,339**

(1) The coupon rates of the Company's bonds recognized as available-for-sale financial assets – non-current as of December 31, 2017 was 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 or 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 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 Company's investments in held-to-maturity bonds were both from 1.85% to 2.08% as of December31, 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 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 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-Creative Space Design Co. Ltd.	9,900
Total	$ 17,207

The Company's stock investment valued at cost referred to above is measured in accordance with the cost net of impairment on the reporting date as of December 31, 2017. Due to the significant range of the reasonable estimate of the fair value and the probability of various estimates cannot be reasonably assessed, the 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 on December 31, 2018.

7. For details of trusting part of the Company's financial assets as of December 31, 2018 and December 31, 2017, please refer to Note 9 (3).

8. For details of the Company's financial assets pledged as collateral as of December 31, 2018 and December 31, 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 is 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%	**$ 777,754**	**11,109**	**625,129**	**49,184**
Decreased by 10%	**$ (777,754)**	**(11,109)**	**(625,129)**	**(49,184)**

(III) Account receivables and note receivables

	12.31.2018	12.31.2017
Note receivables – from operation	$ 6,345	16,077
Account receivables – at amortized cost	8,895,264	592,994
Less: allowance	(45,051)	(37,489)
Unrealized interest revenues	(729,486)	-
	$ 8,127,072	**571,582**

The Company estimated expected credit risk of all account receivables and note receivables by the simplified method, which evaluates the expected credit losses by the duration. For the purpose of this measurement, these account receivables and note receivables are grouped according to the common credit risk characteristics that represent the ability of the customer to pay all of the amount due based on the terms of the contract and have been incorporated into forward-looking information. The Company's expected credit losses from account receivables and note receivables as of December 31, 2018 are analyzed below:

	Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period
Non-overdue(*)	$ 8,854,407	0.00%~0.22%	790
Overdue for 31~90 days	3,574	29.65%	1,060
Overdue for 91~180 days	1,456	78.08%	1,137
Overdue for 181~270 days	1,318	91.84%	1,210
Overdue for 270 days and more	40,854	100%	40,854
	$ 8,901,609		**45,051**

*Account receivables as of December 31, 2018 included undue account receivables of NT$8,495,464 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	$ 26,380
Overdue for 61~90 days	15,286
Overdue for 91~120 days	7,132
Overdue for 120 days and more	49,929
	$ 98,727

Change of the 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)	$ 37,489	-	33,591
Adjustment when IFRS 9 first applied	-		
Ending balance (based on IFRS 9)	37,489		
Recognized allowance loss	7,763	-	3,898
Bad debt written off	(201)	-	-
Ending balance	**$ 45,051**	**-**	**37,489**

(IV) Inventory

	12.31.2018	12.31.2017
Columbarium and cemetery for sale	$ 2,060,321	2,150,976
Construction Site	4,601,056	4,600,606
Residential and building under construction	92,118	74,602
Columbarium and cemetery under construction	5,371,893	4,950,223
	$ 12,125,388	**11,776,407**
Expected to be recovered in more than twelve months	**$ 12,105,859**	**11,611,565**

1. In the year 2018 and 2017, the amount the Company recognized as capitalization of interests of residential and building under construction and columbarium and cemetery under construction was 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. Please refer to Note 7.

3. For the Company's inventories pledged as collateral as of December 31, 2018 and 2017, please refer 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 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) Investments under equity method

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

	12.31.2018	12.31.2017
Subsidiaries	$ 3,390,888	3,323,212
Affiliated enterprises	261,306	267,375
Total	**$ 3,652,194**	**3,590,587**

1. Subsidiaries

(1) Please refer to 2018 consolidated financial report.

(2) The Company increased investment in Sea Dragon for US$10,000 thousand and US$7,000 thousand in June, July 2017, respectively. Shareholding after the capital increase remained 100%.

(3) Sea Dragon made reinvestment in Lungyen (Cayman) and Lungyen (Hong Kong) in sequence to establish Lungyen (Wenzhou) for US$11,000 thousand with a shareholding of 100%. The Company increased investment in Lungyen (Wenzhou) through above mentioned vehicles for US$17,000 thousand. The post money shareholding remained 100%. Sea Dragon signed a joint-venture agreement with SINO-OCEAN Group (joint venture party) on December 31, 2017. The joint venture partner increased the capital of Lungyen (Cayman) by US$28,000 in cash in January 2018. At the same time, it changed its name to Long Young Cayman, and the shareholding ratio decreased from 100% to 50% after the capital increase.

(4) The Company acquired shares from Lung An's other shareholders in January and May, 2018. The number of shares acquired was 10,800 thousand shares at an average price of 10 per share. The Company's ownership in Lung An increased to 100% from 70% after the acquirement.

2. Affiliated enterprises

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

Affiliated Enterprises Names	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, the financial information has adjusted the amount included in the financial statements of the IFRS of the affiliated companies to reflect the Company's changes at fair value and accounting policy adjustment when obtaining the equity of the affiliated enterprise:

• Financial information for Longding 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

	2018	2017
Sales Revenue	$ 110,879	98,299
Net income	$ (15,643)	(20,943)
Other comprehensive income	-	-
Total comprehensive income	$ (15,643)	(20,943)
Total comprehensive income attribute to controlling equity	$ (7,978)	(10,681)
Total comprehensive income attribute to owner of the investee	$ (7,665)	(10,262)

	2018	2017
The share of the Company's net assets of affiliated enterprises at the beginning period	$ 239,598	249,860
Total comprehensive income attribute to the 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 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	$ 29,373	27,777

	2018	2017
Attribute to the Company:		
Continuing operations' current loss	$ 342	71
Other comprehensive profit or loss	-	-
Total comprehensive profit or loss	$ 342	71

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

(VII) Property, plant, and equipment

The changes in the cost, depreciation, and impairment loss of the Company's property, plant, and equipment in 2018 and 2017 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	$ 2,358,836	2,708,793	90,208	55,177	1,07	162,520	942,512	6,319,124
Additions	16	3,373	4,074	926	-	11,892	41,964	62,245
Disposal and scrap	-	(826)	(1,981)	(78)	-	(389)	-	(3,274)
Reclassification	15,439	3,202	-	-	-	1,477	(20,118)	-
Balance on December 31, 2018	$ 2,374,291	2,714,542	92,301	56,025	1,07	175,500	964,358	6,378,095
Balance on January 1, 2017	$ 2,356,842	2,671,894	77,645	54,197	1,07	142,574	955,038	6,259,268
Additions	-	2,762	2,094	1,149	-	5,827	53,451	65,283
Disposal and scrap	-	-	(6,560)	(169)	-	(692)	-	(7,421)
Reclassification	1,994	34,137	17,029	-	-	14,811	(65,977)	1,994
Balance on December 31, 2017	$ 2,358,836	2,708,793	90,208	55,177	1,07	162,520	942,512	6,319,124
Depreciation and impairment loss:								
Balance on January 1, 2018	$ -	433,667	68,368	53,494	94	51,637	-	608,114
Current depreciation	-	67,421	7,491	675	3	17,304	-	92,928
Disposal and scrap	-	(89)	(1,981)	(58)	-	(222)	-	(2,350)
Reclassification	-	(60)	-	-	-	60	-	-
Balance on December 31, 2018	$ -	500,939	73,878	54,111	98	68,779	-	698,692
Balance on January 1, 2017	$ -	368,899	62,366	53,258	91	37,707	-	523,141
Current depreciation	-	64,768	11,807	397	3	14,567	-	91,576

Disposal and scrap	-	-	(5,805)	(161)	-	(637)	-	(6,603)
Balance on December 31, 2017	$ -	433,667	68,368	53,494	94	51,637	-	608,114
Book value:								
December 31, 2018	$ 2,374,291	2,213,603	18,423	1,914	9	106,721	964,358	5,679,403
January 1, 2017	$ 2,356,842	2,302,995	15,279	939	16	104,867	955,038	5,736,127
December 31, 2017	$ 2,358,836	2,275,126	21,840	1,683	13	110,883	942,512	5,711,010

1. The 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 Company unconditionally upon the completion of land consolidation. Trustee at the time of acquiring the land ownership shall have the documents needed for ownership transfer prepared, signed and sealed, and then delivered to the principal for records. In addition, a promissory note issued by the trustee for an amount equivalent to the land value should be delivered to the principal for records, please refer to Note 7.
2. For the breakdown of the amount of guarantees and other financing as of December 31, 2018 and 2017, please refer to Note 8.
3. For part of property, plant and equipment in trust case as of December 31, 2018 and 2017, please refer to Note 9 (3).

(VIII) Investment property

	Land and improvements	Building and structure	Total
Cost or identified cost:			
Balance on January 1, 2018	$ 5,014,312	1,992,228	7,006,540
Additions	-	675	675
Disposal	(129)	(167)	(296)
Reclassification	(1,762,998)	(977,063)	(2,740,061)
Balance on December 31, 2018	**$ 3,251,185**	**1,015,673**	**4,266,858**
Balance on January 1, 2017	$ 5,016,306	1,992,228	7,008,534
Reclassification	(1,994)	-	(1,994)
Balance on December 31, 2017	**$ 5,014,312**	**1,992,228**	**7,006,540**
Depreciation and impairment loss:			
Balance on January 1, 2018	$ 19,001	508,269	527,270
Current depreciation	-	27,300	27,300
Disposal	-	(72)	(72)
Reclassification to assets for sale	-	(174,378)	(174,378)
Balance on December 31, 2018	**$ 19,001**	**361,119**	**380,120**
Balance on January 1, 2017	$ 19,001	462,337	481,338
Current depreciation	-	45,932	45,932
Balance on January 1, 2017	**$ 19,001**	**508,269**	**527,270**
Book value:			
December 31, 2018	**$ 3,232,184**	**654,554**	**3,886,738**
January 1, 2017	**$ 4,997,305**	**1,529,891**	**6,527,196**
December 31, 2017	**$ 4,995,311**	**1,483,959**	**6,479,270**
Fair value:			
December 31, 2018			**$ 7,217,578**
December 31, 2017			**$ 10,561,656**

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6(12).
2. The fair value of investment property is evaluated based on near transaction prices.
3. 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, please refer to Note 6 (5).
4. With regards to real estate delivered to investment trust case as of December 31, 2018

and 2017, please refer to Note 9(3).

5. With regards to details of guarantees for financing facilities provided as of December 31, 2018 and 2017, please refer to Note 8.

(IX) Intangible assets

The cost, depreciation, and impairment loss of the Company's intangible assets as of 2018 and 2017 are as follows:

	Goodwill	Trademark	Computer software	Total
Cost:				
Balance on January 1, 2018	$ 542,428	192,750	121,292	856,470
Acquired separately	-	-	12,161	12,161
Balance on December, 31, 2018	**$ 542,428**	**192,750**	**133,453**	**868,631**
Balance on January, 1, 2017	$ 542,428	192,750	115,848	851,026
Acquired separately	-	-	5,444	5,444
Balance on December, 31, 2017	**$ 542,428**	**192,750**	**121,292**	**856,470**
Amortization and impairment loss:				
Balance on January 1, 2018	$ -	-	91,839	91,839
Current amortization	-	-	17,427	17,427
Balance on December 31, 2018	**$ -**	**-**	**109,266**	**109,266**
Balance on January 1, 2017	$ -	-	75,947	75,947
Current amortization	-	-	15,892	15,892
Balance on December 31, 2017	**$ -**	**-**	**91,839**	**91,839**
Book value:				
Balance on December 31, 2018	**$ 542,428**	**192,750**	**24,187**	**759,365**
Balance on January 1, 2017	**$ 542,428**	**192,750**	**39,901**	**775,079**
Balance on December 31, 2017	**$ 542,428**	**192,750**	**29,453**	**764,631**

1. Amortization expenses for intangible assets of 2018 and 2017 are recorded in the comprehensive income state as below item:

	2018	2017
Operating Expenses	**$ 17,427**	**15,892**

2. The Company executed annually at the reporting date for impairment assessment of goodwill and trademarks. After the impairment test was carried out on December 31, 2018 and 2017, goodwill and trademark rights should not be recognized for impairment losses. The key assumptions on which the recoverable amount is calculated are summarized as follows :

   (1) Future cash flow estimates are estimates of the five-year financial budget estimated by the management based on historical operating performance and future operating plans.

(2) The pre-tax discount rate used to calculate the value in use is based on the industry-weighted average cost of capital (WACC).

(X) Short-term loan

The Company's short-term loan details, conditions, and terms are as follows:

	12.31.2018	12.31.2017
Guaranteed bank loans	$ 2,762,000	2,492,000
Unguaranteed bank loans	327,000	300,000
Total	**$ 3,089,000**	**2,792,000**
Unused limit	**$ 2,979,000**	**2,036,000**
Interest rate range	**0.68%~1.15%**	**0.68%~1.03%**

1. For the Company's assets pledged as collateral for bank loans, please refer to Note 8.

2. For exposure information of interest rate and liquidity risk of the Company, please refer to Note 6(22).

(XI) Convertible 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 10 days before 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

(XII) Operating lease

For the Company's investment property leased as operating rental, please refer to Note 6(8). The future minimum lease payment receivable of the irrevocable lease term is as follows:

		12.31.2018	12.31.2017
Within 1 year	$	190,957	194,008
1~5 years		642,567	565,082
Over 5 years		1,568,232	1,429,820
	$	**2,401,756**	**2,188,910**

The rent income arising from the investment property amounted to NT$206,040 thousand and NT$192,416 thousand as of 2018 and 2017, respectively. The tax and depreciation expense (booked in the "Operating cost") incurred from investment property is as follows:

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

(XIII) Employee welfare

1. Defined benefit plan

The 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**

The 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 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 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 December 31, 2018 and December 31, 2017, respectively. 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 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
Past service cost	(269)	-
Value of defined benefit obligation balance December 31	**$ 38,665**	**38,896**

(3) Changes in the present value of plan assets

The Company's changes in the fair value of the defined benefit plan assets for year 2018 and 2017 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 Company recognized gains and losses for year 2018 and 2017 as follows:

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

(5) Re-measurement of net defined benefit liabilities (assets) recognized as other comprehensive (loss) income

The Company's re-measurement of net defined benefit liabilities (assets) recognized as other comprehensive (loss) income for year 2018 and 2017 was 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 major actuarial assumptions used by the Company to determine the present value of the defined benefit obligation at the end of the financial reporting date are as follows:

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

The Company expects to pay appropriated amount NT$29 thousand to defined benefit plan within 1 year after the reporting day of 2018.

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

(7) Sensitivity Analysis

On December 31, 2018 and 2017, impact to present value of defined benefit obligation caused by main actuarial assumption change was 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	(1,113)
December 31, 2017		
Discount rate (change 0.25%)	(1,232)	1,286
Future wage increase (change 0.25%)	1,274	(1,226)

The above sensitivity analysis analyzes the impact of single hypothesis changes based on other assumptions unchanged. 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 period.

2. Defined contribution plans

Defined contribution plans of the 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 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 Company actual appropriated pension expense is NT$17,538 thousand and NT$17,545 thousand, respectively. The amount has already been appropriated to Bureau of Labor Insurance.

(XIV) Income tax

The Presidential Office promulgated the Income Tax Law Amendment on February 7, 2018. The income tax rate has been raised from the current 17% to 20% since 2018.

1. Income tax expense

The Company's income tax expenses for year 2018 and 2017 as follows：

	2018	2017
Current income tax expenses		
Current period charge	$ 222,834	161,756
Land appreciation tax	1,364	1,524
10% surtax on undistributed earnings	60,872	77,665
Adjustment of tax of previous periods	7,102	(4,585)
	292,172	236,360
Differed income tax expenses (profits)		
Origination and reversal of temporary	54,760	(28,946)

differences		
Change in income tax rate	(133,898)	-
	(79,138)	(28,946)
Income tax expenses	**$ 213,034**	**207,414**

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

	2018	2017
Pre-tax profit	$ 2,393,569	2,051,413
Income tax rate calculation using the domestic tax rate	478,714	317,049
Tax-exempt income and dividend revenue	(159,859)	(164,239)
Investment gains and losses under the equity method	(13,950)	-
Land appreciation tax	1,364	1,524
Restoration of temporary management fee received in advance	(318)	(2,408)
Undistributed earnings to 10%	60,872	77,665
Change in income tax rate	(133,898)	-
Other	(19,891)	(22,177)
	$ 213,034	**207,414**

3. Deferred tax assets and liabilities

(1) Unrecognized deferred income tax liabilities

The temporary differences associated with investments in subsidiaries on December 31, 2018 and 2017 due to the fact that the Company can control the timing of reversal of temporary differences, and are convinced that it will not trun in the foreseeable future, so the deferred income tax assets and liabilities are not recognized. 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) Recognized deferred tax assets and liabilities

Changes in assets and liabilities of the years ended 2018 and 2017 deferred income tax as follows:

Deferred income tax liabilities:

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

Deferred tax assets:

	Cemetery Revenue	Contract Revenue	Other	Total
January 1, 2018	$ 599,803	104,162	73,786	777,751
(Debit) credit to exchange profits and losses	11,473	16,204	48,586	76,263
December 31, 2018	**$ 611,276**	**120,366**	**122,372**	**854,014**
January 1, 2017	$ 645,335	101,780	52,571	799,686
(Debit) credit to income statement	(45,532)	2,382	21,215	(21,935)
December 31, 2017	**$ 599,803**	**104,162**	**73,786**	**777,751**

4. The Company's business income tax return was approved by the taxing authority to year 2014.

(XV) 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 there were 420,084 thousand common stock shares issued as of December 31, 2018 and 2017.

The Company's reconciliation table of outstanding shares of year 2018 and 2017 is listed below:

	Common Stock (In thousand shares)	
	2018	**2017**
Balance of January 1	420,084	399,084
Cash capital increase	-	21,000
Balance of December 31	**420,084**	**420,084**

格式化: 縮排: 第一行: 0 公分, 行距: 單行間距

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- in 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 the Board of Directors meeting 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:

	12.31.2017	12.31.2016
Stock premium	$ 2,486,172	$ 2,486,172
Disposal of difference of price and book value of subsidiaries' equity	20,972	20,972
Recognition changes in net equity of subsidiaries	2,849	2,849
Issuance of stock options for convertible corporate bonds	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 mentioned 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. Certificate 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
Beginning balance at January 1	$ -	$ 401,665
Special reserve reversed	-	(401,665)
Ending balance at December 31	$ -	$ -

(3) Distribution of earnings

The company's distribution of 2017 and 2016 earnings was proposed by the shareholder meeting on June 20, 2018 and 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 Company	-	433,802	-	433,802
Exchange difference of subsidiaries, affiliate company and joint venture using equity method	(10,990)	-	-	(10,990)
Unrealized gain (loss) financial assets measured at fair value through other comprehensive income of subsidiaries, affiliate company and joint venture using equity method		2,845		2,845
Disposal of equity instruments measured at fair value through other comprehensive income				
-The Company	-	12,343		12,343
-Subsidiaries	-	(1)	-	(1)
Balance on December 31, 2018	**$ (24,815)**	**713,268**	**-**	**688,453**
January 1, 2017	$ (11,300)	-	408,657	397,357
The Company	(4,848)	-	67,783	59,160
Unrealized gain (loss) of available-for-sale financial assets using 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**

(XVI) Earnings per share

The Company's basic earnings per share and diluted earnings per share as of 2018 and 2017 are calculated as follows:

	2018	**2017**
Basic earnings per share		
Net income attributable to the Company's common stock shareholders:	**$ 2,180,535**	**$ 1,843,999**
Weighted average outstanding common stock shares	420,184	415,079
	$ 5.19	**$ 4.44**
Diluted earnings per share		
Net income attributable to the Company	$ 2,180,535	1,843,999
Impact of common stock shares with potential dilutive effect		

Convertible Bond	41,012	30,388
Net income attributable to the 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
Impact of common stock shares with potential dilutive effect		
Impact of stock bonus to employees	517	308
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**

399,084

(XVII) Revenues from contracts with customers

1. Details of revenues

	2018				
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Total
Area of main market:					
Taiwan	**$ 2,409,399**	**1,630,939**	**206,040**	**132,104**	**4,378,482**
Revenues recognized at:					
Goods or services that are transferred at a certain point in time	**$ 2,409,399**	**1,630,939**	**206,040**	**132,104**	**4,378,482**

Please refer to Note 6 (18) for details of revenues of 2018.

2. Outstanding contract amount

	12.31.2018	1.1.2018
Account receivables and note receivables	$ 8,901,609	609,071
Less: allowance	(45,051)	(37,489)
Unrealized interests revenues	(729,486)	-
Total	**$ 8,127,072**	**571,582**
Contract liabilities – presale of columbarium and cemetery products and contracts of funeral services	**$ 37,522,150**	**-**

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

The initial balance of the contractual liabilities on January 1, 2018 was recognized as income in the year in the amount of NT$3,537,547 thousand.

The contract liabilities are mainly due to the advance payment of the columbarium and cemetery and funeral services but not completed and fulfilled of the contract. The company will recognize as income when the columbarium and cemetery is completed and the service is fulfilled.

(XVIII) Income

The Company's income as of 2017 is as follows:

	2017
Columbarium and cemetery income	$ 1,840,587
Funeral services income	1,671,863
Rent income from investment property	192,416
Other operating income	126,686
	$ 3,831,552

(XIX) Remuneration to employees, directors and supervisors

According to the Company's Articles of Incorporation, 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. Employee compensation can be obtained by stock or cash. The preceding employees who receive stocks or cash include employees of subsidiaries under certain conditions.

The Company's bonus to employees as of 2018 and 2017 is estimated to be NT24,673 thousand and NT$21,149 thousand, and the remuneration to directors and supervisors is estimated to be NT$49,345 thousand and NT$42,297 thousand. The estimated base of remuneration payable to employees, directors and supervisors is after-tax net income of the specific period multiply by the distribution fractional ratio of the Company's Articles of association; also, the bonus to employees and the remuneration to directors and supervisors are reported as operating cost or operating expense as of 2018 and 2017. Any related information could refer to Market Observation Post System (MOPS). No difference between actual remuneration distribution for employees, directors and supervisors and the estimated amount in 2016 financial report of the Company.

(XX) Net other gains or losses

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

	2018	2017
Interest income	$ 177,048	-
Marketing expenses	(39,037)	-

Management income	135,218	-
Management expenses	(135,218)	-
	$ 138,011	**-**

(XXI) Non-operating income and expense

1. Other income

The company's other income of 2018 and 2017 is as follows:

	2018	2017
Interest income	$ 92,310	103,315
Dividend income	228,582	179,472
Handling fee income	9,865	11,995
Fines income	56,275	42,080
Other income	76,211	77,196
	$ 463,243	**414,058**

2. Other profit and loss

The company's other gain and loss of 2018 and 2017 is as follows:

	2018	2017
Foreign exchange gain (loss)	$ 50,261	(134,651)
Net gains (losses) of financial assets measured at fair value through profit or loss	(13,868)	25,329
Disposal gain of available-for-sale financial assets	-	21,031
Disposal loss of financial assets measured at fair value through other comprehensive income	(27,734)	-
Disposal and scrapping of property, plant, and equipment	(606)	179
Impairment loss	(5,940)	-
Gain on disposal of investment property	525	-
Gain on disposal of other non-current assets	347,626	-
Other expense	(3,439)	(2,470)
	$ 346,825	**(90,582)**

3. Finance costs

The company's finance cost as of 2018 and 2017 is as follows:

	2018	2017
Interest expense	$ 28,153	44,091
Amortization for discount on cooperate bond	51,266	36,612

	$ 79,419	**80,703**

(XXII) 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	$ 1,227,298	1,178,602
Financial assets at fair value through other comprehensive income	9,966,394	-
Available-for-sale financial assets	-	8,508,339
Hold-to-maturity investment	-	614,832
Financial assets carried at amortized cost	1,017,051	-
Financial assets carried at cost	-	17,207
Financial assets carried at amortized cost (loans and receivables):		
Cash and cash equivalent	107,666	60,066
Notes receivable and accounts receivable	8,127,072	571,582
Other financial assets (current & non-current)	2,191,210	2,299,660
Sub-total	10,425,948	2,931,308
Total	**$ 22,636,691**	**13,250,288**

(2) Financial liabilities

	12.31.2018	12.31.2017
Financial liabilities carried at amortized costs:		
Short term loans	$ 3,089,000	2,792,000
Payable accounts	798,576	668,517
Corporate bond	3,190,916	3,139,651
Guarantee deposit	71,542	60,931
Total	**$ 7,150,034**	**6,661,099**

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, so there is no significant credit risk concentration of accounts receivable danger. 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 Company judges the credit risk, please refer to Note 4 (6)). Changes of allowance for the year 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)	$ 18,302	-	-	18,302
Adjustment for IFRS 9 first applied	-	-	-	-
Beginning balance (according to IFRS 9)	18,302	-	-	18,302
Allowance	-	-	-	-
Ending balance	**$ 18,302**	**-**	**-**	**18,302**

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	$ 3,089,000	3,089,000	3,089,000	-	-	-	-
Fixed rate instrument	3,190,916	3,190,916	-	-	3,190,916	-	-
No interest-bearing liabilities	870,118	870,118	870,118	-	-	-	-
	$ 7,150,034	**7,150,034**	**3,959,118**	**-**	**3,190,916**	**-**	**-**
December 31, 2017							
Non-derivative financial liabilities							
Floating rate instruments	$ 2,792,000	2,792,000	2,792,000	-	-	-	-
Fixed rate instrument	3,139,651	3,139,651	-			3,139,651	
No interest-bearing liabilities	729,448	729,448	729,448	-	-	-	-

$ 6,661,099	6,661,099	3,521,448	-	-	3,139,651	-

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

4. Exchange rate risk

(1) Exchange rate risk exposure

The 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
USD/NTD	39,718	30.733	1,220,661	74,256	29.848	2,216,388
JPY/NTD	95,918	0.279	26,742	17,895	0.264	4,721
HKD/NTD	21,875	3.902	85,343	16,973	3.805	64,582
SGD/NTD	21,503	22.420	482,094	-	-	-
AUD/NTD	106	21.535	2,288	-	-	-
Non-monetary items						
JPY/NTD	155,840	0.279	43,448	229,827	0.264	60,628
USD/NTD	20,937	30.732	643,446	8,635	29.848	257,743
HKD/NTD	78,402	3.902	305,886	51,092	3.805	194,405
SGD/NTD	1,831	22.420	41,056	1,060	22.255	23,596

(2) Sensitivity analysis

The Company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent, financial assets measured at fair value through profit or loss and financial assets measured at fair value through other comprehensive income. Foreign exchange gain and loss arises from the translation. When the exchange rate of NT Dollars against currency of USD, RMB and JPY depreciated or appreciated by 10% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) as of December 31, 2018 and 2017, the net income was increased or decreased by NT$234,183 thousand and NT$244,040 thousand, respectively.

Due to the variety of the Company's functional currencies, the exchange gain or loss of currency items are disclosed in summary. As of 2018 and 2017, the foreign currency exchange gain (loss) was NT$50,261 thousand and NT$(134,651) thousand, respectively.

5. Interest rate analysis

Please refer to the Note regarding liquidity risk management for the interest rate risk exposure of the 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 Company's net income as of 2018 and 2017 is decreased or increased by NT$12,356 thousand and NT$11,587 thousand, respectively, mainly due to the Company's loan with variable interest rate.

6. Fair value

(1) Financial instruments category and fair value

The Company's financial assets and available-for-sale financial assets measured at fair value through profit or loss, are measured at fair value on a repetitive basis. The book value and fair value of the financial assets and financial liabilities (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) are listed as below:

	12.31.2018				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets measured at fair value through profit or loss	$1,763,101	1,763,101	-	-	1,763,101
Financial assets at fair value through other comprehensive income	10,402,583	10,390,424	-	12,159	10,402,583
Financial assets at amortized costs	817,007	817,007	-	-	817,007
Total	**$12,982,691**	**12,970,532**	**-**	**12,159**	**12,982,691**

	12.31.2017				
		Fair Value			
	Book value	Class I	Class II	Class III	Total
Financial assets measured at fair value through profit or loss	$1,178,602	1,178,602	-	-	1,178,602
Available-for-sale financial assets	8,508,339	8,508,339	-	-	8,508,339
Hold to maturity investment	614,832	614,832	-	-	614,832
Total	**$10,301,773**	**10,301,773**	**-**	**-**	**10,301,773**

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

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

The Company's methods and assumption for instruments not measured at fair value were 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 Company are financial assets and liabilities capable with standard terms and conditions and traded in active markets, of which fair values are determined in accordance with market quoted prices respectively.

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

If the financial instruments held by the company are not active, the fair value is as follows according to the categories and attributes:

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

(4) Details of changes in Class III

	Financial assets at fair value through other comprehensive income (available-for-sale) financial assets)		
	Equity instrument without public prices	Bonds	Total

January 1, 2018	**$**	17,207	-	**17,207**
Total profits or losses				
Recognized as profit or loss		(5,940)	-	(5,940)
Liquidation		(3,277)	-	(3,277)
December 31, 2018	**$**	**7,990**	**-**	**7,990**

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

Most of the 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/B ratio (1.46 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	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 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/B ratio	10%	-	-	541	(541)

(XXIII) Financial risk management

1. Summary

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

2. Risk management structure

   The Company's risk management policies are setup to identify and analyze the risk faced by the 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 Company. The 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 Company's Audit Committee supervises how the management monitors the Company's risk management policies and procedures compliance and reviews the appropriateness of the Company's risk management structure in service. Internal audit staff assists the 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 Company when the client or the counterparty of financial instruments trade is unable to meet its contractual obligations. It is mainly from the Company's accounts receivables from customers and securities investment.

(1) Accounts receivable and other receivables

The 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 Company's customers, including the default risk of the industry and country the customer belongs to since it may affect credit risk.

The Company has setup the allowance account 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 loss of the similar assets cluster that has incurred but yet to be identified. The allowance account for 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 Company. The 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 Company regulated by the company policies can only provide financial guarantee to the business-related companies. The Company offers no endorsement and guarantee to companies which are not the Company's subsidiaries as of December 31, 2018 and 2017.

4. Liquidity risk

Liquidity risk is the risk that the Company unable to pay cash or financial asset to settle the financial liability and unable to perform its obligations. The Company's managing liquidity is to ensure that the 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 Company's reputation.

The Company's unused loan facilities amounted to NT$2,979,000 thousand and NT$2,036,000 thousand as of December 31, 2018 and 2017.

5. Market risk

Market risk is the risk the 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 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 Company's principle is for natural hedge. The 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 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.

(XXIV) Capital management

The 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 Company may adjust the dividend payment to shareholders, return capital to shareholders, issue new shares, or sell assets to pay off liabilities.

The 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	$ 46,126,162	$ 39,359,248
Minus: Cash and cash equivalent	(107,666)	(60,066)
Net liabilities	46,018,496	39,299,182
Total equity	14,982,373	12,528,906
Adjusted capital	**$ 61,000,869**	**$ 51,828,088**
Debt to equity ratio	**75.44%**	**75.83%**

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

(XXV) Reclassification of other comprehensive income components

The Company made reclassification of other comprehensive income components as follows:

	2018	**2017**
Financial assets available for sale		
Current net change in fair value	$ -	63,435
Net changes in fair value reclassified to income and losses	-	4,348
Investment in debt instrument at fair value through other comprehensive income		

Current net change in fair value	(56,674)	-
Net changes in fair value reclassified to income and losses	14,470	-
Net change in fair value recognized as other comprehensive income	**$ (42,204)**	**67,783**

VII. Related Party Transactions

(I) Related parties' names and relations

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

Related Parties	Relations with the Company
Jin Huang Construction Co., Ltd. (Jin Huang)	Subsidiary of the Company
Dahan Property Management Co., Ltd. (Dahan)	Subsidiary of the Company
Yuji Development Corp. (Yuji)	Subsidiary of the Company
Sea Dragon Traders Ltd. (BVI) (Sea Dragon)	Subsidiary of the Company
SINGAPORE LUNGYEN LIFE SERVICES PTE. LTD. (SINGAPORE LUNGYEN)	Subsidiary of the Company
Long An Company Ltd. (Long An)	Subsidiary of the Company
Lung Fu Company Limited (Lung Fu)	Subsidiary of the Company
Lung Ting Life Science Co. Ltd.	Affiliated Company of the Company
Xin Wei International Leasing Co. Ltd.	The corporate director is the same as the Company (Since June 20, 2018, it has not been included in the relationship)
Fuyuan International Development Co. Ltd.	The chairman of Fuyuan is one of the directors of the Company
Fuyang Development Co., Ltd	Director of Subsidiary
Creative Space Design Co. Ltd.	Affiliated Company of the Company(Since August, 2018, it has not been included in the relationship)
Other natural person	Director, supervisor and major administrator of the Company and related affiliates

(II) Parent company and ultimate controller

The Company is the ultimate controller of the Company and the Company's subsidiaries.

(III) Significant transactions with related parties

The transaction price is based on the price agreed by both parties, and the collection conditions are based on the contract.

1. Purchase from related party

The Company's purchase amount from related parties and unpaid amount as follows:

Purchase		Payable accounts for related parties	
2018	2017	12.31.2018	12.31.2017

Subsidiaries	$ 2,866	-	41,095	38,178
Affiliated enterprises	587	505	9	45
	$ 3,453	**505**	**41,104**	**38,223**

The payment term is approximately 30 days after acceptance and is correspondent with the general terms of the transaction.

2. Lease

(1) Lessee:

The Company leases office apartment and transport equipment from the related party. Rent expenses for year 2018 and 2017 are as follows.

	2018	2017
Other related parties	**$ 6,848**	**7,298**

(2) Lessor:

The Company has office building and parking space rented to related parties. Rent income for year 2018 and 2017 are as follows.

	2018	2017
Subsidiaries	$ 4,728	2,495
Other related parties	34	34
	$ 4,762	**2,529**

Terms and conditions of above leasing follow agreement of both parties.

3. Others

(1) Other receivables (recognized as other financial assets - current)

	12.31.2018	12.31.2017
Subsidiaries	**$ 36,458**	**30,664**

(2) Other payables

	12.31.2018	12.31.2017
Subsidiaries	$ 1,589	1,589
Other related party	57	-
	$ 1,646	**1,589**

(3) Prepayments

	12.31.2018	12.31.2017
Subsidiaries	**$ 20,805**	**20,805**

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

12.31.2018	12.31.2017

Other related party	$ 961	961

Refundable deposits are deposit for the Company leasing property from other related party. Interests from those deposits collected on December 31, 2018, and 2017 were NT$10 thousand and NT$12 thousands, respectively.

(5) Other current liabilities

	12.31.2018	12.31.2017
Subsidiaries	$ 16,007	23,952

(6) Management fees

	2018	2017
Other related parties	$ 553	553

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

4. The company's acquisition of other assets from related parties is summarized as follows:

Kinds of related parties	Item	2018	2017
Affiliated Company	Fixed assets	$ 505	800

5. Endorsement

In the year of 2018 and 2017, the Company provided endorsement for subsidiaries and grandson companies and recognized the fee income of NT$3,222 thousand and NT$1,500 thousand, respectively, which was accounted for under “other income”.

In addition, the endorsement information as of December 31, 2018 and 2017 is as follows:

Related parties	12.31.2018		12.31.2017	
	Guaranteed Amount	Used Amount	Guaranteed Amount	Used Amount
Subsidiary- Long An	$ 200,000	12,300	100,000	-
Subsidiary- Yuji	500,000	-	400,000	-
Subsidiary- Lung Fu	400,000	64,000	100,000	32,000
Total	$ 1,100,000	76,300	600,000	32,000

6. Trust contract

Part of the Company’s land is trusted and registered in the name of other related party as of December 31, 2018 and 2017. Please refer to Note 6(4) and (7) for details.

7. Others

(1) The 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.

(2) The Company recognized revenues of NT$64,800 as "other income" for operation and management consulting and assisting services to subsidiaries as of 2018 and 2017.

(3) The Company's other related parties purchased the Company's products for NT$6,815 thousand and NT$4,165 thousand in total as of December 31, 2018 and 2017.

(IV) Key management remuneration

	2018	2017
Short-term employee benefits	$ 41,209	45,121
Retirement benefits	1,371	1,598
	$ 42,580	**46,719**

VIII. Pledged Assets

The book value of the 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	-
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	-
		$ 11,745,357	**12,676,725**

IX. Significant contingent liabilities and unrecognized contractual commitments

(I) Significant unrecognized contractual commitments:

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

	12.31.2018	12.31.2017

Construction contracts	**$ 1,110,344**	**761,721**

2. The contract price of the Company for the sale of investment property is as follows:

	12.31.2018	12.31.2017
Signed sale contract price	**$ 2,007,350**	**-**
Amount collected by the contract	**$ -**	**-**

3. The Company signed the investment contract with Kaohsiung City Government in July 2018 for the construction and operation of the funeral home located in the 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

(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 impacted. New Taipei City Funeral Service Association is carrying out a petition among funeral operators to propose New Taipei City Government to invite local operators to discuss relevant self-governing regulation supplements, correspondent supervision mechanism and fund utilization regulations, and complete related regulations and procedures before collecting the fund. Besides, since relevant regulations are awaiting further discussion, the future possible obligation amount of the Company cannot be confirmed. The negotiation among parties is finished on October 18, 2017, thus the proposal is sent to the Legislative Yuan for further discussion on December 29, 2017; the 2nd and 3rd reading will start after completion of the discussion. After the amendment, the old fund system will be replaced by the new management system.
2. A small number of shareholders of Lungyen Service Co., Ltd. (was merged in 2011, hereinafter referred to as Lungyen), requested the Company to repurchase the shares held by them at its fair price during the time and appeal to the court to determine the purchase price in 1st shareholders' interim meeting on October 12, 2010 according to the provisions of Paragraph 1 of Article 317 of the Company Law. The Taipei District Court of the decided judicially in this civil ruling that the Company shall buy back all the shares held by the shareholders in an unreasonable price. Since the civil ruling was not authenticated in accordance with the provisions of the Enterprise Mergers and Acquisitions Law, and there existed a violation of the law, Taiwan Taipei District Court abandoned the original ruling on October 25, 2018, with a statutory stipulation, and set a separate NT$77.79 per share as purchase price. The applicable regulations of the previous ruling are obviously wrong, and the Company intends to file a further protest during the statutory period. After the Taiwan High Court passed the non-anti No. 147 trial, it was decided that the original ruling was abolished and sent back to the Taipei District Court due to that the original ruling was not based on the resolution of the shareholders' meeting. Now this issue was under Taipei District Court' charge.

(III) Others

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

	12.31.2018	12.31.2017
Bank deposits (recognized as "Other financial assets – current")		
Demand deposits	$ 828,307	637,912
Time deposits	350,000	609,698
Financial assets measured at fair value through profit or loss - current	1,036,529	679,012
Financial assets measured 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 (Note)	2,206,293	2,206,293
Investment property (Note)	1,962,845	1,962,845
	$ 10,244,413	**9,149,810**

Note: The carrying value of the asset at the time of delivery of the Trust.

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

2. The Company has an administration 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$852,414 thousand and NT$881,389 thousand as of December 31, 2018 and 2017, respectively. Above figures were recognized as "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	$ 37,522,150	39,808,069
Outstanding proceeds	(7,613,138)	(8,465,773)

Advanced receipts	$ 29,909,012	31,342,296
Deferred marketing expense	$ 7,910,905	8,444,353
Expected to be reclassified for more than twelve months	$ 36,137,082	28,638,880

X. Significant disaster loss: None.

XI. Significant subsequent events: None.

XII. Others

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

By function / By item	2018				2017			
	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total	Classified as Operating Costs	Classified as Selling Expenses	Other (Note)	Total
Employee benefits								
Salary	220,598	208,773	100,708	530,079	217,726	214,806	89,547	522,079
Labor and health insurance	14,803	15,571	4,604	34,978	15,051	15,825	4,756	35,632
Director's remuneration	8,180	7,439	2,170	17,789	8,358	8,040	1,721	18,119
Pension	-	49,345	-	49,345	-	42,297	-	42,297
Others	6,686	9,434	2,760	18,880	6,764	8,914	2,394	18,072
Depreciation	62,422	47,047	10,759	120,228	80,442	47,077	9,989	137,508
Amortization	-	15,989	1,438	17,427	-	14,667	1,225	15,892

The number of employees of the Company in 2007 and 2006 was 510 and 497 respectively, of which the number of directors who did not concurrently serve were 6 and 7 respectively.

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

(II) Seasonality of operations

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

XIII. Supplementary disclosures:

(I) Information on significant transactions

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

1. Fund financing to other parties:

Unit: thousand NTD

No.	Fund financing company	Fund financed party	Subject	Related party or not	Highest amount in the period	Balance of the ending period	Actual amount	Rate	Nature of the fund financing	Amount for business interaction	Reasons for fund financing	Allowance for bad debt amount	Collateral		Amount limitation for fund financing individually (Note 1)	Total limitation for fund financing (Note 1)
													Name	Value		
1	Yuji Development	Shengde Futan	Other receivable	No	420,000	420,000	-	3%	1	72,000	Opearion	-	Columbarium products	432,000	636,168	1,272,337

	Corp.	Miaoguo Co., Ltd.											owned by the borrower			

Note 1：According to the regulations of the procedures of loans to others of Yiju Construction Corp., the loan for companies having business with the company, the total amount are limited to 40% of the net value of the latest financial statements of the company. The amount of individual loans shall not exceed 20 times the amount of business transactions between the two parties, and shall not exceed 20% of the value of the most recent financial statements of Yiju Construction Corp.

Total limit of loan for others: NT$3,180,842 thousand ×40%=NT$1,272,337 thousand
Limit of individual loan for others: NT$3,180,842 thousand×20%= NT$636,168 thousand;
NT$72,000 thousand×20= NT$1,440,000 thousand;
the limit is NT$636,168 thousand

Note 2：Nature of fund financing to others:

ii. Business interactions.
iii. Short term financing.

2. Guarantees and endorsements for other parties:

Unit: thousand NTD

No	Name of Lenders	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements for a specific enterprise	Highest balance for guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount during the period	Property pledged on guarantees and endorsements (Amount	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements	Parent Company Endorses /guarantees to third parties on behalf of subsidiary	Subsidiary Endorses /guarantees to third parties on behalf of Parent Company	Endorsements /guarantees to the third parties on behalf of the Companies in Mainland China
		Name of Company	Relationship										
0	Lungyen Life Service Corp.	LungAn Co.Ltd.	2	4,494,712	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	3	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 worth in the current period.
The total amount of guarantees and endorsements for individual party shall not exceed 30% of the net worth in the current period.

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

i. The Company has business with the receiving parties.
ii. The Company holds directly more than 50% of the common stock of the subsidiaries.
iii. Companies that directly and indirectly hold more than 50% of the shares in the Company.
iv. Inter-receiving parties which the Company directly and indirectly holds more than 90% of the voting shares.
v. The Company is required to make guarantees or endorsements for the construction project based on the construction contract.
vi. The stockholders of the Company make guarantees or endorsements for the investee in proportion to their stockholding percentage.
vii. Performance guarantees for pre-sale 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. The expiration date was December 31, 2018. The amount was extended upon the board resolution on December 28, 2018, and the new guarantee amount was increased to NT$100,000 thousand.

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 of which the expiration date was December 31, 2018. The endorsements was extended upon the board resolution on December 28, 2018, and the new guarantee amount was increased 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 of which the expiration date was December 31, 2018. The endorsements was extended upon the board resolution on December 28, 2018, and the new guarantee amount was increased to NT$300,000 thousand.

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

Holder of Securities	Type and Name of Securities	Relationship with Securities Issuer	Account Title	Ending Balance				Remarks
				Quantity of shares (thousand shares)/unit	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	- %	10,008	-
The Company	Stock of WIN Semiconductors Corp.	—	Financial assets at fair value through profits and losses-current	704	83,072	- %	83,072	-
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 and losses-current	43,344	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 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 - NTD	—	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 Emerging Market Bond Fund – Monthly interests distribution type	—	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	-
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-noncurrent	200,000	200,200	- %	200,200	Trust
The Company	104 Central Bond 5	—	Financial assets at fair value through other comprehensive income-noncurrent	100,000	105,145	- %	105,145	Trust
The Company	Abu Dhabi National Energy Company Corporate Bond 20220403	—	Financial assets at fair value through other comprehensive income-noncurrent	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-noncurrent	3,100	92,310	- %	92,310	Trust
The Company	The Export-import Bank of China RMB Callable Corporate Bond 4.15 20270618	—	Financial assets at fair value through other comprehensive income-noncurrent	5,000	22,309	- %	22,309	Trust
The Company	African Finance Corp. Bond **4.375 20**200429	—	Financial assets at fair value through other comprehensive income-noncurrent	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-noncurrent	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-noncurrent	5,000	23,037	- %	23,037	Trust
The Company	China Comm Cons Corp. Bond 20200421	—	Financial assets at fair value through other comprehensive income-noncurrent	1,900	57,461	- %	57,461	Trust
The Company	Saudi Electricity Global - Bond 20230408	—	Financial assets at fair value through other comprehensive income-noncurrent	2,000	60,339	- %	60,339	Trust
The Company	Saudi Electricity Global - Bond 20240408	—	Financial assets at fair value through other comprehensive income-noncurrent	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-noncurrent	3,000	89,271	- %	89,271	Trust
The Company	Standard Chattered USD corp. bond 4.05	—	Financial assets at fair value through other comprehensive	3,000	87,760	- %	87,760	Trust

	20260412		income-noncurrent					
The Company	Islamic Bank 20210531	—	Financial assets at fair value through other comprehensive income-noncurrent	3,000	91,380	- %	91,380	Trust
The Company	China Railway USD Bond 20260728	—	Financial assets at fair value through other comprehensive income-noncurrent	2,500	72,610	- %	72,610	Trust
The Company	Malaysia National Resource Bond 20261019	—	Financial assets at fair value through other comprehensive income-noncurrent	1,000	28,690	- %	28,690	Trust
The Company	China Cinda USD Bond 20240309	—	Financial assets at fair value through other comprehensive income-noncurrent	1,500	45,425	- %	45,425	Trust
The Company	Huarong USD Bond 20240309	—	Financial assets at fair value through other comprehensive income-noncurrent	3,000	92,674	- %	92,674	Trust
The Company	Bank of Communications USD Bond 20200515	—	Financial assets at fair value through other comprehensive income-noncurrent	3,000	89,915	- %	89,915	Trust
The Company	Société Générale SGD Corp. Bond	—	Financial assets at fair value through other comprehensive income-noncurrent	3,250	73,632	- %	73,632	Trust
The Company	BNP PARIBASSGD Corp. Bond	—	Financial assets at fair value through other comprehensive income-noncurrent	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-noncurrent	3,000	90,643	- %	90,643	Trust
The Company	Lloyds Banking Group Financial Bond	—	Financial assets at fair value through other comprehensive income-noncurrent	2,000	41,876	- %	41,876	Trust
The Company	Goldman Sachs Financial Bond	—	Financial assets at fair value through other comprehensive income-noncurrent	2,000	42,710	- %	42,710	Trust
The Company	Manulife Financial Singapore Dollar Denominated Corporate Bonds	—	Financial assets at fair value through other comprehensive income-noncurrent	750	16,916	- %	16,916	Trust
The Company	Chang Hwa Bank	—	Financial assets at fair value through other comprehensive income-noncurrent	383,811	6,601,543	0.04 %	6,601,543	-
The Company	Stocks of Taiyen	—	Financial assets at fair value through other comprehensive income-noncurrent	9,710	289,358	0.05 %	289,358	-
The Company	Sun Life Holding Co Ltd	—	Financial assets at fair value through other comprehensive income-noncurrent	160	43,448	0.02 %	43,448	-
The Company	Stock of Jiangsu Expressway Company Limited	—	Financial assets at fair value through other comprehensive income-noncurrent	210	8,947	- %	8,947	Trust
The Company	China Petroleum and Chemical Corporation	—	Financial assets at fair value through other comprehensive income-noncurrent	1,200	26,171	- %	26,171	Trust
The Company	Stock of Sands China Limited	—	Financial assets at fair value through other comprehensive income-noncurrent	320	42,823	- %	42,823	Trust
The Company	Stock of China Construction Bank	—	Financial assets at fair value through other comprehensive income-noncurrent	1,860	46,879	- %	46,879	Trust
The Company	ST.SP	—	Financial assets at fair value through other comprehensive income-noncurrent	625	41,056	- %	41,056	Trust
The Company	Beijing Enterprises Water Group Limited	—	Financial assets at fair value through other comprehensive income-noncurrent	1,600	24,907	- %	24,907	Trust
The Company	GlaxoSmithKline PLC	—	Financial assets at fair value through other comprehensive income-noncurrent	36	41,805	- %	41,805	Trust
The Company	National Grid PLC	—	Financial assets at fair value through other comprehensive income-noncurrent	24	35,095	- %	35,095	Trust
The Company	Electronic Business	—	Financial assets at fair value through other comprehensive income-noncurrent	166	35,297	- %	35,297	Trust
The Company	Stock of ICBC(Hong Kong)	—	Financial assets at fair value through other comprehensive income-noncurrent	1,820	39,693	- %	39,693	Trust
The Company	Stock of China Molybdenum Co., Ltd.	—	Financial assets at fair value through other comprehensive income-noncurrent	3,672	41,260	- %	41,260	Trust

The Company	Stock of Cheung Kong Infrastructure Holdings Limited	—	Financial assets at fair value through other comprehensive income-noncurrent	173	39,909	- %	39,909	Trust
The Company	3M	—	Financial assets at fair value through other comprehensive income-noncurrent	6	32,793	- %	32,793	Trust
The Company	Texas Instruments	—	Financial assets at fair value through other comprehensive income-noncurrent	7	19,750	- %	19,750	Trust
The Company	LyondellBasell Industries	—	Financial assets at fair value through other comprehensive income-noncurrent	6	16,102	- %	16,102	Trust
The Company	Fubon Financial Holding - Preferred Shares B	—	Financial assets at fair value through other comprehensive income-noncurrent	1,666	103,292	- %	103,292	-
The Company	Cathay Financial Holding - Preferred Shares B	—	Financial assets at fair value through other comprehensive income-noncurrent	1,250	77,375	- %	77,375	-
The Company	Preferred stock of HSBC	—	Financial assets at fair value through other comprehensive income-noncurrent	52	41,183	- %	41,183	Trust
The Company	Preferred stock of RBS	—	Financial assets at fair value through other comprehensive income-noncurrent	55	43,108	- %	43,108	Trust
The Company	Preferred stock of AGNC	—	Financial assets at fair value through other comprehensive income-noncurrent	44	34,436	- %	34,436	Trust
The Company	Preferred stock of QTS	—	Financial assets at fair value through other comprehensive income-noncurrent	24	17,247	- %	17,247	Trust
The Company	Preferred stock of TGP	—	Financial assets at fair value through other comprehensive income-noncurrent	32	21,344	- %	21,344	Trust
The Company	Preferred stock of VEREIT	—	Financial assets at fair value through other comprehensive income-noncurrent	27	19,946	- %	19,946	Trust
The Company	Preferred stock of AXIS	—	Financial assets at fair value through other comprehensive income-noncurrent	66	42,474	- %	42,474	Trust
The Company	Preferred stock of PSA	—	Financial assets at fair value through other comprehensive income-noncurrent	40	26,221	- %	26,221	Trust
The Company	Preferred stock of WFC	—	Financial assets at fair value through other comprehensive income-noncurrent	62	43,921	- %	43,921	Trust
The Company	Preferred stock of BBT	—	Financial assets at fair value through other comprehensive income-noncurrent	65	46,665	- %	46,665	Trust
The Company	Stocks of Creative Space Design	—	Financial assets at fair value through other comprehensive income-noncurrent	396	3,960	0.20 %	3,960	-
The Company	FORTUNE IC FUND I	—	Financial assets at fair value through other comprehensive income-noncurrent	600	4,030	0.05 %	4,030	-
The Company	FORTUNE IC FUND I	—	Financial assets at fair value through other comprehensive income-noncurrent	29,000	291,450	- %	291,450	Trust
The Company	Nan Ya Corp. Bond P02 Nan Ya 3B	—	Financial assets at amortized costs-noncurrent	100,000	106,099	- %	106,099	Trust
The Company	China airline corporate bond	—	Financial assets at amortized costs-noncurrent	150,000	150,597	- %	150,597	Trust
The Company	Taipower Corporate bond 20231230	—	Financial assets at amortized costs-noncurrent	150,000	155,117	- %	155,117	Trust
The Company	02 Yang Ming1B 20201101	—	Financial assets at amortized costs-noncurrent	150,000	153,647	- %	153,647	Trust
The Company	106 Central Bond 4	—	Financial assets at amortized costs-noncurrent	100,000	100,818	- %	100,818	Trust
The Company	106 Central Bond 9	—	Financial assets at amortized costs-noncurrent	150,000	149,455	- %	149,455	Trust
The Company	107 Central Bond 7	—	Financial assets at amortized costs-noncurrent	100,000	99,536	- %	99,536	Trust
The Company	104 Central Bond 12	—	Financial assets at amortized costs-noncurrent	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	-
Yuji Development	Stock of Taiyen Corp.	—	Financial assets at fair value through other comprehensive income	2,737	81,564	0.01 %	81,564	-

Jing Huang Construction	Jih Sun Money Market Fund	-	Financial assets at fair value through profits and losses-current	2,170	32,098	- %	32,098	-
Jing Huang Construction	Stocks of J-Garden Corp.	-	Financial assets at fair value through other comprehensive income-noncurrent	90	892	- %	892	-

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

Unit: Thousand NTD

Purchase or sale company	Type and name of securities	Account Title	Transaction party	Relationship	Beginning		Purchased		Sold				Ending	
					Qty of shares	Amount	Qty of shares	Amount	Qty of shares	Price	Book Costs	Gain or loss after disposal	Qty of shares	Amount
The Company	Yuanta De-Li Money Market Fund	Financial assets at fair value through profits and losses-current	-	none	24,124	390,000	20,920	340,000	1,700	27,566	27,483	83	43,344	702,517

Note: The ending amount does not include the evaluation profit and loss of NT$3,150 thousand.

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

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

Company of disposal of property	Name of property	Date of occurrence	Date of acquisition	Book Value	Transaction amount	Price collection status	Gain (loss) of disposal	Transaction party	Relationship	Purpose of disposal	Reference basis for price decision	Other agreements
The Company	2 sections of Dun-hua Rd., Taipei	11.7.2018	Sep., 2006	1,731,289	2,007,350	uncollected	246,000	Shin Kong Life	none	Asset activation	appraisal	-

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

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

9. Engage in derivatives trading: None.

(II) Information on invested companies (excluding investee companies in China) :

The Company's reinvestments for year 2018 are as follows:

Unit: Thousand NTD

Name of the Investor	Name of Investee	Location	Major Operations	Original Investment Amount		Ending balance			Current gain/loss of investees	Current recognized Investment gains and losses	Note
				December 31, 2018	December 31, 2017	Shares (In Thousands)	% of ownership	Carrying value			
The Company	Jing Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20	(11,825)	115	113	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	110,723	54.42	1,708,900	249,472	135,763	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	(2,653)	(2,122)	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	(41,437)	(41,437)	Subsidiary
The Company	Lung Ting Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	259,700	259,700	25,970	49.00	231,933	(15,643)	(7,665)	Affiliated Company
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	11,990 (SGD500)	11,990 (SGD500)	500	100.00	(16,420)	(3,189)	(3,189)	Subsidiary
The Company	Lung An Company Limited	Taiwan	Funeral Service	716,656	716,656	72,000	100.00	685,370	(12,054)	(12,054)	Subsidiary
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00	29,373	697	342	Affiliated Company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	210,700	210,700	21,070	77.75	131,531	(10,459)	(7,835)	Sub-subsidiary
Sea Dragon Traders Ltd.	Witty Dragon	British Virgin	Investment	165,268	165,268	5	26.32	156,352	(2,697)	(709)	Affiliated Company

(BVI)	Limited(BVI)	Islands		(USD5,264)	(USD5,264)			(USD5,087)			
Sea Dragon Traders Ltd. (BVI)	W&W Professional Management Limited	Samoa	IT & Software services	-	1,873 (USD40)	-	-	-	191	76	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd. (In February 2018, the name was changed to Longyang Life (Cayman).	Cayman	Investment	863,463 (USD28,000)	863,463 (USD28,000)	2,800	50.00	791,448 (USD25,752)	(68,570)	(34,285)	Sub-subsidiary

Note 1: On June 1, 2018, the board of directors passed a resolution to dissolve and completed the liquidation on July 25, 2018.

Note 2: US dollar ending exchange rate: 30.733; US dollar average exchange rate: 30.189.

(III) Information on investment in Mainland China:

1. Company name, main businesses and related information of investees in China:

Unit: Thousand NTD/Foreign Currency

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, 2017	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2017	Percentage of Ownership	Recognized Investment Profits or Losses (Note2)	Carrying Amount as of December 31, 2017	Accumulated Inward Remittance of Earning as of December 31, 2017
					Outflow	Inflow					
Lungyen Cemetery (Wenzhou) Co. Ltd	Funeral Services	1,413,718 USD46,000	Sea Dragon Traders Ltd. (BVI)	863,463 USD28,000	-	-	863,463 USD28,000	50.00%	(28,445)	643,526	-
Lung Yang Life (China) Holding	Investment	107,566 USD3,500	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	50.00%	(1,045)	52,921	-
Shijiazhuang Taifuyuan Cemetery Management Co., Ltd.	Cemetery management, construction and sales	5,374 RMB1,207	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	40.00%	(556)	1,085	-

2. Mainland China investment limits:

End of this period the cumulative remittance from Taiwan Amount of investment in Mainland China	Investment Amount Approved by Ministry of Economic Affairs	The limitation on investment areas 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

Closing rate of USD/NTD: 30.733; RMB/NTD: 4.452

Note 1: An investment is divided into the following three ways, list out the type of the category:
(1) Directly engaged in investment in Mainland China
(2) Re-invest in the mainland through a third country company (please specify in the third area of investment companies)
(3) Other methods.

Note 2: the current investment income recognized:
(1) During the stage of preparations, note that there is no investment income.
(2) The gain or loss recognized on the basis of the investment is divided into the following three types with note:
i. Financial statements to be prepared by international CPA audit that is in cooperation with ROC CPA audit.
ii. By the parent company's financial statements audited in Taiwan.

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

Please refer to the consolidated report for year 2018.