

**Sinyi Realty Inc. and Subsidiaries**

**Consolidated Financial Statements as of and for the  
Six Months Ended June 30, 2019 and 2018 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Stockholders  
Sinyi Realty Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Sinyi Realty Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of June 30, 2019 and 2018 and the related consolidated statements of comprehensive income for the three months ended June 30, 2019 and 2018, six months ended June 30, 2019 and 2018, and changes in equity and cash flows for the six months ended June 30, 2019 and 2018. (including summary of significant accounting policy) for the six months then ended. These consolidated financial statements, which are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China, are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

### **Scope**

Except for those described in the following paragraph of basis on qualified conclusion, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Statements". A review consists of inquiries (mainly persons responsible for financial and accounting matters), analytical procedures and other review procedures. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China. Therefore, we may not aware of all material events which can be identified by conducting audit procedures. Accordingly, we do not express such an opinion.

### **Basis of qualified conclusion**

As stated in Note 12 to the consolidated financial statements, some non-significant subsidiaries' financial statements and partial related information mentioned in Note 41 were unreviewed. As of June 30, 2019 and 2018, such subsidiaries' total assets were 19% (\$5,768,433 thousand) and 21% (\$5,986,240 thousand), respectively, of the consolidated assets, and their total liabilities were 11% (\$2,146,336 thousand) and 10% (\$1,796,485 thousand), respectively, of the consolidated liabilities. The total comprehensive income of these subsidiaries were 1% (\$3,466 thousand), and (344%) ((\$112,341) thousand) of consolidated comprehensive income for the three months ended June 30, 2019 and 2018, respectively, and were (2%) ((\$22,974) thousand), and (14%) ((\$82,672) thousand) of consolidated comprehensive income for the six months ended June 30, 2019 and 2018, respectively.

### **Qualified conclusion**

Based on our reviews, except for the effects of adjustments, if any, as might have been required had the financial statements of these non-significant subsidiaries and related information mentioned described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

### **Emphasis of Matter**

As stated in Note 3 to the consolidated financial statements, since 2019, the Company and its subsidiaries adopted and retroactively applied the amended Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued by the Financial Supervisory Commission (FSC) applicable starting from 2019. The Company and its subsidiaries chose not to restate the comparative information of consolidated financial statements. Even so, our review result does not need to be modified in respect of this matter.

The engagement partners on the review resulting in this independent auditors' review report are Wen-Yea Shyu and Kwan-Chung Lai.

July 29, 2019

Notice to Readers

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

*For the convenience of readers, the independent auditors' review report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' review report and consolidated financial statements shall prevail.*

**SINYI REALTY INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2019 (Reviewed)		December 31, 2018 (Audited)		June 30, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 6,976,248	23	\$ 4,551,253	16	\$ 4,462,193	16
Financial assets at fair value through profit or loss - current (Note 7)	587,187	2	4,702,735	16	3,291,869	12
Financial assets at fair value through other comprehensive income - current (Note 8)	881,236	3	785,371	3	826,405	3
Notes receivable (Note 9)	96,190	-	52,755	-	63,149	-
Trade receivables (Note 9)	1,047,849	3	925,560	3	965,016	3
Other receivables (Notes 9 and 36)	44,236	-	47,569	-	53,330	-
Current tax asset	51,987	-	64,742	-	2,910	-
Inventories (Notes 10 and 37)	10,864,726	35	11,054,987	38	11,896,642	42
Other financial assets - current (Notes 11 and 37)	128,831	1	155,706	1	161,566	1
Other current assets (Note 18)	180,034	1	102,142	1	183,896	1
Total current assets	<u>20,858,524</u>	<u>68</u>	<u>22,442,820</u>	<u>78</u>	<u>21,906,976</u>	<u>78</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Note 8)	412,242	1	393,127	1	305,884	1
Investment accounted for using equity method (Note 13)	29,728	-	27,554	-	28,560	-
Property, plant and equipment (Notes 14 and 37)	3,544,786	12	3,553,206	12	3,374,461	12
Right-of-use assets (Note 3,4 and 15)	3,358,738	11	-	-	-	-
Investment properties (Notes 16 and 37)	2,072,170	7	2,083,520	7	2,265,969	8
Intangible assets (Notes 17 and 39)	107,916	-	115,329	1	104,337	-
Deferred tax assets	160,445	-	82,663	-	63,679	-
Refundable deposits	133,556	1	143,620	1	133,597	1
Other non-current assets (Note 18)	2,216	-	2,225	-	4,012	-
Total non-current assets	<u>9,821,797</u>	<u>32</u>	<u>6,401,244</u>	<u>22</u>	<u>6,280,499</u>	<u>22</u>
<b>TOTAL</b>	<u>\$ 30,683,321</u>	<u>100</u>	<u>\$28,844,064</u>	<u>100</u>	<u>\$ 28,187,475</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 19 and 37)	\$ -	-	\$ 748,000	2	\$ 818,000	3
Contract liabilities - current (Note 22 and 27)	241,547	1	694,468	2	842,894	3
Notes payable	2,826	-	643	-	557	-
Trade payable (Note 21)	565,090	2	766,021	3	46,147	-
Other payables (Note 23)	3,094,320	10	2,219,129	8	3,566,202	13
Current tax liabilities	871,965	3	1,153,996	4	540,876	2
Provisions - current (Note 24)	7,598	-	6,322	-	117,633	-
Lease liabilities - current (Note 3,4,15 and 36)	523,749	2	-	-	-	-
Unearned revenue	3,700	-	3,277	-	3,196	-
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 37)	8,816	-	1,507,682	5	1,513,770	5
Other current liabilities (Note 23)	196,337	-	202,879	1	190,789	1
Total current liabilities	<u>5,515,948</u>	<u>18</u>	<u>7,302,417</u>	<u>25</u>	<u>7,640,064</u>	<u>27</u>
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 20)	4,400,000	14	4,400,000	15	2,600,000	9
Long-term borrowings (Notes 19 and 37)	6,026,522	20	5,371,478	19	6,962,600	25
Lease liabilities - non-current (Note 3,4,15 and 36)	2,828,624	9	-	-	-	-
Net defined benefit liabilities - non-current	112,306	1	114,862	1	69,543	-
Guarantee deposits received	38,742	-	43,028	-	54,884	-
Other non-current liabilities (Note 23)	541,371	2	514,141	2	421,282	2
Deferred tax liabilities	34,839	-	33,905	-	17,097	-
Total non-current liabilities	<u>13,982,404</u>	<u>46</u>	<u>10,477,414</u>	<u>37</u>	<u>10,125,406</u>	<u>36</u>
Total liabilities	<u>19,498,352</u>	<u>64</u>	<u>17,779,831</u>	<u>62</u>	<u>17,765,470</u>	<u>63</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)</b>						
Share capital						
Ordinary shares	<u>7,368,465</u>	<u>24</u>	<u>7,368,465</u>	<u>26</u>	<u>7,368,465</u>	<u>26</u>
Capital surplus	<u>63,896</u>	<u>-</u>	<u>64,528</u>	<u>-</u>	<u>64,528</u>	<u>-</u>
Retained earnings						
Legal reserve	2,224,122	7	2,073,664	7	2,073,664	8
Special reserve	240,436	1	40,830	-	40,830	-
Unappropriated earnings	<u>1,170,595</u>	<u>4</u>	<u>1,658,029</u>	<u>6</u>	<u>654,661</u>	<u>2</u>
Total retained earnings	<u>3,635,153</u>	<u>12</u>	<u>3,772,523</u>	<u>13</u>	<u>2,769,155</u>	<u>10</u>
Other equity						
Exchange differences on translating foreign operations	( 536,425 )	( 2 )	( 681,439 )	( 2 )	( 324,841 )	( 1 )
Unrealized gain from financial assets measured at fair value through other comprehensive income	<u>549,164</u>	<u>2</u>	<u>441,003</u>	<u>1</u>	<u>442,272</u>	<u>2</u>
Total other equity	<u>12,739</u>	<u>-</u>	<u>( 240,436 )</u>	<u>( 1 )</u>	<u>117,431</u>	<u>1</u>
Total equity attributable to owners of the Company	<u>11,080,253</u>	<u>36</u>	<u>10,965,080</u>	<u>38</u>	<u>10,319,579</u>	<u>37</u>
<b>NON-CONTROLLING INTERESTS (Note 26)</b>						
	<u>101,716</u>	<u>-</u>	<u>99,153</u>	<u>-</u>	<u>102,426</u>	<u>-</u>
Total equity	<u>11,181,969</u>	<u>36</u>	<u>11,064,233</u>	<u>38</u>	<u>10,422,005</u>	<u>37</u>
<b>TOTAL</b>	<u>\$ 30,680,321</u>	<u>100</u>	<u>\$ 28,844,064</u>	<u>100</u>	<u>\$ 28,187,475</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated July 29, 2019)

## SINYI REALTY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share) (Reviewed, Not Audited)

	Three Months Ended June 30				Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
OPERATING REVENUE (Note 36 and 42)								
Sales revenue	\$ 435,502	13	\$ 54,783	2	\$1,199,044	19	\$ 464,520	9
Service revenue	<u>2,886,042</u>	<u>87</u>	<u>2,568,265</u>	<u>98</u>	<u>5,259,819</u>	<u>98</u>	<u>4,621,426</u>	<u>91</u>
Total operating revenues	<u>3,321,544</u>	<u>100</u>	<u>2,623,048</u>	<u>100</u>	<u>6,458,863</u>	<u>100</u>	<u>5,085,946</u>	<u>100</u>
OPERATING COSTS (Note 10, 28 and 36)								
Cost of sales	241,105	7	36,187	1	667,097	11	290,225	6
Service costs	<u>1,974,377</u>	<u>60</u>	<u>1,890,731</u>	<u>72</u>	<u>3,689,981</u>	<u>57</u>	<u>3,388,457</u>	<u>67</u>
Total operating costs	<u>2,215,482</u>	<u>67</u>	<u>1,926,918</u>	<u>73</u>	<u>4,357,078</u>	<u>68</u>	<u>3,678,682</u>	<u>73</u>
GROSS PROFIT	1,106,062	33	696,130	27	2,101,785	32	1,407,264	27
OPERATING EXPENSES								
Management expenses (Notes 28 and 36)	460,334	14	359,292	14	864,258	13	711,745	14
Expected credit losses (Note 9)	<u>446</u>	<u>-</u>	<u>164</u>	<u>-</u>	<u>3,869</u>	<u>-</u>	<u>8,113</u>	<u>-</u>
Total operating expenses	<u>460,780</u>	<u>14</u>	<u>359,456</u>	<u>14</u>	<u>868,127</u>	<u>13</u>	<u>719,858</u>	<u>14</u>
OPERATING INCOME	<u>645,282</u>	<u>19</u>	<u>336,674</u>	<u>13</u>	<u>1,233,658</u>	<u>19</u>	<u>687,406</u>	<u>13</u>
NON-OPERATING INCOME AND EXPENSES								
Rental income (Note 36)	20,715	1	21,680	1	41,417	1	43,492	1
Dividend income	13,179	-	11,176	-	13,332	-	11,391	-
Interest income (Note 28)	4,434	-	2,210	-	11,797	-	5,881	-
Other gains and losses (Notes 28 and 36)	27,050	1	49,452	2	89,302	1	79,693	2
Finance costs (Notes 28)	( <u>44,614</u> )	( <u>1</u> )	( <u>26,280</u> )	( <u>1</u> )	( <u>92,281</u> )	( <u>1</u> )	( <u>50,029</u> )	( <u>1</u> )
Total non-operating income and expenses	<u>20,764</u>	<u>1</u>	<u>58,238</u>	<u>2</u>	<u>63,567</u>	<u>1</u>	<u>90,428</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	666,046	20	394,912	15	1,297,225	20	777,834	15
INCOME TAX EXPENSE (Notes 4 and 29)	( <u>260,075</u> )	( <u>8</u> )	( <u>138,998</u> )	( <u>5</u> )	( <u>469,766</u> )	( <u>7</u> )	( <u>311,788</u> )	( <u>6</u> )
NET PROFIT FOR THE PERIOD	<u>405,971</u>	<u>12</u>	<u>255,914</u>	<u>10</u>	<u>827,459</u>	<u>13</u>	<u>466,046</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME								
Items that will not be reclassified subsequently to profit or loss:								
Unrealized gain or loss on investments in equity instruments at fair value through other comprehensive income	57,260	2	( 22,364 )	( 1 )	105,740	2	35,399	1
Share of the other comprehensive gain of associates accounted for using the equity method	996	-	( 95 )	-	2,421	-	862	-

(Continued)

	Three Months Ended June 30				Six Months Ended June 30			
	2019		2018		2019		2018	
	Amount	%	Amount	%	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translating foreign operations	<u>( \$ 148,327 )</u>	<u>( 4 )</u>	<u>( \$ 200,815 )</u>	<u>( 8 )</u>	<u>\$ 145,016</u>	<u>2</u>	<u>\$ 71,966</u>	<u>1</u>
Other comprehensive gain(loss) for the period, net of income tax	<u>( 90,071 )</u>	<u>( 2 )</u>	<u>( 223,274 )</u>	<u>( 9 )</u>	<u>253,177</u>	<u>4</u>	<u>108,227</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 315,900</u>	<u>10</u>	<u>\$ 32,640</u>	<u>1</u>	<u>\$ 1,080,636</u>	<u>17</u>	<u>\$ 574,273</u>	<u>11</u>
NET PROFIT ATTRIBUTABLE TO:								
Owner of the Company	\$ 401,990	12	\$ 273,468	11	\$ 824,299	13	\$ 476,831	9
Non-controlling interests	<u>3,981</u>	<u>-</u>	<u>( 17,554 )</u>	<u>( 1 )</u>	<u>3,160</u>	<u>-</u>	<u>( 10,785 )</u>	<u>-</u>
	<u>\$ 405,971</u>	<u>12</u>	<u>\$ 255,914</u>	<u>10</u>	<u>\$ 827,459</u>	<u>13</u>	<u>\$ 466,046</u>	<u>9</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owner of the Company	\$ 311,920	10	\$ 50,196	2	\$ 1,077,474	17	\$ 585,056	11
Non-controlling interests	<u>3,981</u>	<u>-</u>	<u>( 17,556 )</u>	<u>( 1 )</u>	<u>3,162</u>	<u>-</u>	<u>( 10,783 )</u>	<u>-</u>
	<u>\$ 315,900</u>	<u>10</u>	<u>\$ 32,640</u>	<u>1</u>	<u>\$ 1,080,636</u>	<u>17</u>	<u>\$ 574,273</u>	<u>11</u>
EARNINGS PER SHARE (Note 30)								
From continuing operations								
Basic	<u>\$ 0.55</u>		<u>\$ 0.37</u>		<u>\$ 1.12</u>		<u>\$ 0.65</u>	
Diluted	<u>\$ 0.55</u>		<u>\$ 0.37</u>		<u>\$ 1.12</u>		<u>\$ 0.65</u>	

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated July 29, 2019)

(Concluded)

**SINYI REALTY INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company					Other Equity			Total	Non-controlling Interests	Total Equity
	Share Capital		Retained Earnings			Exchange Differences on Translating Foreign Operations	Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets			
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings						
BALANCE AT JANUARY 1, 2018	\$ 6,515,000	\$ 63,896	\$ 1,793,382	\$ -	\$ 2,967,208	\$ (396,805)	\$ -	\$ 355,975	\$ 11,298,656	\$ 131,332	\$ 11,429,988
Effect of retrospective application and retrospective restatement	-	-	-	-	13,949	-	406,011	(355,975)	63,985	-	63,985
BALANCE AT JANUARY 1, 2018 AS RESTATED	6,515,000	63,896	1,793,382	-	2,981,157	(396,805)	406,011	-	11,362,641	131,332	11,493,973
Appropriation of 2017 earnings											
Legal Reserve	-	-	280,282	-	(280,282)	-	-	-	-	-	-
Special Reserve	-	-	-	40,830	(40,830)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)	-	(1,628,750)
Stock dividends distributed by the Company	853,465	-	-	-	(853,465)	-	-	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632	4,368	5,000
Net profit for the six months ended June 30, 2018	-	-	-	-	476,831	-	-	-	476,831	(10,785)	466,046
Other comprehensive income (loss) for the six months ended June 30, 2018, net of income tax	-	-	-	-	-	71,964	36,261	-	108,225	2	108,227
Total comprehensive income (loss) for the six months ended June 30, 2018	-	-	-	-	476,831	71,964	36,261	-	585,056	(10,783)	574,273
Non-controlling Interests	-	-	-	-	-	-	-	-	-	(22,491)	(22,491)
BALANCE AT JUNE 30, 2018	<u>\$ 7,368,465</u>	<u>\$ 64,528</u>	<u>\$ 2,073,664</u>	<u>\$ 40,830</u>	<u>\$ 654,661</u>	<u>\$ (324,841)</u>	<u>\$ 442,272</u>	<u>\$ -</u>	<u>\$ 10,319,579</u>	<u>\$ 102,426</u>	<u>\$ 10,422,005</u>
BALANCE AT JANUARY 1, 2019	\$ 7,368,465	\$ 64,528	\$ 2,073,664	\$ 40,830	\$ 1,658,029	\$ (681,439)	\$ 441,003	\$ -	\$ 10,965,080	\$ 99,153	\$ 11,064,233
Appropriation of 2018 earnings											
Legal Reserve	-	-	150,458	-	(150,458)	-	-	-	-	-	-
Special Reserve	-	-	-	199,606	(199,606)	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(957,900)	-	-	-	(957,900)	-	(957,900)
Actual disposals of interests in subsidiaries	-	(632)	-	-	(3,769)	-	-	-	(4,401)	(599)	(5,000)
Net profit for the six months ended June 30, 2019	-	-	-	-	824,299	-	-	-	824,299	3,160	827,459
Other comprehensive income (loss) for the six months ended June 30, 2019, net of income tax	-	-	-	-	-	145,014	108,161	-	253,175	2	253,177
Total comprehensive income (loss) for the six months ended June 30, 2019	-	-	-	-	824,299	145,014	108,161	-	1,077,474	3,162	1,080,636
BALANCE AT JUNE 30, 2019	<u>\$ 7,368,465</u>	<u>\$ 63,896</u>	<u>\$ 2,224,122</u>	<u>\$ 240,436</u>	<u>\$ 1,170,595</u>	<u>\$ (536,425)</u>	<u>\$ 549,164</u>	<u>\$ -</u>	<u>\$ 11,080,253</u>	<u>\$ 101,716</u>	<u>\$ 11,181,969</u>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated July 29, 2019)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ 1,297,225	\$ 777,834
Adjustments for:		
Depreciation expenses	332,094	65,172
Amortization expenses	17,840	16,617
Net gain on financial assets at fair value through profit or loss	( 68,436 )	( 74,514 )
Finance costs	118,180	97,921
Interest income	( 11,797 )	( 5,881 )
Dividend income	( 13,332 )	( 11,391 )
Share of profit of associates and joint ventures	247	1,422
Loss on disposal of property, plant and equipment	278	399
Gain on disposal of investment properties	( 3,876 )	-
Gain on disposal of investments	-	( 328 )
Allowance for inventory valuation and obsolescence loss	20,195	-
Impairment loss on non-financial assets	1,840	1,135
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	4,270,621	( 87,089 )
Notes receivable	( 43,435 )	( 34,992 )
Trade receivables	( 122,289 )	( 112,016 )
Other receivables	( 1,526 )	( 5,157 )
Inventories	262,026	( 144,333 )
Other current assets	( 77,892 )	( 17,766 )
Other operating assets	-	( 4,488 )
Contract liabilities	( 447,378 )	670,609
Notes payable	2,183	( 1,009 )
Trade payables	( 200,931 )	( 35,282 )
Other payables	( 66,437 )	( 80,337 )
Provisions	1,276	65,265
Unearned revenue	423	432
Other current liabilities	( 6,542 )	( 7,930 )
Other operating liabilities	<u>24,674</u>	<u>40,545</u>
Cash used in operations	5,285,231	1,114,838
Interest received	12,182	5,736
Interest paid	( 134,874 )	( 117,587 )
Income taxes paid	<u>( 815,890 )</u>	<u>( 770,276 )</u>
Net cash generated from operating activities	<u>4,346,649</u>	<u>232,711</u>

(Continued)

**Six Months Ended June 30****2019****2018****CASH FLOWS FROM INVESTING ACTIVITIES**

Capital reduction and refund from financial assets measured at fair value through other comprehensive gains and losses	\$ 4,474	\$ -
Proceeds on acquisition of subsidiary	-	4,740
Payments for property, plant and equipment	( 42,826 )	( 39,720 )
Proceeds on disposal of property, plant and equipment	901	43
Increase in refundable deposits	( 2,698 )	( 2,795 )
Payment for intangible assets	( 9,731 )	( 14,416 )
Payment for investment properties	( 9,200 )	( 5,675 )
Proceeds on disposal of investment properties	18,766	-
Decrease in other financial assets	26,875	15,687
Decrease (Increase) in other non-current assets	9	( 428 )
Dividend received	<u>13,332</u>	<u>11,391</u>
Net cash used in investing activities	( <u>98</u> )	( <u>31,173</u> )

**CASH FLOWS FROM FINANCING ACTIVITIES**

Repayment of short-term borrowings	( 748,000 )	( 790,000 )
Issuance of bonds	-	2,600,000
Repayment of bonds	( 1,500,000 )	( 1,500,000 )
Proceeds from long-term borrowings	6,420,413	7,126,175
Repayment of long-term borrowings	( 5,760,007 )	( 7,087,562 )
Proceeds from guarantee deposits received	-	12,269
Refund of guarantee deposits received	( 4,286 )	-
Refund of lease liabilities	( 268,010 )	-
Acquisition of subsidiaries	( 5,000 )	-
Disposal of subsidiaries	-	( 5,000 )
Changes in non-controlling Interests	<u>-</u>	( <u>22,491</u> )
Net cash generated from (used in) financing activities	( <u>1,864,890</u> )	<u>343,391</u>

**EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES**56,666      17,433

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS      2,424,995      562,362

CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD      4,551,253      3,899,831CASH AND CASH EQUIVALENTS, END OF PERIOD      \$ 6,976,248      \$ 4,462,193

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

(With Deloitte &amp; Touche review report dated July 29, 2019)

(Concluded)

# SINYI REALTY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

SIX MONTHS ENDED JUNE 30, 2019 AND 2018

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

(Reviewed, Not Audited)

---

### 1. GENERAL INFORMATION

Sinyi Realty Inc. (the “Company”) was incorporated in January 1987 and engaged in the operation of a full-service real-estate brokerage business. The head office is situated in Taipei City, Taiwan, Republic of China (ROC). The Company continues to expand by establishing branches in Taiwan and highly focuses on promoting its brand value.

In August 1999, the Securities and Futures Bureau (“SFB”) approved the trading of the Company’s common shares on the over-the-counter (“OTC”) securities exchange in the ROC. In September 2001, the SFB approved the listing of the Company’s shares on Taiwan Stock Exchange (“TSE”).

The consolidated financial statements were presented New Taiwan dollars, the functional currency of the Company.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements had been approved by the board of directors and authorized for issue on July 29, 2019.

### 3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) endorsed and issued into effect by the FSC.

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

- IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both lessee and lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities are recognized on January 1, 2019 for leases currently classified as operating leases with the application of IAS 17. Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities. The Group will apply IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.11% to 5.70%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 1,255,111
Less: Recognition exemption for short-term leases	( <u>10,243</u> )
Undiscounted amounts on January 1, 2019	<u>\$ 1,244,868</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 1,203,841
Add: Adjustments as a result of a different treatment of extension and termination options	2,176,586
Less: Refundable deposits reclassification adjustment	( <u>11,947</u> )
Lease liabilities recognized on January 1, 2019	<u>\$ 3,368,480</u>

### The Group as lessor

The Group does not make any adjustments for leases in which it is a lessor, and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

### Anticipated impact on assets, liabilities and equity

	<b>As Originally Stated on January 1, 2019</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated on January 1, 2019</b>
Right-of-use assets	\$ -	\$ 3,380,427	\$ 3,380,427
Refundable deposits	<u>143,620</u>	<u>(11,947)</u>	<u>131,673</u>
	<u>\$ 143,620</u>	<u>\$ 3,368,480</u>	<u>\$ 3,512,100</u>
Lease liabilities - current	\$ -	\$ 526,765	\$ 526,765
Lease liabilities - non-current	<u>-</u>	<u>2,841,715</u>	<u>2,841,715</u>
	<u>\$ -</u>	<u>\$ 3,368,480</u>	<u>\$ 3,368,480</u>

- b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 2)
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
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY**

- a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations

Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liability.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The principles of preparation of the consolidated financial statements are in line with 2018 consolidated financial statements. See Note 12 and Table 7 and 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. Other significant accounting policies

The accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2018, except for those described below.

1) Retirement benefit costs

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

2) Leases

**2019**

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

**The Group as lessor**

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of

each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

### **The Group as lessee**

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

### **2018**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

All of the Company's lease contracts are operating leases. Rental income and expense from operating leases are recognized as rental revenue and operating expense, respectively, on a straight-line basis over the lease term.

## 3) Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss.

## 5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2018.

## 6. CASH AND CASH EQUIVALENTS

	June 30, 2019	December 31, 2018	June 30, 2018
Cash on hand	\$ 25,041	\$ 26,952	\$ 26,224
Checking accounts and demand deposits	6,864,717	3,739,797	3,376,156
Cash equivalents			
Time deposits with original maturities less than three months	<u>86,490</u>	<u>784,504</u>	<u>1,059,813</u>
	<u>\$ 6,976,248</u>	<u>\$ 4,551,253</u>	<u>\$ 4,462,193</u>

The interest rates of cash in bank at the end of the reporting period were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Interest rates range	0%-2.2%	0%-3.2%	0%-2.10%

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets			
Domestic quoted shares	\$ 7,906	\$ 7,590	\$ 8,342
Mutual funds	42,337	48,308	159,464
Structured financial products	<u>536,944</u>	<u>4,646,837</u>	<u>3,124,063</u>
	<u>\$ 587,187</u>	<u>\$4,702,735</u>	<u>\$ 3,291,869</u>

Structured financial products the Group bought from banks are structured time deposit with the expected yield rates of 0%-4.35%, 0%-4.45% and 0%-5.00% as of June 30, 2019, December 31, 2018 and June 30, 2018, respectively.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Investment in equity instruments at FVTOCI</u>			
<u>Current</u>			
Domestic investments			
Quoted shares	\$ 333,302	\$ 257,668	\$ 256,685
Foreign investments			
Quoted shares	<u>547,934</u>	<u>527,703</u>	<u>569,720</u>
	<u>\$ 881,236</u>	<u>\$ 785,371</u>	<u>\$ 826,405</u>
<u>Non-current</u>			
Domestic investments			
Unlisted shares	\$ 97,580	\$ 88,583	\$ 39,812
Foreign investments			
Unlisted shares	<u>314,662</u>	<u>304,544</u>	<u>266,072</u>
	<u>\$ 412,242</u>	<u>\$ 393,127</u>	<u>\$ 305,884</u>

These investments in equity instruments are not held for trading. Instead, they are held for medium to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as the management believes that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Notes receivable and Trade receivables</u>			
Notes receivable			
At amortized cost			
Gross carrying amount	<u>\$ 96,190</u>	<u>\$ 52,755</u>	<u>\$ 63,149</u>
Notes receivable - operating	<u>\$ 96,190</u>	<u>\$ 52,755</u>	<u>\$ 63,149</u>
Trade receivables			
At amortized cost			
Gross carrying amount	1,071,738	943,461	982,159
Less: Allowance for doubtful accounts	( <u>23,889</u> )	( <u>17,901</u> )	( <u>17,143</u> )
	<u>\$ 1,047,849</u>	<u>\$ 925,560</u>	<u>\$ 965,016</u>
<u>Other receivables</u>			
Receivables from disposal of investment	\$ -	\$ 4,474	\$ 4,595
Interest receivables	890	1,275	626

(Continued)

	June 30, 2019	December 31, 2018	June 30, 2018
Others	\$ 48,614	\$ 47,088	\$ 52,274
Less: Allowance for impairment loss	( 5,268 )	( 5,268 )	( 4,165 )
	<u>\$ 44,236</u>	<u>\$ 47,569</u>	<u>\$ 53,330</u>

(Concluded)

a. Trade receivables

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The refund liability for trade receivables from real estate brokerage service revenue was estimated based on historical experience. Except for collections from real estate agent service rendered to individuals and from sales of real estate, the Group adopted a policy of using other publicly available financial information or its own trading records to rate its major customers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group's exposure and the credit conditions of its counterparties are continuously monitored. Since the Group collected the receivables for providing real estate agent services from Receipts under escrow custody, the uncollectible risk shall be insignificant. On the other hand, the Group generally collected in advance the amount of real estate sold and the real estate shall not transferred or handed over until all the amount are collected. Thus, there would not be trade receivables from transactions of selling real estate.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

<u>June 30, 2019</u>	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Expected credit loss rate	0%-0.5%	0%-0.5%	0%-0.5%	0%-0.5%	50%-100%	
Gross carrying amount	\$ 947,425	\$ 82,595	\$ 72,481	\$ 31,845	\$ 33,582	\$1,167,928
Refund liability (Note)	(38,454)	(5,321)	(4,703)	(1,409)	(326)	(50,213)
Loss allowance (Lifetime ECL)	(300)	(79)	(123)	(159)	(23,228)	(23,889)
Amortized cost	<u>\$ 908,671</u>	<u>\$ 77,195</u>	<u>\$ 67,655</u>	<u>\$ 30,277</u>	<u>\$ 10,028</u>	<u>\$1,093,826</u>

(Continued)

December 31, 2018

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Expected credit loss rate	0%-0.5%	0%-0.5%	0%-0.5%	0%-0.5%	50%-100%	
Gross carrying amount	\$ 800,436	\$ 76,409	\$ 63,149	\$ 21,757	\$ 34,465	\$ 996,216
Refund liability (Note)	(35,470)	(4,039)	(2,666)	(1,493)	(335)	(44,003)
Loss allowance (Lifetime ECL)	(184)	(63)	(237)	(109)	(17,308)	(17,901)
Amortized cost	<u>\$ 764,782</u>	<u>\$ 72,307</u>	<u>\$ 60,246</u>	<u>\$ 20,155</u>	<u>\$ 16,822</u>	<u>\$ 934,312</u>

June 30, 2018

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Expected credit loss rate	0%-0.5%	0%-0.5%	0%-0.5%	0%-0.5%	50%-100%	
Gross carrying amount	\$ 872,259	\$ 65,301	\$ 50,922	\$ 26,675	\$ 30,151	\$1,045,308
Refund liability (Note)	(35,699)	(4,386)	(3,164)	(1,864)	(2,122)	(47,235)
Loss allowance (Lifetime ECL)	(525)	(57)	(234)	(47)	(16,280)	(17,143)
Amortized cost	<u>\$ 836,035</u>	<u>\$ 60,858</u>	<u>\$ 47,524</u>	<u>\$ 24,764</u>	<u>\$ 11,749</u>	<u>\$ 980,930</u>

(Concluded)

Note: The refund liability were recognized under other current liabilities and other non-current liabilities.

The movements of the loss allowance of trade receivables were as follows:

	<b>Six Months Ended June 30, 2019</b>	
	<b>Trade Receivables</b>	<b>Other Receivables</b>
Balance at January 1, 2019	\$ 17,901	\$ 5,268
Add: Net remeasurement of loss allowance	5,827	-
Foreign exchange gains and losses	<u>161</u>	<u>-</u>
Balance at June 30, 2019	<u>\$ 23,889</u>	<u>\$ 5,268</u>

	<b>Six Months Ended June 30, 2018</b>	
	<b>Trade Receivables</b>	<b>Other Receivables</b>
Balance at January 1, 2018 per IAS 39	\$ 8,064	\$ 4,165
Adjustment on initial application of IFRS 9	<u>-</u>	<u>-</u>
Balance at January 1, 2018 per IFRS 9	8,064	4,165
Add: Net remeasurement of loss allowance	9,120	-
Foreign exchange gains and losses	<u>( 41)</u>	<u>-</u>
Balance at June 30, 2018	<u>\$ 17,143</u>	<u>\$ 4,165</u>

b. Other receivables

- 1) Receivables from disposal of investment were the Group's disposal of financial assets measured at cost.
- 2) Other receivables were the payment on behalf of others and rental receivable.

## 10. INVENTORIES

	June 30, 2019	December 31, 2018	June 30, 2018
Properties under development			
Jiading District, Shanghai	\$ -	\$ -	\$ 1,861,392
Binhu District, Wuxi	6,641,781	-	-
Banqiao District, New Taipei City	1,326,291	-	-
Properties to be developed			
Binhu District, Wuxi	-	6,175,692	6,211,343
Banqiao District, New Taipei City	1,237,554	2,440,170	2,413,270
Banqiao District, New Taipei City (for transferable development rights)	170,885	283,360	283,335
Other			
Shilin District, Taipei City	2,113	2,113	2,113
Inventory-merchandise			
Jiading District, Shanghai	1,315,653	1,894,686	734,690
Shilin District, Taipei City	<u>170,449</u>	<u>258,966</u>	<u>390,499</u>
	<u>\$ 10,864,726</u>	<u>\$ 11,054,987</u>	<u>\$ 11,896,642</u>

The cost of inventories recognized as cost of goods sold for the three months ended June 30, 2019 and 2018, six months ended June 30, 2019 and 2018 were \$241,105 thousand, \$36,187 thousand, \$667,097 thousand and \$290,225 thousand, respectively. The cost of goods sold included allowance to reduce inventory to market were \$20,195 thousand in both three months ended June 30, 2019 and six months ended June 30, 2019.

To ensure the smooth completion of the real estate project, Sinyi Development Inc. of the Group entered into trust contracts with banks on the real estate projects. The information of the real estate trust was as follows:

Project Name	Trustee	Trust Period
Sinyi Jia-Ho	Taishin International Bank Co., Ltd.	2017/5/22-2024/5/22
Sinyi Jia-Pin	Taishin International Bank Co., Ltd.	2017/9/30-2024/9/30

In accordance with the trust contract, Sinyi Development Inc. has engaged the trustees taking fund control function, including making progress payments, the payment of taxes, and so on.

Refer to Note 37 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

## 11. OTHER FINANCIAL ASSETS - CURRENT

	June 30, 2019	December 31, 2018	June 30, 2018
Time deposits with original maturity more than three months	\$ 121,570	\$ 148,470	\$ 154,270
Restricted assets - current	<u>7,261</u>	<u>7,236</u>	<u>7,296</u>
	<u>\$ 128,831</u>	<u>\$ 155,706</u>	<u>\$ 161,566</u>

- a. The ranges of interest rates of time deposits with original maturities more than three months were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Time deposits with original maturity more than three months	0.15%-1.15%	0.12%-2.75%	0.12%-2.75%

- b. Restricted assets - current were operating guarantee for real-estate brokerage. Please refer to Note 37.

## 12. SUBSIDIARIES

- a. Subsidiaries included in consolidated financial statements

Those subsidiaries included in the consolidated entities as of June 30, 2019, December 31, 2018 and June 30, 2018 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark	
			June 30, 2019	December 31, 2018	June 30, 2018		
Sinyi Realty Inc.	Sinyi International Limited (Sinyi International)	Investment holding	100	100	100		
	Sinyi Development Inc. (Taiwan Sinyi Development)	Development, construction, rental and sale of residential building and factories	100	100	100		
	Sinyi Limited	Investment holding	100	100	100		
	Sinyi Global Asset Management Co., Ltd. (Sinyi Global)	Real estate brokerage	100	100	100		
	Heng-Yi Intelligent Technology Inc. (Heng-Yi)	Information software, data processing and electronic information providing services	75	75	75		
	Jui-Inn Consultants Co., Ltd. (Jui-Inn)	Management consulting	100	100	100		
	Sinyi Culture Publishing Inc. (Sinyi Culture)	Publication	99	99	99		
	An-Sin Real Estate Management Ltd. (An-Sin)	Real estate management	51	51	51		
	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100	100		
	SIN CHIUN HOLDING SDN. BHD.(SIN CHIUN)	Investment holding	100	100	100		
Sinyi Limited	Sinyi Real Estate Consulting Limited (Sinyi Consulting)	Production of Instructions of real estate	100	100	100		
	Ke Wei HK Realty Limited (Ke Wei HK)	Investment holding	99	99	99		
	Inane International Limited (Inane)	Investment holding	100	100	100		
	Inane	Shanghai Sinyi Real Estate Inc. (Shanghai Sinyi Real Estate)	Real estate brokerage	100	100	100	
	Beijing Sinyi Real Estate Ltd. (Beijing Sinyi)	Real estate brokerage	100	100	100		
	Shanghai Zhi Xin allograph Ltd. (Shanghai Zhi Xin)	Real estate brokerage and management consulting	100	100	100		
	Chengdu Sinyi Real Estate Co., Ltd. (Chengdu Sinyi)	Real estate brokerage and management consulting	-	100	100	Note 1	
	Max Success International Limited (Max Success)	Investment holding	100	100	100		
	Shanghai Sinyi Real Estate	Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	100	100	100	
	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	100	100	100		

(continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			June 30, 2019	December 31, 2018	June 30, 2018	
Shanghai Zhi Xin	Jiaxing Zhi Zheng Real Estate Marketing Planning Inc. (Jiaxing Zhi Zheng)	Real estate marketing planning and management consulting	100	100	100	
	Suzhou Zhi Xin Real Estate Co. Ltd.	Market information consultation and management consulting	100	100	-	
Ke Wei HK	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100	100	
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100	100	
Forever Success	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage and management	100	100	100	
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	100	
	Sinyi Estate Ltd. (Sinyi Estate)	Investment holding	100	100	100	
	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100	100	
Shanghai Shang Tuo	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, buildings, decoration construction, hardware, general merchandise, building materials wholesale	100	100	100	
	Shanghai Chang Yuan Co., Ltd. (Shanghai Chang Yuan)	Property management	100	100	100	
Hua Yun	Lunheng Business Management (Shanghai) Ltd. (Lunheng)	Management consulting	100	100	-	
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	100	
Japan Sinyi	Sinyi Asset Management Co., Ltd. (Japan Management)	Real estate brokerage	100	100	100	
Sinyi Development	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	100	100	
	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	100	
Sinyi Estate	Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)	Construction materials furniture, sanitary ware and ceramic products wholesale	100	100	100	
	Sinyi Estate (Hong Kong) Limited (Hong Kong Sinyi Estate)	Investment holding	100	100	100	
Hong Kong Real Estate	Sinyi Real Estate (Shanghai) Limited	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	100	
Hong Kong Sinyi Estate	Jiu Xin Estate(Wuxi) Limited (Jiu Xin Estate)	Development of commercial and residential building	100	100	100	
Shanghai Sinyi Estate	Xin Yeh Business Administration (Shanghai) Ltd.(Xin Yeh)	Development of commercial and residential building	100	-	-	Note 2
Yowoo Technology	Wu Pu Co.,Ltd. (Wu Pu)	Investment	100	100	100	
	Heng-Yi	Development, construction, rental and sale of residential building and factories	25	-	-	Note 3
Taiwan Sinyi Development	Da-Chia Construction Co., Ltd. (Da-Chia Construction)	Development, construction, rental and sale of residential building and factories	100	100	100	
	Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)	Development, construction, rental and sale of residential building and factories	100	100	100	
SIN CHIUN	FIDELITY PROPERTY CONSULTANT SDN.BHD.( FIDELITY)	Investment holding	49	49	49	
PEGUSUS	PEGUSUS HOLDING SDN.BHD.(PEGUSUS)	Investment holding	100	100	100	
	FIDELITY PROPERTY CONSULTANT SDN.BHD.(FIDELITY)	Real estate brokerage, management and identification	51	51	51	

(concluded)

#### Remark:

Note 1: Chengdu Sinyi has been liquidated in June 2019.

Note 2: Xin Yeh was incorporated in February 2019, with a capital of RMB350,000 thousand, as of June 30, 2019.

Note 3: The Group acquired 25% ownership of Heng-Yi from non-controlling interests through Yowoo Technology in March 2019. Please refer to Note 31.

Note 4: Subsidiaries included in consolidated financial statement: The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those the Company's material subsidiaries such as Sinyi International, Sinyi Development, Hong Kong Real Estate, Shanghai Real Estate, Sinyi Estate, Hong Kong Sinyi Estate, Jiu Xin Estate and Xin Yeh as of and for the six months ended June 30, 2019 and 2018.

b. Subsidiaries excluded from consolidated financial statement: None.

### 13 . INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	June 30, 2019	December 31, 2018	June 30, 2018
Investments in associates	\$ <u>29,728</u>	\$ <u>27,554</u>	\$ <u>28,560</u>

#### Investments In Associates

	June 30, 2019	December 31, 2018	June 30, 2018
Unlisted company			
Sinyi Interior Design Co., Ltd.	\$ 14,895	\$ 12,870	\$ 13,693
Rakuya International Info. Co., Ltd.	<u>14,833</u>	<u>14,684</u>	<u>14,867</u>
	<u>\$ 29,728</u>	<u>\$ 27,554</u>	<u>\$ 28,560</u>

As of the end of the reporting period, the proportion of ownership and voting rights in associates held by the Group were as follows:

Name of Associate	June 30, 2019	December 31, 2018	June 30, 2018
Sinyi Interior Design Co., Ltd.	19%	19%	19%
Rakuya International Info. Co., Ltd.	23%	23%	23%

The Group's management considered investments in associates are not individually material, aggregate information of associates are summarized as follows:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2019	2018	2019	2018
The Group's share of:				
Loss from continuing operations	(\$ 193)	(\$ 999)	(\$ 247)	(\$ 1,422)
Other comprehensive income	<u>996</u>	<u>(95)</u>	<u>2,421</u>	<u>862</u>
Total comprehensive income for the period	<u>\$ 803</u>	<u>(\$ 1,094)</u>	<u>\$ 2,174</u>	<u>(\$ 560)</u>

Even though holding less than 20% of voting rights of Sinyi Interior Design Co., Ltd. the Group is able to exercise significant influence over it. The investment is still accounted for by the equity method.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income (loss) of the investment for the six months ended June 30, 2019 and 2018 were based on unreviewed financial statements. The Group's management believes the unreviewed financial statements of the investees above do not have material impact.

## 14. PROPERTY, PLANT AND EQUIPMENT SELF-USD

	Freehold land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<b>Cost</b>									
Balance at January 1, 2019	\$ 2,833,746	\$ 660,163	\$ 10,654	\$ 388,221	\$ 4,671	\$ 548,513	\$ 87,384	\$ 2,680	\$ 4,536,032
Additions	-	-	-	9,187	-	30,227	126	3,286	42,826
Disposals	-	-	-	( 4,211)	-	( 15,035)	( 30)	-	( 19,276)
Reclassifications	-	-	-	-	-	2,680	-	( 2,680)	-
Effect of foreign currency exchange differences	-	2,408	75	930	-	1,419	-	-	4,832
Balance at June 30, 2019	<u>\$ 2,833,746</u>	<u>\$ 662,571</u>	<u>\$ 10,729</u>	<u>\$ 394,127</u>	<u>\$ 4,671</u>	<u>\$ 567,804</u>	<u>\$ 87,480</u>	<u>\$ 3,286</u>	<u>\$ 4,564,414</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2019	\$ -	\$ 143,941	\$ 5,442	\$ 310,202	\$ 4,671	\$ 442,957	\$ 75,613	\$ -	\$ 982,826
Depreciation expense	-	9,774	520	15,479	-	25,072	2,595	-	53,440
Disposals	-	-	-	( 3,504)	-	( 14,571)	( 22)	-	( 18,097)
Effect of foreign currency exchange differences	-	53	41	561	-	804	-	-	1,459
Balance at June 30, 2019	<u>\$ -</u>	<u>\$ 153,768</u>	<u>\$ 6,003</u>	<u>\$ 322,738</u>	<u>\$ 4,671</u>	<u>\$ 454,262</u>	<u>\$ 78,186</u>	<u>\$ -</u>	<u>\$ 1,019,628</u>
Carrying amounts at June 30, 2019	<u>\$ 2,833,476</u>	<u>\$ 508,803</u>	<u>\$ 4,726</u>	<u>\$ 71,389</u>	<u>\$ -</u>	<u>\$ 113,542</u>	<u>\$ 9,294</u>	<u>\$ 3,286</u>	<u>\$ 3,544,786</u>
<b>Cost</b>									
Balance at January 1, 2018	\$ 2,665,208	\$ 639,680	\$ 6,519	\$ 370,157	\$ 4,671	\$ 526,644	\$ 84,401	\$ -	\$ 4,297,280
Additions	-	-	4,316	12,263	-	20,808	1,252	1,081	39,720
Disposals	-	-	-	( 12,482)	-	( 2,038)	-	-	( 14,520)
Reclassifications	-	-	-	-	-	1,081	-	( 1,081)	-
Acquisition through business combinations	-	-	-	6,626	-	612	-	-	7,238
Effect of foreign currency exchange differences	-	1,375	3	598	-	846	-	-	2,822
Balance at June 30, 2018	<u>\$ 2,665,208</u>	<u>\$ 641,055</u>	<u>\$ 10,838</u>	<u>\$ 377,162</u>	<u>\$ 4,671</u>	<u>\$ 547,953</u>	<u>\$ 85,653</u>	<u>\$ -</u>	<u>\$ 4,332,540</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2018	\$ -	\$ 117,641	\$ 4,668	\$ 290,126	\$ 4,671	\$ 418,082	\$ 69,520	\$ -	\$ 904,708
Depreciation expense	-	9,633	339	21,985	-	25,659	3,324	-	60,940
Disposals	-	-	-	( 12,137)	-	( 1,941)	-	-	( 14,078)
Acquisition through business combinations	-	-	-	5,246	-	555	-	-	5,801
Effect of foreign currency exchange differences	-	( 42)	20	339	-	391	-	-	708
Balance at June 30, 2018	<u>\$ -</u>	<u>\$ 127,232</u>	<u>\$ 5,027</u>	<u>\$ 305,559</u>	<u>\$ 4,671</u>	<u>\$ 442,746</u>	<u>\$ 72,844</u>	<u>\$ -</u>	<u>\$ 958,079</u>
Carrying amounts at June 30, 2018	<u>\$ 2,665,208</u>	<u>\$ 513,823</u>	<u>\$ 5,811</u>	<u>\$ 71,603</u>	<u>\$ -</u>	<u>\$ 105,207</u>	<u>\$ 12,809</u>	<u>\$ -</u>	<u>\$ 3,374,461</u>

The above items of property, plant and equipment were depreciated on a straight-line basis over the following estimated useful lives:

Buildings - main buildings	21-55 years
Transportation equipment	4-5 years
Office equipment	3-5 years
Leased assets	3 years
Leasehold improvements	1-5 years
Other equipment	3-15 years

- There was no interest capitalized during the six months ended June 30, 2019 and 2018.
- Refer to Note 37 for the details of properties, plant and equipment pledged as collaterals.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets - 2019

	<b>June 30, 2019</b>
<u>Carrying amounts</u>	
Buildings	\$ 3,348,520
Office equipment	5,758
Other equipment	<u>4,460</u>
	<u>\$ 3,358,738</u>

	<b>For the Three Months Ended June 30, 2019</b>	<b>For the Six Months Ended June 30, 2019</b>
Additions to right-of-use assets		<u>\$ 300,259</u>
Depreciation charge for right-of-use assets		
Buildings	\$ 139,832	\$ 272,555
Office equipment	805	1,602
Other equipment	<u>350</u>	<u>677</u>
	<u>\$ 140,987</u>	<u>\$ 274,834</u>

### b. Lease liabilities - 2019

	<b>June 30, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 523,749</u>
Non-current	<u>\$ 2,828,624</u>

Range of discount rate for lease liabilities was as follows:

	<b>June 30, 2019</b>
Buildings	1.11%-5.7%
Office equipment	1.28%-5.7%
Other equipment	1.28%-1.29%

### c. Material lease-in activities and terms

The Group leases buildings for the use of offices and retail stores with lease terms of 1 to 20 years. The Group does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Group is prohibited from transferring all or any portion of the underlying assets without the lessor's consent.

### d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property are set out in Notes 16.

2019

	<b>For the Three Months Ended June 30, 2019</b>	<b>For the Six Months Ended June 30, 2019</b>
Expenses relating to short-term leases	\$ 4,345	\$ 15,595
Expenses relating to low-value asset leases	<u>\$ 3,254</u>	<u>\$ 7,512</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities		<u>\$ 291,117</u>

The Group leases buildings which qualify as short-term leases and office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Not later than 1 year	\$ 461,340	\$ 458,067
Later than 1 year and not later than 5 years	786,897	669,810
Later than 5 years	<u>6,874</u>	<u>3,170</u>
	<u>\$ 1,255,111</u>	<u>\$ 1,131,047</u>

**16. INVESTMENT PROPERTIES**

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 1,876,100	\$ 319,835	\$ 2,195,935
Additions	7,694	1,506	9,200
Disposals	<u>(13,607)</u>	<u>(5,854)</u>	<u>(19,461)</u>
Balance at June 30, 2019	<u>\$ 1,870,187</u>	<u>\$ 315,487</u>	<u>\$ 2,185,674</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 10,010	\$ 102,405	\$ 112,415
Impairment loss	-	1,840	1,840
Depreciation expense	-	3,820	3,820
Disposals	<u>(2,721)</u>	<u>(1,850)</u>	<u>(4,571)</u>
Balance at June 30, 2019	<u>\$ 7,289</u>	<u>\$ 106,215</u>	<u>\$ 113,504</u>
Carrying amounts at June 30, 2019	<u>\$ 1,862,898</u>	<u>\$ 209,272</u>	<u>\$ 2,072,170</u>

(Continued)

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2018	\$ 2,029,699	\$ 344,313	\$ 2,374,012
Additions	<u>5,675</u>	<u>-</u>	<u>5,675</u>
Balance at June 30, 2018	<u>\$ 2,035,374</u>	<u>\$ 344,313</u>	<u>\$ 2,379,687</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 7,022	\$ 101,329	\$ 108,351
Impairment loss	1,135	-	1,135
Depreciation expense	<u>-</u>	<u>4,232</u>	<u>4,232</u>
Balance at June 30, 2018	<u>\$ 8,157</u>	<u>\$ 105,561</u>	<u>\$ 113,718</u>
Carrying amounts at June 30, 2018	<u>\$ 2,027,217</u>	<u>\$ 238,752</u>	<u>\$ 2,265,969</u> (Concluded)

The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease receivable under operating leases of investment properties as of June 30, 2019 was as follows:

	<b>June 30, 2019</b>
Year 1	\$ 84,420
Year 2	83,283
Year 3	82,709
Year 4	82,606
Year 5	79,086
Later than 5 years	<u>77,132</u>
	<u>\$ 489,236</u>

The future minimum lease receivable of non-cancellable operating lease commitments as of December 31, 2018 and June 30, 2018 were as follows:

	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Not later than 1 year	\$ 86,134	\$ 85,031
Later than 1 year and not later than 5 years	60,780	100,547
Later than 5 years	<u>10</u>	<u>1,989</u>
	<u>\$ 146,924</u>	<u>\$ 188,367</u>

The investment properties were depreciated on a straight-line basis over the following estimated useful lives:

Buildings - main buildings 30-60 years

The total fair value of the Group's investment properties and property, plant and equipment as of June 30,

2019, December 31, 2018 and June 30, 2018 was \$9,905,719 thousand, \$9,703,340 thousand and \$9,470,432 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers and the fair value was measured by using Level 3 inputs; however, the management of the Group used the valuation model that market participants generally use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings was disclosed in Note 37.

## 17. INTANGIBLE ASSETS

	June 30, 2019	December 31, 2018	June 30, 2018
Franchise (Note 39)	\$ 48,111	\$ 48,749	\$ 49,508
Goodwill	10,513	10,513	-
System software costs	45,125	51,067	54,829
Patent	<u>4,167</u>	<u>5,000</u>	<u>-</u>
	<u>\$ 107,916</u>	<u>\$ 115,329</u>	<u>\$ 104,337</u>

	Franchise	Goodwill	System Software Costs	Patent	Total
<u>Cost</u>					
Balance at January 1, 2019	\$ 93,851	\$ 20,134	\$ 256,019	\$ 5,000	\$ 375,004
Additions	-	-	9,731	-	9,731
Effect of foreign currency exchange differences	<u>1,055</u>	<u>-</u>	<u>408</u>	<u>-</u>	<u>1,463</u>
Balance at June 30, 2019	<u>\$ 94,906</u>	<u>\$ 20,134</u>	<u>\$ 266,158</u>	<u>\$ 5,000</u>	<u>\$ 386,198</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2019	\$ 45,102	\$ 9,621	\$ 204,952	\$ -	\$ 259,675
Amortization expense	1,183	-	15,824	833	17,840
Effect of foreign currency exchange differences	<u>510</u>	<u>-</u>	<u>257</u>	<u>-</u>	<u>767</u>
Balance at June 30, 2019	<u>\$ 46,795</u>	<u>\$ 9,621</u>	<u>\$ 221,033</u>	<u>\$ 833</u>	<u>\$ 278,282</u>
Carrying amounts at June 30, 2019	<u>\$ 48,111</u>	<u>\$ 10,513</u>	<u>\$ 45,125</u>	<u>\$ 4,167</u>	<u>\$ 107,916</u>

<u>Cost</u>					
Balance at January 1, 2018	\$ 90,933	\$ 9,621	\$ 230,520	\$ -	\$ 331,074
Additions	-	-	14,416	-	14,416
Disposals	-	-	( 565)	-	(565)
Acquisition from business combination	-	-	3,530	-	3,530
Effect of foreign currency exchange differences	<u>2,139</u>	<u>-</u>	<u>250</u>	<u>-</u>	<u>2,389</u>
Balance at June 30, 2018	<u>\$ 93,072</u>	<u>\$ 9,621</u>	<u>\$ 248,151</u>	<u>\$ -</u>	<u>\$ 350,844</u>

(Continued)

<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2018	\$ 41,427	\$ 9,621	\$ 176,038	\$ -	\$ 227,086
Amortization expenses	1,128	-	15,489	-	16,617
Disposals	-	-	( 565)	-	( 565)
Acquisition from business combination	-	-	2,272	-	2,272
Effect of foreign currency exchange differences	<u>1,009</u>	<u>-</u>	<u>88</u>	<u>-</u>	<u>1,097</u>
Balance at June 30, 2018	<u>\$ 43,564</u>	<u>\$ 9,621</u>	<u>\$ 193,322</u>	<u>\$ -</u>	<u>\$ 246,507</u>
Carrying amounts at June 30, 2018	<u>\$ 49,508</u>	<u>\$ -</u>	<u>\$ 54,829</u>	<u>\$ -</u>	<u>\$ 104,337</u>

(Concluded)

The above intangible assets with finite useful lives were amortized on a straight-line basis over the following estimated useful lives:

Franchise	40 years
System software costs	2-5 years
Patent	4 years

## 18. OTHER ASSETS

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Prepaid expenses	\$ 82,410	\$ 84,768	\$ 128,563
Overpaid VAT	48,200	14,019	14,299
Tax prepayment	44,610	-	38,732
Temporary payments	4,814	3,355	2,302
Overdue receivables	326	335	2,122
Others	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>
	<u>\$ 182,250</u>	<u>\$ 104,367</u>	<u>\$ 187,908</u>
Current	\$ 180,034	\$ 102,142	\$ 183,896
Non-current	<u>2,216</u>	<u>2,225</u>	<u>4,012</u>
	<u>\$ 182,250</u>	<u>\$ 104,367</u>	<u>\$ 187,908</u>

Tax prepayment is land value increment tax and sales tax imposed by China local tax bureau for presold real estate of subsidiary Shanghai Real Estate in Mainland China.

## 19. BORROWINGS

### a. Short-term borrowings

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<u>Unsecured borrowings</u>			
Unsecured loans	\$ -	\$ -	\$ 70,000
<u>Secured borrowings</u>			
Bank loans	<u>-</u>	<u>748,000</u>	<u>748,000</u>
	<u>\$ -</u>	<u>\$ 748,000</u>	<u>\$ 818,000</u>

1) The interest rates on the bank loans as of December 31, 2018 and June 30, 2018 were 1.73% and 1.59%-1.73%, respectively.

2) Refer to Note 37 for the details of assets pledged as collaterals for short-term borrowings.

b. Long-term borrowings

	June 30, 2019	December 31, 2018	June 30, 2018
<u>Secured borrowings</u>			
Bank loans	\$ 3,435,338	\$ 3,022,204	\$ 4,712,600
<u>Unsecured borrowings</u>			
Loans unsecured	<u>2,600,000</u>	<u>2,356,956</u>	<u>2,263,770</u>
	6,035,338	5,379,160	6,976,370
Less: Current portion	( <u>8,816</u> )	( <u>7,682</u> )	( <u>13,770</u> )
Long-term borrowings	<u>\$ 6,026,522</u>	<u>\$ 5,371,478</u>	<u>\$ 6,962,600</u>

The long-term borrowings of the Group were as follows:

Content of Borrowings		June 30, 2019	December 31, 2018	June 30, 2018
E.Sun Bank	Loan limit: \$200,000 thousand; period: December 29, 2017 to December 29, 2020; fixed interest rate of 1.2%, interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	\$ -	\$ -	\$ 200,000
E.Sun Bank	Loan limit: \$2,450,000 thousand; period: December 29, 2017 to December 29, 2020; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	-	-	2,450,000
E.Sun Bank	Loan limit: \$200,000 thousand; period: October 19, 2018 to October 19, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in March 2019.	-	200,000	-
E.Sun Bank	Loan limit: \$2,450,000 thousand; period: October 19, 2018 to October 19, 2021; fixed interest rate of 1.2% interest is paid monthly and principal is repaid at maturity. The Group repaid \$1,350,000 thousand as of June 30, 2019.	1,100,000	2,450,000	-
East Asia Bank	Loan limit: \$1,600,000 thousand ; period: December 7, 2017 to December 7, 2020; floating interest rate of 1.4653%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively. 91% of principal is repaid in 36th month. The Group repaid all the debts in July 2018.	-	-	150,000
East Asia Bank	Loan limit: US\$40,000 thousand ; period: December 7, 2017 to December 7, 2020; floating interest rate of 3.5296%; interest is paid quarterly; 3% of principal is repaid in 18th, 24th and 30th months, respectively. 91% of principal is repaid in 36th month. The Group repaid all the debts in July 2018.	-	-	609,200
East Asia Bank	Loan limit: \$1,600,000 thousand ; period: November 15, 2018 to November 12, 2021; floating interest rate of 1.245% and 1.242%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively. 91% of principal is repaid in 36th month.	600,000	200,000	-

(Continued)

Content of Borrowings		June 30, 2019	December 31, 2018	June 30, 2018
Yuanta Bank	Loan limit: \$200,000 thousand; period: March 23, 2018 to March 22, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	200,000	200,000
Yuanta Bank	Loan limit: \$400,000 thousand; period: March 7, 2019 to March 19, 2021; fixed interest rate of 1.2%; interest is paid monthly; and principal is repaid at maturity.	400,000	-	-
Mizuho Bank	Loan limit: JPY 150,000 thousand; period: June 20, 2016 to June 20, 2019; fixed interest rate of 1.108%; interest is paid monthly and principal is repaid JPY 4,167 thousand monthly.	-	6,956	13,770
Mizuho Bank	Loan limit: \$300,000 thousand; period: November 30, 2018 to November 30, 2020; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity.	300,000	200,000	-
Bank of SinoPac	Loan limit: \$200,000 thousand; period: August 29, 2017 to August 29, 2019; fixed rate of 1.10%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2018.	-	-	200,000
Bank of SinoPac	Loan limit: \$200,000 thousand; period: September 19, 2018 to September 19, 2020; fixed rate of 1.10%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2019.	-	200,000	-
O-Bank	Loan limit: \$200,000 thousand; period: December 26, 2018 to December 25, 2020; fixed interest rate of 1.221%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	200,000	-
O-Bank	Loan limit: \$200,000 thousand; period: March 2, 2018 to March 2, 2020; fixed interest rate of 1.221%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2018.	-	-	200,000
Far Eastern Bank	Loan limit: \$800,000 thousand; period: June 19, 2018 to June 19, 2020; fixed interest rate of 1.29%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2018.	-	-	800,000
Far Eastern Bank	Loan limit: \$800,000 thousand; period: April 2, 2018 to April 2, 2020; fixed interest rate of 1.29%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	300,000	-
Far Eastern Bank	Loan limit: \$800,000 thousand; period: May 2, 2019 to May 2, 2021; fixed interest rate of 1.268%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
Taishin Bank	Loan limit: \$300,000 thousand; period: December 25, 2017 to December 25, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	300,000	300,000
Taishin Bank	Loan limit: \$1,900,000 thousand; period: September 8, 2017 to September 8, 2022; fixed interest rate of 1.73%; interest is paid monthly and principal is repaid at maturity.	285,000	285,000	285,000
Taishin Bank	Loan limit: \$1,373,000 thousand; period: March 29, 2019 to March 29, 2024; fixed interest rate of 1.73%; interest is paid monthly and principal is repaid at maturity.	748,000	-	-
Taishin Bank	Loan limit: \$300,000 thousand; period: November 29, 2018 to December 25, 2021; fixed interest rate of 1.14%; interest is paid monthly and principal is repaid at maturity.	300,000	-	-
DBS Bank	Loan limit: \$150,000 thousand; period: March 23, 2018 to March 23, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	150,000	150,000
DBS Bank	Loan limit: US\$40,000 thousand; period: December 13, 2017 to December 13, 2019; floating interest rate of 3.80325%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in August 2018.	-	-	1,218,400

(Continued)

Content of Borrowings		June 30, 2019	December 31, 2018	June 30, 2018
DBS Bank	Loan limit: \$200,000 thousand; period: January 2, 2019 to January 2, 2021; floating interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.	150,000	-	-
DBS Bank	Loan limit: US\$40,000 thousand (\$1,200,000 thousand); period: January 2, 2019 to January 2, 2021; floating interest rate of 1.14%; interest is paid monthly and principal is repaid at maturity.	800,000	-	-
Taiwan Cooperative Bank	Loan limit: \$200,000 thousand; period: June 21, 2018 to September 26, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in June 2019.	-	200,000	-
Mega Bank	Loan limit: \$250,000 thousand; period: August 13, 2018 to August 13, 2021; fixed interest rate of 1.2689%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2019.	-	200,000	-
SK Bank	Loan limit: \$200,000 thousand; period: November 21, 2018 to November 20, 2021; fixed interest rate of 1.20%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in May 2019.	-	200,000	-
SPD Bank	Loan limit: RMB600,000 thousand; period: December 26, 2018 to December 25, 2023; fixed interest rate of 5.7%; interest is paid quarterly; and principal is repaid proportional every six months.	702,338	87,204	-
Jihsun Bank	Loan limit: \$200,000 thousand; period: December 3, 2018 to November 29, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
Jihsun Bank	Loan limit: \$200,000 thousand; period: January 26, 2018 to January 26, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2018.	-	-	200,000
CH Bank	Loan limit: \$500,000 thousand; period: January 25, 2019 to January 25, 2021; fixed interest rate of 1.23%; interest is paid monthly and principal is repaid at maturity.	250,000	-	-
Total long-term borrowings		<u>\$6,035,338</u>	<u>\$5,379,160</u>	<u>\$6,976,370</u>

(Concluded)

Note : Refer to Note 37 for the details of assets pledged as collaterals for long-term borrowings.

## 20. BONDS PAYABLE

	June 30, 2019	December 31, 2018	June 30, 2018
Domestic unsecured bonds	\$ 4,400,000	\$ 5,900,000	\$ 4,100,000
Less: Current portion	-	( 1,500,000 )	( 1,500,000 )
	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>	<u>\$ 2,600,000</u>

The major term of domestic unsecured bonds was as follows:

Issuance Period	Total Amount (In Thousands)	Coupon Rate	Repayment and Interest Payment
June 2014 to June 2019	\$ 3,000,000	1.48%	At the end of the 4 <sup>th</sup> and 5 <sup>th</sup> year from the issuance date, the Group will repay half of the principle, respectively. Interest is paid annually.

(Continued)

<b>Issuance Period</b>	<b>Total Amount (In Thousands)</b>	<b>Coupon Rate</b>	<b>Repayment and Interest Payment</b>	
May 2018 to May 2021	700,000	0.92%	Principal is repaid at maturity. annually.	Interest is paid annually.
May 2018 to May 2023	1,900,000	1.07%	Principal is repaid at maturity. annually.	Interest is paid annually.
July 2018 to July 2023	1,800,000	1.05%	Principal is repaid at maturity. annually.	Interest is paid annually.

(Concluded)

## 21. TRADE PAYABLES

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Construction payables	<u>\$ 565,090</u>	<u>\$ 766,021</u>	<u>\$ 46,147</u>

## 22. CONTRACT LIABILITIES

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Advance receipts from real estate transactions	<u>\$ 241,547</u>	<u>\$ 694,468</u>	<u>\$ 842,894</u>

Advance receipts from real estate transactions are the amounts collected by Shanghai Real Estate and Sinyi Development from customers for pre-sold real estate. Shanghai Real Estate entered into real estate sales contracts with the customers and put on record at Shanghai Real Estate Trading Center. When houses are on the status available for usage and are checked and accepted by the related authorities and Shanghai Real Estate completes the procedures of putting on file, Shanghai Real Estate may issue the house delivery notice according to the real estate sales contracts and recognizes revenue of selling houses at the date of delivering house and transferred the related inventory to cost of goods sold. The amount of deposits and installments from the real estate sales contracts collected from the customers are recorded as unearned revenue of current liabilities before meeting the criteria of being recognized as revenue from selling commodities. The amount of deposit and installment which are collected before the criteria of recognition of sales revenue are met have been recorded as contract liabilities - current in the consolidation balance sheets.

## 23. OTHER LIABILITIES

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<u>Current</u>			
Other payables	\$ 3,094,320	\$ 2,219,129	\$ 3,566,202
Other liabilities	<u>196,337</u>	<u>202,879</u>	<u>190,789</u>
	<u>\$ 3,290,657</u>	<u>\$ 2,422,008</u>	<u>\$ 3,756,991</u>

(Continued)

Non-current

Other liabilities \$ 541,371      \$ 514,141      \$ 421,282

a. Other payables were as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<u>Other payables-Expenses</u>			
Payable for performance bonus and salaries	\$ 1,280,237	\$ 1,365,002	\$ 1,040,528
Payable for annual leave	81,011	106,632	74,466
Payable for labor and health insurance	76,855	63,431	55,781
Advertisement payable	69,011	68,671	94,916
Payable for employees bonuses and compensation to directors	41,463	25,014	46,336
Interest payables	22,749	39,518	8,619
Payable for professional fees	9,754	14,407	11,384
Others	<u>163,420</u>	<u>151,700</u>	<u>174,007</u>
	<u>\$ 1,744,500</u>	<u>\$ 1,834,375</u>	<u>\$ 1,506,037</u>

Other payables-Others

Dividend payables	\$ 957,900	\$ -	\$ 1,628,750
Receipts under custody from real estate transactions	288,750	288,151	322,947
Other receipts under custody	48,876	45,661	46,741
Payable on equipment	7,790	5,008	3,522
Receipts under custody – escrow service	<u>5</u>	<u>4</u>	<u>199</u>
	<u>\$ 1,303,321</u>	<u>\$ 338,824</u>	<u>\$ 2,002,159</u>

Other payables to Related parties

Financing to related parties			
Loan from related parties	\$ 38,881	\$ 38,459	\$ 39,500
Interest payable	6,903	6,828	7,013
Others	<u>715</u>	<u>643</u>	<u>11,493</u>
	<u>\$ 46,499</u>	<u>\$ 45,930</u>	<u>\$ 58,006</u>

(Concluded)

- 1.) Employees and senior management who meet the performance standards under the bonus rules are eligible for performance bonuses. Performance bonuses to be paid one year later are recorded as other liabilities - others.
- 2.) Loans from related parties were accounted for other payables to related parties with the same interest rates of 0% for the six months ended June 30, 2019 and 2018.
- 3.) Receipts under custody from real estate transactions were the money received by real estate brokers

- Shanghai Sinyi Real Estate, Zhejiang Sinyi, Suzhou Sinyi, Japan Sinyi and Japan Management from buyers that had concluded transactions, but not yet transferred to the sellers.

- 4.) Receipts under custody from escrow service were the money received by An-Sin and An-Shin from buyers of real estate transactions but not yet transferred to the sellers. Composition was as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Receipts under custody - escrow service	\$ 11,888,723	\$ 7,747,371	\$ 9,317,006
Interest payable	1,416	1,615	245
Deposit accounts	<u>( 11,890,134 )</u>	<u>( 7,748,982 )</u>	<u>( 9,317,052 )</u>
	<u>\$ 5</u>	<u>\$ 4</u>	<u>\$ 199</u>

- a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.01%-0.09% as of June 30, 2019 , December 31,2018 and June 30, 2018.
- b) Deposit accounts were receipts which had been paid by buyers of real estate transactions but not delivered to the sellers yet. The Group deposited these receipts in bank accounts according to the escrow contracts.

- b. Other liabilities were as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<u>Current</u>			
VAT payable and other tax payable	\$ 129,498	\$ 143,441	\$ 129,582
Refund liability	49,887	43,668	45,113
Others	<u>16,952</u>	<u>15,770</u>	<u>16,094</u>
	<u>\$ 196,337</u>	<u>\$ 202,879</u>	<u>\$ 190,789</u>
<u>Non-current</u>			
Long-term bonus payable	\$ 541,045	\$ 513,806	\$ 419,160
Refund liability	<u>326</u>	<u>335</u>	<u>2,122</u>
	<u>\$ 541,371</u>	<u>\$ 514,141</u>	<u>\$ 421,282</u>

The VAT payable and other tax payable were the VAT of the Group and other tax payable of Shanghai Real Estate on the pre-sold real estate in Mainland China.

## 24. PROVISIONS

<u>Current</u>	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Operating loss provisions	\$ <u>7,598</u>	\$ <u>6,322</u>	\$ <u>117,633</u>

	<b>Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
<u>Operating loss provisions</u>		
Balance, beginning of period	\$ 6,322	\$ 56,676
Additional reversed recognized	<u>1,276</u>	<u>60,957</u>
Balance, end of period	<u>\$ 7,598</u>	<u>\$ 117,633</u>

The provision for operating losses was recognized as possible operating defects in performing the escrow and brokerage business. The provisions were estimated on the basis of evaluation of the escrow service and brokerage service provided, historical experience and pertinent factors.

## 25. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2018 and 2017, and recognized in profit or loss in respect of the defined benefit plans for the three months ended June 30, 2019 and 2018 and for the six months ended June 30, 2019 and 2018 were \$1,195 thousand, \$1,200 thousand, \$2,425 thousand and \$2,400 thousand, respectively.

## 26. EQUITY

### Share Capital

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Numbers of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>736,847</u>	<u>736,847</u>	<u>736,847</u>
Share capital issued	<u>\$ 7,368,465</u>	<u>\$ 7,368,465</u>	<u>\$ 7,368,465</u>

The Company had increased capital by allocating the undistributed earnings of \$853,465 thousand in June 2018. As such, as of December 31, 2018 the Company's shares increased to \$7,368,465 thousand with 736,847 thousand ordinary shares at \$10 per share.

The ordinary shares issued, which have par value of \$10, carry one vote and a right to dividends.

## Capital Surplus

	June 30, 2019	December 31, 2018	June 30, 2018
<u>May not be used for any purpose</u>			
Employee stock options	\$ 63,896	\$ 63,896	\$ 63,896
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share</u>			
Disposal of ownership interests in subsidiaries	_____ -	_____ 632	_____ 632
	<u>\$ 63,896</u>	<u>\$ 64,528</u>	<u>\$ 64,528</u>

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds, treasury stock transactions and arising from the excess of the consideration received over the carrying amount of the subsidiaries' net assets during disposal or acquisition) and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments, employee stock options and conversion options may not be used for any purpose.

## Retained Earnings and Dividend Policy

- a. Under the dividend policy as set forth in the amended Articles, where the Company has earning upon settlement for a fiscal year, after taxes are paid by law and accumulated deficits are set off, ten percent shall be appropriated as legal earning reserves; however, if the amount of the legal earning reserves has attained the amount of paid-in capital of the Company, no further appropriation shall be made. The remainder shall be appropriated or reversed as special earning reserves. If there still has balance, considering together with accumulated undistributed earnings, the board of directors shall prepare the proposal for earning distribution, which shall be submitted to the shareholders' meeting for a resolution of distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors before and after amendment, please refer to section Employee benefits expense in Note 28 (Employees' Compensation and Remuneration of Directors).
- b. In addition, according the revised Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in the light of present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status, as well as factors of interests of shareholders; provided. However, the amount of proposed earning distribution of current year may not be less than 20% of accumulated distributable earnings. In distributing dividends and bonuses to shareholders, the distribution may be made by stocks or cash, of which cash dividends may not be less than 10% of total amount of dividends.
- c. Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.
- d. The appropriations of earnings including bonus to employees, and the remuneration to directors for 2018 and 2017 had been approved in the shareholders' meeting held on May 24, 2019 and May 23,

2018, respectively. The appropriations and dividends per share were as follows:

	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>Years Ended December 31</b>		<b>Years Ended December 31</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Legal reserve	\$ 150,458	\$ 280,282	\$ -	\$ -
Special reserve	199,606	40,830	-	-
Cash dividends	957,900	1,628,750	1.30	2.50
Stock dividends	-	853,465	-	1.31

### Others Equity Items

a. Exchange differences on translating foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the exchange differences on translation of foreign operations. Gains and losses on hedging instruments that were designated as hedging instruments for hedges of net investments in foreign operations were included in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve were reclassified to profit or loss on the disposal of the foreign operation.

b. Unrealized gains or losses from financial assets at fair value through other comprehensive income

Unrealized gains or losses from financial assets at fair value through other comprehensive income represents the cumulative gains and losses arising on the revaluation of financial assets at fair value through other comprehensive income, that have been defined to recognize in other comprehensive income. The accumulated amounts of unrealized gains or losses from financial assets at fair value through other comprehensive income did not reclassified to gains or losses when dispose of investment.

### Non-controlling Interests

	<b>Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>
Balance, beginning of period	\$ 99,153	\$ 131,332
Attributed to non-controlling interests:		
Net income	3,160	( 10,785 )
Exchange differences on translating foreign operations	2	2
Payment of cash dividends to non-controlling interests	-	( 22,491 )
Partial disposal of subsidiaries	-	4,368
Acquisition of non-controlling interests in subsidiaries (see Note 32)	( 599 )	-
Balance, end of period	<u>\$ 101,716</u>	<u>\$ 102,426</u>

## 27. REVENUE

a. Disaggregation of revenue

Refer to Note 42 for information about the disaggregation of revenue.

b. Balance of contract

The amount of deposit and installment which are collected before the criteria of recognition of sales revenue are recorded as contract liabilities-current in the consolidation balance sheets. Refer to Note 22.

	June 30, 2019	December 31, 2018	June 30, 2018
Contract liabilities - current			
Real estate sales	<u>\$ 241,547</u>	<u>\$ 694,468</u>	<u>\$ 842,894</u>

## 28. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations had been arrived at after charging or crediting:

### Interest Income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2019	2018	2019	2018
Interest income				
Cash in bank	\$ 3,836	\$ 1,851	\$ 10,679	\$ 5,522
Other	<u>598</u>	<u>359</u>	<u>1,118</u>	<u>359</u>
	<u>\$ 4,434</u>	<u>\$ 2,210</u>	<u>\$ 11,797</u>	<u>\$ 5,881</u>

### Other Gains and Losses

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2019	2018	2019	2018
Impairment loss of investment properties	(\$ 1,840)	\$ -	(\$ 1,840)	(\$ 1,135)
Gain on disposal of investments	-	328	-	328
Net gain (loss) on financial assets at fair value through profit or loss	23,020	39,180	68,436	74,514
Losses on disposal of property, plant and equipment	( 17)	( 240)	( 278)	( 399)
Gains (losses) on disposal of investment properties	-	-	3,876	-
Net foreign exchange gains (losses)	1,687	5,918	7,489	( 4,963)
Share of loss of associates and joint ventures	( 193)	( 999)	( 247)	( 1,422)
Others	<u>4,393</u>	<u>5,265</u>	<u>11,866</u>	<u>12,770</u>
	<u>\$ 27,050</u>	<u>\$ 49,452</u>	<u>\$ 89,302</u>	<u>\$ 79,693</u>

## Finance Costs

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Interest on bank loans	\$ 27,599	\$ 34,790	\$ 48,416	\$ 70,362
Interest on unsecured bonds payable	16,678	14,565	33,413	25,930
Interest on back tax from administrative remedies	-	1,618	-	1,618
Interest on lease liabilities	18,172	-	36,338	-
Others	<u>11</u>	<u>6</u>	<u>13</u>	<u>11</u>
	62,460	50,979	118,180	97,921
Deduct: Amounts included in the cost of qualifying assets	( <u>17,846</u> )	( <u>24,699</u> )	( <u>25,899</u> )	( <u>47,892</u> )
	<u>\$ 44,614</u>	<u>\$ 26,280</u>	<u>\$ 92,281</u>	<u>\$ 50,029</u>

Information about capitalized interest was as follows:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Interest capitalization rate	1.59%-5.70%	1.59%-3.80%	1.59%-5.70%	1.59%-3.80%

## Depreciation and Amortization

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Property, plant and equipment	\$ 25,304	\$ 30,435	\$ 53,440	\$ 60,940
Investment property	1,832	2,116	3,820	4,232
Intangible assets	8,151	7,818	17,840	16,617
Right-of-use assets	<u>140,987</u>	<u>-</u>	<u>274,834</u>	<u>-</u>
	<u>\$ 176,274</u>	<u>\$ 40,369</u>	<u>\$ 349,934</u>	<u>\$ 81,789</u>

An analysis of depreciation by function

Inventories	\$ -	\$ 233	\$ -	\$ 473
Operating costs	145,720	19,690	288,163	39,951
Operating expenses	20,571	10,512	40,111	20,516
Other losses	<u>1,832</u>	<u>2,116</u>	<u>3,820</u>	<u>4,232</u>
	<u>\$ 168,123</u>	<u>\$ 32,551</u>	<u>\$ 332,094</u>	<u>\$ 65,172</u>

An analysis of amortization by function

Inventories	\$ -	\$ 416	\$ 718	\$ 840
Operating costs	253	310	560	638
Operating expenses	<u>7,898</u>	<u>7,092</u>	<u>16,562</u>	<u>15,139</u>
	<u>\$ 8,151</u>	<u>\$ 7,818</u>	<u>\$ 17,840</u>	<u>\$ 16,617</u>

### Operating Expenses Directly Related to Investment Properties

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Direct operating expenses from investment property				
That generated rental income	\$ 5,655	\$ 5,994	\$ 12,433	\$ 12,029
That did not generate rental income	<u>13</u>	<u>11</u>	<u>24</u>	<u>22</u>
	<u>\$ 5,668</u>	<u>\$ 6,005</u>	<u>\$ 12,457</u>	<u>\$ 12,051</u>

### Employee Benefits Expense

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Salary expense	\$ 1,591,177	\$ 1,375,549	\$ 2,937,693	\$ 2,507,772
Labor and health insurance expenses	<u>93,079</u>	<u>79,856</u>	<u>183,966</u>	<u>158,334</u>
	<u>1,684,256</u>	<u>1,455,405</u>	<u>3,121,659</u>	<u>2,666,106</u>
Post-employment benefits				
Defined contribution plans	52,356	46,468	102,975	91,229
Defined benefit plans (Note 25)	<u>1,195</u>	<u>1,200</u>	<u>2,425</u>	<u>2,400</u>
	<u>53,551</u>	<u>47,668</u>	<u>105,400</u>	<u>93,629</u>
Other employee benefits	<u>52,392</u>	<u>44,638</u>	<u>102,817</u>	<u>88,701</u>
Total employee benefits expense	<u>\$ 1,790,199</u>	<u>\$ 1,547,711</u>	<u>\$ 3,329,876</u>	<u>\$ 2,848,436</u>
An analysis of employee benefits expense by function				
Inventories	\$ 3,878	\$ 2,444	\$ 8,329	\$ 6,036
Operating costs	1,566,866	1,366,719	2,893,360	2,485,141
Operating expenses	<u>219,455</u>	<u>178,548</u>	<u>428,187</u>	<u>357,259</u>
	<u>\$ 1,790,199</u>	<u>\$ 1,547,711</u>	<u>\$ 3,329,876</u>	<u>\$ 2,848,436</u>

### Employees' Compensation and Remuneration of Directors

In accordance with the Company's Articles of incorporation, the Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The accrued employees' compensation and remuneration of directors for the three months ended June 30, 2019 and 2018 and the six months ended June 30, 2019 and 2018 were as follows:

Accrual rate

	<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>
Employees' compensation	1%	1%
Remuneration of directors	0.25%	0.35%

Amount

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
	<u>Cash</u>	<u>Cash</u>	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 4,885	\$ 3,832	\$ 9,599	\$ 7,360
Remuneration of directors	1,362	1,225	2,418	2,450

If there is a change in the proposed amounts after the date the Group's annual consolidated financial statements were authorized for issue, the differences are accounted for as a change in accounting estimate in the following year.

The appropriations of compensation to employees and the remuneration to directors for 2018 and 2017 had been approved, respectively by the board of directors on February 25, 2019 and on February 26, 2018. The appropriations were as below.

	<u>Years Ended December 31</u>	
	<u>2018</u>	<u>2017</u>
	<u>Cash</u>	<u>Cash</u>
Employees' compensation	\$ 20,476	\$ 30,313
Remuneration of directors	3,909	4,880

There is no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2018 and 2017.

Information on the employees' compensation and remuneration of directors approved by the Company's board of directors in 2019 and 2018 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

**Impairment Loss Recognized on Non-financial Assets**

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Investment property (included in other operating income and expenses, net)	\$ 1,840	\$ -	\$ 1,840	\$ 1,135
Inventories (included in operating costs)	<u>20,195</u>	<u>-</u>	<u>20,195</u>	<u>-</u>
	<u>\$ 22,035</u>	<u>\$ -</u>	<u>\$ 22,035</u>	<u>\$ 1,135</u>

## 29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

### a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Current tax				
In respect of the current period	\$ 268,944	\$ 151,783	\$ 397,642	\$ 292,084
Additional income tax on unappropriated earnings	9,309	-	9,309	-
Land value increment tax	51,209	3,725	139,363	40,486
In respect of the prior periods	987	3,030	987	3,030
Deferred tax				
Adjustments to deferred tax attributable to changes in tax rates	-	-	-	( 3,899 )
In respect of the current periods	( <u>70,374</u> )	( <u>19,540</u> )	( <u>77,535</u> )	( <u>19,913</u> )
Income tax expense recognized in profit or loss	<u>\$ 260,075</u>	<u>\$ 138,998</u>	<u>\$ 469,766</u>	<u>\$ 311,788</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income/expense is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

### b. Income tax assessments

The Company's tax returns through 2016 have been assessed by the tax authorities. The Company applied for the administrative remedies, including appeal and recheck, in 2011 and 2015. After arising the offer in relation to the compromise, the authorities reassess the tax treatment of the Company's salesperson's long-term retention bonus for the aforementioned years. Based on the offer, the Company recalculated the amount of deferred tax assets for the years which tax return have not yet been assessed. The Company's applications of recheck 2014 to 2016 tax return have been assessed by the tax authorities. The tax authorities agreed to assess the Company's applications of 2017 tax return based on the aforementioned offer; as of the date the consolidated financial statements were authorized for issue, the decision of the recheck have not yet been rendered.

Sinyi Global, Heng-Yi, Tokyo Sinyi, Taiwan Sinyi Development, Yowoo Technology, Sinyi Culture, An-Sin, An-Shin, Sinyi Consulting, Da-Chia Construction and Sinyi Realty Estate's tax returns through 2017 had been assessed by the tax authorities. Jui-Inn's tax returns through 2016 had been assessed by the tax authorities.

### 30. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2019	2018	2019	2018
Basic EPS	\$ <u>0.55</u>	\$ <u>0.37</u>	\$ <u>1.12</u>	\$ <u>0.65</u>
Diluted EPS	\$ <u>0.55</u>	\$ <u>0.37</u>	\$ <u>1.12</u>	\$ <u>0.65</u>

The earnings and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

#### Net Profit (Loss) for the Period

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2019	2018	2019	2018
Profit for the period attributable to owners of the Company	\$ <u>401,990</u>	\$ <u>273,468</u>	\$ <u>824,299</u>	\$ <u>476,831</u>

#### Weighted Average Number of Ordinary Shares Outstanding

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2019	2018	2019	2018
Weighted average number of ordinary shares in computation of basic earnings per share	736,847	736,847	736,847	736,847
Effect of dilutive potential ordinary shares:				
Bonus issue to employee	<u>600</u>	<u>900</u>	<u>746</u>	<u>1,001</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>737,447</u>	<u>737,747</u>	<u>737,593</u>	<u>737,848</u>

Since the Group is allowed to settle the bonus to employees by cash or shares, the Group presumed that the entire amount of the bonus will be settled in shares and the resulting potential shares are included in the weighted average number of outstanding shares used in the calculation of diluted earnings per share, if the shares have a dilutive effect. The number of shares is estimated by dividing the entire amount of the bonus by the closing price of the shares at the balance sheet date. The dilutive effect of the potential shares should be included in the calculation of diluted earnings per share until the stockholders resolve the number of shares to be distributed to employees at their meeting in the following year.

### 31. BUSINESS COMBINATIONS

#### a. Acquiring additional ownership of subsidiaries

The ownership of Heng-Yi which the Group holds reaches to 100% through its acquiring additional 25% of the shares of Heng-Yi in March, 2019. Please refer to Note 12.

	<b>Heng-Yi</b>
Cash consideration paid	( \$ 5,000 )
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>599</u>
Differences recognized from equity transactions	( \$ <u>4,401</u> )
<u>Line items adjusted for equity transactions</u>	
Capital surplus – difference between consideration received or paid and the carrying amount of the subsidiaries' net assets	( \$ 632 )
Retained earning	( <u>3,769</u> )
	( \$ <u>4,401</u> )

#### b. Acquisition of subsidiaries

Subsidiary	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Sinyi Real Estate Consulting Limited	Production of Instructions of real estate	June 15, 2018	100%	<u>\$ 8,000</u>

The Group acquired Sinyi Consulting to pursue the development of business and to integrate the resource of the Group. The Group temporarily recorded the acquired assets and liabilities without purchase price allocation report as of the June 30, 2018 and would measure them in the subsequent measurement period after acquiring purchase price allocation report. The Group recognizes the excess amount between the purchase price paid and the fair value of net assets acquired as goodwill.

#### (a) Assets acquired and liabilities assumed at the date of acquisition

	<b>Amount</b>
Current assets	
Cash and cash equivalents	\$ 12,740
Trade receivables	10,730
Trade and other receivables	216
Other current assets	26
Non-current assets	
Property, plant and equipment	1,437
Intangible assets	1,258

	(Continued)
	<b>Amount</b>
Refundable deposits	\$ 3
Deferred tax assets	390
Current liabilities	
Other payables	(16,448)
Other current liabilities	(289)
Non-current liabilities	
Net defined benefit liabilities (Note)	<u>(12,576)</u>
Fair value of net assets acquired	<u>\$ (2,513)</u>
	(Concluded)

Note: The Group acquired Sinyi Consulting based on IFRSs, so the net defined benefit liabilities of Sinyi Consulting was remeasured.

**(b) Goodwill recognized on acquisitions**

	<b>Amount</b>
Consideration transferred	\$ 8,000
Less: Fair value of identifiable net assets acquired	<u>(2,513)</u>
Goodwill recognized on acquisitions	<u>\$ 10,513</u>

The total amount of acquired goodwill that is expected to be not tax-deductible.

**(c) Net cash inflow on the acquisition of subsidiaries**

	<b>Amount</b>
Consideration paid in cash	\$ (8,000)
Add: Cash and cash equivalent balances acquired	<u>12,740</u>
	<u>\$ 4,740</u>

**32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

On February and March 2018, the Group disposed of 25% of its interest in Heng-Yi, reducing its continuing interest from 100% to 75%. The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	<b>Heng Yi</b>
Cash consideration received	\$ 5,000
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(4,368)</u>
Differences recognized from equity transactions	<u>\$ 632</u>

(Continued)

Line items adjusted for equity transactions

Capital surplus – difference between consideration received or paid  
and the carrying amount of the subsidiaries' net assets

\$ 632

(Concluded)

### 33. CASH FLOW INFORMATION

a. Non-cash transactions

Cash dividends had been approved by the shareholders' meeting, but have not yet been distributed as of June 30, 2019 and 2018. Refer to Note 23 and 26.

b. Changes in liabilities arising from financing activities

For the six months ended June 30, 2019

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>Others</u>	<u>Closing Balance</u>
			<u>New Leases</u>	<u>Changes of exchange rate</u>	<u>(Note 1)</u>	
Short-term borrowings	\$ 1,591,177	\$ (748,000)	\$ -	\$ -	\$ -	\$ -
Bonds payable (including Current portion)	5,900,000	(1,500,000)	-	-	-	4,400,000
Long-term borrowings (including Current portion)	5,379,160	660,406	-	(4,228)	-	6,035,338
Guarantee deposits received	43,028	(4,286)	-	-	-	38,742
Lease liabilities (Note 3)	<u>3,368,480</u>	<u>(268,010)</u>	<u>300,259</u>	<u>10,298</u>	<u>(58,654)</u>	<u>3,352,373</u>
	<u>\$ 15,438,668</u>	<u>\$ (1,859,890)</u>	<u>\$ 300,259</u>	<u>\$ 6,070</u>	<u>\$ (58,654)</u>	<u>\$ 13,826,453</u>

For the six months ended June 30, 2018

	<u>Opening Balance</u>	<u>Cash Flows</u>	<u>Non-cash Changes</u>		<u>Closing Balance</u>
			<u>Changes of exchange rate</u>		
Short-term borrowings	\$ 1,680,000	\$ (790,000)	\$ -	\$ 818,000	
Bonds payable (including Current portion)	3,000,000	1,100,000	-	4,100,000	
Long-term borrowings (including Current portion)	6,900,616	38,613	37,141	6,976,370	
Guarantee deposits received	<u>42,615</u>	<u>12,269</u>	<u>-</u>	<u>54,884</u>	
	<u>\$ 11,551,231</u>	<u>\$ 360,882</u>	<u>\$ 37,141</u>	<u>\$ 11,949,254</u>	

### 34. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

Key management personnel of the Group review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the

Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

### 35. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

Except as detailed in the following table, management believes the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values or their fair values cannot be reliably measured.

<u>June 30, 2019</u>	<b>Carrying Amount</b>	<b>Fair Value Hierarchy</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$4,400,000</u>	<u>\$ -</u>	<u>\$4,416,393</u>	<u>\$ -</u>	<u>\$4,416,393</u>

<u>December 31, 2018</u>	<b>Carrying Amount</b>	<b>Fair Value Hierarchy</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$5,900,000</u>	<u>\$ -</u>	<u>\$5,912,939</u>	<u>\$ -</u>	<u>\$5,912,939</u>

<u>June 30, 2018</u>	<b>Carrying Amount</b>	<b>Fair Value Hierarchy</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$4,100,000</u>	<u>\$ -</u>	<u>\$4,110,282</u>	<u>\$ -</u>	<u>\$4,110,282</u>

The fair values of the financial liabilities included in the Level 2 category above have been determined in accordance with market price based on discounted cash flow analysis, with the most significant observable inputs being the bond duration, interest rates and credit ratings, etc.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

June 30, 2019

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 7,906	\$ -	\$ -	\$ 7,906
Mutual funds	42,337	-	-	42,337
Structured products	<u>-</u>	<u>536,944</u>	<u>-</u>	<u>536,944</u>
	<u>\$ 50,243</u>	<u>\$ 536,944</u>	<u>\$ -</u>	<u>\$ 587,187</u>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 333,302	\$ -	\$ -	\$ 333,302
Domestic unlisted stocks - equity investments	-	-	97,580	97,580
Foreign listed stocks - equity investments	547,934	-	-	547,934
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>314,662</u>	<u>314,662</u>
	<u>\$ 881,236</u>	<u>\$ -</u>	<u>\$ 412,242</u>	<u>\$ 1,293,478</u>

December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 7,590	\$ -	\$ -	\$ 7,590
Mutual funds	48,308	-	-	48,308
Structured products	<u>-</u>	<u>4,646,837</u>	<u>-</u>	<u>4,646,837</u>
	<u>\$ 55,898</u>	<u>\$ 4,646,837</u>	<u>\$ -</u>	<u>\$ 4,702,735</u>

Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 257,668	\$ -	\$ -	\$ 257,668
Domestic unlisted stocks - equity investments	-	-	88,583	88,583
Foreign listed stocks - equity investments	527,703	-	-	527,703
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>304,544</u>	<u>304,544</u>
	<u>\$ 785,371</u>	<u>\$ -</u>	<u>\$ 393,127</u>	<u>\$ 1,178,498</u>

(Continued)

June 30, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,342	\$ -	\$ -	\$ 8,342
Mutual funds	159,464	-	-	159,464
Structured products	<u>-</u>	<u>3,124,063</u>	<u>-</u>	<u>3,124,063</u>
	<u>\$ 167,806</u>	<u>\$ 3,124,063</u>	<u>\$ -</u>	<u>\$ 3,291,869</u>

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 256,685	\$ -	\$ -	\$ 256,685
Domestic unlisted stocks - equity investments	-	-	39,812	39,812
Foreign listed stocks - equity investments	569,720	-	-	569,720
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>266,072</u>	<u>266,072</u>
	<u>\$ 826,405</u>	<u>\$ -</u>	<u>\$ 305,884</u>	<u>\$ 1,132,289</u>

(Concluded)

There were no transfers between Level 1 and Level 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

<b>Financial Assets</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments</b>
Balance at January 1, 2019	\$ 393,127
Recognized in other comprehensive income	15,836
Effect of exchange rate changes	<u>3,279</u>
Balance at June 30, 2019	<u>\$ 412,242</u>

(Continued)

<b>Financial Assets</b>	<b>Financial Assets at Fair Value Through Other Comprehensive Income</b>
	<b>Equity Instruments</b>
Balance at January 1, 2018	\$ 260,639
Recognized in other comprehensive income	43,888
Effect of exchange rate changes	<u>1,357</u>
Balance at June 30, 2018	<u>\$ 305,884</u>

(Concluded)

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Structured financial products	Discounted cash flow: future cash flows are estimated based on observable interest rate and discounted at a market interest rate.

4) Valuation techniques and inputs applied for Level 3 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Foreign unlisted stocks	Market comparison method: the value of the evaluation target can be obtained by using the transaction price of the enterprises which are similar to the evaluation target in the active market with consideration of implied value multiplier and liquidity discount.
Domestic unlisted stocks	According to the balance sheet of the evaluation target, evaluate the total value of its individual assets and liabilities using market approach consistently with the consideration of liquidity and non-control discounts to reflect the overall value of the target.

The investments in equity instruments which are classified in Level 3 without public price at active market should be evaluated with the reference of the evaluation method, the evaluation target's net asset value and the bid price of the competitors which are widely used by the market participants. The Group did not disclose the quantitative information due to the difficulty in fully getting the relationship between the material unobservable inputs and fair value in practice.

c. Categories of financial instruments

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 587,187	\$ 4,702,735	\$ 3,291,869
Financial assets at amortized cost (Note 1)	8,426,910	5,876,463	5,838,851
Financial assets at FVTOCI	1,293,478	1,178,498	1,132,289
<u>Financial liabilities</u>			
Financial assets at amortized cost (Note 2)	16,530,789	15,055,981	13,933,410

Note 1: The balance included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, other current financial assets and refundable deposits.

Note 2: The balance included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables (except for dividends payables), lease liabilities, bonds payable, long-term borrowings (including current portion of long-term borrowings and bonds payable), guarantee deposits received and other non-current liabilities.

d. Financial Risk Management Objectives and Policies

The Group's major financial instruments included equity, mutual funds, trade receivables other payables, bonds payable and borrowings. The Group's Corporate Treasury function provides services to the business and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Group seeks to ensure sufficient funding readily available when needed with the objective to reduce the potentially adverse effects the market uncertainties may have on its financial performance.

The plans for material treasury activities are reviewed by audit committees and/or board of directors in accordance with procedures required by relevant regulations or internal controls. During the implementation of such plans, Corporate Treasury function must comply with certain treasury procedures that provide guiding principles for overall financial risk management and segregation of duties. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis.

a.) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below), interest rates (see (2) below) and other price risk (see (3) below).

1) Foreign currency risk

Most of the Group's operating activities are in Taiwan, denominated in New Taiwan dollars. Therefore, the operating activities in Taiwan are not exposed to foreign currency risk. The Group took foreign operations as strategic investments, and did not hedge the risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period please refer to Note 40.

### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars ("NTD", the functional currency) against the relevant foreign currencies. A negative number below indicates an increase in profit before income tax or equity where the NTD strengthens 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, the balances below would be positive as the other factors remain unchanged.

	Six Months Ended June 30					
	2019			2018		
	RMB	JPY	USD	RMB	JPY	USD
Equity	\$ 42,440	\$ 2,847	\$ 124	\$ 13,094	\$ 2,765	\$ (10,662)
Profit or loss	22	-	810	18	1	3,416

### 2) Interest rate risk

The Group is exposed to interest rate risk on investments and borrowings; interest rates could be fixed or floating. The investments and part of borrowings are fixed-interest rates and measured at amortized cost, and changes in interest will not affect future cash flows. Another part of borrowings are floating-interest rates, and changes in interest will affect future cash flows, but will not affect fair value.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of reporting period were as follows:

	June 30, 2019	December 31, 2018	June 30, 2018
Fair value interest rate risk			
Financial assets	\$ 194,821	\$ 916,210	\$ 1,178,389
Financial liabilities	12,237,712	11,627,160	9,846,770
Cash flow interest rate risk			
Financial assets	557,444	4,670,837	3,167,063
Financial liabilities	1,588,881	438,459	2,087,100

### Interest rate sensitivity analysis

The Group was exposed to cash flow interest rate risk in relation to floating rate financial assets or liabilities, and the financial assets, short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased/decreased by 1%, the Group's cash inflow/(outflow) will increase/decrease by (\$5,157) thousand and \$5,400 thousand for the six months ended June 30, 2019 and 2018, respectively.

### 3) Other price risk

The Group was exposed to equity price risk through its investments in mutual fund and domestic and foreign quoted shares.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2019 would have increased/decreased by \$502 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2019 would have increased/decreased by \$12,935 thousand as a result of the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, pre-tax profit for the six months ended June 30, 2018

would have increased/decreased by \$1,678 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the six months ended June 30, 2018 would have increased/decreased by \$11,323 thousand as a result of the changes in fair value of financial assets at FVTOCI.

b.) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables, and from investing activities, primarily the fixed-income investments and other financial instruments.

Business related credit risk

The Group is mainly engaged in the operation of real-estate brokerage business and the customers of the Group are the people who buy house and people who sell house. The revenue of agency service is also received through the housing performance guarantee, so the concentration credit risk of trade receivable is not material.

Financial credit risk

The credit risk of bank deposits, fixed-income investments and other financial instruments are regularly controlled and monitored by the Group's Corporate Treasury function. The counterparties to the foregoing financial instruments are reputable financial institutions and business organizations. Management does not expect the Group's exposure to default by those parties to be material.

c.) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group has sufficient working capital to pay all debts; thus, there is no liquidity risk.

The Group relies on bank borrowings as a significant source of liquidity. As of June 30, 2019, December 31, 2018 and June 30, 2018, the Group had available unutilized bank loan facilities were follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	\$ 2,600,000	\$ 2,444,160	\$ 2,333,770
Amount unused	<u>4,880,000</u>	<u>6,380,770</u>	<u>2,607,540</u>
	<u>\$ 7,480,000</u>	<u>\$ 8,824,930</u>	<u>\$ 4,941,310</u>
Secured bank overdraft facility:			
Amount used	\$ 3,435,338	\$ 3,683,000	\$ 5,460,600
Amount unused	<u>6,870,262</u>	<u>3,315,000</u>	<u>2,574,200</u>

\$ 10,305,600      \$ 6,998,000      \$ 8,034,800

### 36. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below:

#### Related Parties and relationship

<u>Related Party</u>	<u>Relationship with the Group</u>
Sinyi Real Estate Consulting Limited	Related party in substance (note)
Sinyi Land Administration Agent Joint Office	Related party in substance
H&B Business Co., Ltd.	Related party in substance
Sinyi Cultural Foundation	Related party in substance
Yu-Hao Co., Ltd.	Parent company
Sinyi Co., Ltd.	Parent company
Yu-Heng Co., Ltd.	Indirectly parent company
Chou Wang Mei-Wen	Director of the Company
Beijing Sinyi Guaranty Co.	Related party in substance
Global Real Estate Appraisal Office	Related party in substance
Ken Investment Co., Ltd.	Related party in substance
Sin-Heng Limited.	Related party in substance
Sinyi Public Welfare Foundation	Related party in substance
Sinyi Real Estate Appraiser Firm	Related party in substance
Sinyi Interior Design Co., Ltd.	Associate
Prospect Hospitality Co., Ltd.	The Company's director is its director

Note: The Group acquired Sinyi Real Estate Consulting Limited in June 15, 2018. The related transactions entities had been consolidated into the consolidated financial statements, and had been eliminated since June 15, 2018.

#### Service Revenue

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	2019	2018	2019	2018
Service revenue - the Company's director is its director	<u>\$ 1,860</u>	<u>\$ -</u>	<u>\$ 3,215</u>	<u>\$ -</u>

#### Trade Receivables - Related parties

	June 30, 2019	December 31, 2018	June 30, 2018
	Service revenue - the Company's director is its director	<u>\$ 33</u>	<u>\$ -</u>

## Other Payables to Related Parties

	June 30, 2019	December 31, 2018	June 30, 2018
Other related parties - related parties in substance	\$ <u>46,499</u>	\$ <u>45,930</u>	\$ <u>58,006</u>

Parts of other payables to related parties were financing. Information on the financing for the six months ended June 30, 2019 and 2018 were as follows:

Six Months Ended June 30, 2019					
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	\$ <u>39,388</u>	\$ <u>38,881</u>	-	\$ <u>-</u>	\$ <u>6,903</u>

Six Months Ended June 30, 2018					
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	\$ <u>39,964</u>	\$ <u>39,500</u>	-	\$ <u>-</u>	\$ <u>7,013</u>

The financing above were unsecured.

## Compensation for Key Management Personnel

	Three Months Ended June 30		Six Months Ended June 30	
	2019	2018	2019	2018
Short-term benefits	\$ 36,381	\$ 31,135	\$ 67,808	\$ 60,249
Other long-term benefits	<u>3,140</u>	<u>2,775</u>	<u>7,210</u>	<u>5,643</u>
	<u>\$ 39,521</u>	<u>\$ 33,910</u>	<u>\$ 75,018</u>	<u>\$ 65,892</u>

Other long-term benefits included a long-term incentive plan approved by the Company's board of directors to encourage senior management to contribute further to the sustainable growth of the Company. Senior managers will be entitled to such incentive when they continue to serve for three years starting the following year after obtaining the qualification and the bonus is calculated on the basis of company's operating performance or individual performance.

## Other Transactions with Related Parties

### a. Rental income

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Other related parties				
Related parties in substance	\$ 1,848	\$ 2,886	\$ 3,694	\$ 5,792
Parent company	28	28	57	57
Ultimate parent company	14	15	28	29
Associates	<u>8</u>	<u>9</u>	<u>17</u>	<u>17</u>
	<u>\$ 1,898</u>	<u>\$ 2,938</u>	<u>\$ 3,796</u>	<u>\$ 5,895</u>

The rental rates are based on the prevailing rates in the surrounding area. The Group collects rentals from related parties on a monthly basis.

### b. Other benefit

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Other related parties				
Related parties in substance	<u>\$ 692</u>	<u>\$ 258</u>	<u>\$ 1,384</u>	<u>\$ 1,264</u>

Other benefit is mainly derived from management consulting services provided to the related parties.

### c. Professional fee

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
Other related parties				
Related parties in substance				
Sinyi Real Estate				
Consulting Limited	\$ -	\$ 29,926	\$ -	\$ 55,103
Others	<u>3,259</u>	<u>2,028</u>	<u>4,553</u>	<u>4,245</u>
	<u>\$ 3,259</u>	<u>\$ 31,954</u>	<u>\$ 4,553</u>	<u>\$ 59,348</u>

Professional fee is mainly payment for services related to instructions of real estate, real estate registration and cadaster access service, etc.

d. Lease agreement

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Lease liabilities - related parties in substance	\$ <u>31,341</u>	\$ <u>-</u>	\$ <u>-</u>

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<u>Interest expense</u>				
Related parties in substance	\$ <u>103</u>	\$ <u>-</u>	\$ <u>211</u>	\$ <u>-</u>
<u>Rental expense</u>				
Related parties in substance	\$ <u>-</u>	\$ <u>1,874</u>	\$ <u>-</u>	\$ <u>4,223</u>

As of June 30, 2018, the minimum lease payment for the Group's operating leases for related parties is \$36,427 thousand .

e. Other receivables

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Other related parties			
Related parties in substance	\$ <u>2,530</u>	\$ <u>1,269</u>	\$ <u>1,916</u>

**Property Transactions**

The Group acquired 100% equity of Sinyi Real Estate Consulting Limited from Sinyi Co., Ltd. and Yu-Heng Co., Ltd. with an amount of 8,000 thousand in June 2018. Refer to Note 31 for the details.

**37. MORTGAGED OR PLEDGED ASSETS**

The Group's assets mortgaged or pledged as collateral for bank loans, other financial institutions or other contracts were as follows:

	<b>June 30, 2019</b>	<b>December 31, 2018</b>	<b>June 30, 2018</b>
Property, plant and equipment (including investment properties)			
Land	\$ 4,241,789	\$ 4,241,789	\$ 4,241,789
Building	448,324	456,691	465,058
Other financial assets - current			
Pledged time deposits and demand deposits	7,261	7,236	7,296
Inventories	<u>9,155,657</u>	<u>8,570,743</u>	<u>2,413,270</u>
	<u>\$ 13,853,031</u>	<u>\$ 13,276,459</u>	<u>\$ 7,127,413</u>

### **38. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS**

- a. The Group is involved in claims that arise in the ordinary course of brokerage and escrow business; the other party may claim against the Group through legal proceedings. On the basis of past experience and consultations with legal counsel, management of the Group has measured the possible effects of the contingent lawsuits on its financial condition in brokerage and escrow business.
- b. Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- c. The Group has endorsed Sinyi International, Hong Kong Real Estate and Kunshan Digxian Trading in obtaining financing limit of \$167,724 thousand, \$1,211,340 thousand and \$19,179 thousand, respectively. Refer to Note 41, Table 2 for the details.
- d. As of June 30, 2019, the Group had signed construction contracts but not yet paid for \$1,859,056 thousand.
- e. Shanghai Real Estate, property developer in Mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons); the guarantee amounted to \$60,265 thousand as of June 30, 2019. The amount of mortgage loan was remitted to Shanghai Real Estate for payment of the property sold. If a customer breached a mortgage contract, Shanghai Real Estate will return to the banks only the amount of mortgage received. Therefore, Shanghai Real Estate is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A No. 35 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by Shanghai Real Estate to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

### **39. SIGNIFICANT FRANCHISE CONTRACTS**

Sinyi Limited entered into a subfranchise agreement with Cendent Global Services B.V. (“GLOBAL”) and Coldwell Banker Real Estate Corporation (“Coldwell”). Sinyi Limited obtained from the counterparty a license granting the right to use the plans, manuals, system and forms developed by Coldwell and the exclusive right to itself sublicense and/or to subsublicense other franchisees and territorial subfranchisors in China, Hong Kong and Macau. The term of this contract is for forty years from October 12, 1999 and is automatically renewed for another period of forty years to October 11, 2079 unless the two sides agree to terminate the contract in three months prior to the expiration of the contract. Thereafter, because Sinyi Limited transferred this agreement right to Ke Wei Shanghai on August 1, 1990 and GLOBAL was renamed to Realogy Corporation (“Realogy”) due to its organizational adjustment, Ke Wei Shanghai and Realogy entered into a supplemental subfranchise agreement in 2008.

### **40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES**

The significant assets and liabilities denominated in foreign currencies were as follows:

June 30, 2019

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,299,943	4.521	\$ 5,877,041
JPY	1,817,605	0.2886	524,561
USD	3,005	31.060	93,363
Non-monetary items			
RMB	188,367	4.521	851,606
JPY	1,898,594	0.2886	547,934
USD	14	31.060	445
<u>Financial liabilities</u>			
Monetary items			
RMB	360,737	4.521	1,630,894
JPY	831,122	0.2886	239,862

December 31, 2018

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 357,687	4.472	\$ 1,599,574
JPY	1,854,823	0.2782	516,012
USD	30,269	30.715	929,726
Non-monetary items			
RMB	\$ 1,104,186	4.472	\$ 4,937,920
JPY	1,896,849	0.2782	527,703
USD	44	30.715	1,351
<u>Financial liabilities</u>			
Monetary items			
RMB	280,389	4.472	1,253,900
JPY	891,390	0.2782	247,985
USD	6	30.715	175

(Continued)

June 30, 2018

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 388,445	4.593	\$ 1,784,126
JPY	1,988,899	0.2754	547,743
USD	36,313	30.460	1,106,100
Non-monetary items			
RMB	738,109	4.593	3,390,135
JPY	2,068,700	0.2754	569,720
USD	44	30.460	1,333
<u>Financial liabilities</u>			
Monetary items			
RMB	\$ 102,957	4.593	\$ 472,883
JPY	984,722	0.2754	271,193
USD	60,102	30.460	1,830,707

(Concluded)

The Group is mainly exposed to foreign currency risk from USD, RMB and JPY. The following information was aggregated by the functional currencies of the Group entities and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currencies	<b>Six Months Ended June 30</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Exchange Rate</b>	<b>Net Foreign Exchange (Loss) Gain</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange (Loss) Gain</b>
NTD	1 (NTD:NTD)	\$ 7,165	1 (NTD:NTD)	\$ 3,723
USD	30.983 (USD:NTD)	441	29.537 (USD:NTD)	(154)
RMB	4.56 (RMB:NTD)	(38)	4.640 (RMB:NTD)	(8,617)
JPY	0.2817 (JPY:NTD)	(10)	0.2729 (JPY:NTD)	57
MYR	7.2391 (MYR:NTD)	(43)	7.2305 (MYR:NTD)	2
HKD	3.950 (HKD:NTD)	(26)	3.768 (HKD:NTD)	26
		<u>\$ 7,489</u>		<u>(\$ 4,963)</u>

#### 41. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

- a. Financing provided: Table 1 (see the attached)

- b. Endorsements/guarantees provided to others: Table 2 (see the attached)
- c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (see the attached)
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (see the attached)
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- f. Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (see the attached)
- i. Information about derivative: None
- j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 6 (see the attached)
- k. Information on investees: Table 7 (see the attached)

Information on investments in Mainland China:

- a. Information on any investee company in Mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland China area: Table 8 (see the attached)
- b. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
  - 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: None
  - 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None
  - 3) The amount of property transactions and the amount of the resultant gains or losses: None
  - 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (see the attached)
  - 5) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (see the attached)
  - 6) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

## 42. SEGMENT INFORMATION

### a. Operating segments information

The Group is in the operation of local and international real-estate brokerage business and real-estate developing business. The Group provides information to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance. The information gives emphasis on related laws on real-estate transactions in different countries that may affect the adoption of different marketing strategies.

Management has determined reportable segments as follows:

#### Real estate brokerage segment

- 1) Companies in Taiwan
- 2) Companies in Mainland China and other foreign companies.

#### Real estate development segment

- 1) Companies in Taiwan
- 2) Companies in China

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the six months ended June 30, 2019 and 2018:

	Real Estate Brokerage			Real Estate Development			Elimination	Consolidated
	Taiwan	Mainland China and Others	Total	Taiwan	Mainland China and Others	Total		
Six months ended June 30, 2019								
Revenues from external customers	\$ 4,689,548	\$ 580,349	\$ 5,269,897	\$ 142,389	\$ 1,087,994	\$ 1,230,383	\$ -	\$ 6,500,280
Inter-segment revenues	104,667	2,867	107,534	2,088	60,326	62,414	( 169,948)	-
Segment revenues	<u>\$ 4,794,215</u>	<u>\$ 583,216</u>	<u>\$ 5,377,431</u>	<u>\$ 144,477</u>	<u>\$ 1,148,320</u>	<u>\$ 1,292,797</u>	<u>( \$ 169,948)</u>	6,500,280
Rental income from investment property								( 41,417)
Consolidated revenues								<u>\$ 6,458,863</u>
Operating profit (loss)	<u>\$ 817,560</u>	( <u>\$ 59,900</u> )	<u>\$ 757,660</u>	( <u>\$ 18,666</u> )	<u>\$ 467,857</u>	<u>\$ 449,191</u>	<u>\$ 55,767</u>	\$ 1,262,618
Operating income from investment property								( 28,960)
Operating income								<u>\$ 1,233,658</u>
Segment assets	<u>\$ 8,605,225</u>	<u>\$ 2,548,451</u>	<u>\$ 11,153,676</u>	<u>\$ 5,065,528</u>	<u>\$ 14,759,284</u>	<u>\$ 19,824,812</u>	( <u>\$ 327,895</u> )	\$ 30,650,593
Investments accounted for by the equity method and goodwill								29,728
Total assets								<u>\$ 30,680,321</u>
Six months ended June 30, 2018								
Revenues from external customers	\$ 4,073,783	\$ 547,644	\$ 4,621,427	\$ 82,986	\$ 425,026	\$ 508,011	\$ -	\$ 5,129,438
Inter-segment revenues	24,872	30,418	55,290	10,044	112,479	122,523	( 177,813)	-
Segment revenues	<u>\$ 4,098,655</u>	<u>\$ 578,062</u>	<u>\$ 4,676,717</u>	<u>\$ 93,030</u>	<u>\$ 537,505</u>	<u>\$ 630,534</u>	<u>( \$ 177,813)</u>	5,129,438
Rental income from investment property								( 43,492)
Consolidated revenues								<u>\$ 5,085,946</u>
Operating profit (loss)	<u>\$ 666,703</u>	( <u>\$ 76,781</u> )	<u>\$ 589,922</u>	<u>\$ 19,403</u>	<u>\$ 70,863</u>	<u>\$ 90,266</u>	<u>\$ 38,660</u>	\$ 718,848
Operating income from investment property								( 31,442)
Operating income								<u>\$ 687,406</u>
Segment assets	<u>\$ 6,412,368</u>	<u>\$ 2,514,628</u>	<u>\$ 8,926,996</u>	<u>\$ 5,427,217</u>	<u>\$ 14,594,102</u>	<u>\$ 20,021,319</u>	( <u>\$ 789,400</u> )	\$ 28,158,915
Investments accounted for by the equity method and goodwill								28,560
Total assets								<u>\$ 28,187,475</u>

(Concluded)

The Group uses the operating profit (loss) as the measurement for segment profit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

d. Major customers

No single customer accounts for at least 10% of the Group's service revenue; therefore, no customer information is required to be disclosed.

## SINYI REALTY INC. AND SUBSIDIARIES

FINANCING PROVIDED  
SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Year	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance of Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
0	Sinyi Realty Inc.	Hua Yun Renovation (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 912,000 (RMB 200,000 thousand)	\$ 452,100 (RMB 100,000 thousand)	\$ -	1.15%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 3,324,076 (Note 1)	\$ 4,432,102 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Jiu Xin Estate (Wuxi) Limited	Other receivables	Yes	192,318 (RMB 42,000 thousand)	99,462 (RMB 22,000 thousand)	99,462 (RMB 22,000 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	5,403,834 (Note 2)	8,105,751 (Note 2)
		Lunheng Business Management (Shanghai) Ltd..	"	"	69,045 (RMB 15,000 thousand)	67,815 (RMB 15,000 thousand)	67,815 (RMB 15,000 thousand)	4.75%	"	-	"	-	-	-	5,403,834 (Note 2)	8,105,751 (Note 2)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	3,590,340 (RMB 780,000 thousand)	-	-	4.75%	"	-	"	-	-	-	5,403,834 (Note 2)	8,105,751 (Note 2)
2	Hua Yun Renovation (Shanghai) Co., Ltd.	Lunheng Business Management (Shanghai) Ltd..	Other receivables	Yes	34,983 (RMB 7,600 thousand)	34,360 (RMB 7,600 thousand)	34,360 (RMB 7,600 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,008,000 (Note 3)	1,512,000 (Note 3)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	23,015 (RMB 5,000 thousand)	-	-	4.75%	"	-	"	-	-	-	1,008,000 (Note 3)	1,512,000 (Note 3)
		Suzhou Sinyi Real Estate Inc.	"	"	912,000 (RMB 200,000 thousand)	452,100 (RMB 100,000 thousand)	-	4.75%	"	-	"	-	-	-	1,008,000 (Note 3)	1,512,000 (Note 3)
3	Shanghai Sinyi Real Estate Inc.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	46,030 (RMB 10,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,147,987 (Note 4)	2,295,975 (Note 4)
4	Kunshan Dingxian Trading Co., Ltd.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	452,100 (RMB 100,000 thousand)	452,100 (RMB 100,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	768,830 (Note 5)	1,153,245 (Note 5)
5	Shanghai Shang Tuo Investment Management Consulting Inc.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	27,618 (RMB 6,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	73,623 (Note 6)	122,705 (Note 6)
6	Suzhou Sinyi Real Estate Inc.	Kunshan Dingxian Trading Co., Ltd.	Other receivables	Yes	452,100 (RMB 100,000 thousand)	452,100 (RMB 100,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	974,550 (Note 7)	1,624,250 (Note 7)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	912,000 (RMB 200,000 thousand)	-	-	4.75%	"	-	"	-	-	-	974,550 (Note 7)	1,624,250 (Note 7)

Note 1: The maximum total financing provided should not exceed 40% of Sinyi Realty Inc.'s net worth. The individual lending amount should not exceed 30% of Sinyi Realty Inc.'s net worth.

Note 2: The maximum total financing provided should not exceed 150% of Sinyi Real Estate (Shanghai) Limited's net worth. The individual lending amount should not exceed 100% of Sinyi Real Estate (Shanghai) Limited's net worth.

Note 3: The maximum total financing provided should not exceed 150 times of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth. The individual lending amount should not exceed 100 times of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth.

Note 4: The maximum total financing provided should not exceed 300% of Shanghai Sinyi Real Estate Inc.'s net worth. The individual lending amount should not exceed 150% of Shanghai Sinyi Real Estate Inc.'s net worth.

Note 5: The maximum total financing provided should not exceed 15 times of Kunshan Dingxian Trading Co., Ltd.'s net worth. The individual lending amount should not exceed 10 times of Kunshan Dingxian Trading Co., Ltd.'s net worth.

Note 6: The maximum total financing provided should not exceed 5 times of Shanghai Shang Tuo Investment Management Consulting Inc.'s net worth. The individual lending amount should not exceed 3 times of Shanghai Shang Tuo Investment Management Consulting Inc.'s net worth.

Note 7: The maximum total financing provided should not exceed 5 times of Suzhou Sinyi Real Estate Inc.'s net worth. The individual lending amount should not exceed 3 times of Suzhou Sinyi Real Estate Inc.'s net worth.

## SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER  
SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Period	Ending Balance	Actual Appropriation	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Financial Statement (%)	Maximum Total Endorsement/ Guarantee Allowed to Be Provided by the Endorser/ Guarantor	Guarantee Given by Parent on Behalf of Subsidiaries	Guarantee Given by Subsidiaries on Behalf of Parent	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Sinyi International Limited	Indirectly 100% owned subsidiary	\$ 8,864,202 (Note 1)	\$ 170,640 (USD 5,400 thousand)	\$ 167,724 (USD 5,400 thousand)	\$ -	\$ -	1.51	\$ 16,620,379 (Note 1)	Y	N	N	
		Sinyi Real Estate (Hong Kong) Limited	Indirectly 100% owned subsidiary	8,864,202 (Note 1)	1,211,340 (USD 39,000 thousand)	1,211,340 (USD 39,000 thousand)	-	-	10.93	16,620,379 (Note 1)	Y	N	N	
1	Sinyi Real Estate (Shanghai) Limited	Xin Yeh Business Administration (Shanghai) Ltd.	Indirectly 100% owned subsidiary	4,323,067 (Note 2)	91,520 (RMB 20,000 thousand)	-	-	-	-	5,403,834 (Note 2)	N	N	Y	
2	Jiu Xin Estate(Wuxi) Limited	Kunshan Dingxian Trading Co., Ltd.	Business dealings	4,893,228 (Note 3)	19,345 (RMB 4,242 thousand)	19,179 (RMB 4,242 thousand)	19,179 (RMB 4,242 thousand)	-	0.31	6,116,535 (Note 3)	N	N	Y	

Note 1: For those subsidiaries Sinyi Realty Inc. has over 50% ownership directly or indirectly, the limit of endorsement/guarantee amount for each guaranteed party should not exceed 80% of Sinyi Realty Inc.'s net worth. The maximum total endorsement/guarantee should not exceed 150% of Sinyi Realty Inc.'s net worth.

Note 2: For those subsidiaries Sinyi Real Estate (Shanghai) Limited has over 80% ownership directly or indirectly, the limit of endorsement/guarantee amount for each guaranteed party should not exceed 80% of Sinyi Real Estate (Shanghai) Limited's net worth. The maximum total endorsement/guarantee should not exceed 100% of Sinyi Real Estate (Shanghai) Limited's net worth.

Note 3: For those subsidiaries which Jiu Xin Estate (Wuxi) Limited has over 80% ownership directly or indirectly or the Company has 100% ownership directly or indirectly, the limit of endorsement/guarantee amount for each guaranteed party should not exceed 80% of Jiu Xin Estate(Wuxi) Limited's net worth. The maximum total endorsement/guarantee should not exceed 100% of Jiu Xin Estate (Wuxi) Limited's net worth.

## SINYI REALTY INC. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

AS OF JUNE 30, 2019

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed shares</u> E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	12,819,282	\$ 333,301	-	\$ 333,301	
	<u>Shares</u> Han Yu Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	45,010	11	45,010	
	NOWnews Network Co., Ltd.	-	"	2,707,000	52,570	10	52,570	
	PChome Investment Co., Ltd.	-	"	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	-	"	160,650	-	3	-	
	Cite' Publishing Holding Ltd.	-	"	7,637	-	1	-	
	Cite' Information Services Co., Ltd.	-	"	106,392	-	1	-	
Sinyi Limited	<u>Shares</u> Orix Corp.	-	Financial assets at fair value through other comprehensive income - current	1,180,800	547,935	-	547,935	
	<u>Monetary market fund</u> Western Asset US Dollar Fund A	-	Financial assets at fair value through profit or loss - current	14,128	445	-	445	
Shanghai Sinyi Real Estate Inc.	<u>Shares</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30,000,000	314,662	2	314,662	
Sinyi Development Inc.	<u>Listed shares</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	7,906	-	7,906	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	1,174,851	15,913	-	15,913	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	1,917,961	25,979	-	25,979	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	June 30, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product</u> Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss - current	2,000,000	\$ 10,654	-	\$ 10,654	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	256	-	256	
Beijing Sinyi Real Estate Ltd.	Bank of China Steady Growth -Daily Plan	-	"	2,650,000	12,163	-	12,163	
Sinyi Real Estate (Shanghai) Limited	Fortune Shuttle S21	-	"	31,000,000	140,369	-	140,369	
Xin Yeh Business Administration (Shanghai) Ltd.	Fortune Shuttle S21	-	"	82,500,000	373,542	-	373,542	

(Concluded)

## SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Costs	Gain or Loss	Shares/Units	Amount
Sinyi Real Estate (Shanghai) Limited	<u>Stock</u> Xin Yeh Business Administration (Shanghai) Ltd.	Investments accounted for using equity method	-	Subsidiary	-	\$ -	-	\$ 1,594,950	-	\$ -	\$ -	\$ -	-	\$ 1,594,950 (Note1)
	<u>Financial product</u> Yue-de-ying No.18100787	Financial assets at fair value through profit or loss – current	-	-	120,000,000	RMB120,026	-	RMB -	120,000,000	RMB121,195	RMB121,195	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201810294860)	"	-	-	240,000,000	RMB 240,503	-	RMB -	240,000,000	RMB243,003	RMB243,003	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201811194978)	"	-	-	200,000,000	RMB200,293	-	RMB -	200,000,000	RMB202,274	RMB202,274	RMB -	-	RMB -
	Fortune Shuttle No.3 Fortune Shuttle S21	"	-	-	470,000,000	RMB470,167	-	RMB -	470,000,000	RMB474,428	RMB474,428	RMB -	-	RMB -
Xin Yeh Business Administration (Shanghai) Ltd.	Fortune Shuttle S21	"	-	-	-	RMB -	711,000,000	RMB 711,000	680,000,000	RMB681,193	RMB681,193	RMB -	31,000,000	RMB 31,048 (Note2)
	<u>Financial product</u> Fortune Shuttle S21	"	-	-	-	RMB -	1,189,500,000	RMB1,189,500	1,107,000,000	RMB1,110,702	RMB1,110,702	RMB -	82,500,000	RMB 82,548 (Note2)

Note 1: The ending balance presents historical cost.

Note 2: The ending balance includes the final evaluation amount.

**SINYI REALTY INC. AND SUBSIDIARIES**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
SIX MONTHS ENDED JUNE 30, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Nature of Relationships	Related Party	Ending Balance	Turnover Date	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	Subsidiary	\$ 152,451	-	\$ -	-	\$ 152,335	\$ -

## SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION  
SIX MONTHS ENDED JUNE 30, 2019

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	Percentage to Consolidated Total Assets/Revenue (%)
0	Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	a	Trade receivables	\$ 152,451	Regular settlement	-
1	Sinyi Real Estate (Shanghai) Limited	Kunshan Dingxian Trading Co., Ltd.	c	Unearned revenue	205,120	-	1
		Kunshan Dingxian Trading Co., Ltd.	c	Trade receivables	84,388	-	-
		Jiu Xin Estate(Wuxi) Limited	c	Other receivables	99,462	For working capital, rate at 4.75%	-
		Lunheng Business Management (Shanghai) Ltd..	c	Unearned revenue	148,819	-	-
2	Kunshan Dingxian Trading Co., Ltd.	Jiu Xin Estate(Wuxi) Limited	c	Unearned revenue	223,790	-	1

Note 1: Parties to the intercompany transactions are identified and numbered (in first column) as follows:

- a. "0" for Sinyi Realty Inc.
- b. Subsidiaries are numbered from "1".

Note 2: Flows of transactions are categorized as follows:

- a. From a parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of June 30, 2019.

Percentage to consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the six months ended June 30, 2019.

Note 4: The table is disclosed by the Company based on the principle of materiality.

## SINYI REALTY INC. AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

SIX MONTHS ENDED JUNE 30, 2019

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Sinyi International Limited (Samoa)	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$ 10,406,773	\$10,406,773	345,238,037	100	\$ 12,018,721	\$ 283,901	\$ 283,901	
	Sinyi Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	2,227,354	2,103,724	69,777,000	100	1,528,331	( 29,696 )	( 29,696 )	
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	2,035,005	2,035,005	203,500,000	100	1,905,299	( 48,674 )	( 48,674 )	
	Sinyi Global Asset Management Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	29,180	29,180	5,000,000	100	77,464	8,224	8,224	
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	21,000	15,000	2,100,000	75	4,158	( 9,366 )	( 6,925 )	
	Jui-Inn Consultants Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Management consulting	5,000	5,000	500,000	100	1,121	( 28 )	( 28 )	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	2,016	4	4	
	An-Sin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	25,500	25,500	7,650,000	51	105,785	8,851	4,514	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	14,895	( 2,081 )	( 395 )	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	177,000	135,000	8,400,000	100	27,206	( 23,555 )	( 23,555 )	
	Rakuya International Info. Co., Ltd.	12F. No. 105, Dunhua S. Rd., Sec. 2, Daan District, Taipei City, Taiwan	Information software wholesale and retail	19,076	19,076	2,580,743	23	14,833	662	148	
	SIN CHIUN HOLDING SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	49,140	49,140	6,537,766	100	12,039	( 5,856 )	( 5,856 )	
	Sinyi Real Estate Consulting Limited	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Production of instructions of real estate	8,000	8,000	500,000	100	10,165	( 155 )	( 155 )	
Sinyi Limited (B.V.I.)	Inane International Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	1,647,792	1,493,092	51,935,840	100	921,353	( 36,794 )	( 36,794 )	
	Ke Wei HK Realty Limited	Rooms 3703-4 37/F West Tower Shun Tak Centre 168-200 Connaught Road, Central HK	Investment holding	95,129	95,129	2,675,000	99	6,702	( 5,185 )	( 5,137 )	
Sinyi International Limited (Samoa)	Forever Success International Limited (Mauritius)	3rd Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.	Investment holding	68,741	68,741	2,216,239	100	34,370	( 1,282 )	( 1,282 )	
	Sinyi Realty Inc. Japan	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	58,064	58,064	16,000	100	299,300	11,053	11,053	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,919,127	3,919,127	133,506,209	100	5,522,210	281,454	281,454	
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	6,360,046	6,360,046	208,500,000	100	6,162,521	( 7,444 )	( 7,444 )	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of June 30, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Inane International Limited (B.V.I.)	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	Investment holding	\$ 66,174	\$ 66,174	1,584,000	100	\$ 11,237	\$ -	\$ -	
An-Sin Real Estate Management Ltd.	An-Shin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	100,000	100,000	10,000,000	100	70,480	( 2,295 )	( 2,295 )	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage	10,746	10,746	600	100	49,533	4,378	4,378	
	Tokyo Sinyi Real Estate Co., Ltd.	3rd Floor, No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	5,000	5,000	500,000	100	18,182	1,512	1,512	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Room 802, 8 Floor, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Hong Kong	Investment holding	3,888,107	3,888,107	131,640,306	100	5,420,039	257,440	257,440	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Unit 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Investment holding	6,350,826	6,350,826	207,000,000	100	6,116,178	( 7,444 )	( 7,444 )	
Sinyi Development Inc.	Da-Chia Construction Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	175	( 29 )	( 29 )	
	Sinyi Real Estate Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	98	( 29 )	( 29 )	
SIN CHIUN HOLDING SDN. BHD.	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Real estate brokerage	22,604	22,604	2,998,849	49	5,000	( 5,750 )	( 2,818 )	
	PEGUSUS HOLDING SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	24,030	24,030	3,191,200	100	5,549	( 2,962 )	( 2,962 )	
PEGUSUS HOLDING SDN. BHD.	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Real estate brokerage	23,526	23,526	3,121,251	51	5,204	( 5,750 )	( 2,932 )	
Yowoo Technology Inc.	Woopu Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Investment holding	500	500	50,000	100	409	( 29 )	( 29 )	
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	7000	-	700,000	25	1,386	( 9,366 )	( 1,213 )	

Concluded)

## SINYI REALTY INC. AND SUBSIDIARIES

## INFORMATION ON INVESTMENTS IN MAINLAND CHINA

SIX MONTHS ENDED JUNE 30, 2019

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of June 30, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2019
					Outflow	Inflow						
Ke Wei Shanghai Real Estate Management Consulting Inc.	Real estate brokerage and management consulting	RMB 19,638	Investment in company located in mainland China indirectly through Ke Wei HK Realty Limited	\$ 81,859	\$ -	\$ -	\$ 81,859	\$ (5,139)	100	\$ (5,139)	\$ 6,919	\$ -
Shanghai Sinyi Real Estate Inc. (Note 3)	Real estate brokerage	RMB 293,632	Investment in company located in mainland China indirectly through Inane International Limited	1,140,018	154,400	-	1,294,418	(28,635)	100	(28,635)	903,781	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	Investment in company located in mainland China indirectly through Inane International Limited	149,955	-	-	149,955	(2,208)	100	(2,208)	(19,935)	-
Shanghai Zhi Xin allograph Ltd.	Real estate brokerage and management consulting	RMB 11,968	Investment in company located in mainland China indirectly through Inane International Limited	17,095	-	-	17,095	(6,454)	100	(6,454)	26,480	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	22,414	-	-	22,414	31,987	100	31,987	337,520	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB1,636,300	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	-	2	-	314,662	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 27,200	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	43,766	-	-	43,766	(2,675)	100	(2,675)	18,830	-
Shanghai Shang Tuo Investment Management Consulting Inc.	Real estate brokerage and management consulting	RMB 5,961	Investment in company located in mainland China indirectly through Forever Success International Ltd.	27,432	-	-	27,432	1,284	100	1,284	26,083	-
Chengdu Sinyi Real Estate Co., Ltd. (Note 5)	Real estate brokerage and management consulting	RMB -	Investment in company located in mainland China indirectly through Inane International Limited	62,005	-	-	62,005	-	-	-	-	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Note 6)	Real estate brokerage and management consulting	RMB -	Investment in company located in mainland China indirectly through Inane International Limited	37,295	-	-	37,295	-	-	-	-	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of June 30, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of June 30, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of June 30, 2019
					Outflow	Inflow						
Sinyi Real Estate (Shanghai) Limited	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 802,513	Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited	\$ 3,868,747	\$ -	\$ -	\$ 3,868,747	\$ 259,487	100	\$ 259,487	\$ 5,403,834	\$ 1,084,137
Hua Yun Renovation (Shanghai) Co., Ltd.	Professional construction, building decoration construction, hard ware, building materials wholesale	RMB 8,000	Investment in company located in mainland China indirectly through Forever Success International Ltd.	40,465	-	-	40,465	(2,567)	100	(2,567)	7,645	-
Kunshan Dingxian Trading Co., Ltd.	Construction materials, furniture, sanitary ware and ceramic products wholesale	RMB 6,000	Investment in company located in mainland China indirectly through Sinyi Development Ltd.	31,020	-	-	31,020	24,012	100	24,012	101,533	-
Shanghai Chang Yuan Co., Ltd.	Property, business and management consulting	RMB 2,200	Investment in company located in mainland China indirectly through Shanghai Shang Tuo Investment Management Consulting Inc.	-	-	-	-	(161)	100	(161)	8,730	-
Jiaxing Zhi Zheng Real Estate Marketing Planning Inc.	Real estate marketing planning and management consulting	RMB 100	Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	165	100	165	1,238	-
Jiu Xin Estate (Wuxi) Limited	Real estate development	US\$ 207,000	Investment in company located in mainland China indirectly through Sinyi Estate (Hong Kong) Limited.	3,900,696	-	-	3,900,696	(7,440)	100	(7,440)	6,116,535	-
Suzhou ZHI XIN Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 2,000	Investment in company located in Mainland China indirectly through Shanghai ZHI XIN Allograph Ltd	-	-	-	-	(5,158)	100	(5,158)	3,908	-
Lunheng Business Management (Shanghai) Ltd	Business management consulting, financial advisory and marketing strategy	RMB 11,400	Investment in company located in Mainland China indirectly through Hua Yun Renovation (Shanghai) Co., Ltd.	-	-	-	-	(101)	100	(101)	51,342	-
Xin Yeh Business Administration (Shanghai) Ltd.	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 350,000	Investment in company located in Mainland China indirectly through Sinyi Real Estate (Shanghai) Limited.	-	-	-	-	18,841	100	18,841	1,601,031	-

Accumulated Outflow for Investment in Mainland China as of June 30, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 7)
\$9,577,167	\$15,895,093	\$-

(Concluded)

Note 1: Amounts were based on audited financial statements except those of Sinyi Real Estate (Shanghai) Limited, Jiu Xin Estate (Wuxi) Limited and Xin Yeh Business Administration (Shanghai) Ltd. which had been reviewed by the auditors.

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$31.06 and US\$1=RMB6.8702 on June 30, 2019.

Note 3: Some of the investments were made indirectly through earnings of the Company's subsidiary in China.

Note 4: Investments were made indirectly through the earnings of the Company's subsidiary in China.

Note 5: The Corporation has been liquidated in June 2019.

Note 6: The Corporation has been liquidated in June 2017.

Note 7: The Company has acquired the certification of operation headquarters issued by the Ministry of Economic Affairs, ROC.