(English Translation of Financial Report Originally Issued in Chinese)

Stock No.：5530

Lungyen Life Service Corp. and Subsidiaries

Consolidated Financial Statements

For The Year Ended December 31, 2019 and 2018
(Including an Independent Auditor's Audit Report)

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

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DECLARATION

The entities that are required to be included in the combined financial statement of Lungyen Life Service Corporation as of and for the year ended December 31, 2019, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Report Standard 10, "Consolidated Financial Statement." In addition, the information required to be disclosed in the combined financial statement is included in the consolidated financial statements. Consequently, Lungyen Life Service Corporation and Subsidiaries do not prepare a separate set of combined financial statements.

Company: Lungyen Life Service Corporation
Chairman: Liu, Weilung
Date: February 25, 2020

INDEPENDENT AUDITOR'S REPORT

To Board of Directors and Shareholders
Lungyen Life Service Corp.

Opinion

We have audited the accompanying consolidated financial statements of Lungyen Life Service Corporation and Subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming

our opinion thereon, and we do not provided a separate opinion on these matter. Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

1. Revenues Recognition

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

   Explanation for key audit matters:

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

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

   Adaptive auditing processes:

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

2. Goodwill and Goodwill Impairment

   Accounting policies regarding goodwill and goodwill impairment can be found in Notes 4 (16) Intangible Assets; estimation and uncertainty of assumption of goodwill and goodwill impairment can be found in Notes 5 (2); explanation of goodwill and goodwill impairment can be found in Notes 6 (11) of the consolidated financial report.

   Explanation of key auditing matters:

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

   Adaptive auditing processes:

   - Examine whether the cash generating unit and impairment test process recognized by managers were comprehensive and correct.

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

Other Matter

We also audited the unconsolidated financial report of Lungyen Life Service Corp. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion and an emphasis of matter.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 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 25, 2020

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

December 31, 2019 and 2018

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

		12.31.2019		12.31.2018	
	Assets	**Amount**	**%**	**Amount**	**%**
	Current assets:				
1100	Cash and cash equivalents (Note 6 (1))	$ 231,964	-	194,002	-
1110	Financial assets at fair value through profit or loss – current (Note 6 (2) & 9)	9,717,723	15	1,527,182	2
1150	Notes receivable, net (Note 6 (3) & (20))	778	-	6,345	-
1170	Accounts receivable, net (Note 6 (3) & (20))	8,728,644	14	8,748,396	14
1320	Inventory (Note 6(4), 7 & 8)	15,703,976	24	15,440,765	25
1410	Prepayments	215,171	-	251,030	-
1460	Non-current assets to be sold (net) (Note 6 (5), 8 & 9)	-	-	2,565,683	4
1476	Other financial assets – current (Note 6 (12), 8 & 9)	2,686,952	4	2,113,425	3
1479	Other current assets (Note 7)	14,048	-	7,600	-
1480	Incremental cost of contract acquisition – current (Note 9)	8,124,238	13	7,969,334	13
		45,423,494	70	38,823,762	61
	Non-current assets:				
1517	Financial assets at fair value through other comprehensive income (Note 6 (2), 8, & 9)	4,543,340	7	10,048,850	17
1535	Financial assets at amortized cost－non-current (Note 6 (2) & 9)	1,463,240	2	1,017,051	2
1550	Investment under equity method (Note 6 (6) & (7))	945,905	1	1,209,106	2
1600	Property, plant and equipment (Note 6 (8), 7, 8 & 9)	6,078,158	10	5,812,305	9
1755	Right-of-use assets (Note 6 (9) & 7)	38,318	-	-	-
1760	Investment property, net (Note 6 (10), 8, & 9)	3,864,533	6	3,893,572	6
1780	Intangible assets (Note 6 (11) & 9)	755,937	1	759,365	1
1840	Deferred income tax assets (Note 6 (17))	856,719	1	899,795	1
1980	Other financial assets – non-current (Note 7)	351,002	1	55,838	-
1990	Other non-current assets - others	786,162	1	773,664	1
		19,683,314	30	24,469,546	39
	Total Assets	**$ 65,106,808**	**100**	**63,293,308**	**100**

		12.31.2019		12.31.2018	
	Liabilities and Equity	**Amount**	**%**	**Amount**	**%**
	Current liabilities:				
2100	Short-term loan (Note 6 (13))	$ 154,300	-	3,165,300	5
2130	Contract Liability－current(Note 6 (20) & 9)	38,999,745	60	37,755,020	61
2150	Notes payable	7,023	-	7,105	-
2170	Payable accounts (Note 7)	663,204	1	617,756	1
2200	Other payable accounts (Note 7)	832,177	2	830,485	1
2230	Current income tax liabilities	252,002	-	290,179	-
2280	Lease liabilities-current (Note 7)	38,318	-	-	-
2310	Advance receipts	892,909	1	834,391	1
2321	Convertible corporate bonds- current (Note 6 (14))	3,243,019	5	-	-
2399	Other current liabilities - others	6,878	-	7,835	-
		45,089,575	69	43,508,071	69
	Non-current liabilities:				
2530	Corporate bond payable (Note 6 (14))	-	-	3,190,916	5
2570	Deferred income tax liabilities (Note 6 (17))	3,665	-	16,119	-
2640	Net defined benefit liability – non-current (Note 6 (16))	32,601	-	30,686	-
2645	Deposit received	44,135	-	71,542	-
2670	Other non-current liabilities - others	2,981	-	2,981	-
		83,382	-	3,312,244	5
	Total liabilities	45,172,957	69	46,820,315	74
	Equity attributable to owners of parent (Note 6(14) & (18))				
3100	Capital stock – common stock	4,200,842	7	4,200,842	7
3200	Capital surplus	2,519,954	4	2,519,954	4
	Retained earnings:				
3310	Legal reserve	1,498,055	2	1,280,001	2
3350	Unappropriated retained earnings	10,373,806	16	6,293,123	10
3400	Other equity interest	(156,696)	-	688,453	1
	Total equity attributable to owners of parent	18,435,961	29	14,982,373	24
36xx	Non-controlling interest (Note 6 (7)& (18))	1,497,890	2	1,490,620	2
	Total Equity	19,933,851	31	16,472,993	26
	Total liabilities and equity	**$ 65,106,808**	**100**	**63,293,308**	**100**

(English Translation of Financial Report Originally Issued in Chinese)

Lungyen Life Service Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For The Year Ended December 31, 2019 and 2018

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

		2019		2018	
		Amount	%	Amount	%
4000	**Operating revenue (Note 6 (5), (15), (20) & 7)**	$ 4,559,348	100	4,957,018	100
5000	**Operating cost(Note 6 (15) & 7)**	1,343,202	29	1,613,521	33
5900	**Operating gross profit (loss)**	3,216,146	71	3,343,497	67
	Operating expenses (Note 6 (16), (21) & 7)：				
6100	Selling expenses	617,805	14	981,072	20
6200	Administration expenses	612,176	13	547,579	11
6450	Expected credit losses (gains) (Note 6 (3))	16,491	-	7,763	-
6000		1,246,472	27	1,536,414	31
6500	**Other income and expenses (Note 6 (22))**	139,337	3	145,618	3
6900	**Operating income (loss)**	2,109,011	47	1,952,701	39
	Non-operating income and expenses (Note 6 (6), (23) & 7)：				
7010	Other income	598,455	13	433,354	9
7020	Other gains and losses	41,450	1	338,277	7
7050	Financial costs	(72,122)	(2)	(83,273)	(2)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method (Note 6 (6))	(52,289)	(1)	(42,241)	(1)
		515,494	11	646,117	13
	Less: Income tax expense (Note 6 (17))	2,624,505	58	2,598,818	52
7950	**Net income**	254,163	6	307,344	6
	Other comprehensive income:	2,370,342	52	2,291,474	46
8300	**Items that may not be subsequently reclassified to profit or loss:**				
8310	**Less: Income tax expense (Note 6 (17))**				
8311	Remeasurements of defined benefits plans (Note 6 (16))	(1,528)	-	791	-
8316	Unrealized loss on investments in equity instruments at fair value through other comprehensive income	2,712,233	60	481,235	10
8349	Less: Income taxes related to items not reclassified (Note 6)17))	(164,770)	(4)	-	-
	Total items not reclassified	2,545,935	56	482,026	10
8360	**Items that may be subsequently reclassified to profit or loss**				
8361	Exchange differences on translation of foreign statements	(20,898)	-	34,825	1
8367	Unrealized loss on investments in debt instruments at fair value through other comprehensive income	66,432	1	(42,204)	(1)
8370	Share of other comprehensive profit (loss) of associates and joint ventures accounted for using equity method- items that may be reclassified to profit or loss	(8,830)	-	(45,815)	(1)
8399	Less: Income taxes related to items may be reclassified	-	-	-	-
	Total items that may be subsequently reclassified to profit or loss	36,704	1	(53,194)	(1)
8300	**Other comprehensive income, net**	2,582,639	57	428,832	9
	Total comprehensive income	**$ 4,952,981**	**109**	**2,720,306**	**55**
	Net income, attributable to:				
8610	Owners of parent	$ 2,302,871	51	2,180,535	44
8620	Non-controlling interest	67,471	1	110,939	2
		$ 2,370,342	**52**	**2,291,474**	**46**
	Total comprehensive income, attributable to:				
8710	Owners of parent	$ 4,882,142	107	2,606,983	53
8720	Non-controlling interest	70,839	2	113,323	2
		$ 4,952,981	**109**	**2,720,306**	**55**
	Earnings per share (Note 6 (19))				
9750	**Basic earnings per share (NTD)**	**$ 5.48**		**5.19**	
9850	**Diluted earnings per share (NTD)**	**$ 4.93**		**4.70**	

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Lungyen Life Service Corp. and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For The Year Ended December 31, 2019 and 2018

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of Parent											
	Capital Stock		Retained Earnings			Other Equity Interest						
	Common Stock	Capital Surplus	Legal 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 Attributable To Owners of Parent	Non-controlling Interests	Total Equity
Balance – January 1, 2018	$ 4,200,842	2,519,954	1,095,601	4,253,894	5,349,495	(13,825)	-	472,440	458,615	12,528,906	1,377,297	13,906,203
Retrospective adjustment due to new accounting standard	-	-	-	1,104,855	1,104,855	-	264,279	(472,440)	(208,161)	896,694	-	896,694
Restated beginning balance	4,200,842	2,519,954	1,095,601	5,358,749	6,454,350	(13,825)	264,279	-	250,454	13,425,600	1,377,297	14,802,897
Net profit	-	-	-	2,180,535	2,180,535	-	-	-	-	2,180,535	110,939	2,291,474
Other comprehensive income	-	-	-	791	791	(10,990)	436,647	-	425,657	426,448	2,384	428,832
Total comprehensive income	-	-	-	2,181,326	2,181,326	(10,990)	436,647	-	425,657	2,606,983	113,323	2,720,306
Earning allocation and distribution:												
Legal capital reserve	-	-	184,400	(184,400)	-	-	-	-	-	-	-	-
Cash dividends on shareholders (NT$2.5/share)	-	-	-	(1,050,210)	(1,050,210)	-	-	-	-	(1,050,210)	-	(1,050,210)
Disposal of investments in 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	1,490,620	16,472,993
Balance – January 1, 2019	-	-	-	2,302,871	2,302,871	-	-	-	-	2,302,871	67,471	2,370,342
Net income	-	-	-	(1,528)	(1,528)	(29,728)	2,610,527	-	2,580,799	2,579,271	3,368	2,582,639
Other comprehensive income	-	-	-	2,301,343	2,301,343	(29,728)	2,610,527	-	2,580,799	4,882,142	70,839	4,952,981
Earning allocation and distribution:												
Legal capital reserve	-	-	218,054	(218,054)	-	-	-	-	-	-	-	-
Cash dividends on shareholders (NT$3/share)	-	-	-	(1,260,253)	(1,260,253)	-	-	-	-	(1,260,253)	-	(1,260,253)
From share of changes in equities of subsidiaries	-	-	-	(3,531)	(3,531)	-	-	-	-	(3,531)	3,531	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	3,261,178	3,261,178	-	(3,425,948)	-	(3,425,948)	(164,770)	-	(164,770)
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(67,100)	(67,100)
Balance – December 31, 2019	**$ 4,200,842**	**2,519,954**	**1,498,055**	**10,373,806**	**11,871,861**	**(54,543)**	**(102,153)**	**-**	**(156,696)**	**18,435,961**	**1,497,890**	**19,933,851**

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Lungyen Life Service Corp. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS
For The Year Ended December 31, 2019 and 2018

(All Amounts Expressed in Thousands of New Taiwan Dollars)

	2019	2018
Cash flows from operating activities		
Profit (loss) before tax	$ 2,624,505	2,598,818
Adjustments:		
Adjustments to reconcile profit (loss):		
Depreciation expense	142,174	127,920
Amortization expense	16,100	17,427
Allowance expense	16,491	7,763
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(75,311)	12,347
Interest expense	72,122	83,273
Interest income	(287,052)	(277,761)
Dividend income	(332,984)	(232,871)
Share of profit (loss) of associates and joint ventures accounted for using equity method	52,289	42,241
Gain on disposal of non-current asset to be sold	(834,167)	-
Loss (gain) on disposal and scrap of property, plant and equipment	(2,534)	1,780
Gain on disposal of investment property	-	(525)
Gain on disposal of other assets	-	(347,626)
Gain (loss) of disposal of investment using equity method	(2,331)	6,924
Loss on impairment of financial assets	-	5,940
Exchange loss on financial assets or liabilities at fair value through other comprehensive income	29,860	(51,860)
Disposal loss on financial assets or liabilities at fair value through other comprehensive income	(1,318)	27,734
Total adjustments to reconcile profit (loss)	(1,206,661)	(577,294)
Changes in operating assets and liabilities:		
Decrease (Increase) on financial assets at fair value through income	(4,035,230)	53,012
Decrease (Increase) on notes receivable	5,567	10,232
Increase on account receivable	34,025	(28,893)
Increase on inventories	(263,212)	(672,416)
Decrease on prepayments	40,160	169,335
Disposal of non-current asset to be sold	3,406,853	-
Decrease (Increase) on other financial assets	(59,305)	(99,759)
Increase on other current assets	(6,450)	(5,180)
Increase on incremental cost of contract acquisition	(153,341)	183,643
Increase on contract liabilities	1,244,725	(155,281)
Increase (Decrease) on accounts payable	45,366	153,642
Decrease on other payable	1,212	76,677
Increase (Decrease) on advance receipts	58,518	5,637
Increase on other current liabilities	(954)	(729)
Increase on defined benefit liabilities	387	214
Total net change in operating assets and liabilities	318,321	(309,866)
Total Adjustments	(888,340)	(887,160)
Cash inflow (outflow) generated from operations	1,736,165	1,711,658
Interest received	251,143	277,891
Dividend received	332,984	232,871
Interest paid	(9,185)	(25,874)
Income taxes (paid)	(426,488)	(368,476)
Net cash flows from (used in) operating activities	1,884,619	1,828,070

Cash flows from (used in) investing activities:		
Acquisition of financial assets at fair value through other comprehensive income	(1,484,960)	(1,857,471)
Disposal of financial assets at fair value through other comprehensive income	9,574,028	929,548
Proceeds from return of capital of financial assets at fair value through comprehensive income	-	893
Liquidating distribution from financial assets at fair value through other comprehensive income	-	2,551
Acquisition of financial assets at amortized cost	(530,342)	(607,084)
Redemption of due financial assets at amortized cost	75,000	-
Acquisition of financial assets at fair value through profit and loss	(4,080,000)	-
Acquisition of investments accounted for using equity method	(46,563)	-
Disposal of investments accounted for using equity method	231,912	1,009
Acquisition of property, plant and equipment	(374,293)	(71,929)
Disposal of property, plant and equipment	2,657	814
Acquisition of intangible assets	(14,311)	(12,161)
Acquisition of investment property	(1,010)	(675)
Disposal of investment property	-	750
Decrease (increase) in other financial assets - current	(509,730)	215,383
Decrease (increase) in other financial assets - non current	(295,165)	(10,075)
Decrease in other non-current assets	(12,502)	604,302
Decrease (increase) in acquisition of other non-current assets	-	(293,430)
Cash outflow due loss of control of subsidiaries	-	(17,621)
Net cash flows from (used in) investing activities	2,534,721	(1,115,196)
Cash flow from (used in) financing activities:		
Increase in short-term loans	13,038,258	8,479,300
Decrease in short-term loans	(16,049,258)	(8,138,000)
Decrease in guarantee deposits received	(27,407)	10,611
Repayment of the principal portion of lease liabilities	(13,670)	-
Cash dividends	(1,260,253)	(1,050,210)
Change in non-controlling interests	(67,100)	-
Net cash flows from (used in) financing activities	(4,379,430)	(698,299)
Effects of foreign exchange rates changes on cash and cash equivalents	(1,948)	9,646
Net increase in cash and cash equivalents	37,962	24,221
Cash and cash equivalents at beginning of period	194,002	169,781
Cash and cash equivalents at end of period	**$ 231,964**	**194,002**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

I. COMPANY PROFILE

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

II. APPROVAL AND PROCEDURES OF THE CONSOLIDATED FINANCIAL STATEMENTS

The quarterly consolidated financial statements were accepted and published by the Board of Directors on February 25, 2020.

III. APPLICATION OF NEW AND REVISED STANDARDS AND INTERPRETATIONS

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

The Consolidated financial report has fully adopted IFRS approved by Financial Supervisory Commission (hereinafter referred to as the "FSC") and effective in 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 of Income Tax Treatment"	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 IAS 28 "Long-term interests in affiliated companies and joint ventures	January 1, 2019
Annual Improvements to IFRS Standards 2015-2017 Cycle	January 1, 2019

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

1. IFRS 16 "Leases"

IFRS 16 "Leases" (hereinafter referred to as IFRS 16) replaces the current IAS 17 "Leases" (hereinafter referred to as IAS 17), IFRIC 4 "Determining whether an arrangement includes a lease" (hereinafter referred to as IFRIC 4), SIC 15 "Business Leasing: Incentives" and SIC 27 "Evaluation the nature of the transaction involving leases in legal form"

The Consolidated Company adopts IFRS 16 retrospectively and adjusts the cumulative impact of the initial application to the retained earnings of January 1, 2019. The nature and impact of the changes in the relevant accounting policies are as follows:

(1) Definition of a Lease

The Consolidated Company previously determined whether an agreement is or includes a lease based on the IFRIC 4 on the contract beginning date. After changing the accounting policy, it is assessed whether the contract is or includes a lease in accordance with the lease definition of IFSR 16. The relevant accounting policies are detailed in Note 4 (14).

In the transition to IFRS 16, the Consolidated Company has chosen to use the expediency exemption to assess whether the transaction before the initial application date is a lease, that is, the contract previously identified as a lease is directly applicable to IFRS 16. Contracts that have previously been identified as non-lease in accordance with IAS 17 and IFRIC 4 are not reassessed as leases. Therefore, the lease definitions required by IFRS 16 apply only to contracts signed or changed on and after the initial application date.

(2) Lessee

A transaction in which the Consolidated Company is a lessee is previously assessed based on whether the lease contract has transferred almost all of the risks and payments attached to the underlying asset ownership. Under IFRS 16, the right-of-use assets and lease liabilities are recognized on the balance sheet for the lease contract.

The Consolidated Company chooses to apply the exemption for the lease of office and other equipment for short-term leases:

- Contract previously classified as an operating lease under IAS 17:
  At the time of the transition, the lease liability is measured by the present value of the remaining lease payments and discounted using the borrowing rate of the Consolidated Company on the initial application date. Right-of-use assets are measured in one of the following methods:
  i. The carrying amount of the right-of-use asset is the same as of the date of IFRS 16 commencement, but is discounted using the lessee's incremental borrowing rate on the initial application date. The Consolidated Company applies this method to its large real estate lease.

ii. The amount of the lease liability is adjusted for all prepaid or payable lease payments related to the lease. The Consolidated Company applies all other leases in this method other than the foregoing case.

In addition, the Consolidated Company has transitioned to IFRS 16 using the following expedient practices:

i. Single discount rate for lease combinations with similar characteristics.
ii. As an alternative to the impairment assessment of the right-of-use asset, based on the results of the assessment of the loss-making contract according to the IAS 37 "Liabilities Reserve, Contingent Liabilities and Contingent Assets" before the date of initial application.
iii. For leases that are matured within 12 months after the initial application date, the right-of-use asset and lease liability are not recognized.
iv. The original direct cost is not included in the measurement of the right-of-use asset on the initial application date.
v. In the case of a lease contract that includes a lease extension or termination option, the use of the hindsight is adopted when the lease term is determined.

- Contract previously classified as a finance lease:

  For the contract previously classified as a finance lease under the IAS 17, the carrying amount of the right-of-use asset and the lease liability on the initial application date is the amount of leased asset and lease liability measured in accordance with IAS 17.

(3) Lessor

Except for sub-leasing, the Consolidated Company is not required to make any adjustments to the transaction as a lessor in the transition to IFRS 16, and the IFRS 16 applies to the lease from the date of initial application.

Under IFRS 16, the classification of sub-leasing should be assessed based on the right-of-use asset rather than the underlying asset. At the time of the transition, the Consolidated Company reassesses its classification for the sub-lease classified as operating lease under the earlier application of IAS 17 and considers that the sublease should be classified as a finance lease under IFRS 16.

(4) Impact on financial reporting

In the transition to IFRS 16, the Consolidated Company recognizes the right-of-use assets and lease liabilities of NT$51,791 thousand on the initial application date. The lease liability is discounted at the incremental borrowing rate on the initial application date of the Consolidated Company. The weighted average of the interest rates is 0.78%. However, the difference between the amount of the operating lease commitments for the year prior to the initial application date and the lease liability recognized on the

initial application date (which may be reasonably determined to exercise the lease extension option) is not significant, therefore there is no adjustments to be made.

2. IFRIC 23 "Uncertainty of Income Tax Treatment"

The new interpretation clarifies that when assessing the impact of income tax treatment on taxable income (loss), taxable base, unused tax losses, tax credit of investment and tax rates, it should be assumed that the tax authority will review the relevant amount and has obtained all relevant information at the time of the review.

If the Consolidated Company considers that the tax authority is likely to accept an uncertain tax treatment after assessment, it shall determine the taxable income (loss), tax base, unused tax losses, tax credit of investment and tax rates in a manner consistent with the treatment used in the tax return declaration. Otherwise, the most likely amount or expected value which is more appropriate to reflect the impact of each uncertain tax treatment shall be adopted.

The above assessment did not have a significant impact on the Consolidated Company's financial report.

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

According to official document No.1080323028 announced by FSC on July 29, 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, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 3 "Definition of a Business"	January 1, 2020
Amendments to IFRS 9, IAS 39 and IFRS 7 "Interest Rate Benchmark Reform"	January 1, 2020
Amendments to IAS 1 and IAS 8 "Definition of Material"	January 1, 2020

The above assessment did not have a significant impact on the Consolidated Company's financial report.

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

According to official document No.1080323028 announced by FSC on July 29, 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, Revised or Amended Standards and Interpretations	Effective Date Issued by IASB

IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IAS 1 " Classification of Liabilities as Current of Non-current"	January 1, 2022

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(I) Compliance Statement

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

(II) Basis of Preparation

1. Basis of measurement

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

(1) Financial assets at fair value through profit or loss;
(2) Financial assets at fair value through other comprehensive income; and
(3) Defined benefit liabilities (or assets) are recognized in accordance with the fair value of pension fund assets deducted by net present value of defined benefit obligation and maximum effects in Note 4(16).

2. Functional currency and presentation currency

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

(III) Basis of Consolidation

1. Principle for the preparation of consolidated financial statements

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

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

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

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

2. Losing control of the subsidiaries

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

3. The subsidiaries included in the consolidated financial statements

The subsidiaries included in the consolidated financial statements include:

Investee	Name of subsidiary	Nature of business	Shareholding ratio		Remarks
			12.31.2019	12.31.2018	

The Company	Jin Huang Construction Co., Ltd.	Architecture and civil engineering	98.20%	98.20%	
The Company	Yuji Development Corp.	Funeral services	54.42%	54.42%	
The Company	Dahan Property Management Co.	Housing and development	80.00%	80.00%	
The Company	Sea Dragon Traders Ltd.(BVI)	Investment	100.00%	100.00%	
The Company	Singapore Lungyen Life Service	Funeral services	- %	100.00%	Note 4 (2), 5 (1)
The Company	Lung An Company Limited.	Funeral services	- %	100.00%	Note 4 (2), 5 (2)
Yuji Development Corp.	Lung Fu Company Limited	Funeral services	100.00%	77.75%	Note 4 (2), 5 (3)

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

5. Changes in subsidiary:

(1) Singapore Lungyen Life Service Pte.Ltd had been under clearance process since June 2019 and received the approval from the authorities in October 2019.
(2) Lung An Company Limited was discharged after a short-form merger on April 1, 2019.
(3) Yuji Development Corp. acquired the shares of other shareholders of Lung Fu Company Limited in January 2019. The number of shares acquired was 6,030 thousand shares, and the purchase price was NT$67,100,000. After the acquisition, the shareholding ratio of Yuji Development Corp. increased from 77.75% to 100.00%. In addition, Lung Fu Company Limited increased its capital by NT$100,000 in February 2019, and Yuji Development Corp. subscribed in full.

(IV) Foreign Currency

1. Transactions in foreign currencies

Foreign currency transactions are translated in accordance with the exchange rate on the transactions date as the functional currency. Foreign currency monetary items are translated in accordance with the prevailing exchange rates into the functional currency on the end of reporting period.

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

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

2. Foreign operating agency

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

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

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

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

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

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

Liabilities in compliance with one of the following conditions are classified as current

liabilities. Liabilities other than current liabilities are classified as noncurrent liabilities:

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

(VI) Cash and Cash Equivalent

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

(VII) Financial Instruments

1. Financial Assets

Financial assets of the Consolidated Company are classified as financial assets at amortized cost, financial assets at fair value through other comprehensive income, financial assets at fair value through profit and loss.
Only when the operation model of financial asset management has been changed, the Consolidated Company will reclassify financial assets which are affected by the change.

(1) Financial asset at amortized cost:

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

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

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

purchased or sold as a trade practice will be recognized by trade date accounting.

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

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

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

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

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

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

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

Financial assets that aren't belong to above mentioned (measured at amortized cost or measured at fair value through other comprehensive income) will be measured at fair value through profit or loss, including derivative financial assets. To

eliminate or reduce accounting mismatch significantly, the Consolidated Company is able to appoint financial assets that conform to be measured at amortized cost or measured at fair value through other comprehensive income to financial assets measured at fair value through profit or loss irrevocably during initial recognition.
If being measured at fair value in initial recognition, and recognized in income when transaction cost occurs, will be measured at fair value later, the profit or loss generated from remeasurement (including related dividend revenue and interest revenue) will be recognized to income. Those financial assets purchased or sold as a trade practice will be recognized by trade date accounting.

(4) Financial assets impairment

For financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes receivable and accounts receivable, other receivables, finance lease receivable, refundable deposit and other financial asset…etc.), investments in debt instruments measured at fair value through other comprehensive income, accounts receivables measured at fair value through other comprehensive income, forecast loss of credit for contractual assets, the Consolidated Company recognizes in allowance for loss.
The allowance for losses of following financial assets are amount measured at 12-month expected credit losses, other amount will be measured at lifetime expected credit losses:

- Credit loss of debt securities on reporting date is low; And
- Credit loss of other debt securities and bank deposits (refer to the risk of being default during expected lifetime of the financial asset) haven't increased significantly since initial recognition.

The amounts of accounts receivables and allowance for loss of contractual assets are measured at lifetime expected credit loss.
Lifetime expected credit loss refers to expected credit loss generated from possible default items during expected lifetime of financial instruments.
12-month expected credit loss refers to expected credit loss generated in 12 months from possible default items after reporting date of financial instruments (or shorter if the expected lifetime of the financial instrument is shorter than 12 months).
The longest period of measuring expected credit loss is the longest contractual period that the Consolidated Company being exposed to credit risk.
When determining if credit risk has increased significantly since initial recognition, the Consolidated Company considers rational and provable information (acquired with no undue cost or effort), including qualitative and quantitative information, and according to the Consolidated Company's past experiences, credit evaluation,

analyses from forecasting information.

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

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

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

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

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

- Significant financial difficulty of the issuer or the borrower.
- A breach of contract, such as default or being expired for over 90 days.
- For economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the Consolidated Company would not otherwise consider.
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganization.
- The disappearance of an active market for that financial asset because of financial difficulties.

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

When there is no reasonable expectation of recovery for part of or all of the financial

asset, the Consolidated Company will deduct the total book value for the financial asset directly. Which usually means that the Consolidated Company considers that assets or sources of income for the borrower aren't able to generate enough write-off amount. However, a write-off the financial asset can still be implemented to meet the procedure of recovering expired amount of the Consolidated Company.

(5) Elimination of financial assets

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

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

When one investment in debt instrument is not derecognized entirely, the Consolidated Company based on the relative fair value of each portion on the transfer date has the original book value of the financial asset allocated to the continuingly recognized portion and the derecognized portion. The difference between the book value allocated to the derecognized portion and the total amount of the consideration received for the derecognized portion plus any cumulative gain or loss recognized in other comprehensive profit or loss that is allocated to the derecognized portion is recognized in "profit or loss;" also, it is reported in the "Other gains and losses" of the "Non-operating income and expenses." The cumulative gain or loss that is recognized in "Other comprehensive profit or loss" is allocated to the continuingly recognized portion and the derecognized portion.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

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

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

cost.

(2) Other financial liabilities

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

(3) Elimination of financial liabilities

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

(VIII)Inventories

1. Buildings for Sale

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

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

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

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

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

2. Columbarium and Cemetery Invested and Built for Sale

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

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

(IX) Non-Current Assets Held for Sale

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

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

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

(X) Investments in affiliated enterprises

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

Under equity method, the original acquisition is recognized at cost and the investment cost

includes transaction cost. The book value of investments in affiliated enterprises includes the goodwill recognized in original investment net of any accumulated impairment loss.

The consolidated financial report includes the period from the date the significant influence received to the date the significant influence ceased. After adjusting the accounting policies to be consistent with the Consolidated Company's, the Consolidated Company recognizes the affiliated enterprise's profit or loss and other comprehensive profit or loss proportionally to equity.

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

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

(XI) Joint Arrangements

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

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

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

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

(XII) Investment Properties

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

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

(XIII) Property, plant, and equipment

1. Recognition and measurement

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

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

The gain or loss from the disposition of property, plant, and equipment bases on the difference between the book value and the disposal amount; also, the net amount is recognized in the “Other gains and losses” of the “Non-operating income and expenses.”

2. Subsequent cost

If the expected future economic effect arising from the subsequent expenditures of the

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

3. Depreciation

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

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

Land is not depreciated.

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

(1) House and building	4～69 years
(2) Office equipment	5 years
(3) Transportation equipment	5 years
(4) Other equipment	4～9years
(5) Leasehold improvement	5～10 years

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

4. Reclassification to investment property

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

(XIV) Lease

1. Lessor

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

income over the period of the lease in accordance with the straight-line method.

2. Lessee

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

(XV) Intangible Assets

1. Goodwill

(1) Initial recognition

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

(2) Subsequent measurement

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

2. Other intangible assets

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

3. Subsequent expense

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

4. Amortization

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

Computer software 1~10 years

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

(XVI) Non-financial Assets Impairment

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

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

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

If the recoverable amount of an individual asset or cash-generating unit is less than the book value, the book value of the individual asset or cash-generating unit is adjusted down to the recoverable amount with impairment loss recognized. Impairment losses were recognized immediately in current profit or loss.

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

For the purpose of impairment testing, the goodwill acquired in a business consolidation shall be allocated to the Consolidated Company's cash-generating units (or cash-generating group) that is expected to benefit from the synergies of the consolidation effort. If the recoverable amount of the cash-generating unit is less than its book value, an

impairment loss is allocated to the cash-generating unit by reducing the book value of its goodwill and then to the book value of each asset within the unit proportionally. The recognized goodwill impairment loss shall not be reversed in the subsequent periods.

(XVII) Provision for Liabilities

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

(XVIII) Income Recognition

1. Revenue from Contracts with Customers

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

(1) Construction and sale of columbarium and cemeteries

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

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

In Accordance with “Mandatory Provisions to be Included in and Prohibitory Provisions of Standard Form Purchase and Sale Contract for Bone Ashes Storage Entity” issued by the Ministry of the Interior, for all standard form contracts signed after the regulation effective date on April 1, 2013, relevant provisions

for future rescission and refund and promise for the useful life shall be estimated according to historical experience.

(2) Funeral services

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

(3) Rental

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

(4) Land development and sale of properties

The Consolidated Company develops and sell residential real estate, and recognizes revenues when control of the real estate is transferred, therefore, the Consolidated Company recognizes revenues at the time when legal ownership has been transferred to the customer and the property has been delivered. However, revenue will still be recognized if only one criterion mentioned above has been completed before the reporting date and the other one has been actually completed after the reporting date.

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

the customer.

(5) Construction contract

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

If the progress toward completion is not able to be assessed reasonably, the contract revenue can be recognized only within the range of estimated collectable costs.

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

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

(XIX) Costs from Contracts with Customers

1. Incremental Costs of Obtaining a Contract

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

obtained.

(XX) Employee Welfare

1. Defined contribution plan

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

2. Defined benefit plan

   The retirement pension plan that is not a defined contribution plan is a defined benefit plan. The Consolidated Company's net obligation under the defined benefit plan is the future benefits earned by employees currently or in the past and it is discounted to present value. Any unrecognized prior service cost and the fair value of the project assets is deducted or eliminated. Discount rate is based on the interest rate that is with a maturity date close to the net obligation deadline of the Consolidated Company and the currency of denomination same as the market yield rate of government bonds for the expected benefit payment on the reporting date.

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

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

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

   Net reconciliation of the welfare liabilities (assets) included (1) actual profit

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

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

Consolidated Company shall have the curtailment or settlement gain or loss of the defined benefit plan recognized upon occurrence. Curtailment or settlement gain or loss includes any changes in the fair value of plan assets, changes in the present value of the defined benefit obligation, any previously unrecognized actuarial gain or loss, and prior service cost.

3. Short-term employee welfare

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

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

(XXI) Income tax

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

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

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

1. Does not belong to a business combination and trading upon initial

recognition of an asset or liability and, at the time of the transaction affects neither the accounting profit nor taxable income (loss) persons.

2. Equity investments in subsidiaries and joint ventures generated, and it is probable in the foreseeable future will not swing by.

3. Original goodwill recognized.

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

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

1. There is a legally enforceable right to set off current tax assets against current tax liabilities netted; and

2. Deferred tax assets and deferred tax liabilities and one of the following tax levied by the same taxation authority of the taxable entity;

   (1) the same taxable entity; or

   (2) different taxable entities, provided that each of the main intentions of each future period in which significant amounts of deferred tax assets and deferred tax liabilities are expected recovery is expected to be settled, the current income tax liabilities and assets in order to settle on a net basis, or to realize asset and settle the liability.

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

(XXII) Earnings Per Share

Consolidated Company lists the basic and diluted earnings per share of the common stock shareholders of the Company. The Consolidated Company's basic earnings per share is based on the profit or loss of the Company's common stock shareholder divided by the weighted average number of outstanding common stock shares of the period. The Consolidated Company's diluted earnings per share is to have the profit or loss of the Company's common stock shareholder and the weighted average number of outstanding common stock

shares calculated after having the effect of the potential diluted common stock adjusted respectively. The Consolidated Company's potential diluted common stock includes the convertible bond and the estimated bonus to employees.

(XXIII) Department Information

An operating segment is an integral part of the Consolidated Company, engaged in the business activities that may earn income and incur expenses (including the income and expense of the transactions conducted with other divisions within the Consolidated Company).All operating segments' operating results are regularly reviewed by the chief operator of the Consolidated Company for decision-making in regard of the resource allocation to each division and evaluating its performance. Each operating division has independent financial information provided.

V. THE MAJOR SOURCES OF SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATIONS, ASSUMPTIONS FOR THE UNCERTAINTIES

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

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

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

   (1) Classification of Joint Arrangement

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

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

(1) Impairment of receivables

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

(2) Impairment of goodwill and trademark

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

(3) Measurement of defined benefit obligation

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

(4) Recognition of deferred income tax asset

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

Estimate Processes

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

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

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

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

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

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

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

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

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

1. Note 6 (5) Non-current Assets Held for Sale
2. Note 6 (10) Investment Property
3. Note 6 (24) Financial Instruments

VI. IMPORTANT ACCOUNTING ACCOUNTS

(I) Cash and cash equivalent

		12.31.2019	12.31.2018
Cash and petty cash	$	2,556	3,966
Demand deposit		229,365	189,996
Check deposit		43	40
Cash and cash equivalent on the consolidated cash flow statement	$	**231,964**	**194,002**

For the interest rate risk and sensitivity analysis disclosure of the Consolidated Company's financial assets and liabilities, please refer to Note 6(24).

(II) Financial assets

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

		12.31.2019	12.31.2018
Financial assets mandatorily classified and measured at fair value through profits and losses:			
Domestic and foreign common stocks	$	77,439	115,590
Beneficiary certificates		9,640,284	1,411,592
Total	$	**9,717,723**	**1,527,182**

For profits and losses recognized from the reevaluation at fair value, please refer to Note 6(23).

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

		12.31.2019	12.31.2018
Liability instruments at fair value through other comprehensive income:			
Bonds	$	2,114,996	1,722,906
Equity instruments at fair value through other comprehensive income:			
Domestic and foreign common stocks		2,131,094	8,034,494
Beneficiary certificates		297,250	291,450
Total	$	**4,543,340**	**10,048,850**

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

The Consolidated Company held bond investment through cash flow from contract with customers and sales of financial assets, thus the Company categorized those investments in bonds as financial assets at fair value through

other comprehensive income as follows:

The coupon rates of the Company's bond investment at fair value through other comprehensive income were between1.30%～4.85% and 1.625%～4.50% as of December 31, 2019 and 2018. The maturity years were between 2020 to 2029 and 2020 to 2028.

For profits and losses from disposal of investment, please refer to Note 6 (23).

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

The Consolidated Company was for long-term strategic reason and not for trading to hold those equity instruments, thus recognized them at fair through other comprehensive income.

In the year ended December 31, 2019 and 2018, the Consolidated Company made disposal of a portion of equity instruments at fair value through other comprehensive income with fair values at NT$9,294,011 thousand and NT$95,819 thousand and accumulated disposal profits of NT$3,425,948 thousand and NT$9,269 thousand, which have been transferred from other comprehensive income to retained earnings.

One of the Consolidated Company's investee, PK Venture Capital Corp, was liquidated on December 13, 2018 with a liquidation distribution of NT$2,551 thousand. The difference between the distribution and book value was NT$21,611 thousand. The foregoing accumulated liquidation loss has been transferred from other comprehensive income to retained earnings.

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

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

None of foregoing financial assets are pledged as a collateral.

3. Financial assets at amortized cost – non-current

	12.31.2019	12.31.2018
Bond	$ 1,463,240	1,017,051

(1) The Consolidated Company held above investment to its maturity in order to collect the contract cash flow, which was purely for paying the principle and interests of outstanding principle, thus the Company cauterized those

investments as financial assets carried at amortized cost.

(2) The coupon rates of the Consolidated Company's investments in financial assets at amortized cost were between 0.63%～3.000% and 0.625%～2.45% as of December 31, 2019 and 2018. The maturity years were from 2020 to 2028 and 2020 to 2027.

4. For details of trusting part of the Consolidated Company's financial assets as of December 31, 2019 and 2018, please refer to Note 9 (3).

5. For details of the Consolidated Company's financial assets pledged as collateral as of December 31, 2019 and 2018, please refer to Note 8.

6. Sensitivity analysis – risks from equity price change

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

	2019		2018	
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%	**$ 187,307**	**6,400**	**786,000**	**11,109**
Decreased by 10%	**$ (187,307)**	**(6,400)**	**(786,000)**	**(11,109)**

(III) Account Receivables and Note Receivable

	12.31.2019	**12.31.2018**
Note receivables – from operation	$ 778	6,345
Account receivables – at amortized cost	9,541,268	9,538,757
Less: allowance	(76,870)	(60,875)
Unrealized interest revenues	(735,754)	(729,486)
	$ 8,729,422	**8,754,741**

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

December 31, 2019		
Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period

Non-overdue(*)	$ 9,471,551	0.00%~0.58%	9,217
Overdue for 31~90 days	8,991	72.58%	6,526
Overdue for 91~180 days	4,146	93.89%	3,893
Overdue for 181~270 days	3,203	96.15%	3,079
Overdue for 270 days and more	54,155	100.00%	54,155
Total	**$ 9,542,046**		**76,870**

	December 31, 2018		
	Book value of account receivables	Expected credit losses ratio during the duration	Expected credit losses during allowance period
Non-overdue	$ 9,490,896	0.00%~0.22%	11,622
Overdue for 31~90 days	6,132	29.65%	1,818
Overdue for 91~180 days	2,160	78.08%	1,687
Overdue for 181~270 days	2,022	91.84%	1,856
Overdue for 270 days and more	43,892	100%	43,892
Total	**$ 9,545,102**		**60,875**

*Account receivables as of December 31, 2019 and 2018 included undue account receivables of NT$7,371,382 thousand and NT$8,500,476 thousand.

	2019	**2018**
Beginning balance	$ 60,875	53,313
Recognized allowance loss	16,491	7,763
Bad debt written off	(496)	(201)
Ending balance	**$ 76,870**	**60,875**

(IV) Inventory

	12.31.2019	**12.31.2018**
Residential and building for sale	$ 85,791	-
Columbarium and cemetery for sale	3,494,676	3,099,606
Construction Site	4,602,343	4,601,056
Residential and building under construction	-	92,118
Columbarium and cemetery under construction	7,521,166	7,647,985
	$ 15,703,976	**15,440,765**
Expected to be recovered in more than twelve months	**$ 15,672,750**	**15,419,793**

(I) As of year 2019 and 2018, the interest which was recognized by the Consolidated Company and capitalized amount of residential and building under construction as well as columbarium and cemetery under construction is zero.

(II) 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.

(III) For the Consolidated Company's inventories pledged as collateral as of December 31, 2019 and 2018, please refers to Note 8.

(V) Non-current Assets Held for Sale

	12.31.2019	12.31.2018
Land held for sale	$ -	1,762,998
Houses and buildings held for sale	-	802,685
	$ -	**2,565,683**

1. The Consolidated Company's Board meeting made resolution on August 10, 2018 to dispose part of its investment properties. Since no impairment occurred when comparing the book value and the fair value minus disposal costs, those assets for sale were recognized at book value in non-current assets held for sale.
2. The Consolidated Company sold the non-current assets held-for-sale of the 2nd section, Dunhua South Road, Taipei City on November 7, 2018, and completed the ownership transfer procedure in January 2019. A net disposal profit of NT$246,053 thousand was recognized as revenues for foregoing transaction. Details of the recognition can be found in Note 6 (20).
3. The Consolidated Company sold the non-current asset held-for-sale in Taipei Pacific Commercial Building on May 13, 2019, and completed the ownership transfer procedure of part of the floors in August 2019. A net disposal profit of NT$381,275 thousand was recognized as revenues for the foregoing transaction during the period from January 1 to September 30, 2019. Details of the recognition can be found in Note 6 (20).
4. The Consolidated Company sold the non-current asset held-for-sale in 2nd Sec., Neihu, Taipei was sold on July 24, 2019 and the ownership transfer procedure is still under processing. Relevant information can be found in Note 9 (1).

(VI) The investment under equity method

	12.31.2019	12.31.2018
Affiliates	$ 185,170	417,658
Joint venture	760,735	791,448

	$ 945,905	1,209,106

・ Affiliates

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

Affiliates	Nature of the relationship with the Company	Major operating place/ Country	Ownership & voting ratio	
			12.31.2019	12.31.2018
Lung Ting Life Sciences Co. Ltd.	Flower cultivation, wholesales, and retail business	Taiwan	- %	49.00%

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

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

・ Financial information for Lung Ting Life Sciences Ltd:

	12.31.2018
Current assets	$ 222,526
Non-current assets	265,544
Current liabilities	(13,060)
Non-current liabilities	(1,677)
Net assets	$ 473,333
Net Assets attributable to the controlling equity	$ 241,400
Net Assets attributable to the owner of the investee	$ 231,933

	2018
Operating Revenue	$ 110,879
Current net loss	$ (15,643)
Other comprehensive profit or loss	-
Total profit or loss	$ (15,643)
Total comprehensive profit or loss attributable to the controlling equity	$ (7,978)
Total comprehensive profit or loss attributable to the owner of the investee	$ (7,665)
The share of the Company's net assets of affiliated enterprises	$ 239,598

at the beginning period	
Total comprehensive profit or loss attributable to the Consolidated Company	(7,665)
The book value of the Company's equity in the affiliated enterprise of the Company	**$ 231,933**

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

	12.31.2019	12.31.2018
Ending balance of affiliated enterprise under equity method which is not significant individually	**$ 185,170**	**185,725**

Attribute to the Company:	2019	2018
Continuing operations' current loss		
Other comprehensive profit or loss	$ (303)	(291)
Total comprehensive profit or loss	(251)	1,255
Ending balance of affiliated enterprise under equity method which is not significant individually	**$ (554)**	**964**

3. As of December 31, 2019 and 2018, the Consolidated Company did not have its investment using equity method pledged as collateral.

4. Joint Venture

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

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

	12.31.2019	12.31.2018
Ownership	**50%**	**50%**

Non-current assets	$	1,524,492	1,562,292
Current assets		8,979	27,247
Current liabilities		(12,001)	(6,643)
Net assets	**$**	**1,521,470**	**1,582,896**
Cash and cash equivalents	**$**	**8,979**	**27,247**
Net assets attributable to the Consolidated Company	**$**	**760,735**	**791,448**

		2019	**2018**
Revenues	**$**	**-**	**-**
Net losses	$	-	-
Net losses from continuing operations		(98,515)	(68,573)
Other comprehensive income		(17,660)	(81,291)
Total comprehensive income	**$**	**(116,175)**	**(149,864)**
Net income attributable to the Consolidated Company(*)	**$**	**(49,257)**	**(34,285)**
Other comprehensive income attributable to the Consolidated Company(*)	**$**	**(8,830)**	**(40,646)**

*Ending exchange rate of US$ on December 31, 2019: 30.106; average exchange rate of US$ for the year 2019: 30.924

(VII) Subsidiaries with Significant Non-controlling Interests

Name of subsidiaries	**Main operation location/ Country of registration**	**Proportion of shareholdings held by non-controlling interest and voting rights**	
		12.31.2019	**12.31.2018**
Yuji construction Co. Ltd.	Taiwan	45.58%	45.58%

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

1. Summarized financial information of Yuji:

		12.31.2019	**12.31.2018**
Current asset	$	3,193,469	3,422,653
Non-current asset		848,856	412,149
Current liability		(712,836)	(653,960)
Equity	**$**	**3,329,489**	**3,180,842**
Book value of ending non-controlling interests	**$**	**1,497,833**	**1,430,081**

	2019	**2018**

Operating revenue	$ 514,732	583,347
Net income	$ 147,475	249,472
Other comprehensive income	7,390	5,230
Total comprehensive income	**$ 154,865**	**254,702**
Net income, attributable to non-controlling interest	**$ 67,342**	**113,710**
Total comprehensive income, attributable to non-controlling interest	**$ 70,710**	**116,095**

	2019	2018
Cash flows from operating activities	$ 498,237	11,601
Cash flows from investing activities	(524,924)	(15,350)
Cash flows from financing activities	27,000	-
Net cash flow increase (decrease)	**$ 313**	**(3,749)**

(VIII) Property, Plant, and Equipment

	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, 2019	$ 2,415,999	2,829,630	94,199	56,502	4,100	187,108	952,226	6,539,764
Additions	-	15,174	35,489	-	-	12,073	311,557	374,293
Disposal and scrap	-	-	(21,814)	(2,687)	-	(4,695)	-	(29,196)
Transfers from (to) unfinished construction	-	23,392	-	-	-	3,142	(26,534)	-
Transfers from (to) investment properties	-	-	-	-	-	-	(1,505)	(1,505)
Reclassification	-	-	-	-	-	-	(2,662)	(2,662)
Balance on Dec. 31, 2019	**$ 2,415,999**	**2,868,196**	**107,874**	**53,815**	**4,100**	**197,628**	**1,233,082**	**6,880,694**
Balance on January 1, 2018	$ 2,359,206	2,770,810	93,403	56,283	4,100	170,088	1,022,373	6,476,263
Additions	17	4,157	4,302	925	-	15,437	47,091	71,929
Disposal and scrap	-	(2,777)	(2,990)	(618)	-	(389)	-	(6,774)
Loss control of subsidiary	-	-	(1,516)	(88)	-	-	-	(1,604)
Reclassification	56,776	57,440	1,000	-	-	1,972	(117,238)	(50)
Balance on Dec. 31, 2018	**$ 2,415,999**	**2,829,630**	**94,199**	**56,502**	**4,100**	**187,108**	**952,226**	**6,539,764**
Depreciation and impairment loss:								
Balance on January 1, 2019	$ -	521,956	74,486	54,439	3,293	73,285	-	727,459
Current depreciation	-	76,668	6,520	555	180	20,227	-	104,150
Disposal and scrap	-	-	(21,814)	(2,687)	-	(4,572)	-	(29,073)
Balance on Dec. 31, 2019	**$ -**	**598,624**	**59,192**	**52,307**	**3,473**	**88,940**	**-**	**802,536**
Balance on January 1, 2018	$ -	449,850	69,761	54,066	3,113	54,508	-	631,298
Current depreciation	-	72,832	7,884	784	180	18,939	-	100,619
Disposal and scrap	-	(666)	(2,919)	(373)	-	(222)	-	(4,180)
Loss control of subsidiary	-	-	(240)	(38)	-	-	-	(278)
Balance on Dec. 31, 2018	-	(60)	-	-	-	60	-	-
Book value：	**$ -**	**521,956**	**74,486**	**54,439**	**3,293**	**73,285**	**-**	**727,459**
January 1, 2019								
December 31, 2019	**$ 2,415,999**	**2,269,572**	**48,682**	**1,508**	**627**	**108,688**	**1,233,082**	**6,078,158**
January 1, 2018	**$ 2,359,206**	**2,320,960**	**23,642**	**2,217**	**987**	**115,580**	**1,022,373**	**5,844,965**
December 31, 2018	**$ 2,415,999**	**2,307,674**	**19,713**	**2,063**	**807**	**113,823**	**952,226**	**5,812,305**

1. The Consolidated Company (referred to as “the Principal” hereinafter) has part of the land registered in the name of the discretionary related party (referred to as “the Trustee” hereinafter) for land acquisition matters. The contractual parties

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

2. For details of assets pledged as collateral as of December 31, 2019 and 2018, please refer to Note 8.

3. For details of part of the property, plant and equipment trusted as of December 31, 2019 and 2018, please refer to Note 9 (3)

(IX) Right-of-use Asset

	Land	Houses and Buildings	Transportation Equipment	Total
Cost of right-of-use asset：				
Balance on January 1, 2019	$ -	-	-	-
Adjustment made for IFRS16	574	29,894	21,323	51,791
Balance on June 30, 2019	**$ 574**	**29,894**	**21,323**	**51,791**
Impairment loss on right-of-use asset：				
Balance on January 1, 2019	$ -	-	-	-
Current depreciation	236	9,051	4,186	13,473
Balance on June 30, 2019	**$ 236**	**9,051**	**4,186**	**13,473**
Book value：				
June 30, 2019	**$ 338**	**20,843**	**17,137**	**38,318**

(X) Investment Property

	Land and Improvements	Buildings and Structure	Total
Cost or identified cost：			
Balance on January 1, 2019	$ 3,259,021	1,015,581	4,274,602
Additions	-	1,010	1,010
Transfers from property, plant and equipment	-	1,505	1,505
Reclassification to held-for-sale assets	(6,641)	(656)	(7,297)
Balance on December 31, 2019	**$ 3,252,380**	**1,017,440**	**4,269,820**
Balance on January 1, 2018	$ 5,022,148	1,992,136	7,014,284

Additions		-	675	675
Disposal		(129)	(167)	(296)
Reclassification		(1,762,998)	(977,063)	(2,740,061)
Balance on December 31, 2018	**$**	**3,259,021**	**1,015,581**	**4,274,602**
Depreciation and impairment loss：				
Balance on January 1, 2019	$	19,910	361,120	381,030
Current depreciation		-	24,551	24,551
Reclassification to held-for-sale assets		-	(294)	(294)
Balance on December 31, 2019	**$**	**19,910**	**385,377**	**405,287**
Balance on January 1, 2018	$	19,910	508,269	528,179
Current depreciation		-	27,301	27,301
Disposal		-	(72)	(72)
Reclassification		-	(174,378)	(174,378)
Balance on December 31, 2018	**$**	**19,910**	**361,120**	**381,030**
Book value：				
December 31, 2019	**$**	**3,232,470**	**632,063**	**3,864,533**
January 1, 2018	**$**	**5,002,238**	**1,483,867**	**6,486,105**
December 31, 2018	**$**	**3,239,111**	**654,461**	**3,893,572**
Fair value:				
Balance on January 1, 2019				**$ 7,174,035**
December 31, 2018				**$ 7,230,329**

1. Investment property contains a number of commercial properties leased to others. Please refer to Note 6 (15).
2. Fair value of investment properties is estimated based on nearby transaction prices.
3. The Board Meeting of the Consolidated Company resolved to sell part of the investment properties and those properties to be sold are reclassified to non-current held-for-sale assets. Please refer to Note 6 (5).
4. With regards to real estate delivered to investment trust case as of December 31, 2019 and 2018, please refer to Note 9 (3).
5. For the investment property pledged for collateral on December 31, 2019 and 2018, please refer to Note 8.

(XI) Intangible Assets

	Goodwill	Trademark	Computer Software	Total	Goodwill

Cost:					
Balance on January 1, 2019	$ 542,428	192,750	134,115	-	869,293
Acquired separately	-	-	8,751	5,560	14,311
Reclassification	-	-	(2,384)	-	(2,384)
Balance on December 31, 2019	**$ 542,428**	**192,750**	**140,482**	**5,560**	**881,220**
Balance on January 1, 2018	$ 542,428	192,750	121,954	-	857,132
Acquired separately	-	-	12,161	-	12,161
Balance on December 31, 2018	**$ 542,428**	**192,750**	**134,115**	**-**	**869,293**
Amortization and impairment loss:					
Balance on January 1, 2019	$ -	-	109,928	-	109,928
Current Amortization	-	-	16,100	-	16,100
Reclassification	-	-	(745)	-	(745)
Balance on December 31, 2019	**$ -**	**-**	**125,283**	**-**	**125,283**
Balance on January 1, 2019	$ -	-	92,501	-	92,501
Current Amortization	-	-	17,427	-	17,427
Balance on December 31, 2018	**$ -**	**-**	**109,928**	**-**	**109,928**
Book value:					
Balance on December 31, 2019	**$ 542,428**	**192,750**	**15,199**	**5,560**	**755,937**
January 1, 2018	**$ 542,428**	**192,750**	**29,453**	**-**	**764,631**
Balance on December 31, 2018	**$ 542,428**	**192,750**	**24,187**	**-**	**759,365**

(XII) Other Financial Assets - Current

	12.31.2019	12.31.2018
Time deposit – over three months	$ 690,000	-
Time deposit – trust account	130,000	350,000
Current deposit – trust account	860,038	828,307
Current deposit – management fees account	891,890	853,870
Financial products	2,332	7,530
Other receivables	69,036	-
Bond interest receivables	25,044	20,551
Restricted assets	8,708	709
Receivables for sales of securities	-	42,865
Others	9,904	9,593
Total	**$ 2,686,952**	**2,113,425**

(XIII) Short-term loan

	12.31.2019	12.31.2018
Guaranteed bank loans	$ -	2,762,000
Unguaranteed bank loans	154,300	403,300
Total	**$ 154,300**	**3,165,300**
Unused credit lines	**$ 5,003,700**	**3,302,700**
Range of interest rates	**1.10%**	**0.68%~1.15%**

1. For details of the Consolidated Company's exposure to exchange rate, foreign currency and liquidity risk, please refer to Note 6 (24).
2. For the Consolidated Company's assets pledged as collateral for bank loans, please refer to Note 8.

(XIV) Bond Payable

	12.31.2019	12.31.2018
Unsecured convertible bond	$ 3,243,019	3,190,916
Less: due within one year	(3,243,019)	-
	$ -	**3,190,916**
Equity component- convertible rights (booked as capital reserve)	**$ 9,961**	**9,961**

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

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

days before the consolidated or division of the base date, and to the date of consolidation or division of the base date, the date of the reduction of the capital reduction from the date of the reduction of the stock to commemorate the day before the commencement of trading and other ordinary shares of the Company suspended by the transfer period.

Others: No redemption, put option and re-establishment

(XV) Operating Lease

	12.31.2019	12.31.2018
Within 1 year	$ 170,856	190,813
1~5 years	616,666	642,567
Over 5 years	1,390,552	1,568,232
	$ 2,178,074	**2,401,612**

The rent income arising from the investment property amounted to NT$172,635 thousand and NT$201,315 thousand as of year 2019 and 2018, respectively. The tax and depreciation expenses (booked in the "Operating cost") incurred from investment property are as follows:

	2019	2018
Rent income generated	$ 65,974	66,425
Rent income not generated	-	-
	$ 65,974	**66,425**

(XVI) Employee Welfare

1. Defined benefit plan

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

	12.31.2019	12.31.2018
Total present value of obligations	$ 40,990	38,665
The fair value of plan assets	(8,389)	(7,979)
Recognized defined benefit obligations liability (asset), net	**$ 32,601**	**30,686**

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

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

(1) Composition of plan assets

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

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

(2) Changes in value of defined benefit obligation

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

	2019	2018
Value of defined benefit obligation balance January 1	$ 38,665	38,896
Current service cost and interest	513	619
Re-measurement of net defined benefit obligation liability		
─Actuarial loss (gain) adjusted based on experience	567	(1,807)
─Actuarial loss (gain) caused by change of demographic statistics assumption	65	79
─Actuarial loss (gain) caused by change of finance assumption	1,180	1,147
Previous service costs	-	(269)
Value of defined benefit obligation balance December 31	**$ 40,990**	**38,665**

(3) Changes in the present value of plan assets

	2019	2018
The fair value of plan assets on January 1	$ 7,979	7,633

Interest income	77	98
Re-measurement of net defined benefit obligation liability (asset)		
－Expected return on plan assets (excluded current interest)	284	210
Appropriated amount	49	38
The fair value of the plan assets is December 31	**$ 8,389**	**7,979**

(4) Expenses through profit or loss

	2019	2018
Current service cost	$ 130	(135)
Net interest of net defined benefit obligation liability	306	386
	$ 436	**251**
Operating costs	**$ 436**	**251**

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

	2019	2018
January 1 cumulative balance	$ (8,394)	(9,185)
Recognition during this period	(1,528)	791
December 31 cumulative balance	**$ (9,922)**	**(8,394)**

(6) Actuarial assumptions

	12.31.2019	12.31.2018
Discount rate	0.75%	1.00%
Future salary increase rete	2.00%	2.00%

The Consolidated Company expects to pay appropriated amount NT$688 thousand to defined benefit plan within 1 year after report day of 2019.

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

(7) Sensitivity Analysis

	Impact to defined benefit obligation	
	Increase 0.25%	Increase 0.25%
December 31, 2019		
Discount rate (change 0.25%)	$ (1,183)	1,231
Future wage increase (change 0.25%)	1,213	(1,172)
December 31, 2018		

Discount rate (change 0.25%)	(1,141)	1,189
Future wage increase (change 0.25%)	1,175	(1,133)

2. Defined contribution plans

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

As of 2018 and 2017, the Consolidated Company actual appropriated pension expense is NT$20,126 thousand and NT$18,722 thousand, respectively. The amount has already been appropriated to Bureau of Labor Insurance.

(XVII) Income Tax

1. Income tax expense

	2019	2018
Current income tax expenses		
Current generated	$ 71,911	263,049
Overestimate (underestimate) of previous income tax	(27,790)	17,209
Land value increment tax	78,417	1,452
Additional 10% Surtax on Undistributed Retained Earnings	101,003	127,885
	223,541	409,595
Deferred income tax expenses (profits)		
Change in income tax rate	-	(137,898)
Temperate differences happened and reversal	30,622	35,647
	30,622	(102,251)
Income tax expenses	**$ 254,163**	**307,344**

2. Income tax expenses (profits) recognized under other comprehensive income

	2019
Items not reclassified to profit and loss:	
Realized profit and loss from investment of equity tool at fair value through other comprehensive income	$ 164,770
Income tax expenses (under retained earnings)	**$ 164,770**

3. Adjustments for income tax expense and income before tax:

	2019	2018

Income before tax	$ 2,624,505	2,598,818
Income tax calculated at the domestic tax rate	524,901	519,764
Income exempted and dividend revenues	(365,760)	(186,031)
Investment profits and losses under equity method	10,458	8,448
Restoration of temporary management fee received in advance	(2,409)	(5,949)
Overestimated income tax for the previous period	(27,790)	17,209
Change in income tax rate	-	(137,898)
Land appreciation tax	78,417	1,452
10% of undistributed surplus tax	101,003	127,885
Others	(64,657)	(37,536)
	$ 254,163	**307,344**

4. Deferred tax assets and liabilities

(1) Unrecognized deferred tax assets and liabilities

	12.31.2019	**12.31.2018**
Temporary differences associated with investments in subsidiaries aggregated amount	**$ (65,122)**	**(14,471)**
Amount not recognized as deferred tax (assets) liabilities	**$ (13,024)**	**(2,894)**

(2) Unrecognized deferred tax assets

	12.31.2019	**12.31.2018**
Deductible temporary differences	$ 889	889
Tax loss	8,697	18,847
	$ 9,586	**19,736**

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

Ended December 31, 201, the Consolidated Company has not yet recognized as tax loss deferred tax asset, net of its period as follows:

Deductible Year	Losses yet to be deducted	Last Deductible Year
Authorized loss in 2011	$ 101	2021
Authorized loss in 2012	15	2022
Authorized loss in 2013	16	2023
Authorized loss in 2014	16	2024
Authorized loss in 2015	6,954	2025
Authorized loss in 2016	6,399	2026
Authorized loss in 2017	6,158	2027
Authorized loss in 2018	12,657	2028
Authorized loss in 2019	11,170	2029
	$ 43,486	

(3) Recognized deferred tax assets and liabilities

Deferred income tax liabilities:

	Goodwill and trademark amortization	Other	Total
January 1, 2019	$ 12,454	3,665	16,119
Debit (credit) to income statement	(12,454)	-	(12,454)
December 31, 2019	**$ -**	**3,665**	**3,665**
January 1, 2018	$ 15,879	3,115	18,994
Debit (credit) to income statement	(3,425)	550	(2,875)
December 31, 2018	**$ 12,454**	**3,665**	**16,119**

Deferred tax assets:

	Cemetery Revenue	Contract Revenue	Other	Total
January 1, 2019	$ 658,773	120,366	120,656	899,795
(Debit) credit to income statement	(27,505)	(7,267)	(8,304)	(43,076)
December 31, 2019	**$ 631,268**	**113,099**	**112,352**	**856,719**
January 1, 2018	$ 622,472	104,162	79,266	805,900
(Debit) credit to income statement	36,301	16,204	46,871	99,376
Lost in control over subsidiaries	-	-	(5,481)	(5,481)

December 31, 2018	**$ 658,773**	**120,366**	**120,656**	**899,795**

The Company's income tax returns have been audited by the tax authorities up to 2017, except 2015.

(XVIII) Capital and Other Equity

The Company's authorized capital was NT$6,000,000 thousand for 600,000 thousand shares to be issued at NT$10 Par, and 420,084 thousand common stock shares issued as of December 31, 2019 and 2018 respectively.

1. Issuance of Ordinary shares

The Company resolved in special shareholders' meeting on January 25, 2017 to authorize the Board of Directors to increase paid- up capital and issue ordinary shares through private placement but not exceeding 21,000 thousand shares within a year after the interim. The Company has resolved after meeting of the Board of Directors to issue 21,000 thousand ordinary shares through private placement at NT$62.1 per share, and NT$10 par, so the total is NT$1,304,100 thousand. March 29, 2017 is the date of capital increase, related regulated registration procedures have been completed.

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

2. Additional paid-in capital

	12.31.2019	12.31.2018
Stock premium	$ 2,486,172	2,486,172
Difference between disposal price and book value of subsidiaries' equity	20,972	20,972
Recognition changes in net equity of subsidiaries	2,849	2,849
Stock option for convertible bonds issued	9,961	9,961
Total	**$ 2,519,954**	**2,519,954**

According to the Company Law amended in January 2012, additional paid-in capital must be applied to make up losses with priority before distributing new

shares or cash to shareholders proportionally to their shareholding ratio. The realized additional paid-in capital referred to above includes stock premium and bestowed income received. According to the Regulations Governing the Offering and Issuance of Securities by the Issuer, the additional paid-in capital that can be capitalized annually shall not exceed 10% of the total paid-in capital.

3. Retained earnings

According to the Company's Articles of Incorporation, the total annual earnings, if any, should be applied to pay tax, make up losses of prior years, then appropriated 10% legal reserve; however, this restriction does not apply in the event that the amount of the accumulated legal reserve equals or exceeds the Company's total capital stock, and if necessary, appropriated special reserve, the remaining amount thereafter, if any, is deposited as retained earnings partially and the rest amount is allocated as follows; the remains except appointment of dividends, along with undistributed earnings at the beginning of the period, the Board shall proposed distribution plan and resolved by the shareholders' meeting.

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

(1) Legal reserve

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

(2) Special reserve

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

subsequently can be distributed as earnings.

(3) Distribution of earnings

The Company's distribution of 2018 earnings was resolved in the general shareholders' meeting on May 31, 2019, and the Company's distribution of 2017 earnings was resolved in the general shareholders' meeting on June 20, 2018. The distribution of dividends to shareholders is as follows:

	2018		2017	
	Dividend per share (NT$)	Amount	Dividend per share (NT$)	Amount
Dividends distributed to common stock shareholders:				
Cash	$ 3.00	1,260,253	2.50	1,050,210

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
January 1, 2019	$ (24,815)	713,268	688,453
The Consolidate Company	(21,275)	2,610,527	2,589,252
Reclassification of profits and losses from disposal of overseas operating entities	377	-	377
Exchange difference of affiliate company using equity method	(8,830)	-	(8,830)
Disposal of equity tools at fair value through other comprehensive income	-	(3,425,948)	(3,425,948)
Balance on December 31, 2019	$ (54,543)	(102,153)	(156,696)

	Exchange differences from the translation of foreign institution's financial statements	Investments at fair value through other comprehensive income	Available-for-sale investment	Total
January 1, 2018	$ (13,825)	-	472,440	458,615
Retrospective adjustment due to new accounting standard	-	264,279	(472,440)	(208,161)
Re-estimated balance on January 1, 2018	(13,825)	264,279	-	250,454
The Consolidate Company	34,825	436,647	-	471,472

Exchange difference of affiliate company using equity method	(45,815)	-	-	(45,815)
Disposal of equity tools at fair value through other comprehensive income	-	12,342	-	12,342
Balance on December 31, 2018	$ (24,815)	713,268	-	688,453

5. Non-controlling equity

	2019	2018
Balance at beginning of period	$ 1,490,620	1,377,297
Non-controlling equity		
Net profit of non-controlling equity	67,471	110,939
Financial assets measured at fair value through other comprehensive income	3,368	2,384
Equity changes to subsidiaries	3,531	-
Acquisition of shares of subsidiaries to non-control equity	(67,100)	-
Balance at end of period	$ 1,497,890	1,490,620

(XIX) Earnings per share

	2019	2018
Basic earnings per share		
Net income attributable to the Consolidated Company's common stock shareholders:	$ 2,302,871	2,180,535
Weighted average outstanding common stock shares	420,084	420,084
	$ 5.48	5.19
Diluted earnings per share		
Net income attributable to the Consolidated Company	$ 2,302,871	2,180,535
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		
Convertible Bond	41,682	41,012
Net income attributable to the Consolidated Company's common stock shareholders (after adjusting the potential dilutive effect of the common stock shares)	$ 2,344,553	2,221,547
Weighted average outstanding common stock shares	420,084	420,084
The impact of common stock shares with potential dilutive effect of the weighted average outstanding common stock shares		
The impact of stock bonus to employees	470	517
The impact of convertible bond	55,097	52,496
Weighted average outstanding common stock shares (after	475,651	473,097

adjusting the potential dilutive effect of the common stock shares)

	$ 4.93	4.70

(XX) Revenues from Contracts with Customers

1. Details of revenues

	2019					
	Sales of columbarium and cemetery	Funeral services	Property leasing	Cemetery operation and others	Construction(*)	Total
Main market area:						
Taiwan	$ 1,666,937	1,601,340	172,635	211,042	907,394	4,559,348
Revenues recognized at:						
Goods or services that are transferred at a certain point in time	$ 1,666,937	1,601,340	172,635	211,042	907,394	4,559,348

*Including net income from disposal of investment properties totaled NT$834,167 thousand and sales revenues from sale of building for sale totaled NT$73,227 thousand.

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

2. Outstanding contract amount

	12.31.2019	12.31.2018	1.12018
Account receivables and note receivables	$ 9,542,045	9,545,102	9,545,089
Less: allowance	(76,870)	(60,875)	(53,313)
Unrealized interests revenues	(735,753)	(729,486)	(747,120)
Total	$ 8,729,422	8,754,741	8,744,656
Contract liabilities – presale of columbarium and cemetery products and contracts of funeral services	$ 38,958,476	3,755,020	37,910,301
Contract liabilities – prepaid from sale of building	$ 41,269	-	-

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

NT$2,381,381 thousand and NT$3,537,547 thousand of the contract liabilities balance on January 1, 2019 and 2018 has been recognized as revenues during the year 2019 and 2018.

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

(XXI) Remuneration to Employees, Directors, and Supervisors

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

The Company's remuneration to employees as of the year 2019 and 2018 were NT$26,020 thousand and NT$24,673, and the remuneration to directors and supervisors were NT$52,040 thousand, NT$49,345 thousand. The estimated basis is that after-tax net income of the specific period before deducting the remuneration to employees and directors multiplied by the distribution ratio of the Company's Articles of association, and is reported as operating expense during the period. When there is difference between the actual and estimated distribution amount in the next year, it will be conducted based on changes in accounting estimates, and recognized as profit or loss in the next year. If the Board resolves to pay stocks as employee remuneration, the calculation basis of the number of stock remuneration is in accordance with the closing price of the common stock on the day before the Board resolution.

In 2018 and 2017, the allowance amount of the remuneration to employees and directors and supervisors of the Consolidated Company had no difference with the actual apportion. For more information please refer to M.O.P.S.

(XXII) Net Other Gains or Losses

	2019	2018
Interest income	$ 177,094	184,655
Marketing expenses	(37,757)	(39,037)
Management fees income	181,670	204,602
Management fees expenses	(181,670)	(204,602)

	$ 139,337	**145,618**

(XXIII) Non-operating Income and Expense

1. Other income

	2019	2018
Interest income	$ 109,958	93,106
Dividend income	332,984	232,871
Fee income	10,890	12,291
Fines income	71,842	56,275
Other income	72,781	38,811
	$ 598,455	**433,354**

2. Other profit and loss

	2019	2018
Foreign exchange gain (loss)	$ (39,066)	50,108
Gains (losses) from disposal of financial assets at fair value through other comprehensive income	1,318	(27,734)
Net gains from net financial assets measured at fair value through income and loss	75,311	(12,347)
Gains (losses) from disposal of investment under equity method	2,331	(6,924)
Disposal of property, plant, and equipment	2,534	(1,780)
Disposal of investment property	-	525
Disposal of other non-current asset	-	347,626
Impairment loss	-	(5,940)
Other income (expense)	(978)	(5,257)
	$ 41,450	**338,277**

3. Financial cost

	2019	2018
Interest expense	$ 20,019	32,007
Amortization for discount on cooperate bond	52,103	51,266
	$ 72,122	**83,273**

(XXIV) Financial Instruments

1. Types of financial instruments

(1) Financial assets

	12.31.2019	12.31.2018

Financial assets at fair value through income and loss	$	9,717,723	1,527,182
Financial assets at fair value through other comprehensive income		4,543,340	10,048,850
Financial assets carried at amortized cost		1,463,240	1,017,051
Financial assets carried at amortized cost (lending and receivables):			
Cash and cash equivalent		231,964	194,002
Notes receivable and accounts receivable		8,729,422	8,754,741
Other financial assets (current & non-current)		3,037,954	2,169,263
Sub-total		11,999,340	11,118,006
Total	**$**	**27,723,643**	**23,711,089**

(2) Financial liabilities

		12.31.2019	**12.31.2018**
Financial liabilities carried at amortized costs:			
Short term loans	$	154,300	3,165,300
Note, account and other payables		1,075,964	1,062,094
Corporate bond payable (due within one year)		3,243,019	3,190,916
Leasing liabilities		38,318	-
Guarantee deposit		44,135	71,542
Total	**$**	**4,555,736**	**7,489,852**

2. Credit risks

(1) Credit risk exposure

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

(2) Concentration of credit risk

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

(3) Credit risks of account receivables and liabilities securities

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

Those mentioned above are all financial assets with low risks, thus the expected twelve-month credit loss amount is allied to evaluate the allowance during the reporting period (for details of how the Consolidated Company judges the credit risk, please refer to Note 4 (7)). Changes of allowance during 2019 and 2018 are as follows:

	Other receivables
January 1, 2019	$ 22,745
Impairment loss	-
December 31, 2019	**$ 22,745**
January 1, 2018	$ 22,745
Impairment loss	-
December 31, 2018	**$ 22,745**

3. Liquidity risk

	Book value	Contract Cash flow	6 months Within	6-12 months	1-2 years	2-5 years	Over 5 years
December 31, 2019							
Non-derivative financial liabilities							
Floating rate instruments	$ 154,300	154,300	154,300	-	-	-	-
Fixed rate instruments	3,243,019	3,243,019	3,243,019	-	-	-	-
Leasing liabilities	38,318	38,318	6,749	6,749	13,498	11,322	-
No interest-bearing liabilities	1,120,099	1,120,099	1,120,099	-	-	-	-
	$ 4,555,736	**4,555,736**	**4,524,167**	**6,749**	**13,498**	**11,322**	**-**
December 31, 2018							
Non-derivative financial liabilities							
Floating rate instruments	$ 3,165,300	3,165,300	3,165,300	-	-	-	-
Fixed rate instruments	3,190,916	3,190,916	-	-	3,190,916	-	-
No interest-bearing liabilities	1,133,636	1,133,636	1,133,636	-	-	-	-
	$ 7,489,852	**7,489,852**	**4,298,936**	**-**	**3,190,916**	**-**	**-**

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

4. Exchange rate risks

(1) Exposure to exchange rate risks

	12.31.2019			12.31.2018		
	Foreign currency	Exchange rate	New Taiwan Dollar	Foreign currency	Exchange rate	New Taiwan Dollar
Financial assets						
Monetary items						

RMB/NTD	$ 18,409	4.294	79,055	17,144	4.452	76,327
RMB/USD	250	0.143	1,074	250	0.450	1,111
USD/NTD	47,670	30.106	1,435,156	39,718	30.733	1,229,661
JPY/NTD	100,670	0.276	27,795	95,918	0.279	26,742
HKD/NTD	26,428	3.857	101,921	21,875	3.902	85,343
SGD/NTD	13,725	22.285	305,872	21,503	22.420	482,094
AUD/NTD	8,730	21.089	184,100	106	21.54	2,288
Non-monetary items						
JPY/NTD	156,160	0.276	43,116	155,840	0.279	43,448
USD/NTD	26,124	30.106	786,494	20,937	30.732	643,446
HKD/NTD	180,303	3.857	695,356	78,402	3.902	305,886
SGD/NTD	3,346	22.285	74,571	1,831	22.420	41,056

(2) Sensitivity analysis

The Consolidated Company's exchange rate risk is mainly from foreign currency denominated cash and cash equivalent and financial assets measured at fair value through profit or loss. Foreign exchange gain and loss arises from the translation. When the exchange rate of the Consolidated Company's functional currency against main foreign currency depreciated or appreciated by 10% (the analysis of two terms is completed by using the same basis, and assuming all other variables held constant) of year 2019 and 2018, the net income was increased or decreased by NT$190,176 thousand and by NT$162,673 thousand, and the comprehensive income will increase or decrease NT$108,585 thousand and by NT$71,599 thousand, respectively.

Due to the variety of the Consolidated Company's functional currencies, the exchange gain or loss of currency items are disclosed in summary. For the year 2019 and 2018, the foreign currency exchange gain (loss) was NT$(39,066) thousand and NT$50,108, respectively.

5. Interest rate analysis

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

The following sensitivity analyzes are based on the interest rate risk exposure of the derivative and non-derivative instruments on the reporting date. The analysis of

floating rate liabilities is by assuming the outstanding liability amount on the reporting date stays outstanding the entire year. In addition, interest rate is assessed within the reasonable and possible range of change. If interest rate is increased or decreased by 0.5%, with all other variables held constant, the Consolidated Company's net income for 2019 and 2018 is going to decreased or increased by NT$617 thousand and NT$12,661 thousand, respectively.

6. Fair value

(1) Financial instruments category and fair value

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

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

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

No financial assets and liabilities of each hierarchy were transferred during 2019 and

2018.

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

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

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

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

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

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

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

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

the fair value.

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

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

(4) Details of changes in Class III

	Financial assets at fair value through other comprehensive income (available-for-sale) financial assets)		
	Equity instrument without public prices	Bonds	Total
January 1, 2019	$ 8,882	-	8,882
December 31, 2019	$ 8,882	-	8,882
January 1, 2018	$ 18,992	-	18,992
Total profits or losses			
Recognized as profit or loss	(5,940)	-	(5,940)
Liquidation	(3,277)	-	(3,277)
Return of capital reduction	(893)	-	(893)
December 31, 2018	$ 8,882	-	8,882

Total profits or losses mentioned above were recognized as "unrealized gains (losses) from financial assets at fair value through other comprehensive income". Among which related asset still held as of December 31, 2019 and 2018 are:

	2019	2018
Total profits or losses		
Recognized in other comprehensive income (recognized as "unrealized gains (losses) from financial assets at fair value through other comprehensive income")	$ -	-

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

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

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

Information of significant unobservable inputs are quantified in below table:

Item	Measurement method	Significant unobservable input	Relation between significant unobservable input and fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	· P/E ratio (14.35 and 20.92 as of December 31, 2019 and 2018)	·The higher the multiplier and ownership premium, the higher the fair value
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Comparable to the Company Act for listed company	·P/B ratio (1.77 and 1.46 as of December 31, 2019 and 2018)	Same as above
Financial assets at fair value through other comprehensive income – investment in equity instrument without active market	Net assets value method	· Net asset value	Not applicable

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

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

	Change in fair value reflected in current net income	Change in fair value reflected in current other comprehensive income

	Input parameter	Upward or downward change	Favorable change	Unfavorable change	Favorable change	Unfavorable change
December 31, 2019						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	329	(329)
Investment in equity instruments without active market	P/B ratio	10%	-	-	745	(745)
December 31, 2018						
Financial assets at fair value through other comprehensive income						
Investment in equity instruments without active market	P/E ratio	10%	-	-	444	(444)
Investment in equity instruments without active market	P/B ratio	10%	-	-	541	(541)

(XXV) Financial Risk Management

1. Summary

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

(1) Credit risk

(2) Liquidity risk

(3) Market risk

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

2. Risk management structure

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

training, management guidelines, and operating procedures develops a disciplined and constructive controlled environment to help all employees understand their roles and obligations.

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

3. Credit risk

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

(1) Accounts receivable and other receivables

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

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

(2) Investment

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

therefore, there is no significant credit risk.

(3) Guarantees

The Consolidated Company regulated by the company policies can only provide financial guarantee to the business-related companies. The Consolidated Company offers no endorsement and guarantee to non-subsidiary as of December 31, 2019 and 2018.

4. Liquidity risk

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

The Consolidated Company's unused loan facilities amounted to NT$5,003,700 thousand and NT$3,302,700 thousand as of December 31, 2019 and 2018.

5. Market risk

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

(1) Exchange rate risk

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

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

(2) Interest rate risk

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

interest rate.

(XXVI) Capital management

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

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

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

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

	12.31.2019	12.31.2018
Total liabilities	$ 45,172,957	46,820,315
Less: Cash and cash equivalent	(231,964)	(194,002)
Net liabilities	44,940,993	46,626,313
Total equity	18,435,961	14,982,373
Adjusted capital	**$ 63,376,954**	**61,608,686**
Debt to equity ratio	**70.91%**	**75.68%**

The Consolidated Company's capital management method has not been changed as of December 31, 2017 and 2016. Decrease in debt to equity ratio is mainly due to disposal of financial assets at fair value through other comprehensive income and repayment of short-term debt.

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

	2019	2018
Investment in debt instrument at fair value through other comprehensive income		
Net changes in fair value of current year	$ 62,988	(56,674)
Net change in fair value re-categorized to profits and losses	3,444	14,470
Net change in fair value recognized in other comprehensive income	**$ 66,432**	**(42,204)**

VII. RELATED PARTY TRANSACTIONS

(I) Related Parties' Names and Relations

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

Related Parties	Relations with the Consolidated Company
Lung Ting Life Science Co. Ltd.	Related party (Affiliated Company before August 13, 2019)
Xin Wei International Leasing Co. Ltd.	No longer a related party from June 20, 2018)
Fuyuan International Development Co. Ltd.	The chairman of Fuyuan is the director of the Company
Fuyang Development Co., Ltd	Director of Subsidiary (no long a related party from January 11, 2019)
Creative Space Design Co. Ltd.	Affiliated Company of the Company (no longer a related party from August. 2018)
Fe Huei Cp., Ltd	Related party
Other natural person	Major administrator of the Consolidated Company

(II) Significant Transaction between Related Parties

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

1. Purchase from related party

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

	Purchase		Payable to related parties	
	2019	2018	2018	2017
Other related party (originally a affiliate company)	$ -	587	-	9

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

2. Lease

(1) Lessee

The Consolidated Company lease real estate from other related party with a leasing contract for five years at a comparable price in February 2014. The leasing expense for 2018 was NT$6,109 thousand. The leasing transaction was recognized as use

right assets of NT$18,634 thousand and leasing liabilities of NT$18,364 thousand when the IFRS 16 first applied on January 1, 2019. Interest expense of NT$71 was recognized for 2019. The leasing liabilities was NT$12,591 as of December 31, 2019.

The Consolidated Company leases transport equipment from the related party, and the rental expense for the year 2019 and 2018 were NT$0 thousand and NT$34 thousand respectively.

(2) Lessor

The Consolidated Company rents office building and parking space to the related party, and the rental income for the year 2019 and 2018 were NT$0 thousand and NT$34 thousand.

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

3. Others

(1) Other payable

	12.31.2019	12.31.2018
Other related parties	$ -	57

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

	12.31.2019	12.31.2018
Other related parties	$ -	557

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

	12.31.2019	12.31.2018
Other related parties	$ 1,070	961

(4) Management fees

	2019	2018
Other related parties	$ 442	553

4. Acquisition of other assets

(1) The Consolidated Company acquired other assets from related parties at below price:

Type of related party	Item	2019	2018
Affiliated company and other related party	Fixed assets	$ -	771

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

(3) The Consolidated Company acquired shares of Lung Fu Co., Ltd. For 4,710 thousand shares from other related party at NT$47,100 thousand. All payment was paid as of December 31, 2019.

5. Disposal of other assets

The Consolidated Company disposed shareholdings in Lung Ting Life Science Co., Ltd. for 25,970 thousand shares at NT$231,912 thousand. All payment was paid as of December 31, 2019.

6. Trust contract

Part of the Consolidated Company's land is trusted and registered in the name of other related party as of December, 2019. Please refer to Note 6(4) and 6(8) for details.

7. Others

The Consolidated Company commissioned other related party to acquire land for construction for a total price below NT$376,820 thousand as of December 31, 2019 and 2018. The discretionary trustee is to handle the land combination matter on behalf of the Company.

Other related parties purchased products from the consolidated company for a total price at NT$6,107 thousand and NT$6,815 thousand as of December 31, 2018 and 2017, respectively.

(III) Main Manager Transaction

	2019	2018
Benefit for short-term employees	$ 45,249	41,209
Post-employment benefits	1,531	1,371
	$ 46,780	**42,580**

VIII. PLEDGED ASSETS

Assets name	Purpose of collateral	12.31.2019	12.31.2018
Non-current assets to be sold	Guarantee for loans and corporate finance amount	$ -	834,394
Other financial assets - current	Guarantee for mutual investment development and sales	8,832	1,302
Inventories	Guarantee for loans and corporate finance amount	3,163,260	3,162,166
Property, plant, and equipment	Collateral for loan	2,303,429	2,373,297
Investment property	Guarantee for loans and corporate finance	280,993	1,445,300

	amount	
Available-for-sale financial assets – non-current	Collateral for loan	187,124	3,930,200
		$ 5,943,638	11,746,659

IX. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACTUAL COMMITMENTS

(I) Significant Unrecognized Contractual Commitments

1. Unrecognized contractual commitments

	12.31.2019	12.31.2018
Acquisition of columbarium and cemetery	$ -	-
Construction contract	$ 1,891,878	1,269,442

2. Sales of investment properties (under sale of non-current assets)

	12.31.2019	12.31.2018
Total price for signed sales contracts	$ -	2,007,350
Amount collected	$ -	-

3. Pre-sale house contract

	12.31.2019	12.31.2018
Total price for signed sales contracts	$ 56,938	-
Amount collected	$ 41,269	-

4. The Consolidated Company signed the investment contract with the Kaohsiung City Government in July 2018 for the construction and operation of the funeral home located in Dingjin Section, Sanmin District, Kaohsiung City. The construction period is three years and the operation period is 20 years. A fixed development royalty shall be paid upon the agreement of commencement. From the date of operation, a fixed royalty amount plus a fixed percentage of operating profit after tax shall be paid annually. NT$5,560 thousand was paid as development royalty (under intangible assets) in July 2019.

5. In order to expand the Consolidated Company's cemetery business, its Board of Directors has passed the resolution in December 2018 to purchase land located in Hsinwu Section, Taoyuan Ciay from Fuyuan Development Limited at a price NT$172,900 thousand. All payment was paid was of December 31, 2019.

(II) Contingent Liabilities

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

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

(III) Others

1. For enhancing the quality of funeral service and ensuring the ability of performance, the Consolidated Company (referred to as "the principal" hereinafter) had a trust contract signed with Taiwan Industrial Bank Co., Ltd. (referred to as "the trustee" hereinafter) in April 2010. According to the trust contract signed, 75% selling price (tax included) of each pre-need contract sold should be transferred to the trustee, including the delivery and transfer of the trust property. However, the trustee referred

to above was replaced by Chang Hwa Commercial Bank Co., Ltd. on December 28, 2012. In addition, the trust assets as of December 31, 2019 and 2018 are as follows：

		12.31.2019	12.31.2018
Bank deposits (booked as other financial assets – current)			
Demand deposits	$	860,038	828,307
Time deposits		130,000	350,000
Financial assets at fair value through profits or losses - current		1,195,179	1,036,529
Financial assets at fair value through other comprehensive income		3,659,237	2,843,388
Financial assets at amortized costs		1,463,240	1,017,051
Property, plant and equipment (*)		2,206,293	2,206,293
Investment property (*)		1,962,845	1,962,845
	$	**11,476,832**	**10,244,413**

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

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

2. The Consolidated Company has a management fee account setup for the fees collected in a lump sum or periodically from the clients to maintain funeral facilities safety and cleanness, and to organize ceremony activities and internal administration. The management fee account was with a balance of NT$891,890 thousand and NT$853,870 thousand as of December 31 2019 and 2018, respectively; also, it is booked in the "Other financial assets – current."

3. The Company had contracts signed with clients for the sale of columbarium and funeral service as of December 31, 2019 and 2017. The pre-need contract signed and the related deferred marketing expenses are as follows:

		12.31.2019	12.31.2018
Total contract price (booked as contract liabilities)	$	38,566,937	37,522,150
Outstanding proceeds		(7,663,542)	(7,613,138)
Advanced receipts	**$**	**30,903,395**	**29,909,012**
Incremental cost of contract acquisition	**$**	**8,024,093**	**7,910,905**
Expected to be reclassified for more than twelve	**$**	**37,417,766**	**36,137,082**

months

4. Subsidiaries had contracts signed with clients for the sale of columbarium and funeral service as of December 31, 2019 and 2018. The pre-need contract signed and the related deferred marketing expenses are as follows:

	12.31.2019	12.31.2018
Total contract price (booked as contract liabilities)	$ 391,539	232,870
Outstanding proceeds	(43,390)	(17,112)
Advanced receipts	**$ 348,149**	**215,758**
Incremental cost of contract acquisition	**$ 100,146**	**58,429**
Expected to be reclassified for more than twelve months	**$ 335,414**	**178,053**

X. SIGNIFICANT DISASTER LOSS

None.

XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

XII. OTHERS

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

By function / By item	2019				2018			
	Classified as operating costs	Classified as operating expenses	Other (*)	Total	Classified as operating costs	Classified as operating expenses	Other(*)	Total
Employee benefits								
Salary	208,251	277,836	89,975	576,062	220,598	272,520	122,476	615,594
Labor and health insurance	15,867	18,916	7,614	42,397	14,803	15,713	6,696	37,212
Pension	8,516	8,438	3,608	20,562	8,180	7,483	3,310	18,973
Others	6,908	11,827	4,278	23,013	6,686	9,510	3,958	20,154
Depreciation	62,469	67,953	11,752	142,174	62,422	49,329	16,169	127,920
Amortization	-	14,610	1,490	16,100	-	15,989	1,438	17,427

XIII. OTHER DISCLOSURES

(I) Information on significant transactions

The consolidated company should have the following material transactions disclosed as of the year 2019 in accordance with Regulations Governing the Preparation of Financial Reports by Securities Firms:

1. Fund financing to other parties

No.	Creditor	Debtor	Accounting Item	Related Party or Not	Current Maximum	Ending Balance	Amount Used	Interest Rate	Nature of the Financing (**)	Transaction Amount	Reason for the Need of Short-term Financing	Allowance	Collateral		Limitation to Single Debtor(*)	Financing Limitation (*)
1	Yuji Construction Limited Co.	Sande Futian Miaoguo Limited Co.	Other financial asset-current	Not	392,163	362,163	-	3%	1	72,000	For use of working capital	-	Columbarium products owned by the debtor	405,800	665,898	1,331,796
1	Yuji Construction Limited Co.	Sande Futian Miaoguo Limited Co.	Other financial asset-current	Not	420,000	362,163	362,163	3%	1	72,000	For use of working capital	-	Columbarium products owned by the debtor	405,800	665,898	1,331,796

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

Limitation on the total loan amount to other parties: 3,329,489 thousand × 40% = 1,331,796 thousand

Limitation on the loan amount to single debtor: 3,329,489 thousand × 20% = 665,898 thousand

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

Limited to 665,898 thousand

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

i. Parties with business transactions

ii. Parties with need of short-term financing.

2. Guarantees and endorsements provided for other parties

	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	5,530,788	100,000	-	-	-	- %	-	Y	N	N
0	Lungyen Life Service Corp.	Yuji Development Corp.	2	5,530,788	300,000	300,000	27,000	-	1.63%	9,217,981	Y	N	N
0	Lungyen Life Service Corp.	Lung Fu Company Limited	2	5,530,788	300,000	300,000	127,300	-	1.63%	9,217,981	Y	N	N

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

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

i. The Company has business with the receiving parties.
ii. The Company holds directly more than 50% of the common stock of the subsidiaries.
iii. In aggregate, the Company and its subsidiaries hold more than 50% of the investee.

iv. In aggregate, the Company holds directly or its subsidiaries hold indirectly more than 90% of the investee.

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

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

Note 3: Upon the board resolution on December 28, 2018, the maximum amount of endorsements to LungAn has been set to NT$100,000 thousand. Lung An is discharged after a short-form merger on April 1, 2019.

Note 4: Upon the board resolution on December 28, 2018, the maximum amount of endorsements to Yuji has been set to NT$300,000 thousand.

Note 5: Upon the Board resolution on December 28, 2018, the maximum amount of endorsements to Lung Fu has been set 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				Maximum shareholding or funding during the period	Remarks
				Shares/Units in Thousand	Book Value	% of Ownership	Fair Value		
The Company	Yuanta De-Li Money Market Fund	-	Financial assets at fair value through profits and losses - current	43,343	709,528	- %	709,528	- %	Trust
The Company	Yuanta De- Bao Money Market Fund	-	Financial assets at fair value through profits and losses - current	9,794	118,158	- %	118,158	- %	Trust
The Company	Prudential Financial Money Market Fund	-	Financial assets at fair value through profits and losses - current	6,933	110,114	- %	110,114	- %	Trust
The Company	Franklin Templeton Sinoam Money Market Fund	-	Financial assets at fair value through profits and losses - current	9,642	100,078	- %	100,078	- %	Trust
The Company	FSITC Taiwan Money Market	-	Financial assets at fair value through profits and losses - current	5,865	90,103	- %	90,103	- %	Trust
The Company	Evenstar Sub-Fund 1 Segregated Portfolio	-	Financial assets at fair value through profits and losses - current	1	94,181	- %	94,181	- %	Company -owned
The Company	ABG-WTT Fund	-	Financial assets at fair value through profits and losses - current	-	44,648	- %	44,648	- %	Company -owned
The Company	Primavera Capital Fund III L.P.	-	Financial assets at fair value through profits and losses - current	-	103,401	- %	103,401	- %	Company -owned
The Company	CHENG SHIN	-	Financial assets at fair value through profits and losses - current	245	10,241	0.01 %	10,241	0.01%	Company -owned
The Company	Qualcomm	-	Financial assets at fair value through profits and losses - current	13	34,186	- %	34,186	- %	Trust
The Company	CR GAS	-	Financial assets at fair value through profits and losses - current	200	33,012	- %	33,012	- %	Trust
The Company	Jih Sun Money Market Fund		Financial assets at fair value through profits and losses - current	154,024	2,291,514	- %	2,291,514	- %	Company -owned
The Company	FSITC Money Market		Financial assets at fair value through profits and losses - current	726	130,062	- %	130,062	- %	Company -owned
The Company	FSITC Taiwan Money Market		Financial assets at fair value through profits and losses - current	108,112	1,660,925	- %	1,660,925	- %	Company -owned
The Company	CTBC Hwa-win Money Market Fund		Financial assets at fair value through profits and	375,720	4,156,292	- %	4,156,292	- %	Company -owned

			losses - current						
The Company	Millerful No. 1 REIT	-	Financial assets at fair value through other comprehensive income – non-current	29,000	297,250	- %	297,250	- %	Trust
The Company	Chang Hwa Bank	-	Financial assets at fair value through other comprehensive income – non-current	1	20	- %	20	- %	Company -owned
The Company	Stocks of Taiyen	-	Financial assets at fair value through other comprehensive income – non-current	9,493	308,523	4.75 %	308,523	4.75%	Company -owned
The Company	Fubon Financial Holding - Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	1,666	107,124	- %	107,124	- %	Company -owned
The Company	Cathay Financial Holding - Preferred Shares B	-	Financial assets at fair value through other comprehensive income – non-current	1,250	80,000	- %	80,000	- %	Company -owned
The Company	Chinatrust Commercial Bank -Preferred Shares C	-	Financial assets at fair value through other comprehensive income – non-current	833	52,812	- %	52,812	- %	Company -owned
The Company	Fubon Financial Holding - Preferred Shares A	-	Financial assets at fair value through other comprehensive income – non-current	1,100	71,940	- %	71,940	- %	Company -owned
The Company	Cathay Financial Holding - Preferred Shares A	-	Financial assets at fair value through other comprehensive income – non-current	1,500	96,300	- %	96,300	- %	Company -owned
The Company	TAISHIN FINANCIAL HOLDING CO., LTD. Preferred Stock E	-	Financial assets at fair value through other comprehensive income – non-current	485	26,433	- %	26,433	- %	Company -owned
The Company	Sun Life Holding Co Ltd	-	Financial assets at fair value through other comprehensive income – non-current	160	43,116	2.35 %	43,116	2.35%	Company -owned
The Company	Stock of Jiangsu Expressway Company Limited	-	Financial assets at fair value through other comprehensive income – non-current	210	8,650	0.02 %	8,650	0.02%	Trust
The Company	Stock of PetroChina	-	Financial assets at fair value through other comprehensive income – non-current	3,288	59,472	0.01 %	59,472	0.01%	Trust
The Company	Stock of Sands China Limited	-	Financial assets at fair value through other comprehensive income – non-current	450	72,282	0.01 %	72,282	0.01%	Trust
The Company	Stock of China Construction Bank	-	Financial assets at fair value through other comprehensive income – non-current	1,860	48,276	- %	48,276	- %	Trust
The Company	ST.SP	-	Financial assets at fair value through other comprehensive income – non-current	625	46,938	- %	46,938	- %	Trust
The Company	Frasers Logistics & Industrial Trust	-	Financial assets at fair value through other comprehensive income – non-current	1,000	27,633	0.04 %	27,633	0.04%	Trust
The Company	GlaxoSmithKline PLC	-	Financial assets at fair value through other comprehensive income – non-current	36	50,363	- %	50,363	- %	Trust
The Company	National Grid PLC	-	Financial assets at fair value through other comprehensive income – non-current	24	44,904	- %	44,904	- %	Trust
The Company	Electronic Business	-	Financial assets at fair value through other comprehensive income – non-current	166	36,491	0.01 %	36,491	0.01%	Trust
The Company	Preferred stock of HSBC	-	Financial assets at fair value through other comprehensive income – non-current	52	42,081	- %	42,081	- %	Trust
The Company	Preferred stock of AGNC	-	Financial assets at fair value through other comprehensive income – non-current	44	34,627	- %	34,627	- %	Trust
The	Stock of ICBC(Hong	-	Financial assets at fair	1,820	42,114	- %	42,114	- %	Trust

Company	Kong)		value through other comprehensive income – non-current						
The Company	Preferred stock of QTS	-	Financial assets at fair value through other comprehensive income – non-current	24	19,981	- %	19,981	- %	Trust
The Company	Preferred stock of TGP	-	Financial assets at fair value through other comprehensive income – non-current	32	24,796	- %	24,796	- %	Trust
The Company	Preferred stock of VEREIT	-	Financial assets at fair value through other comprehensive income – non-current	20	15,171	- %	15,171	- %	Trust
The Company	Preferred stock of AXIS	-	Financial assets at fair value through other comprehensive income – non-current	51	39,448	- %	39,448	- %	Trust
The Company	Stock of China Molybdenum Co., Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	6,942	89,420	0.18 %	89,420	0.18%	Trust
The Company	Preferred stock of WFC	-	Financial assets at fair value through other comprehensive income – non-current	42	33,002	- %	33,002	- %	Trust
The Company	Stock of Cheung Kong Infrastructure Holdings Limited	-	Financial assets at fair value through other comprehensive income – non-current	210	44,801	0.01 %	44,801	0.01%	Trust
The Company	Stock of 3M	-	Financial assets at fair value through other comprehensive income – non-current	6	29,743	- %	29,743	- %	Trust
The Company	Preferred stock of ETP	-	Financial assets at fair value through other comprehensive income – non-current	94	68,707	- %	68,707	- %	Trust
The Company	Stock of Texas Instruments	-	Financial assets at fair value through other comprehensive income – non-current	10	37,851	- %	37,851	- %	Trust
The Company	Stock of LYB-LyondellBasell Industries	-	Financial assets at fair value through other comprehensive income – non-current	24	69,404	- %	69,404	- %	Trust
The Company	Stock of Bank of Communications	-	Financial assets at fair value through other comprehensive income – non-current	2,030	43,372	0.01 %	43,372	0.01%	Trust
The Company	Stock of Tencent Holdings. Co	-	Financial assets at fair value through other comprehensive income – non-current	59	85,174	- %	85,174	- %	Trust
The Company	Stock of CLP HOLDINGS	-	Financial assets at fair value through other comprehensive income – non-current	94	29,690	- %	29,690	- %	Trust
The Company	Shenzhou International Group Holdings Limited	-	Financial assets at fair value through other comprehensive income – non-current	97	42,389	0.01 %	42,389	0.01%	Trust
The Company	ENN ENERGY	-	Financial assets at fair value through other comprehensive income – non-current	122	39,965	0.01 %	39,965	0.01%	Trust
The Company	Ping An Insurance （Group）Company of China, Ltd.	-	Financial assets at fair value through other comprehensive income – non-current	57	20,246	- %	20,246	- %	Trust
The Company	051 Chailease Holding Company Limited-A	-	Financial assets at fair value through other comprehensive income – non-current	100,286	100,286	- %	100,286	- %	Trust
The Company	081 Chailease Holding Company Limited-A	-	Financial assets at fair value through other comprehensive income – non-current	190,000	190,000	- %	190,000	- %	Trust
The Company	104 Central Bond A5	-	Financial assets at fair value through other comprehensive income – non-current	100,000	105,373	- %	105,373	- %	Trust
The Company	The Export-Import Bank of China CNY Corporate Bond 4.15 20270618	-	Financial assets at fair value through other comprehensive income –	5,000	22,472	- %	22,472	- %	Trust

			non-current						
The Company	Africa Finance Corporate Bond 4.375 20200429	-	Financial assets at fair value through other comprehensive income – non-current	3,000	90,994	- %	90,994	- %	Trust
The Company	ICBC RMB Corp. Bond 4.2 20270119	-	Financial assets at fair value through other comprehensive income – non-current	4,000	17,991	- %	17,991	- %	Trust
The Company	ICBC RMB Corp. Bond 4.5 20281113	-	Financial assets at fair value through other comprehensive income – non-current	5,000	23,138	- %	23,138	- %	Trust
The Company	China Comm Cons Corp. Bond 20200421	-	Financial assets at fair value through other comprehensive income – non-current	1,900	57,301	- %	57,301	- %	Trust
The Company	Saudi Electricity Global - Bond 20230408	-	Financial assets at fair value through other comprehensive income – non-current	2,000	62,201	- %	62,201	- %	Trust
The Company	Saudi Electricity Global - Bond 20240408	-	Financial assets at fair value through other comprehensive income – non-current	1,000	31,802	- %	31,802	- %	Trust
The Company	Qatar Telecom USD corp. Bond 3.25 20230221	-	Financial assets at fair value through other comprehensive income – non-current	3,000	92,228	- %	92,228	- %	Trust
The Company	Standard Chattered USD corp. bond 4.05 20260412	-	Financial assets at fair value through other comprehensive income – non-current	3,000	96,369	- %	96,369	- %	Trust
The Company	Islamic Bank 20210531	-	Financial assets at fair value through other comprehensive income – non-current	3,000	91,508	- %	91,508	- %	Trust
The Company	China Railway USD Bond 20260728	-	Financial assets at fair value through other comprehensive income – non-current	2,500	75,957	- %	75,957	- %	Trust
The Company	Malaysia National Resource Bond 20261019	-	Financial assets at fair value through other comprehensive income – non-current	1,000	30,220	- %	30,220	- %	Trust
The Company	China Cinda USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	1,500	47,294	- %	47,294	- %	Trust
The Company	Huarong USD Bond 20240309	-	Financial assets at fair value through other comprehensive income – non-current	3,000	91,599	- %	91,599	- %	Trust
The Company	DB USD Bond 20200515	-	Financial assets at fair value through other comprehensive income – non-current	3,000	90,326	- %	90,326	- %	Trust
The Company	Société Générale SGD Corp.Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,250	73,999	- %	73,999	- %	Trust
The Company	Société Générale SGD Corp.Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,500	81,720	- %	81,720	- %	Trust
The Company	SANTANDER CENTRAL HISPANO S.A. Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	3,000	91,063	- %	91,063	- %	Trust
The Company	Lloyds Banking Group Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	2,000	42,002	- %	42,002	- %	Trust
The Company	Goldman Sachs Financial Bond	-	Financial assets at fair value through other comprehensive income – non-current	2,000	42,261	- %	42,261	- %	Trust
The Company	Manulife Financial Corporation SGD Bond	-	Financial assets at fair value through other comprehensive income – non-current	750	17,068	- %	17,068	- %	Trust
The Company	Manulife Financial Corporation SGD Bond 20291121	-	Financial assets at fair value through other comprehensive income – non-current	4,000	89,400	- %	89,400	- %	Trust
The	Malaysia Electricity Bond	-	Financial assets at fair	2,000	67,472	- %	67,472	- %	Trust

Company	20281101		value through other comprehensive income – non-current						
The Company	Anheuser-Busch InBev SA USD Bond 20290123	-	Financial assets at fair value through other comprehensive income – non-current	3,000	104,839	- %	104,839	- %	Trust
The Company	China Petroleum & Chemical Corporation Bond 20290808	-	Financial assets at fair value through other comprehensive income – non-current	3,000	90,706	- %	90,706	- %	Trust
The Company	Tencent Holdings. Co Bond 20290411	-	Financial assets at fair value through other comprehensive income – non-current	3,000	97,407	- %	97,407	- %	Trust
The Company	Trans globe Insurance	-	Financial assets at fair value through other comprehensive income – non-current	15	-	0.01 %	-	0.01%	Company -owned
The Company	Stocks of Creative Space Design	-	Financial assets at fair value through other comprehensive income – non-current	396	3,960	9.90 %	3,960	9.90%	Company -owned
The Company	FORTUNE IC FUND I	-	Financial assets at fair value through other comprehensive income – non-current	600	4,030	4.86 %	4,030	4.86%	Company -owned
The Company	Nan Ya Corp. Bond P02 Nan Ya 3B	-	Financial assets at amortized costs –non-current	100,000	105,177	- %	105,177	- %	Trust
The Company	China airline corporate bond	-	Financial assets at amortized costs –non-current	75,000	75,000	- %	75,000	- %	Trust
The Company	Taipower Corporate bond 20231230	-	Financial assets at amortized costs –non-current	150,000	154,110	- %	154,110	- %	Trust
The Company	02 Yang Ming1B 20201101	-	Financial assets at amortized costs –non-current	150,000	151,652	- %	151,652	- %	Trust
The Company	106 Central Bond 4	-	Financial assets at amortized costs –non-current	100,000	100,721	- %	100,721	- %	Trust
The Company	106 Central Bond 9	-	Financial assets at amortized costs –non-current	150,000	149,515	- %	149,515	- %	Trust
The Company	107 Central Bond 7	-	Financial assets at amortized costs –non-current	100,000	99,637	- %	99,637	- %	Trust
The Company	104 Central Bond 12	-	Financial assets at amortized costs –non-current	100,000	101,521	- %	101,521	- %	Trust
The Company	107 Central Bond 7	-	Financial assets at amortized costs –non-current	100,000	101,327	- %	101,327	- %	Trust
The Company	93 Central Bond 9	-	Financial assets at amortized costs –non-current	100,000	110,947	- %	110,947	- %	Trust
The Company	94 Central Bond 3	-	Financial assets at amortized costs –non-current	100,000	108,445	- %	108,445	- %	Trust
The Company	02 China Steel 1B 20230712	-	Financial assets at amortized costs –non-current	100,000	102,746	- %	102,746	- %	Trust
The Company	02 TSMC 2C 20230206	-	Financial assets at amortized costs –non-current	100,000	102,442	- %	102,442	- %	Trust

1. Information regarding securities where the accumulated purchase or sale amounts for the period exceed NT$300 million or 20% of the paid-in capital: None.

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

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

Unit：Thousand NTD

Name of the company	Name of the Property	Disposal date	Acquisition date	Book value	Amount	Payment status	Profit (Loss)	Name of transaction partner	Relationship with the company	Purpose	Price reference	Remark.
The Company	Pacific Commercial Building	108.05.13	11.2014	834,394	1,420,000	Not received yet	519,000,000	Wanhai Lines	None	Asset activation	Valuation report	-

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:

Subject	Security	Accounting Account	Counterparty	Relationship	Beginning Balance		Purchase		Sale				Ending Balance	
					Share	Amount	Share	Amount	Share	Amount	Book Value	Disposal Profit/Loss	Share	Amount(*)
The Company	JIH SUN MONEY MARKET FUN	Financial assets at fair value through profit and loss - current	-	None	-	-	154,024	2,290,000	-	-	-	-	154,024	2,290,000
The Company	FSITC Money Market	Financial assets at fair value through profit and loss - current	-	None	-	-	108,112	1,660,000	-	-	-	-	108,112	1,660,000
The Company	CTBC Hwa-win Money Market Fund	Financial assets at fair value through profit and loss - current	-	None	-	-	641,171	7,088,000	265,451	2,935,000	2,934,402	598	375,720	4,153,598
The Company	Chang Hwa Bank	Financial assets at fair value through other comprehensive income – non-current	-	None	383,810	5,599,293	7,676	-	391,486	9,021,001	5,599,281	3,421,720	1	12

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:

Unit：Thousand NTD

Name of the company	Name of the Property	Disposal date	Acquisition date	Book value	Amount	Payment status	Profit (Loss)	Name of transaction partner	Relationship with the company	Purpose	Price reference	Remark.
The Company	Pacific Commercial Building	108.05.13	11.2014	834,394	1,420,000	Not received yet	519,000,000	Wanhai Lines	None	Asset activation	Valuation report	-

7. Amount of sales amounted to NT$100 million or 20% of paid-in capital or more with related parties:

Name of Company	Name of transaction partner	Relationship	Transaction details				Situation and cause of different transaction condition compared with general transaction		Accountable receivable (payable)		Remark
			Purchase (Sales)	Amount	% of total purchase	Credit period	Unit price	Credit period	Balance	% of Accounts receivable	

					(sales)					(payable)	
The Company	Fuyang Development Ltd.Co	Legal representative	Purchase	173,250	99.20 %	Per contract	-	-	-	-%	

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

9. Engage in derivatives trading: None.

10. Business relationships and significant intercompany transactions:

Number (Note 1)	Name of the Company	Name of the counter-party	Existing relationship with the counter-party (Note 2)	Transaction Details			
				Account name	Amount	Terms of trading	Percentage of the total consolidated revenue or total assets
0	Lungyen Life Service Co.	Yuji Development Co	1	Other financial assets – current	$ 5,809	Equal to transaction with non-related parties	0.01%
0	〃	〃	1	Account payable	41,095	-	0.06%
0	〃	〃	1	Prepayments	20,805	-	0.03%
0	〃	〃	1	Other revenue	40,374	-	0.89%
0	〃	〃	1	Other liabilities-current	21,616	-	0.03%
0	〃	Lung Fu Company Limited	1	Other financial assets – current	2,791	-	0.06%
0	〃	〃	1	Other revenue	8,415	-	0.18%
1	Yuji Development Co.	Lungyen Life Service Co.	2	Account receivable	62,711	-	0.10%
1	〃	〃	2	Advance receipts	20,805	-	0.03%
1	〃	〃	2	Other payable accounts	5,809	-	0.01%
1	〃	〃	2	Management expenses	40,374	-	0.89%
2	Lung Fu Company Limited	Lungyen Life Service Co.	2	Account payable	2,791	-	0.06%
2	〃	〃	2	Management expenses	8,415	-	0.18%

Note 1: Said transactions shall be numbered as follows:

1. "0" for parent company
2. Subsidiaries are numbered from "1"

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

1. Parent company to subsidiaries;
2. Subsidiaries to parent company;
3. Subsidiaries to subsidiarie

(II) Information on investees:

Name of the investor	Name of investee	Location	Major operations	Initial investment (Amount)		Ending balance			Current gain/loss of investees	Current recognized Investment gains and losses	Note
				Ending balance	Last year	Shares	Ratio of shares	Book value			
The Company	Jing Huang Construction Co., Ltd.	Taiwan	Civil engineering	30,033	30,033	2,209	98.20%	(4,045)	98.20%	7,922	Subsidiary
The Company	Yuji Development Corp.	Taiwan	Funeral Service	900,000	900,000	110,723	54.42%	1,789,794	54.42%	147,745	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%	330	80.00%	(71)	Subsidiary

The Company	Sea Dragon Traders Ltd. (BVI)	British Virgin Islands	Investment	1,057,099 (USD34,210)	1,010,536 (USD32,710)	3,421	100.00%	991,977	100.00%	(49,467)	Subsidiary
The Company	Singapore Lungyen Life Services Pte., Ltd	Singapore	Funeral Service	-	11,990 (SGD500)	-	- %	-	- %	16,807	Subsidiary
The Company	Lung Ting Life Science Co., Ltd.	Taiwan	Flower and plant cultivation	-	259,700	-	- %	-	- %	(5,569)	Subsidiary
The Company	Lung An Company Limited	Taiwan	Funeral Service	-	716,656	-	- %	-	- %	(3,374)	Affiliated Company
The Company	RIA AWANA SDN. BHD	Malaysia	Funeral Service	31,454 (MYR3,920)	31,454 (MYR3,920)	3,920	49.00%	29,520	49.00%	813	Affiliated Company
Yuji Development Corp.	Lung Fu Company Limited	Taiwan	Funeral Service	377,800	210,700	37,100	100.00%	282,267	100.00%	(9,876)	Subsidiary
Sea Dragon Traders Ltd. (BVI)	Witty Dragon Limited(BVI)	British Virgin Islands	Investment	165,268 (USD5,264)	165,268 (USD5,264)	5	26.32%	155,650	26.32%	(2,664)	Affiliated Company
Sea Dragon Traders Ltd. (BVI)	Lungyen Cayman Co.Ltd.	Cayman	Investment	910,026 (USD29,500)	863,463 (USD28,000)	2,950	50.00%	760,735	50.00%	(98,515)	Joint-venture

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

Note 2: USD exchange rate: 30.106 (closing) and 30.924 (average)

Note 3: Long An Co., was merged in the Consolidated Company from April 1, 2019.

Note 4: Singapore Lungyen Life Services Pte. Ltd handled settlements in June, 2019 and got approval in October from the authorities.

Note 5: The Consolidate Company disposed 49% shareholdings in Lung Ting Life Science Co,. Ltd. on August 13, 2019.

(III) Information on investment in Mainland China

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

Unit: Thousand NTD/Foreign Currency

China Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of Jan 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of September 30, 2019	Percentage of Ownership	Share of Profits / Losses (Note 2)	Carry Amount as of September 30, 2019	Accumulated Inward Remittance of Earnings as of September 30, 2019
					Outflow	Inflow					
Lungyen Cemetery (Wenzhou) Co. Ltd	Funeral services	1,481,215 USD49,200	Sea Dragon Traders Ltd. (BVI)	863,463 USD28,000	40,643 USD1,350	-	904,470 USD29,350	50.00%	50.00%	(19,070)	-
Long Young Life (China) Holding Co. Ltd.	Investment holding	270,954 USD9,000	Sea Dragon Traders Ltd. (BVI)-	-	-	-	-	50.00%	50.00%	(21,685)	-
Shijiazuang Taifu Cebetery Managenebt Co, Ltd	Cemetery management, construction and sales	73,174 RMB17,041	Sea Dragon Traders Ltd. (BVI)	-	-	-	-	40.00%	40.00%	(1,416)	-

2. Limitation on investment in Mainland China:

Ending balance of the accumulated amount of investment from Taiwan to Mainland China	Investment amount approved by Ministry of Economic Affairs	Limitation on investment in Mainland China in accordance with the provisions of the Investment Commission of Ministry of Economic Affairs (Note 4)
904,470	2,483,745 USD82,500	11,061,577

US Dollar exchange rate: closing rate: 30.106 RMB exchange rate: 4.308

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

(A) Directly engaged in investment in Mainland China

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

(C) Other methods.

Note 2: the current investment income recognized:

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

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

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

2 By the parent company in Taiwan audited financial statements.

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

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

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

XIV. DEPARTMENT INFORMATION

(I) General Information

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

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

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

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

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

	2019						
	Columbarium and cemetery for sale	**Funeral services**	**Property leasing**	**Cemetery operation and others**	**Construction for sales**	**Adjustments and written-off**	**Total**
Income:							
Income from external customers	$ 1,666,937	1,601,340	172,635	211,042	907,394	-	4,559,348
Inter-segment income	29	-	247	-	-	(276)	-
Total income	**$ 1,666,966**	**1,601,340**	**172,882**	**211,042**	**907,394**	**(276)**	**4,559,348**
Interest expenses	**$ -**	-	-	(72,122)	-	-	(72,122)
Depreciation and amortization	**-**	(35,670)	(25,863)	(96,741)	-	-	(158,274)
Portion for profits and losses from affiliated company under equity method and joint venture	**-**	-	-	(52,289)	-	-	(52,289)
Reportable department profits or losses	**$ 764,009**	**409,782**	**83,730**	**618,610**	**748,650**	**(276)**	**2,624,505**
Investment under equity method	$ -	-	-	945,905	-	-	945,905
Reportable department assets	**$ 23,040,524**	**9,660,042**	**3,864,533**	**23,965,056**	**4,688,134**	**(111,481)**	**65,106,808**
Reportable department liabilities	**$ 16,876,358**	**21,626,418**	**40,558**	**6,677,489**	**41,269**	**(89,135)**	**45,172,957**

	2018						
	Columbarium and cemetery for sale	**Funeral services**	**Property leasing**	**Cemetery operation and others**	**Construction for sales**	**Adjustments and written-off**	**Total**
Income:							
Income from external customers	$ 2,910,954	1,630,939	201,315	213,810	-	-	4,957,018
Inter-segment income	2,866	-	4,725	-	-	(7,591)	-
Total income	**$ 2,913,820**	**1,630,939**	**206,040**	**213,810**	**-**	**(7,591)**	**4,957,018**
Interest expenses	$ -	-	-	(83,273)	-	-	(83,273)
Depreciation and amortization	-	(42,985)	(32,605)	(69,757)	-	-	(145,347)
Portion for profits and losses from affiliated company under equity method and joint venture	-	-	-	(42,241)	-	-	(42,241)
Reportable department profits or losses	**$ 1,311,986**	**431,666**	**117,377**	**745,469**	**(89)**	**(7,591)**	**2,598,818**
Investment under equity method							
Reportable department assets	$ -	-	-	1,209,106	-	-	1,209,106
Reportable department liabilities	**$ 17,552,446**	**9,612,615**	**6,459,256**	**25,112,081**	**4,693,174**	**(136,264)**	**63,293,308**
Income:	**$ 16,636,314**	**20,261,395**	**68,343**	**9,968,181**	**-**	**(113,918)**	**46,820,315**

(III) Geographic Information

Geography	**2019**	**2018**
Revenues from external customers:		
Taiwan	**$ 4,559,348**	**4,957,018**
Non-current assets		
Taiwan	**$ 11,523,108**	**11,238,906**

(IV) Major Customers Information

The Consolidated Company had no customer representing at least 10% of net revenue.