
Sinyi Realty Inc.

2020 Annual General Shareholders' Meeting Minutes (Translation)

Note to Readers : 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 version shall prevail.

Time: 9:30 a.m., May 22, 2020

Place: NTUH International Convention Center (No.2 XuZhou Rd. Taipei, Taiwan)

Shareholders present: Total outstanding shares of the Company are 736,846,500 shares, and shares represented by shareholders present are 584,414,696 shares (including 38,082,760 shares casted electronically), accounted for 79.31% of total shares issued.

Chairperson: Hsueh Chien-Ping

Recorder: Hsu Shih-Han

Attendance: Yen Lou-Yu (Independent Director), Jhan Hong-Chih (Independent Director), Liu Yuan-Chih (General Manager), Chen Chin-Hong (General Manager of Sinyi Development Inc.), Wang Jun-Yan (Chief Financial Officer), Shyu Wen-Yea (Deloitte & Touche, Accountant), Chen Jin- Hsuan (J.S. International Attorneys At Law)

I. Chairperson's address:(omitted)

II. Report items

Item 1:

Subject: Report on the 1st issue of unsecured corporate bond in 2019.

Descriptions:

1. The Company issued the first and the second domestic unsecured straight bonds in the amount of NT\$ 900 million in 2019. Approval was granted by the 7th meeting of the 13th term of board of directors on October 28, 2019. The chairperson was authorized to issue domestic unsecured straight bonds in the amount up to NT\$ 900 million in the domestic market based on market situation for the purpose of raising long-term capital and improving the financial structure.
2. The first issuance of domestic unsecured straight bonds of NT\$900 million were approved by the Financial Supervisory Commission (approval letter No. 10800132741 dated on November 21, 2019). The placements were completed on November 28, 2019.
3. Please review.

Comments:

After inquiring the shareholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 2:

Subject: Report on the Business of 2019.

Descriptions:

1. Business report of the Company is in attachment 1 on Page 7 of this meeting handbook.
2. Please review.

Comments:

After inquiring the shareholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 3:

Subject: Report on Profit Sharing to the Company's Employees and Directors' Compensation of 2019.

Descriptions:

1. It is in accordance with Article 20 of the Articles of Incorporation of the Company.
2. The amount of income before tax before deducting profit sharing to the employees and directors' compensation for the year 2019 is NT\$1,625,805,168, which is multiplied by 1% and 0.241% are NT\$16,258,052 and NT\$3,923,385 in cash for the employees and directors , respectively. Total NT\$20,181,437.
3. Please review.

Comments:

After inquiring the shareholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 4:

Subject: Report on Audit Committee's Review of the Business Report, Financial Statements and Earnings Distribution Proposal of 2019.

Descriptions:

1. The board of directors has, in accordance with Article 18 of the Articles of Incorporation and Article 228 of the Company Act, prepared business report, financial statements and earning distribution proposal for the year of 2019 which have been audited by the audit committee, and are deemed no inappropriateness. Therefore, ratification report from Audit Committee for financial statements is attached in accordance with Article 14-4 of the Securities & Exchange Act and Article 219 of the Company Act, as detailed in Attachment 2 on page 13 of this meeting handbook.
2. Please review.

Comments:

After inquiring the shareholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 5:

Subject: Report on Audit Committee's communications with the chief internal auditor.

Descriptions:

1. Communications with internal auditing officers by the Audit Committee, as detailed in Attachment 3 on page 14 of this meeting handbook.
2. Please review.

Comments:

After inquiring the shareholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 6:

Subject: Report on concrete promotion plans for corporate social responsibility programs.

Descriptions:

1. "Corporate Social Responsibility Best Practice Principles" and plans for promoting CSR are detailed in Attachment 4 on page 18 of this meeting handbook.
2. Please review.

Comments:

After inquiring the shareholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 7:

Subject: Report on amendments to the Company's "Corporate Social Responsibility Best Practice Principles".

Descriptions:

1. In response to amendments of law and to continually exercise corporate social responsibility, the Company amends partial articles of "Corporate Social Responsibility Best Practice Principles".
2. Comparison tables of amended articles of "Corporate Social Responsibility Best Practice Principles" of the Company are detailed in Attachment 5 on page 20 of this meeting handbook.
3. Please review.

Comments:

After inquiring the shareholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

III. Ratification Items

Item 1

Proposed by the board of directors

Subject: Ratification of 2019 Business Report and Financial Statements.

Descriptions:

1. It is in accordance with Article 18 of Articles of Incorporation of the Company, Article 228 of the Company Act, and Article 36 of the Securities & Exchange Act.
2. Financial statements of the Company for the year of 2019 have been audited by CPAs Shyu Wen-Yea and Lai Kuan-Chung of Deloitte & Touche, and the independent auditors' report thereof has been issued.
3. Business report, independent auditors' report and financial statements of the Company for the year of 2019 are submitted, as detailed in Attachment 1 on page 7 and Attachment 6 on page 23 of this meeting handbook.
4. Submitted for acceptance.

Resolution:

Votes in favor: 572,436,796 votes (including 28,394,169 votes casted electronically),
97.95% of the total represented shares present;
Votes against: 107,564 votes (including 107,564 votes casted electronically);
Votes abstained: 9,581,027 votes (including 9,581,027 votes casted electronically);
Votes invalid: 0 votes.
2,283,121 votes did not provide their opinions.
The above proposal was ratified as proposed.

Item 2

Proposed by the board of directors

Subject: Ratification of Earning Distribution Proposal of 2019.

Descriptions:

1. It is in accordance with Article 18 and Article 20-1 of the Articles of Incorporation of the Company and Article 228 of the Company Act.
2. The beginning undistributed earnings of the Company for the year of 2019 is NT\$ 350,065,476. After deducting NT\$ 40,164,508 for the re-measurement of defined benefit obligation、NT\$ 3,768,831 for the Adjustment to undistributed earnings due to Non-controlling Interests and NT\$2,300,829 due to long-term investment in shares of the Company, respectively, the adjusted beginning undistributed earnings is NT\$303,831,308. Additionally adding 2019 earnings after tax of NT\$ 1,262,933,497, and deducting appropriated legal reserve of NT\$121,669,933 and special reserve of

NT\$346,878,772, the 2019 distributable earnings is NT\$ 1,098,216,100. It is proposed to distribute cash dividends to shareholders in the amount of NT\$884,215,800. As calculated by actual outstanding share number of 736,846,500 shares of the Company as of February 27, 2020, each share will be distributed for a cash dividend of NT\$1.2 (the amount which each shareholder receive will be rounded to dollar; remaining amount for fractional shares is recorded as other income of the Company).

3. 2019 earning distribution table is proposed as follows:

Items	Amount (NT dollars)
Beginning undistributed earnings (a)	\$ 350,065,476
Less: Re-measurement of defined benefit obligation (b)	(40,164,508)
Less: Adjustment to undistributed earnings due to Non-controlling Interests(c)	(3,768,831)
Less: Adjustment to undistributed earnings due to long-term investment in shares defined benefit obligation(d)	(2,300,829)
Adjusted beginning undistributed earnings(e)=(a-b-c-d)	303,831,308
Add: Net income of 2019(f)	1,262,933,497
Less: Appropriation of legal reserve (g) =(f-b-c-d)×10%	(121,669,933)
Less: Special reserve(h)	(346,878,772)
Current distributable earnings (i) =(e+f-g-h)	1,098,216,100
Propose to distribute items:	
Less: Bonuses to shareholders(j)	(884,215,800)
Ending undistributed earnings (k)=(i-j)	\$ 214,000,300
Notes: Amount of current earnings distribution will be paid from 2019 net income first.	

Chairperson: Hsueh Chien-Ping General Manager: Liu Yuan-Chih Chief Accountant: Lin Chiu-Chin

4. Upon ratification of this proposal at the annual meeting of shareholders, it is proposed to authorize Chairperson of the board of directors to determine ex-dividend date, distribution date and other relevant affairs. If subsequently the number of outstanding shares is affected by buyback of shares of the Company or transfer, conversion or cancellation of treasury shares, resulting in change in the ratio of distribution of cash dividend to shareholders from earnings, it is proposed to authorize Chairperson of the board of directors to adjust the ratio of distribution of dividend.
5. Submitted for acceptance.

Resolution:

Votes in favor: 572,378,188 votes (including 28,360,919 votes casted electronically), 97.94% of the total represented shares present;
 Votes against: 139,583 votes (including 139,583 votes casted electronically);
 Votes abstained: 9,582,258 votes (including 9,582,258 votes casted electronically);
 Votes invalid: 0 votes.
 2,308,479 votes did not provide their opinions.
 The above proposal was ratified as proposed.

IV. Discussion Items

Item 1

Proposed by the board of directors

Subject: Discussion and approval on the Amendments to the Company's Articles of Incorporation.

Descriptions:

1. To adapt to needs of commercial practice, the Company proposes an amendments to the Company's Articles of Incorporation". Comparison table of amendments for "Article of Incorporation" of the Company are detailed in Attachment 7 on page 46 of this meeting handbook.
2. Please discuss.

Resolution:

Votes in favor: 572,330,018 votes (including 28,366,420 votes casted electronically),
97.93% of the total represented shares present;
Votes against: 117,151 votes (including 117,151 votes casted electronically);
Votes abstained: 9,599,189 votes (including 9,599,189 votes casted electronically);
Votes invalid: 0 votes.
2,362,150 votes did not provide their opinions.
The above proposal was approved as proposed.

V. Extempore motion

* A shareholder with account No. 5935 spoke for the first time that in addition to affirming the efforts of the Company's management team, he suggested the Company should pay attention to the risks arising from the U.S.-China conflict and cross-strait relations changes. The shareholder was also concerned about the Company's land acquisition in Malaysia and the intention to run a hotel tourism business. Since the risks and business characteristics of the hotel tourism business are different from real estate brokerage business, it is suggested the Company should focus on its own expertise. "Deciding on what not to do" can sometimes be more important than "Deciding on what to do".

(The above inquiries and suggestions were replied by the Chairperson on the spot that the Company has amended its Chinese name "信義房屋仲介股份有限公司" to "信義房屋股份有限公司" (removing the words of "仲介" which means brokerage) in year 2019. Although the Group's core business remains as real estate brokerage and sales agency, the Group has extended its core value to "be a leading brand in housing and living industry" as its new target, which deemed to be an appropriate adjustment to be done in order to match market

trend from time to time. The Company has responded to the government's southward policy, and being optimistic about the tourism potential in Sabah. The average occupancy rate of Sabah's high-end hotels is high and the average room rate is similar to Taiwan's rate. Although the construction cost per unit is nearly equal to Taiwan's construction cost, the land cost per unit is far lower than Taiwan's land cost. After a comprehensive assessment, this investment is expected to bring good returns in the future. The hotel is expected to operate at its earliest in 2024 which the tourism industry deemed to be recovered from the pandemic. The design and planning of hardware and software toward epidemic prevention will also be taken into consideration at the pre-operational stage.)

*A shareholder with account No. 10602 inquired the independent directors of the Audit Committee about how the Audit Committee assisted the management team to control risk in response to the investment in Mengalum Island effectively. He suggested in addition to evaluating strategic development, business model and future strategic partners, the management team should focus on hotel channel management (source of the visitors) which deemed to be the key to success in the future. In addition, Mr. Lai inquired whether the Company had internally discussed the business model of light asset in real estate development.

(The above inquiries were replied by the Chairperson and Mr. Jhan Hong-Chih, independent director, and Mr. Chen Chin-Hong, the General Manager of Sinyi Development Inc., who were being authorized to reply on the spot. The Chairperson replied that as to the investment of Mengalum Island, the Company had engaged professional consultancy to conduct the tourism market survey of Sabah and had the Company's financial unit to conduct financial evaluation. These survey and evaluation have been submitted to the Audit Committee as a reference before they finally approved the proposal. Independent Director Jhan Hong-Chih said that the Company expanded its business from real estate brokerage to real estate development was a tremendous shift of business strategy, where real estate brokerage business provides brokerage service without incurring cost of goods sold and inventory risk. The excellent responds from the Shanghai's Project, "Sinyi Jiating" is mainly due to the Company tackled the importance of "grasping in understanding of housing", that is, through decades of real estate brokerage service experiences, the Group has accumulated a detailed understanding of the inner thoughts and needs of the house buyers, including the desire to have types of living functions and transaction protection. Real estate development business is not mainly restricted to construct and market residential properties, but also extended to commercial buildings, resort and hotels, etc. The expansion of Mr. Li Ka-shing's career in Hong Kong is a similar trajectory to follow. If the tourism industry is being defined as a new type of property development, it deemed to be a certain correlation with the Company's business. The Company expanded its business from real estate brokerage to real estate development, and then from the development of residential products to the development of the hotel industry. Under the present foundation of the Company, if then cooperates with the strong international hotel brand operators which own the vast number of loyal members, it seems to be reasonable shift to tourism industry. In associate with minor financial risk, such development shall not be seen as a bad thing for the Company.

Mr. Chen Chin-Hong, the General Manager of Sinyi Development Inc. said that, unlike the traditional heavy-assets real estate development models such as purchasing land for self-construction and joint construction, the Group has gradually developed a model which was named as "whole development services", that is, "using the construction company's team to assist landlords in the land development". Through the provision of services, we can collect appropriate service fees.)

*The shareholder with No. 5935 made a second speech, suggesting that the information on the source of the land search could be added to the notice of the shareholders' meeting.

(The above suggestion was responded by the Chairperson on the spot that the Company will assess its legality.)

*A shareholder with account No. 8773 said in a statement that the speeches made by the shareholders had just been free speeches and should not fall within the scope of extempore motion, and suggested that the agenda of "free speech" could be added after the extempore motion in the future. The shareholder also inquired about the current reserved land status, when the Mengalum Island will start to operate, and when the houses of "Shanshui Jiating" project and "Jiahe" project will be delivered in order to recognize revenue.

(The above questions were replied on the spot by Mr. Chen Chin-Hong, the General Manager of Sinyi Development Inc., who was authorized by the Chairperson. Mr. Chen Chin-Hong replied that "Shanshui Jiating" project would be completed and would start to deliver the houses earliest at the end of June next year. The "Jiahe" project is expected to be completed and delivered the houses in 2022. The Chairperson added that the hotel operation in Mengalum Island would be expected to start no earlier than 2024.

*A shareholder with account No. 48433 asked about the impact of policy changes toward inventory valuation and the reasons of sharp decrease of sales revenue for year 2019 compared to 2018.

*A shareholder with account No. 31849 enquired about the previous dispute and current foreseeable status in the note of "Significant Contingencies and Unrecognized Contractual Commitments" on pages 7 - 89 of the 2019 Annual Report.

(The above enquiries were replied on the spot by CFO and CPA who were authorized by the Chairperson that contingencies in the notes were mainly related to subsidiaries engaged in escrow services. From past experience, the occurrence of the disputes was less likely to take place, but the subsidiaries will still accrue some provision on the book based on historical experiences. There were no major disputes so far. As to inventory valuation, the inventory loss was recognized when the latest selling price of the inventory or the similar nearby real estate selling price is lower than the cost of inventory. Mr. Shyu Wen-Yea, the CPA, added that accounting policy of inventory has no changes since then, where it's being accounted between inventory cost and net realized value, whichever is lower. 2019 inventory losses accounted for NT\$ 18,000 thousand is due to the actual selling price of the parking space was lower than the cost of unsold parking space in the "Sinyi Jiating" project.)

*A shareholder with No. 15508 said that the Company had entered into the mainland market since 1993. However, it would take about 4 years for the real estate development business to complete a development project. The shareholder enquired that under the current cross-strait atmosphere, what will be the major risk and loss the Group face and the relative solutions. In addition, the shareholder suggested the Company should specify the investment status and related rate of return outside Taiwan during the shareholders' meeting in the future.

(The above questions and suggestions were replied by the Chairperson on the spot that the Company did not follow the local mainland real estate developers to adopt the rolling real estate development model and the financial leverage ratios are relatively low. The unit price of three pieces of land bid in Wuxi after the outbreak of COVID-19 were all higher than the unit cost of land of "Shanshui Jiating" project. Therefore, disregarding the aspects of funds control and selling prices, it's less likely capital cut-off risk and the price decline risk

occur for the “Shanshui Jiating” project. In addition, the operating conditions of each overseas subsidiary had been disclosed in the annual report for shareholders’ reference.)

VI. Adjournment: 10:46 a.m. on May 22, 2020

※ This meeting minutes was recorded in accordance with Article 183, paragraph 4 of the provisions of the Company Act. The meeting audio recording still prevail regarding the meeting content, proceedings and shareholders’ statements

VII. Attachments

Attachment 1

Sinyi Realty Inc. Business Report of 2019

In 2019, the demand on Taiwan's real estate market mainly came from the need for self-residence. The population of first-time purchasers became the major roles of the house purchase in the area. The recovery of buying sentiment still continued. Besides the good results in the talent recruitment, the Company's operation concepts of "service in lieu of marketing" and "community service in lieu of business zone cultivation" are also affirmed by colleagues and customers. By virtue of providing community residents with various warm residence services, and with the advantage of all-house operation and the digitally accurate placement, the revenue and the operating income from brokerage and agency sale in Taiwan area of the Company in 2019 grew 20% and 30%, respectively, compared with the previous year.

In addition to the real estate brokerage and development business, with a positive view of prospect of tourist & travel business in Southeast Asia, the Company acquired the right to the use of land on Mengalum Island, Sabah, Malaysia through its subsidiary in 2019, sowing the seeds of future development of leisure and tourism industry of Sinyi Group.

1. The industrial environment and business performance

The brokerage and relevant house service in Taiwan —

Because of the impact of USA-China trade dispute raised the effect of transfer of orders, and part of relevant industries transferred their production capacities to Taiwan, the foreign net demand and domestic investment performance were better than expected. The economic growth rate in 2019 was about 2.71%, the top of the Four Asian Tigers; in addition, the number of family still continually and slowly increased, bringing in the increasing demand for self-residence purchases. In the year of 2019, the housing units transacted and transferred rose to 300 thousand units, an annual growth of 8.0%.

Facing the re-warming real estate market, the Company continually optimizes the independently developed and imported auxiliary tools of real estate technologies to provide customers with more convenience in their purchase of house. In normal time, the Company aggressively requests the colleagues to go deep into the community, to satisfy various demands of residents of the community in respect of residence, and to implement the practices of "knowing people, being known, and being trusted", in order to have the branch stores become a good helper of the community, and further cause the residents to be used to enter Sinyi branch stores whenever they desire to purchase houses. The above efforts also led the rise of both of operation revenue performance and output per agent of the brokerage business in Taiwan in the previous year, and pushed us to step into the vision of becoming "the top brand of residence living industry" of Taiwan brokerage business.

The agency sale business of Sinyi continually develops the innovative operation mode of “Sinyi comprehensive real estate platform”. By virtue of the brand of Sinyi, the channel of brokerage business, the accurate big data analysis of customers and the digital network marketing, we multiply increased the service capacities and accelerated the speed of transaction, separately explored the Blue Ocean market for the competitive agency sale market, and obtained the growth nearing fifty percent (50%) of the agency sale business, becoming the top three of the industry sector.

The brokerage in Mainland China—

In respect of the real estate market in Suzhou district, the performance was prosperous followed by a recession, and the transaction volume reached the relatively high over recent years at the beginning of the second quarter of 2019. However, as the local government successively launched new measures in May and July to implement the policies of “keep steady” and “for residence but not for speculation”, the performance of operation revenue of Suzhou Sinyi was affected, caused 21% decrease in the operating revenue, compared with the previous year. In respect of second-hand housing market in Shanghai district, the prices were steady and the volumes increased; the transaction volumes in 2019 reached new high over recent 3 years, leading to 17% increase of brokerage revenue of Shanghai Sinyi, compared with the previous year. However, as affected by the poor performance of new house market in surrounding area, the operation revenue of the agency department of Shanghai Sinyi was significantly impacted.

Other brokerage in overseas markets—

Japan Sinyi has cultivated the local market for ten years. For further expansion of the influence and popularity on the local market and service to the local customers in Japan, it separately created the new brand “S J Home” of house brokerage, to further promote its service to the local market which was famous of its delicate service tradition. Through the Japan-Taiwan linked quality service as jointly built by Japan Sinyi and its subsidiary in Taiwan, Taiwanese style enthusiasm was merged into Japanese style delicate service, leading to 18% growth of operation revenues of Japan Sinyi in 2019.

Real estate development—

The “Shanshui Jiating” project in Wuxi of Mainland Real Estate Development Business has started the pre-sales in the fourth quarter of 2019. Continuing on the good reputation of “Sinyi Jiating” project and building experiences, it shaped the service feature insisted by Sinyi brand and increases the popularity, and is devoted to become the local quality benchmark development project.

Having the green trees view of the cultural landscape of 435 Art Zone with area of 13.9 thousand pings, nearing Xinhai manmade wetland park, the Sinyi “Jaihe” project of cultural homes launched by Sinyi Development in Banqiao District of New Taipei City armed to create a happy home “based on humanity with home as core”, and started the sales in August 2019. As of the end of the year, the sale rate has exceeded thirty percent (30%). While

the first-row Sinyi “Jiapi” project in the same 435 Art Zone has obtained the building licenses and will start the construction works successively.

【Analyses on the financial revenues and expenditures and profitability】

Expressed in Million New Taiwan Dollars

Items \ Year		Year 2019	Year 2018
Financial income/expenditure	Operation revenue	12,438	12,903
	Operating income	1,972	2,645
	Non-operating income (expense)	85	175
	Consolidated income before tax	2,057	2,820
	Income tax	780	1,329
	Net income (attributable to owner of the Company)	1,263	1,505
Profitability	Return on total assets (%)	5%	6%
	Return on equity (%)	12%	13%
	Net income margin (%)	10%	11%
	Earnings per share (\$)	1.71	2.04

Note: The above table is prepared according to data in the consolidated financial statements.

2. Verification of remarkable performance of Sinyi with award honors

The Company is devoted to increase the corporate completeness and implement the corporate ethics, and exerts its influence to build a faithful real estate transaction order, and endeavor to take overall consideration to the interests among various interested parties, including customers, colleagues, shareholders, the society and the environment and suppliers, so as to establish the advantage niche of sustainable development. With several years of efforts, the Company has been affirmed by various cycles, and has been acknowledged by various awards from the operation area and worldwide.

The major awards obtained by the Company in 2019 are summarized as follows:

In the aspects of quality and innovation of services:

- ※ Awarded the first place of real estate brokers in the “Survey of Ideal Brands in the Minds of Consumers” by Management Magazine for 26 years in a row.
- ※ Awarded the platinum awards of “Reputation Brands in Reader’s Digest” by Reader’s Digest for 12 years in a row.
- ※ Awarded the first place of real estate brokers in the “Survey of Ideal Brands of Businessmen” by Business Today for 12 years in a row.

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- ※ Awarded the first award of real estate broker category of “Five-Star Service Award” by Global Views Magazine for 3 years in a row.
 - ※ Awarded the first place of “First Award of Service” by Next Weekly for 5 years in a row.
 - ※ Awarded the best management innovation award – silver award of 2019 “Future Commerce Awards – Innovation Commerce Award” by Top Agent APP high-efficient virtual mobile special assistant”

Performance by the Company in the aspects of social responsibility and corporate governance:

- ※ Awarded the “Top Five Percent” of the corporate governance assessment by the Securities & Exchange for 5 years in a row.
- ※ Awarded “Commonwealth corporate Citizen Award” by “Commonwealth Magazine” for 13 years in a row.
- ※ Awarded the biggest award of “Asia’s Report of the Year” in the Asia Sustainability Reporting Award (ASRA) by CSR Works International Pte. Ltd., Singapore for 2 years in a row.
- ※ Awarded “Global Corporate Sustainability Report Award” by Taiwan Academy of Sustainability for 2 years in a row and “Taiwan Corporate Sustainability Award” of the same academy for the fifth time.
- ※ Awarded the first award of “SCR Survey – Service Group” by Global Views Magazine for 2 years in a row, and the first award of “Education Promotion Group” for the first time.
- ※ Awarded the “Best Employer Award” by HR Asia Magazine.

3. Impact of the external competition, regulatory backdrop and business environment, operating goals and future prospects:

The brokerage and related house service in Taiwan —

The survey of the Company indicates that the house purchase confidences of peoples in house purchase are further re-warming to the best status over recent 6 years, and this is the year in which the steady recovery of the real estate market for self-residence. Because the President is re-elected, the policies relating to real estate are expected to continue. Furthermore, because USA-China trade war and the government policies brought the return of funds to Taiwan, plus the low interest rate environment for long times, the funds will be plenty on the overall markets. Therefore, it is expected the moderate recovery of the previous year will continue in 2020. However, facing the COVID-19 outbreak, even though Taiwan has better results from the epidemic prevention, the outbreak is expected to bring some impact on the domestic housing market of 2020.

The Company will continue to take the trust as the core, uphold the spirit of

“Righteousness above profit”, start from the core value of community service and the service manifestation, widely take root in the community, and link with the happy living circle of residence, and will well perform the customer service based on the mind of beginning for the end through the interactions of community service and good trust relationship with residents of the community. Meanwhile, the Company will combine the technology trends to fully unfold the digital technology abilities of colleagues, and well practice O2O service model to provide customers with the best experience in high quality and efficiency.

The brokerage in Mainland —

The brokerage business in Mainland area will continually adopt “Amoeba Operating” to promote the operation of entire employees, cultivate talents with the mind of operation, import O2O system as an aid, fulfill the basic functions of service, to react to the future development trends, and will efficiently promote the productivity of single store and per capita, to satisfy the demand of customers for the transaction of house purchase. In addition, facing the impact of COVID-19, the Mainland brokerage business will assist the residents of the community in the epidemic prevention in due time, and endeavor to become good helpers and trusty partners of peoples in the community.

Other brokerage in overseas markets —

Japan Sinyi having deeply cultivated Japanese market for more than 10 years will continually promote the service abilities of Taiwan-Japan link; and meanwhile, will use the steady steps to develop “SJ Home” brand, and will plan the newly established branch store and recruit local good talents, to promote the brand popularity, explore the customer base and enlarge the service capacity.

Real estate development —

In 2020, the Mainland real estate development business will be devoted to the promotion of sales of remaining houses of “Sinyi Jiating” project in Shanghai and the pre-sales of “Shanshui Jiating” project in Wuxi and will implement the construction qualities and progress control. As a new real estate developer in Wuxi, the said business needs more precise target customer base to operate, and the unfolding of its more concrete qualities of sales of finished houses to have the customers perceive the building values and features of “Shanshui Jiating”. The Sinyi “Jiahe” project in New Taipei City will continue the promotion of the pre-sales efforts, will combine three advantages of “Building Product Traceability”, “Building Information Modeling (BIM)” and “Community Development”, to acquire the rare cultural Greenland and become the real collection of building for generations. Sinyi “Jiabin” project will flexibly adjust the schedule of pre-sales depending on the sale progress of “Jiahe” project, and in addition thereto, will aggressively seek the appropriate enterprises and stores residing there in the future to input new vitalities to the surrounding environment of the building project.

Leisure and tourism industry—

In order to explore the relevant demands of customers for residence, the Company purchase the right-of-use land of the Mengalum Island, Malaysia with area about 200 acres in 2019, planning to step into the high-end resort or hotel industry, and making it becomes the first choice of local and international travelers for their vacation in Sabah. Looking forward to 2020, the Company will proceed to a series of the preparation before the development plan.

Chairman: Hsueh Chien-Ping Manager: Liu Yuan-Chih Chief Accountant: Lin Chiu-Chin

Attachment 2

Sinyi Realty Inc.

Audit Committee's Review Report

We have agreed and submitted the Company's 2019 financial statements to the board of directors and obtained the approval of the board of directors. The financial statements have been audited by Deloitte & Touche engaged by the board of directors with an unqualified opinion in the independent auditor's report.

We audited the Company's 2019 business report and earning distribution proposal which have been resolved by the board of directors and has concluded that both of them are in accordance with the related regulations.

In Summary, the Company's 2019 financial statements, 2019 business report and earning distribution proposal which have been resolved by the board of directors and audited by us are all prepared in accordance with the related regulations. Pursuant to Article 219 of the Company Act, a report is submitted as above. Please review.

To
2020 Annual General Shareholders' Meeting

Sinyi Realty Inc.

Convener of Audit Committee:



Yen, Lou-Yu

February 27, 2020

Sinyi Realty Inc.

Audit Committee's communications with the chief internal auditor of 2019

Date	Mode	Issues to communicate	Comment from the independent directors
01/29/2019	Audit Committee	Report the results of audit report.	Regarding to the tracking items of the previous audit "Sinyi Jiating Project: The transferred real estate with incomplete procedures", Commissioner Hong San-Xiong enquired about whether there is any relevant protection clauses in the Company's contract, and the Chairman enquired about the improvement schedule. Both inquiries are responded by Auditor-General.
02/25/2019	Audit Committee	Report the results of audit report.	<ol style="list-style-type: none"> 1. Commissioner Jhan Hong-Chih suggested that the auditing unit should locate the causes of all audit findings, confirm the responsible departments and effective internal process for the future in order to rule out the possibilities that the similar issues occur again, and also set up the proper and comprehensive management regulations to control all risky events, such as the establishment of checklist forms in response to procurement regulations. In case there is any incompliance to the regulations, the processes shall be suspended to prevent further risks. 2. The Chairman recommended that the auditing unit should summarize the causes of occurrence of the events and verify whether they belong to failure of internal control system design or dysfunction of operation process. Besides increasing audit frequencies, the auditing unit also shall design effective internal process and take measures, so that the causes of occurrence of those events could be early found and eliminated. 3. Commissioner Hong San-Xiong proposed to come out the concrete and feasible internal control improvement measures to help business units for implementing relevant management procedures.

Date	Mode	Issues to communicate	Comment from the independent directors
		Discussion on representation of internal control system for 2018.	Noted.
04/08/2019	Audit Committee	Report the results of audit report.	Both the Chairman and Commissioner Jhan Hong-Chih indicated that the disqualification rate of sampling inspection over fire extinguishers in branch offices is too high. It is suggested that there should be overall examination to make sure that the security and safety of branch offices' staff and properties. Auditor-General responded that the general affairs unit will be tasked for such overall examination, and replace all the disqualified extinguishers.
04/29/2019	Audit Committee	Report the results of audit report.	Regarding to "Previous report: Fire extinguishers status in branches offices" and "Agenda: Simultaneous interrupt over both main IT system and backup system for the brokerage business in Mainland China", the Chairman enquired Auditor Office about the subsequent improvement. The Executive Manager of Auditor Office gave responses about improvement measures for relevant acceptance operations, and improvement execution over main IT system and backup system for the brokerage business in Mainland China will be merged into the report of tracking items in the future.
05/31/2019	Audit Committee	Report the results of audit report.	1. Regarding to the previous audit tracking items, the disqualification rate of fire extinguishers remained high. Commissioner Jhan Hong-Chih asked whether to change the outsourcing suppliers and re-examine the contract, and also suggested setting up the regulations for the expiry control of fire extinguishers. Additionally, the Chairman enquired for the suppliers' quality, while Commissioner Hong San-Xiong asked about the actual failure rate of the extinguishers. Auditor-General responded that there would be regular examinations every 6 months in the future. Currently, the auditing unit and the general affairs unit are co-working for

Date	Mode	Issues to communicate	Comment from the independent directors
			<p>relevant regulations.</p> <p>2. For the cyber security backup system of Mainland China subsidiaries, the Chairman is asking about the subsequent improvement progress. The Executive Manager of Auditor Office responded for this.</p> <p>3. The Chairman enquired about the consequent progress of the not-yet-completed subsidiaries' management regulations, and this issue was responded by the Executive Manager of Auditor Office. Besides, Commissioner Li Yi-Li proposed that the improvement schedules for tracking items should be set by month in order to facilitate to follow up the timeliness.</p>
06/14/2019	Audit Committee	Report the results of audit report.	Noted.
07/29/2019	Audit Committee	Report the results of audit report.	Noted.
08/28/2019	Audit Committee	Report the results of audit report.	The Chairman and Commissioner Hong San-Xiong proposed that for the system of real estate brokerage business, the Company should establish the compliance system related to Money Laundering Control Act, and carry it out to subsidiaries in Japan, Malaysia and Mainland China gradually.
09/17/2019	Audit Committee	Report the results of audit report.	Noted.
10/28/2019	Forum	The draft plan of internal audit for 2020.	<p>1. According to "Regulations Governing Establishment of Internal Control Systems by Public Companies", there shall be audit plans for the critical operational cycles and management operations.</p> <p>2. Material Principles: Reduce the audit frequencies for the items with low risks and no deficiencies found in the audit reports during the past 2 years. Allocate audit resources to the new businesses established in 2020.</p> <p>3. Risk management: Based on the corporate-level's top 5 risk projects chosen by TEM Committee, upon auditing all subsidiaries and departments, all business units and departments shall check the execution of all control processes.</p>

Date	Mode	Issues to communicate	Comment from the independent directors
			This is to implement the mechanisms such as internal control system, autonomous audit management, continuous regular audit and major risk management, which will improve the Group's internal management.
	Audit Committee	Report the results of audit report.	The Chairman recommended using different colors for labeling the risk conditions, which will be more intuitive and easy for inspection.
12/30/2019	Audit Committee	Report the results of audit report.	Due to the increasing items of internal audit reports, the Chairman recommended that the auditing unit should summarize and integrate these items, and submit them to the Board of Directors based on the importance of the respective items. It is also required to notice that the role of the internal audit is to inspect operation teams' risks from a certain level instead of supervising or tracking (These functions shall belong to the administrative department).

Sinyi Realty Inc.

Concrete promotion plans for corporate social responsibility programs

Topic	2020 Program
Governance	<p>Efforts & acts to optimize corporate governance</p> <ul style="list-style-type: none"> Directed by independent directors toward overseas subsidiaries Upgrade disclosure of corporate governance related information, publicize the performance Visit benchmarking enterprises <p>Implement thoroughly transparent faithfulness and regulation compliance</p> <ul style="list-style-type: none"> Promotion and implementation of Sinyi Group' s regulation compliance system Monitoring and systematic promotion of Sinyi Group' s risk management Improve accounting systems and processes Based exactly on customer needs, we develop innovative services Make optimal use of digital and innovation to change service attributes Supporting mechanism for old customers to enhance the performance of loyal customers relationship maintenance Promote community- oriented services to deeply cultivate community
Social	<p>Efforts to attract outstanding talents</p> <ul style="list-style-type: none"> Diversified recruitment channels for talented teammates to broaden the source of talent Formulate Best Employer Brand Name to recruit talent Enhance professional capability for Sinyi teammates and executives Transformation into credit-oriented system of education and training <p>Healthy and blessed workplaces</p> <ul style="list-style-type: none"> Ensure wholesome occupational safety and health management system Set up sound all people health care practice system Innovate the application and promotion of flexible benefit-SinFu Coin Formulate quality workplaces <p>Combine resources to strengthen influential powers</p> <ul style="list-style-type: none"> Continued effort to enrich the knowledge base for community development in the community to improve communications among different ethnic groups Integrate internal & external resources, set up community development base to maximize Corporate Social Responsibility (CSR) influential powers Carry out diversified and flexible community volunteer services to accomplish volunteer services up to 13000 hours Combine the global concept of plastic reduction and environmental protection in volunteer activities, with an estimated annual cleanup of 1,000 kg of plastic waste Sinyi School maps out for the six main axes with corporate ethics, human life, happy family, living space, environmental care, community care for continuous promotion <p>Sound supply chain management</p> <ul style="list-style-type: none"> Share learning resources with suppliers and grow together in innovation Deepen management over suppliers in the pre-, mid- and post-visit Continued track upon suppliers' social impact, procurement rotation
Environment	<p>Low carbon services</p> <ul style="list-style-type: none"> Focus on sustainability issues and promote sustainability Zero-carbon Sinyi Store Policy expanded up to fifteen (15) Sinyi Branches in entire Taiwan to commit to exert the social influence of real estate agent industry Continued pass in a variety of environment related verifications <p>Reduce energy use and improve ecological efficiency</p> <ul style="list-style-type: none"> Continuously through various environmental-related verification, in line with international environmental norms, comprehensively inventory greenhouse gas and

Topic	2020 Program
	<p>water footprint to create a green and sustainable environment through practical action</p> <ul style="list-style-type: none"> • Continuous lying into the maintenance operation of the ISO 50001 energy management system and the ISO 14001 environmental management system, and actively promote energy conservation and carbon reduction <p>Participation in international initiatives to expand impact</p> <ul style="list-style-type: none"> • Promote the CDP carbon disclosure program in 2020, gradually disclosing the financial and overall operational impact of climate change

Sinyi Realty Inc.

Corporate Social Responsibility Best Practice Principles Comparison Table of Amended Articles

Amended articles	Present articles	Description of amendment
<p>Article 3</p> <p>In fulfilling corporate social responsibility, the Company shall give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance, and include them in operation guidelines and management principles of the Company.</p> <p>The Company shall conduct the risk evaluation of environment, society and corporate governance issues related to the Company's operation according to the principle of materiality and stipulate the related risk management policy or strategy.</p>	<p>Article 3</p> <p>In fulfilling corporate social responsibility, the Company shall give due consideration to the rights and interests of stakeholders and, while pursuing sustainable operations and profits, also give due consideration to the environment, society and corporate governance, and include them in operation guidelines and management principles of the Company.</p>	<p>Revise the wordings in accordance with the amendment to the guideline of "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" issued by the government.</p>
<p>Article 17</p> <p>The Company shall evaluate the current and approaching potential risk and opportunity on the Company from climate change and adopt the counter-measures related the climate issues.</p> <p>The Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>I. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.</p> <p>II. Indirect greenhouse gas emissions: emissions resulting from the generation of</p>	<p>Article 17</p> <p>The Company adopts standards or guidelines generally used in Taiwan and abroad to enforce corporate greenhouse gas inventory and to make disclosures thereof, the scope of which shall include the following:</p> <p>III. Direct greenhouse gas emissions: emissions from operations that are owned or controlled by the company.</p> <p>IV. Indirect greenhouse gas emissions: emissions resulting from the generation of externally purchased or acquired electricity, heating, or steam.</p> <p>The Company considers the impact of climate change on operating activities and establishes the</p>	<p>Revise the wordings in accordance with the amendment to the guideline of "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" issued by the government.</p>

<p>externally purchased or acquired electricity, heating, or steam.</p> <p>The Company collect statistics the remission of greenhouse gas, consumption of water and weight of waste and establishes the Company's strategies for energy conservation, carbon and greenhouse gas reduction, water use reduction and management of other waste, in order to minimize the impact of their operating activities on climate change.</p>	<p>Company's strategies for energy conservation and carbon and greenhouse gas reduction based on its operation status and the result of a greenhouse gas inventory, in order to minimize the impact of their operating activities on climate change.</p>	
<p>Article 21</p> <p>The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills.</p> <p>The Company shall stipulate and implement reasonable employee benefit policy (including remuneration, leave and other welfare) and appropriately reflect the corporate business performance or achievements in the employee remuneration, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.</p>	<p>Article 21</p> <p>The Company shall create an environment conducive to the development of employees' careers and establish effective training programs to foster career skills.</p> <p>The Company shall appropriately reflect the corporate business performance or achievements in the employee remuneration policy, to ensure the recruitment, retention, and motivation of human resources, and achieve the objective of sustainable operations.</p>	<p>Revise the wordings in accordance with the amendment to the guideline of "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" issued by the government.</p>
<p>Article 24</p> <p>The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industry.</p> <p>In relation to the customer's health, safety, privacy and being marketing and labeling the Company's products and services, the Company shall follow relevant laws, regulations and international guidelines and shall not deceive, mislead, commit fraud or engage in any other acts which would betray</p>	<p>Article 24</p> <p>The Company shall ensure the quality of its products and services by following the laws and regulations of the government and relevant standards of its industry.</p> <p>The Company shall follow relevant laws, regulations and international guidelines when marketing and labeling its products and services and shall not deceive, mislead, commit fraud or engage in any other acts which would betray consumers' trust or damage consumers' rights or interests.</p>	<p>Revise the wordings in accordance with the amendment to the guideline of "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" issued by the government.</p>

consumers' trust or damage consumers' rights or interests.		
<p>Article 26</p> <p>The Company shall evaluate the impact of its procurement acts on the environment and society of the community of supply source, and shall cooperate with its suppliers to jointly implement the corporate social responsibility.</p> <p><u>The Company shall stipulate the vendors management policy and request its vendors to comply with the related regulations in relation to environment protection, occupational safety and health or labor rights.</u> Prior to engaging in commercial dealings, the Company shall evaluate whether there is any record of a supplier's impact on the environment and society, and shall avoid conducting transactions with those against corporate social responsibility policy of the Company.</p> <p>When the Company enters into a contract with any of its major suppliers, the content may include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded at any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.</p>	<p>Article 26</p> <p>The Company shall evaluate the impact of its procurement acts on the environment and society of the community of supply source, and shall cooperate with its suppliers to jointly implement the corporate social responsibility.</p> <p>Prior to engaging in commercial dealings, the Company shall evaluate whether there is any record of a supplier's impact on the environment and society, and shall avoid conducting transactions with those against corporate social responsibility policy of the Company.</p> <p>When the Company enters into a contract with any of its major suppliers, the content may include terms stipulating mutual compliance with corporate social responsibility policy, and that the contract may be terminated or rescinded at any time if the supplier has violated such policy and has caused significant negative impact on the environment and society of the community of the supply source.</p>	<p>Revise the wordings in accordance with the amendment to the guideline of "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies" issued by the government.</p>

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinyi Realty Inc.

Opinion

We have audited the accompanying consolidated financial statements of Sinyi Realty Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Emphasis of Matter

As stated in Note 3 to the consolidated financial statements, starting from 2019, the Group 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 applicable starting from 2019. The Group chose not to restate the comparative information of consolidated financial statements. Even so, our opinion does not need to be modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in for the Group's consolidated financial statements for the year ended December 31, 2019 are stated as follows:

Revenue Earned from Sales of Real Estate

For the year ended December 31, 2019, the Group's revenue from the sales of real estate was NT\$1,688,401 thousand. Refer to Note 4 to the accompanying consolidated financial statements for the accounting policies of the Group. When the Group's real estate has reached the expected state of use and its has been accepted and qualified for use by relevant departments and the filing procedures have been completed, the Group issues a transfer notice of real estate based on the terms of the contract and recognizes sales revenue on the date of transfer. Since revenue from sales of real estate must be recognized after the real estate meets the above conditions, the recognition of revenue earned from the sale of real estate is regarded as a key audit matter.

We tested the controls to understand the timing of the revenue recognition of the sales of real estate. We also evaluated the design and implementation of the relevant control of the Group. We selected samples from sales transactions of the current year to review the sales contracts signed by both parties to understand the terms and conditions of the contracts, verified whether the collection records of such sales are consistent with the sales prices stated in contracts. We also verified the transfer notices and relevant transfer records to confirm that the revenue from sales of real estate was recognized after the completion of the transfer procedures in order to ensure that the revenue was earned and was properly recorded in the correct accounting period.

Valuation of Inventories

As of December 31, 2019, the carrying amount of inventories was NT\$10,682,189 thousand. In order to evaluate the net realizable value of its inventories, the Group had to take into consideration the rationality of the estimated selling price and additional costs, changes in the overall economic environment, and effects of changes in related business regulations. Since the carrying amount of inventory was considered significant to the consolidated financial statements and the evaluation of inventories' net realizable value is subject to management's significant judgment, we identified the valuation of inventory has been identified as a key audit matter.

We focused on the valuation of inventories at the balance sheets date. We selected samples from the inventory balance to assess and test the net realizable value of inventories estimated by the management as well as the rationale of key parameters used in the valuation. The procedures included but were not limited to inspecting the latest actual transaction price or market transaction price of similar real estate, and we recalculated the

amount to determine if the net realizable value of inventories is not lower than the carrying amount. We inspected the selected samples and performed the recalculation procedures, and we verified the accuracy of the valuation of inventories.

Refer to the accompanying consolidated financial statements on the following notes regarding the valuation of inventories: Note 4 for the accounting policies of the Group, Note 5 for the description of critical accounting judgements and key sources of estimation uncertainty, and Note 10 for the related presentation and disclosures.

Other Matter

We have also audited the parent company only financial statements of Sinyi Realty Inc. as of and for the years ended December 31, 2019 and 2018 on which we have both issued the unmodified opinion with emphasis of matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
 2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
 3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
 5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
 6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure

about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2020

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 audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' 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' report and consolidated financial statements shall prevail.

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 7,480,172	24	\$ 4,551,253	16
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	74,633	-	4,702,735	16
Financial assets at fair value through other comprehensive income - current (Notes 4 and 8)	999,379	3	785,371	3
Notes receivable (Notes 4 and 9)	45,814	-	52,755	-
Trade receivables (Notes 4, 9 and 36)	1,040,300	3	925,560	3
Other receivables (Notes 4, 9 and 36)	34,573	-	47,569	-
Current tax assets (Notes 4 and 29)	23,501	-	64,742	-
Inventories (Notes 4, 5, 10 and 37)	10,682,189	34	11,054,987	38
Other financial assets - current (Notes 11 and 37)	239,049	1	155,706	1
Other current assets (Note 18)	<u>101,419</u>	<u>-</u>	<u>102,142</u>	<u>1</u>
Total current assets	<u>20,721,029</u>	<u>65</u>	<u>22,442,820</u>	<u>78</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	349,958	1	393,127	1
Investments accounted for using equity method (Notes 4 and 13)	31,900	-	27,554	-
Property, plant and equipment (Notes 4, 14 and 37)	3,495,635	11	3,553,206	12
Right-of-use assets (Notes 3, 4 and 15)	4,320,872	14	-	-
Investment properties (Notes 4, 16 and 37)	2,255,011	7	2,083,520	7
Intangible assets (Notes 4, 17, 31 and 39)	97,281	-	115,329	1
Deferred tax assets (Notes 4 and 29)	212,534	1	82,663	-
Refundable deposits	122,928	1	143,620	1
Other non-current assets (Note 18)	<u>63,635</u>	<u>-</u>	<u>2,225</u>	<u>-</u>
Total non-current assets	<u>10,949,754</u>	<u>35</u>	<u>6,401,244</u>	<u>22</u>
TOTAL	<u>\$ 31,670,783</u>	<u>100</u>	<u>\$ 28,844,064</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 37)	\$ -	-	\$ 748,000	2
Contract liabilities - current (Notes 22 and 27)	284,387	1	694,468	2
Notes payable	319	-	643	-
Trade payables (Note 21)	379,619	1	766,021	3
Other payables (Note 23)	2,618,266	8	2,219,129	8
Current tax liabilities (Notes 4, 5 and 29)	941,277	3	1,153,996	4
Provisions - current (Notes 4 and 24)	9,374	-	6,322	-
Lease liability - current (Notes 3, 4, 15 and 36)	488,421	2	-	-
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 37)	25,295	-	1,507,682	5
Other current liabilities (Note 23)	<u>119,104</u>	<u>-</u>	<u>206,156</u>	<u>1</u>
Total current liabilities	<u>4,866,062</u>	<u>15</u>	<u>7,302,417</u>	<u>25</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	5,300,000	17	4,400,000	15
Long-term borrowings (Notes 19 and 37)	6,873,817	22	5,371,478	19
Lease liability - non-current (Notes 3, 4, 15 and 36)	2,795,104	9	-	-
Net defined benefit liabilities - non-current (Notes 4 and 25)	157,406	-	114,862	1
Guarantee deposits received	35,190	-	43,028	-
Other non-current liabilities (Note 23)	653,501	2	514,141	2
Deferred tax liabilities (Notes 4 and 29)	<u>1,672</u>	<u>-</u>	<u>33,905</u>	<u>-</u>
Total non-current liabilities	<u>15,816,690</u>	<u>50</u>	<u>10,477,414</u>	<u>37</u>
Total liabilities	<u>20,682,752</u>	<u>65</u>	<u>17,779,831</u>	<u>62</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Ordinary shares	<u>7,368,465</u>	<u>23</u>	<u>7,368,465</u>	<u>26</u>
Capital surplus	<u>63,896</u>	<u>-</u>	<u>64,528</u>	<u>-</u>
Retained earnings				
Legal reserve	2,224,122	7	2,073,664	7
Special reserve	240,436	1	40,830	-
Unappropriated earnings	<u>1,566,765</u>	<u>5</u>	<u>1,658,029</u>	<u>6</u>
Total retained earnings	<u>4,031,323</u>	<u>13</u>	<u>3,772,523</u>	<u>13</u>
Other equity (Notes 4 and 26)				
Exchange differences on translating the financial statements of foreign operations	(1,196,665)	(4)	(681,439)	(2)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	<u>609,351</u>	<u>2</u>	<u>441,003</u>	<u>1</u>
Total other equity	<u>(587,314)</u>	<u>(2)</u>	<u>(240,436)</u>	<u>(1)</u>
Total equity attributable to owners of the Company	10,876,370	34	10,965,080	38
NON-CONTROLLING INTERESTS (Note 26)	<u>111,661</u>	<u>1</u>	<u>99,153</u>	<u>-</u>
Total equity	<u>10,988,031</u>	<u>35</u>	<u>11,064,233</u>	<u>38</u>
TOTAL	<u>\$ 31,670,783</u>	<u>100</u>	<u>\$ 28,844,064</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2020)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 27, 36 and 42)				
Sales revenue	\$ 1,688,401	14	\$ 3,644,688	28
Service revenue	<u>10,749,631</u>	<u>86</u>	<u>9,258,270</u>	<u>72</u>
Total operating revenue	<u>12,438,032</u>	<u>100</u>	<u>12,902,958</u>	<u>100</u>
OPERATING COSTS (Notes 10, 25, 28 and 36)				
Cost of sales	921,728	7	1,867,712	14
Service cost	<u>7,602,145</u>	<u>61</u>	<u>6,812,680</u>	<u>53</u>
Total operating costs	<u>8,523,873</u>	<u>68</u>	<u>8,680,392</u>	<u>67</u>
GROSS PROFIT	<u>3,914,159</u>	<u>32</u>	<u>4,222,566</u>	<u>33</u>
OPERATING EXPENSES (Notes 9, 25, 28 and 36)				
Management expense	1,945,021	16	1,565,475	12
Expect credit loss (gain)	<u>(2,420)</u>	<u>-</u>	<u>12,189</u>	<u>-</u>
Total operating expenses	<u>1,942,601</u>	<u>16</u>	<u>1,577,664</u>	<u>12</u>
OPERATING INCOME	<u>1,971,558</u>	<u>16</u>	<u>2,644,902</u>	<u>21</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 36)	82,857	1	85,069	1
Dividend income	22,849	-	41,198	-
Interest income (Note 28)	70,961	-	15,033	-
Other gains (Notes 28 and 36)	91,643	1	145,573	1
Finance costs (Notes 28 and 36)	<u>(183,182)</u>	<u>(2)</u>	<u>(112,223)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>85,128</u>	<u>-</u>	<u>174,650</u>	<u>1</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,056,686	16	2,819,552	22
INCOME TAX EXPENSE (Notes 4 and 29)	<u>(780,481)</u>	<u>(6)</u>	<u>(1,328,629)</u>	<u>(11)</u>
NET PROFIT FOR THE YEAR	<u>1,276,205</u>	<u>10</u>	<u>1,490,923</u>	<u>11</u>

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OTHER COMPREHENSIVE (LOSS) INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 25)	\$ (53,288)	-	\$ (36,773)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	164,970	1	35,301	-
Share of the other comprehensive income (loss) of associates accounted for using the equity method	3,378	-	(309)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 29)	10,658	-	12,078	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(515,225)</u>	<u>(4)</u>	<u>(284,719)</u>	<u>(2)</u>
Other comprehensive loss for the year, net of income tax	<u>(389,507)</u>	<u>(3)</u>	<u>(274,422)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 886,698</u>	<u>7</u>	<u>\$ 1,216,501</u>	<u>9</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 1,262,934	10	\$ 1,504,587	12
Non-controlling interests	<u>13,271</u>	<u>-</u>	<u>(13,664)</u>	<u>-</u>
	<u>\$ 1,276,205</u>	<u>10</u>	<u>\$ 1,490,923</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 873,591	7	\$ 1,230,557	9
Non-controlling interests	<u>13,107</u>	<u>-</u>	<u>(14,056)</u>	<u>-</u>
	<u>\$ 886,698</u>	<u>7</u>	<u>\$ 1,216,501</u>	<u>9</u>
EARNINGS PER SHARE (Note 30)				
Basic	<u>\$1.71</u>		<u>\$2.04</u>	
Diluted	<u>\$1.71</u>		<u>\$2.04</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2020)

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
						Other Equity					
			Retained Earnings								
	Ordinary Share	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets	Total	Non-controlling Interests	Total Equity
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	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)	-	(1,628,750)
Share dividends	853,465	-	-	-	(853,465)	-	-	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632	4,368	5,000
Net profit (loss) for the year ended December 31, 2018	-	-	-	-	1,504,587	-	-	-	1,504,587	(13,664)	1,490,923
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(24,388)	(284,634)	34,992	-	(274,030)	(392)	(274,422)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,480,199	(284,634)	34,992	-	1,230,557	(14,056)	1,216,501
Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	(22,491)	(22,491)
BALANCE AT DECEMBER 31, 2018	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	-	-	-	-	(957,900)	-	-	-	(957,900)	-	(957,900)
Actual acquisition of interests in subsidiaries	-	(632)	-	-	(3,769)	-	-	-	(4,401)	(599)	(5,000)
Net profit for the year ended December 31, 2019	-	-	-	-	1,262,934	-	-	-	1,262,934	13,271	1,276,205
Other comprehensive (loss) income for the year ended December 31, 2019, net of income tax	-	-	-	-	(42,465)	(515,226)	168,348	-	(389,343)	(164)	(389,507)
Total comprehensive (loss) income for the year ended December 31, 2019	-	-	-	-	1,220,469	(515,226)	168,348	-	873,591	13,107	886,698
BALANCE AT DECEMBER 31, 2019	\$ 7,368,465	\$ 63,896	\$ 2,224,122	\$ 240,436	\$ 1,566,765	\$ (1,196,665)	\$ 609,351	\$ -	\$ 10,876,370	\$ 111,661	\$ 10,988,031

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche auditors' report dated February 27, 2020)

SINYI REALTY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,056,686	\$ 2,819,552
Adjustments for:		
Expected credit loss recognized/(reversed) on trade receivables	2,420	(12,356)
Depreciation expenses	656,042	124,538
Amortization expenses	30,875	32,632
Net gain on financial assets at fair value through profit or loss	(66,009)	(134,826)
Finance costs	253,367	175,087
Interest income	(70,961)	(15,033)
Dividend income	(22,849)	(41,198)
Share of (gain) loss of associates and joint ventures	(1,525)	992
Loss on disposal of property, plant and equipment	261	3,540
(Gain) loss on disposal of investment properties	(7,961)	3,901
Gain on disposal of investments	-	(1,321)
Impairment loss recognized on non-financial assets	48,221	3,103
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	4,693,538	(1,547,124)
Notes receivable	6,941	(24,598)
Trade receivables	(117,160)	(60,204)
Other receivables	8,035	1,132
Inventories	(33,525)	472,570
Other current assets	735	63,988
Contract liabilities	(388,095)	535,703
Notes payable	(324)	(923)
Trade payables	(386,402)	684,592
Other payables	410,437	172,520
Provisions	3,052	(50,354)
Other current liabilities	(87,052)	8,553
Other operating liabilities	139,274	138,602
Cash generated from operations	7,128,021	3,353,068
Interest received	71,448	14,239
Interest paid	(263,231)	(164,039)
Income tax paid	(1,114,063)	(1,238,005)
Net cash generated from operating activities	5,822,175	1,965,263
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(31,715)	(48,774)
Capital reduction and refund from financial assets measured at fair value through other comprehensive gains and losses	4,474	-
Net cash (outflow) inflow on acquisition of subsidiaries	(5,464)	4,740
Partial disposal of interests in subsidiaries	-	5,000
Payments for property, plant and equipment	(107,455)	(97,580)
Proceeds from disposal of property, plant and equipment	1,541	190

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Increase in refundable deposits	\$ -	\$ (12,818)
Decrease in refundable deposits	6,390	-
Payments for intangible assets	(19,694)	(30,587)
Proceeds from disposal of intangible assets	689	-
Payments for right-of-use assets	(1,048,087)	-
Payments for investment properties	(94,324)	(28,215)
Proceeds from disposal of investment properties	35,350	8,792
Increase in other financial assets	(83,343)	-
Decrease in other financial assets	-	21,547
(Increase) decrease in other non-current assets	(61,410)	1,359
Dividends received	<u>23,406</u>	<u>41,463</u>
Net cash used in investing activities	<u>(1,379,642)</u>	<u>(134,883)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(748,000)	(860,000)
Proceeds from bond payables	900,000	4,400,000
Repayments of bond payables	(1,500,000)	(1,500,000)
Proceeds from long-term borrowings	18,897,176	15,253,920
Repayment of long-term borrowings	(17,318,935)	(16,805,570)
Proceeds from guarantee deposits received	-	413
Refund of guarantee deposits received	(7,838)	-
Decrease in other payables to related parties	-	(800)
Repayment of the principal portion of lease liabilities	(520,065)	-
Dividends paid to owners of the Company	(957,900)	(1,628,750)
Acquisition of partial interests in subsidiaries	(5,000)	-
Changes in non-controlling interests	<u>-</u>	<u>(22,491)</u>
Net cash used in financing activities	<u>(1,260,562)</u>	<u>(1,163,278)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(253,052)</u>	<u>(15,680)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	2,928,919	651,422
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>4,551,253</u>	<u>3,899,831</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 7,480,172</u>	<u>\$ 4,551,253</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2020)

(Concluded)

The Board of Directors and Shareholders
Sinyi Realty Inc.

Opinion

We have audited the accompanying financial statements of Sinyi Realty Inc. (the "Company"), which comprise the balance sheets as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Emphasis of Matter

As stated in Note 3 to the accompanying financial statements, starting from 2019, the Company 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 applicable starting from 2019. The Company chose not to restate the comparative information of the statements of financial statements. Even so, our opinion does not need to be modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2019. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2019 are stated as follows:

Evaluation of Profit and Loss Recognition of Investments Accounted for Using the Equity

Method - Revenue Earned from Sales of Real Estate

As stated in Note 10 to the accompanying financial statements, as of December 31, 2019, the carrying amount of the investment in Sinyi International Limited (Sinyi International) and Sinyi Development Inc. (Sinyi Development) accounted for using the equity method is NT\$11,241,168 thousand and NT\$1,800,618 thousand, representing 43% and 7% of the Company's assets, respectively. For the year ended December 31, 2019, the amount of profit (loss) accounted for using the equity method is NT\$190,298 thousand and NT\$(153,355) thousand, representing 22% and (18%) of the Company's total comprehensive income (loss), respectively. We identified the financial position and performance of Sinyi International and Sinyi Development to have material impact on the Company's financial statements. Thus, we considered Sinyi International and Sinyi Development's recognition of real estate revenue as a key audit matters.

For the year ended December 31, 2019, the Company's revenue from the sales of real estate of Sinyi International, Sinyi International's subsidiaries, and Sinyi Development was NT\$1,688,401 thousand. Refer to Note 4 to the consolidated financial statements for the 2019 accounting policies of real estate sales revenue of Sinyi International, Sinyi International's subsidiaries, and Sinyi Development. When the Company's real estate has reached the expected state of use and it has been accepted and qualified for use by relevant departments and the filing procedures have been completed, Sinyi International, Sinyi International's subsidiaries, and Sinyi Development issue a transfer notice of real estate based on the terms of the contract and recognizes sales revenue on the date of transfer. Since revenue from sales of real estate must be recognized after the real estate in question meets the above conditions, the recognition of revenue earned from the sale of real estate is regarded as a key audit matter.

We tested the control to understand the timing of the revenue recognition of the sales of real estate. We also evaluated the design and implementation of the relevant control of Sinyi International, Sinyi International's subsidiaries, and Sinyi Development. We selected samples from sales transactions of the current year to review the sales contracts signed by both parties to understand the terms and conditions of the contracts, verified whether the collection records of such sales are consistent with the sales prices stated in contracts. We also verified the transfer

notices and relevant transfer records to confirm that the revenue from sales of real estate was recognized after the completion of the transfer procedures and verified that the revenue was earned and was properly recorded in the correct accounting period.

Evaluation of Profit and Loss Recognition of Investments Accounted for Using the Equity

Method - Valuation of Inventories

As stated in the key audit matter of the preceding paragraph, as of and for the year ended December 31, 2019, we identified the financial position and performance of Sinyi International and Sinyi Development to have material impact on the Company's financial statements. Thus, we considered Sinyi International and Sinyi Development's valuation of inventories as a in key audit matters.

As of December 31, 2019, the total amount of inventories of Sinyi International, Sinyi International's subsidiaries, and Sinyi Development was NT\$10,682,189 thousand. In order to evaluate the net realizable value of their inventories, Sinyi International, Sinyi International's subsidiaries, and Sinyi Development had to take into consideration the rationality of the estimated selling price and additional costs, changes in the overall economic environment, and effects of changes in related business regulations. Since the evaluation of inventories' net realizable value is subject to management's significant judgment, we identified the valuation of inventories as a key audit matter.

We focused on the valuation of inventories at the balance sheets date. We selected samples from the inventory balance to assess and test the net realizable value of inventories estimated by the management as well as the rationale of key parameters used in the valuation. The procedures included but were not limited to inspecting the latest actual transaction price or market transaction price of similar real estate, and we recalculated the amount to determine if the net realizable value of inventories is not lower than the carrying amount. We inspected the selected samples and performed the recalculation procedures, and we verified the accuracy of the valuation of inventories

Refer to the consolidated financial statements on the following notes regarding the valuation of inventories: Note 4 for the accounting policies of the Company, Note 5 for the description of critical accounting judgements and key sources of estimation uncertainty, and Note 10 for the related presentation and disclosures.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to

fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision, and performance of the company audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have

complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the year ended December 31, 2019 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 27, 2020

Notice to Readers

The accompanying financial statements are intended only to present the 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 audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying 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' report and financial statements shall prevail.

SINYI REALTY INC.

BALANCE SHEETS

DECEMBER 31, 2019 AND 2018

(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 487,041	2	\$ 2,423,870	10
Financial assets at fair value through other comprehensive income - current (Notes 4 and 7)	383,088	2	257,668	1
Notes receivable (Notes 4 and 8)	27,126	-	30,601	-
Trade receivables (Notes 4 and 8)	759,997	3	597,529	3
Trade receivables from related parties (Notes 4 and 28)	153,675	1	132,482	1
Other receivables (Notes 4 and 8)	10,810	-	15,658	-
Other receivables from related parties (Notes 4 and 28)	13,159	-	13,913	-
Current tax assets (Notes 4 and 22)	336	-	38,028	-
Other financial assets - current (Notes 9 and 29)	115,326	-	5,000	-
Other current assets (Note 15)	<u>18,637</u>	-	<u>26,368</u>	-
Total current assets	<u>1,969,195</u>	<u>8</u>	<u>3,541,117</u>	<u>15</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 7)	95,532	-	88,583	-
Investments accounted for using equity method (Notes 4, 10 and 28)	15,842,676	61	15,227,595	63
Property, plant and equipment (Notes 4, 11 and 29)	2,787,335	11	2,764,481	11
Right-of-use assets (Notes 3, 4 and 12)	2,539,100	10	-	-
Investment properties (Notes 4, 13 and 29)	2,629,342	10	2,590,762	11
Intangible assets (Notes 4 and 14)	36,674	-	42,188	-
Deferred tax assets (Notes 4 and 22)	34,247	-	29,954	-
Refundable deposits	86,965	-	88,926	-
Other non-current assets (Note 15)	<u>3,161</u>	-	<u>2,225</u>	-
Total non-current assets	<u>24,055,032</u>	<u>92</u>	<u>20,834,714</u>	<u>85</u>
TOTAL	<u>\$ 26,024,227</u>	<u>100</u>	<u>\$ 24,375,831</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Notes payable	\$ 313	-	\$ 266	-
Other payables (Notes 18 and 28)	1,931,872	7	1,491,246	6
Current tax liabilities (Notes 4 and 22)	122,148	-	263,063	1
Lease liability - current (Notes 3, 4, 12 and 28)	392,330	2	-	-
Current portion of bonds payable (Note 17)	-	-	1,500,000	6
Other current liabilities (Note 18)	<u>165,215</u>	<u>1</u>	<u>134,344</u>	<u>1</u>
Total current liabilities	<u>2,611,878</u>	<u>10</u>	<u>3,388,919</u>	<u>14</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	5,300,000	20	4,400,000	18
Long-term borrowings (Notes 16 and 29)	4,300,000	17	5,000,000	21
Lease liability - non-current (Notes 3, 4, 12 and 28)	2,157,943	8	-	-
Net defined benefit liabilities - non-current (Notes 4 and 19)	138,850	1	98,111	-
Guarantee deposits received	30,881	-	37,261	-
Other non-current liabilities (Note 18)	606,633	2	452,555	2
Deferred tax liabilities (Notes 4 and 22)	<u>1,672</u>	-	<u>33,905</u>	-
Total non-current liabilities	<u>12,535,979</u>	<u>48</u>	<u>10,021,832</u>	<u>41</u>
Total liabilities	<u>15,147,857</u>	<u>58</u>	<u>13,410,751</u>	<u>55</u>
EQUITY (Note 20)				
Ordinary shares	<u>7,368,465</u>	<u>28</u>	<u>7,368,465</u>	<u>30</u>
Capital surplus	<u>63,896</u>	-	<u>64,528</u>	-
Retained earnings				
Legal reserve	2,224,122	9	2,073,664	9
Special reserve	240,436	1	40,830	-
Unappropriated earnings	<u>1,566,765</u>	<u>6</u>	<u>1,658,029</u>	<u>7</u>
Total retained earnings	<u>4,031,323</u>	<u>16</u>	<u>3,772,523</u>	<u>16</u>
Other equity (Notes 4 and 20)				
Exchange differences on translating the financial statements of foreign operations	(1,196,665)	(4)	(681,439)	(3)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	<u>609,351</u>	<u>2</u>	<u>441,003</u>	<u>2</u>
Total other equity	<u>(587,314)</u>	<u>(2)</u>	<u>(240,436)</u>	<u>(1)</u>
Total equity	<u>10,876,370</u>	<u>42</u>	<u>10,965,080</u>	<u>45</u>
TOTAL	<u>\$ 26,024,227</u>	<u>100</u>	<u>\$ 24,375,831</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2020)

SINYI REALTY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE				
Service revenue (Note 4)	\$ 9,476,074	100	\$ 7,881,107	100
OPERATING COSTS (Notes 19, 21 and 28)	<u>6,665,257</u>	<u>70</u>	<u>5,639,878</u>	<u>71</u>
GROSS PROFIT	<u>2,810,817</u>	<u>30</u>	<u>2,241,229</u>	<u>29</u>
OPERATING EXPENSES (Notes 19, 21 and 28)				
Management expense	1,085,431	12	915,535	12
Expect credit loss (Note 8)	<u>-</u>	<u>-</u>	<u>2,162</u>	<u>-</u>
Total operating expenses	<u>1,085,431</u>	<u>12</u>	<u>917,697</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>1,725,386</u>	<u>18</u>	<u>1,323,532</u>	<u>17</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 28)	99,101	1	102,253	1
Dividend income	9,255	-	8,377	-
Interest income (Note 21)	5,678	-	5,231	-
Other gains and losses (Notes 10, 21 and 28)	30,882	-	40,201	1
Finance costs (Notes 21 and 28)	(141,618)	(1)	(112,072)	(1)
Share of (loss) profit of subsidiaries, associates and joint ventures (Note 4)	<u>(123,060)</u>	<u>(1)</u>	<u>655,197</u>	<u>8</u>
Total non-operating income and expenses	<u>(119,762)</u>	<u>(1)</u>	<u>699,187</u>	<u>9</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,605,624	17	2,022,719	26
INCOME TAX EXPENSE (Notes 4 and 22)	<u>(342,690)</u>	<u>(4)</u>	<u>(518,132)</u>	<u>(7)</u>
NET PROFIT FOR THE YEAR	<u>1,262,934</u>	<u>13</u>	<u>1,504,587</u>	<u>19</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 19)	(50,207)	-	(35,957)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	127,869	1	29,850	-

(Continued)

SINYI REALTY INC.

STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	\$ 38,180	-	\$ 4,823	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 22)	10,041	-	11,888	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(515,226)</u>	<u>(5)</u>	<u>(284,634)</u>	<u>(3)</u>
Other comprehensive loss for the year, net of income tax	<u>(389,343)</u>	<u>(4)</u>	<u>(274,030)</u>	<u>(3)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 873,591</u>	<u>9</u>	<u>\$ 1,230,557</u>	<u>16</u>
EARNINGS PER SHARE (Note 23)				
From continuing operations				
Basic	<u>\$ 1.71</u>		<u>\$ 2.04</u>	
Diluted	<u>\$ 1.71</u>		<u>\$ 2.04</u>	

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

(With Deloitte & Touche auditors' report dated February 27, 2020)

(Concluded)

SINYI REALTY INC.

STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

			Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain on Available- for- sale Financial Assets	
BALANCE AT JANUARY 1, 2018	\$ 6,515,000	\$ 63,896	\$ 1,793,382	\$ -	\$ 2,967,208	\$ (396,805)	\$ -	\$ 355,975	\$ 11,298,656
Effect of retrospective application and retrospective restatement	-	-	-	-	13,949	-	406,011	(355,975)	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
Appropriation of 2017 earnings									
Legal reserve	-	-	280,282	-	(280,282)	-	-	-	-
Special reserve	-	-	-	40,830	(40,830)	-	-	-	-
Cash dividends	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)
Share dividends	853,465	-	-	-	(853,465)	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632
Net profit for the year ended December 31, 2018	-	-	-	-	1,504,587	-	-	-	1,504,587
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(24,388)	(284,634)	34,992	-	(274,030)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,480,199	(284,634)	34,992	-	1,230,557
BALANCE AT DECEMBER 31, 2018	7,368,465	64,528	2,073,664	40,830	1,658,029	(681,439)	441,003	-	10,965,080
Appropriation of 2018 earnings									
Legal reserve	-	-	150,458	-	(150,458)	-	-	-	-
Special reserve	-	-	-	199,606	(199,606)	-	-	-	-
Cash dividends	-	-	-	-	(957,900)	-	-	-	(957,900)
Actual acquisition of interests in subsidiaries	-	(632)	-	-	(3,769)	-	-	-	(4,401)
Net profit for the year ended December 31, 2019	-	-	-	-	1,262,934	-	-	-	1,262,934
Other comprehensive (loss) income for the year ended December 31, 2019, net of income tax	-	-	-	-	(42,465)	(515,226)	168,348	-	(389,343)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,220,469	(515,226)	168,348	-	873,591
BALANCE AT DECEMBER 31, 2019	<u>\$ 7,368,465</u>	<u>\$ 63,896</u>	<u>\$ 2,224,122</u>	<u>\$ 240,436</u>	<u>\$ 1,566,765</u>	<u>\$ (1,196,665)</u>	<u>\$ 609,351</u>	<u>\$ -</u>	<u>\$ 10,876,370</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2020)

SINYI REALTY INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,605,624	\$ 2,022,719
Adjustments for:		
Expected credit loss recognized on trade receivables	-	2,162
Depreciation expenses	483,685	89,112
Amortization expenses	21,850	26,842
Finances cost	141,618	112,072
Interest income	(5,678)	(5,231)
Dividend income	(9,255)	(8,377)
Share of loss (profit) of subsidiaries, associates and joint ventures	123,060	(655,197)
Loss on disposal of property, plant and equipment	516	1,471
(Loss) gain on disposal of investment properties	(7,961)	3,901
Impairment loss recognized on non-financial assets	29,378	3,103
Changes in operating assets and liabilities		
Notes receivable	3,475	(26,268)
Trade receivables	(162,468)	(75,805)
Trade receivables from related parties	(21,193)	(4,791)
Other receivables	4,376	(6,223)
Other receivables from related parties	754	2,664
Other current assets	7,731	(7,901)
Notes payable	47	200
Other payables	451,072	45,494
Provisions	8,150	1,118
Other current liabilities	23,657	6,527
Other operating liabilities	143,674	131,425
Cash generated from operations	2,842,112	1,659,017
Interest received	6,150	4,722
Interest paid	(152,064)	(97,122)
Income tax paid	(472,398)	(358,021)
Net cash generated from operating activities	2,223,800	1,208,596
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets through other comprehensive income	(4,500)	(48,774)
Return of capital from equity method investee	31,070	-
Payments for property, plant and equipment	(90,086)	(59,720)
Proceeds from disposal of property, plant and equipment	-	6
Increase in refundable deposits	(5,094)	(2,212)
Payments for intangible assets	(16,336)	(18,527)
Payments for investment properties	(94,324)	(28,215)
Proceeds from disposal of investment properties	35,350	8,792
Increase in other financial assets	(110,326)	-
(Increase) decrease in other non-current assets	(936)	1,359
Dividends received	152,552	1,126,188
Net cash (used in) generated from investing activities	(102,630)	978,897

(Continued)

SINYI REALTY INC.**STATEMENTS OF CASH FLOWS****FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018****(In Thousands of New Taiwan Dollars)**

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ -	\$ (800,000)
Proceeds from bonds payable	900,000	4,400,000
Repayments of bonds payable	(1,500,000)	(1,500,000)
Proceeds from long-term borrowings	16,600,000	15,130,000
Repayments of long-term borrowings	(17,300,000)	(14,380,000)
Refund of guarantee deposits received	(6,380)	(999)
Repayment of the principal portion of lease liabilities	(389,251)	-
Dividends paid to owners of the Company	(957,900)	(1,628,750)
Acquisition of partial interests in subsidiaries	(1,404,468)	(2,543,431)
Net cash inflow on disposal of subsidiaries	<u>-</u>	<u>5,000</u>
Net cash used in financing activities	<u>(4,057,999)</u>	<u>(1,318,180)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(1,936,829)	869,313
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,423,870</u>	<u>1,554,557</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 487,041</u>	<u>\$ 2,423,870</u>

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

(With Deloitte & Touche auditors' report dated February 27, 2020)

(Concluded)

Sinyi Realty Inc.
Articles of Incorporation
Comparison Table of Amendments

Clause	Amended articles	Original Articles	Description of amendment
Article 7	The share certificates of the Company shall in principle without exception be in registered form, attached with serial numbers, signed by, or affixed with the seals of, <u>with the signatures or personal seals of the director representing the company</u> , and authenticated by the competent governmental authority or a registration institution authorized thereby before issuance. Shares issued by the Company need not be in certificate form, but shall be registered with a securities depository enterprise.	The share certificates of the Company shall in principle without exception be in registered form, attached with serial numbers, signed by, or affixed with the seals of, <u>at least three directors</u> , and authenticated by the competent governmental authority or a registration institution authorized thereby before issuance. Shares issued by the Company need not be in certificate form, but shall be registered with a securities depository enterprise.	In response to amendments of Company Act Article 162
Article 10	When a shareholder for any reasons cannot attend the shareholders' meeting in person, he/she/it may attend the meeting by appoint one proxy by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy.	When a shareholder for any reasons cannot attend the shareholders' meeting in person, he/she/it may attend the meeting by appoint one proxy by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy <u>and sealed</u> .	In response to amendments of Company Act Article 177-1
Article 14	The board of directors is composed of the directors of the Company and the chairperson of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairperson of the board of directors shall represent the Company in external matters. <u>The board of directors may also elect in the same manner a vice chairman of the board.</u> (.....)	The board of directors is composed of the directors of the Company and the chairperson of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairperson of the board of directors shall represent the Company in external matters. (.....)	
Article 22	This Articles of Incorporation was established on December 23, 1986. (.....) <u>The thirty-sixth amendment was made on May 22, 2020.</u>	This Articles of Incorporation was established on December 23, 1986. (.....) The thirty-fifth amendment was made on May 24, 2019.	The amendment date shall be listed.

I. Appendix

Appendix 1

Sinyi Realty Inc. Articles of Incorporation Section I - General Provisions

- Article 1 The Corporation shall be incorporated, as a company limited by shares, under the Company Act of the Republic of China, and its name shall be 信義房屋股份有限公司 in the Chinese language, and Sinyi Realty Inc. (hereinafter, the "Company") in the English language.
- Article 2 The scope of business of the Company shall be as follows:
1. H701010 Residence and Buildings Lease Construction and Development
 2. H701020 Industrial Factory Buildings Lease Construction and Development
 3. H704031 Real Estate Agencies
 4. H704041 Real Estate Agency Operation
 5. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.
- Article 2-1 The Company may provide endorsement and guarantee and act as a guarantor. The Company also may invest in other companies. The total amount of the Company's investment in other companies may be more than forty percent of the Company's paid-up capital.
- Article 3 The Company is headquartered in Taipei and if necessary, may set up branch offices at home and abroad as resolved by the Company's board of directors.
- Article 4 (Deleted)

Section II - Capital Stock

- Article 5 The total capital stock of the Company shall be in the amount of 10,000,000,000 New Taiwan Dollars, divided into 100,000,000 shares, at ten New Taiwan Dollars each, and may be paid-up in installments conducted by the Company's board of directors.
- A total amount of 150,000,000 New Taiwan Dollars, divided into 15,000,000 shares at ten New Taiwan Dollars each, among the total capital stock in the preceding paragraph should be reserved for issuing of employee stock options in installment pursuant to the resolution of board of directors.
- In the event that the Company becomes duly entitled to purchase back its own shares, the board of directors is authorized to do so in accordance with laws and regulations.
- Article 6 (Deleted)
- Article 7 The share certificates of the Company shall in principle without exception be in registered form, attached with serial numbers, signed by, or affixed with the seals of, at least three directors, and authenticated by the competent

governmental authority or a registration institution authorized thereby before issuance. Shares issued by the Company need not be in certificate form, but shall be registered with a securities depository enterprise.

- Article 8 The shareholders' register shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Section III SHAREHOLDERS' MEETING

- Article 9 The Company's shareholders' meeting shall be of two types, ordinary shareholders' meeting and extraordinary shareholders' meeting. Ordinary shareholders' meeting shall be convened at least once a year, and shall be convened within six months after close of each fiscal year. Extraordinary shareholders' meeting shall be convened when necessary in accordance with the relevant laws and regulations.
- Article 10 When a shareholder for any reasons cannot attend the shareholders' meeting in person, he/she/it may attend the meeting by appoint one proxy by executing a power of attorney printed by the Company stating therein the scope of power authorized to the proxy and sealed.
- Article 11 Except in the circumstances set forth in the relevant laws and regulations where there is no voting right for a share, each shareholder of the Company shall have one vote for each share held.
- Article 12 Unless otherwise provided by the Company Act, a resolution of the shareholders meeting shall be adopted by consent of a majority of the votes represented by those in attendance at a meeting attended, in person or by proxy, by shareholders who represent a majority of the total issued shares.

Section IV –Board of Directors

- Article 13 The Company shall have seven to eleven directors to be elected by the shareholders meeting from among candidates with legal capacity. The term of office is three years, and they may continue in office if re-elected.
- The election of directors shall adopt candidate nomination system. The shareholders shall elect the directors from the list of the nominated candidates
- Article 13-1 The Company shall have three to four independent directors within the number of directors. The professional qualifications, shareholdings, restrictions on concurrent position, nomination, and other compliance matters shall be handled in accordance with relevant regulations of the securities authorities.
- Article 14 The board of directors is composed of the directors of the Company and the chairperson of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairperson of the board of directors shall represent the Company in external matters.

Directors shall attend meetings of the board of directors in person. In the event

that a board meeting is held through video conference, a director who participates in the meeting by means of video system shall be deemed to have attended in person. If a director is unavailable to attend a meeting in person, the director may issue a power of attorney for the given meeting specifying the scope of the authorized powers to authorize another director to attend the meeting on the director's behalf, provided that a director may represent only one other director at a meeting.

Article 14-1 The Company may establish functional committees of board of directors such as Audit Committee and Compensation Committee. The Audit Committee shall consist of all independent directors.

The Audit Committee or the members of Audit Committee in the preceding paragraph shall be responsible for those responsibilities of Supervisors specified under the ROC Company Law, Securities and Exchange Law and other relevant regulations.

Article 14-2 Each director shall be given at least 7 days advance notice of the convening of a board of directors meeting of the Company. In emergency circumstances, however, a meeting may be called on shorter notice.

The meeting notice shall specify the reasons for convening the meeting, and shall be made in writing, by e-mail, or by facsimile.

In addition to the relevant laws and the Company's Articles of Incorporation, the Company shall establish the rules and procedures of the board of directors' meeting.

Article 15 If the chairperson of the board of directors is on leave or cannot exercise powers or perform duties for any reason, an acting chairperson shall be designated in accordance with Article 208 of the Company Act.

Article 16 The Board of Directors is authorized to determine the compensation for the independent directors, taking into account the extent and value of the services provided for the management of the Company and the standards of other listed companies.

Section V -Managers

Article 17 The Company may have various managers. The appointment, discharge and the remuneration of the managers shall be handled in accordance with Article 29 of the Company Act.

The titles and scope of responsibility of managers in the preceding paragraph is resolved by the Company's board of directors.

Section VI -Accounting

Article 18 At the end of each fiscal year, the board of directors shall prepare the following documents and submitted to the shareholders' meeting for approval:

1. Business report;
2. Financial report;
3. Proposal for allocating profit or covering loss.

Article 19 (Deleted)

Article 20 When it is determined that the Company has profit for a fiscal year, At least 1%

of the profit exclusive of employees' and directors' remunerations shall be employees' remunerations which shall be resolved by the Company's board of the directors for the amount by means of new share issuance or cash. in of amount shall be allocated as employee bonus. The employees to receive the remuneration may include employees serving with affiliates who meet specific requirements. Such specific requirements shall be prescribed by the board of directors. Not more than 1% of the profit exclusive of employees' and directors' remunerations shall be directors' remunerations.

A report of such distribution of employees' and directors' remuneration shall be submitted to the shareholders' meeting. However, the Company may provide the employees' and directors' remuneration according to the ratios in the preceding paragraph after the accumulated losses have been covered.

Article 20-1 When it is determined that the Company has earnings for a fiscal year, the earnings shall firstly be appropriated to profit-seeking enterprise tax payable, and make up the losses of previous years. Then, the Company shall provide 10% of the remaining earnings as the legal reserve if there is any remaining amount, unless such legal reserve has amounted to the total capital, and then set aside or reverse the special reserve in accordance with the requirements under the Securities and Exchange Act. The board of directors shall propose the earnings distribution proposal of the remaining and the accumulated undistributed earnings of previous years at the shareholders' meeting.

The Company takes a dividend policy which distributes the dividends after considering the present and future development plan, the investment environment, capital requirement and the domestic and foreign competitive status in addition to the interest of the Company's shareholders. However, the amount of the distributed earnings of that year shall not be less than 20% of the total accumulated undistributed earnings. The dividends and bonuses may be distributed by means of cash or stock, provided that the ratio of cash dividends may not be less than 10% of the total dividends.

Section VII -SUPPLEMENTARY PROVISIONS

Article 21 If there is any matter not covered herein, the Company Act shall govern.

Article 22 This Articles of Incorporation was established on December 23, 1986.

The first amendment was made on June 25, 1988.

The second amendment was made on December 7, 1988.

The third amendment was made on February 3, 1989.

The fourth amendment was made on March 16, 1990.

The fifth amendment was made on April 12, 1990.

The sixth amendment was made on February 28, 1991.

The seventh amendment was made on June 30, 1991.

The eighth amendment was made on March 7, 1992.

The ninth amendment was made on April 2, 1992.

The tenth amendment was made on June 15, 1992

The eleventh amendment was made on January 15, 1993.

The twelfth amendment was made on May 14, 1993.

The thirteenth amendment was made on June 30, 1993.

The fourteenth amendment was made on October 6, 1993.

The fifteenth amendment was made on October 26, 1993.

The sixteenth amendment was made on June 17, 1994.

The seventeenth amendment was made on June 30, 1995.

The eighteenth amendment was made on December 22, 1995.

The nineteenth amendment was made on June 3, 1996.

The twentieth amendment was made on May 2, 1997.

The twenty-first amendment was made on April 3, 1998.

The twenty-second amendment was made on May 18, 2000.

The twenty-third amendment was made on May 23, 2001.

The twenty-fourth amendment was made on May 21, 2002.

The twenty-fifth amendment was made on May 28, 2003.

The twenty-sixth amendment was made on June 14, 2006, but the Article 13-1 was effective from the date which the 2007 ordinary shareholders meeting was convened.

The twenty-seventh amendment was made on June 15, 2007.

The twenty- eighth amendment was made on June 13, 2008.

The twenty-ninth amendment was made on June 23, 2009.

The thirtieth amendment was made on June 11, 2010.

The thirty-first amendment was made on May 27, 2011.

The thirty-second amendment was made on June 15, 2012.

The thirty-third amendment was made on June 14, 2013.

The thirty-fourth amendment was made on May 20, 2016.

The thirty- fifth amendment was made on May 24, 2019.

Appendix 2

Sinyi Realty Inc.

Rules and Procedures of Shareholders' Meeting

Formulated on May 2, 1997

The 3rd amendment on June 14, 2013

Article 1 To comply with the laws and to enhance the efficiency of the Company's shareholders meeting, these Rules and Procedures are adopted pursuant to Article 182-1, paragraph 2 of the Company Act.

Article 2 The Company shall specify in its shareholders meeting notices the time during which shareholder attendance registrations will be accepted, the place to register for attendance, and other matters for attention.

The time during which shareholder attendance registrations will be accepted, as stated in the preceding paragraph, shall be at least 30 minutes prior to the time the meeting commences. The place at which attendance registrations are accepted shall be clearly marked and a sufficient number of suitable personnel assigned to handle the registrations.

Shareholders and their proxies (collectively, "shareholders") shall attend shareholders meetings based on attendance cards, sign-in cards, or other certificates of attendance. Solicitors soliciting proxy forms shall also bring identification documents for verification.

The Company shall furnish the attending shareholders with an attendance book to sign, or attending shareholders may hand in a sign-in card in lieu of signing in.

The number of shares represented by shareholders attending the shareholders meeting shall be calculated in accordance with the shares indicated by the attendance book or the sign-in cards submitted by the shareholders. The shareholders whose voting rights are exercised by correspondence or electronically are deemed as attending the shareholders meeting in person and their shares should be calculated as well.

Article 3 Attendance at shareholders meetings shall be calculated based on numbers of shares.

Article 4 The venue for a shareholders meeting shall be the premises of the Company, or a place easily accessible to shareholders and suitable for a shareholders meeting. The meeting may begin no earlier than 9 a.m. and no later than 3 p.m.

Article 5 If a shareholders' meeting is convened by the board of directors, the determination of the meeting's chairperson shall be in accordance with Article 208, the paragraph 3 of the Company Act.

When a managing director or a director serves as the chairperson, as referred to in the preceding paragraph, the managing director or director shall be one who has held that position for six months or more and who understands the financial and business conditions of the company. The same shall be true for a

representative of a juristic person director that serves as the chairperson.

If a shareholders' meeting is convened by a party with power to convene but other than the board of directors, the convening party shall chair the meeting. When there are two or more such convening parties, they shall mutually select a chair from among themselves.

Article 6 The Company may appoint its attorneys, certified public accountants, or related persons retained by it to attend a shareholders' meeting in a non-voting capacity. Staff handling administrative affairs of a shareholders meeting shall wear identification cards or arm bands.

Article 7 The Company, beginning from the time it accepts shareholder attendance registrations, shall make an uninterrupted audio and video recording of the registration procedure, the proceedings of the shareholders meeting, and the voting and vote counting procedures.

The recorded materials of the preceding paragraph shall be retained for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, the recording shall be retained until the conclusion of the litigation.

Article 8 The chairperson shall call the meeting to order at the appointed meeting time. However, when the attending shareholders do not represent a majority of the total number of issued shares, the chairperson may announce a postponement, provided that no more than two such postponements, for a combined total of no more than 1 hour, may be made. If the quorum is not met after two postponements, but the attending shareholders represent one third or more of the total number of issued shares, a tentative resolution may be passed by a majority of those present and adopted pursuant to Article 175, paragraph 1 of the Company Act.

Article 9 The meeting agenda shall be set by the board of directors or the chairperson and shall be delivered to all of the shareholders and their proxies before the meeting is convened. The meeting shall proceed in the order set by the agenda, which may not be changed without a resolution of the shareholders meeting.

A shareholders meeting shall be conducted in accordance with the Rules and Procedures. If the chairperson declares the meeting adjourned in violation of the Rules of procedure, attending shareholders may elect a new chairperson by agreement of a majority of the votes represented by the attending shareholders, and then continue the meeting.

Article 10 Before speaking, an attending shareholder must specify on a speaker's slip the subject of the speech, his/her shareholder account number (or attendance card number), and account name. The order in which shareholders speak will be set by the chairperson.

Article 11 Except with the consent of the chairperson, a shareholder may not speak more than twice on the same proposal, and a single speech may not exceed 5 minutes. If the shareholder's speech violates the rules or exceeds the scope of the agenda item, the chairperson may terminate the speech.

Article 12 When a juristic person is appointed to attend as proxy, it may designate only one person to represent it in the meeting.

When a juristic person shareholder appoints two or more representatives to attend a shareholders' meeting, only one of the representatives so appointed may speak on the same proposal.

Article 13 After an attending shareholder has spoken, the chair may respond in person or direct relevant personnel to respond.

Article 14 When the chairperson is of the opinion that a proposal has been discussed sufficiently to put it to a vote, the chairperson may announce the discussion closed and call for a vote.

Article 15 Vote monitoring and counting personnel for the voting on a proposal shall be appointed by the chairperson, provided that all monitoring personnel shall be shareholders of the Company.

Vote counting for shareholders meeting proposals or elections shall be conducted in public at the place of the shareholders meeting. Immediately after vote counting has been completed, the results of the voting, including the statistical tallies of the numbers of votes, shall be announced on-site at the meeting, and a record made of the vote.

Article 16 When a meeting is in progress, the chairperson may announce a break based on time considerations.

Article 17 When the Company holds a shareholders' meeting, it may allow the shareholders to exercise voting rights by correspondence or electronic means. When voting rights are exercised by correspondence or electronic means, the method of exercise shall be specified in the shareholders meeting notice.

A shareholder intending to exercise voting rights by correspondence or electronic means under the preceding paragraph shall deliver a written declaration of intent to this Corporation before 2 days before the date of the shareholders meeting. When duplicate declarations of intent are delivered, the one received earliest shall prevail, except when a declaration is made to cancel the earlier declaration of intent.

When a shareholder has exercised voting rights both by correspondence or electronic means and by appointing a proxy to attend a shareholders' meeting, the voting rights exercised by the proxy in the meeting shall prevail.

After a shareholder has exercised voting rights by correspondence or electronic means, in the event the shareholder intends to attend the shareholders meeting in person, a written declaration of intent to retract the voting rights already exercised shall be made known to the Company, by the same means by which the voting rights were exercised, before 2 business days before the date of the shareholders meeting. If the notice of retraction is submitted after that time, the voting rights already exercised by correspondence or electronic means shall prevail.

A shareholder exercising voting rights by correspondence or electronic means will be deemed to have attended the meeting in person, but to have waived his/her rights with respect to the extraordinary motions and amendments to original proposals of that meeting; it is therefore the Company shall avoid the submission of extraordinary motions and amendments to original proposals.

Except as otherwise provided in the Company Act and in the Company's Articles of Incorporation, the passage of a proposal shall require an affirmative vote of a majority of the voting rights represented by the attending shareholders. At the time of a vote, for each proposal, the chairperson or a person designated by the chairperson shall first announce the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. After the conclusion of the meeting, on the same day it is held, the results for each proposal, based on the numbers of votes for and against and the number of abstentions, shall be entered into the MOPS.

- Article 18 When there is an amendment or an alternative to a proposal, the chairperson shall present the amended or alternative proposal together with the original proposal and decide the order in which they will be put to a vote. When any one among them is passed, the other proposals will then be deemed rejected, and no further voting shall be required.
- Article 19 The chairperson may direct the proctors or security personnel to help maintain order at the meeting place. When proctors or security personnel help maintain order at the meeting place, they shall wear an identification card or armband bearing the word "Proctor."
- Article 20 These Rules and Procedures shall be effective from the date it is approved by the Shareholders' Meeting. The same applies in case of revision.

Appendix 3

Sinyi Realty Inc. Table of Shareholding Status of Directors

Shareholding status of directors as of the date of suspension of transfer (March 24, 2020) for shareholders' meeting.

Title	Name	Shares held
Chairperson	Corporate Representative of Sinyi Co., Ltd.: Hsueh Chien-Ping	210,238,285
Vice Chairperson	Corporate Representative of Sinyi Co., Ltd.: Chou Wang Mei-Wen	
Director	Chou Chun-Chi	9,378,622
Independent Director	Hong San-Xiong	0
Independent Director	Jhan Hong-Chih	0
Independent Director	Yen Lou-Yu	0
Independent Director	Lee Yi-Li	0
Total shares held by all directors		219,616,907

Remark:

The Company has established audit committee, and number of independent directors elected at the annual general shareholders' meeting in 2019 exceeds a half of number of total directors; therefore, pursuant to requirements of "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies", the requirement for a certain minimum percentage of total shares held by all directors shall not apply.

Appendix 4

Sinyi Realty Inc.

Other information

The impact of stock dividend to the Company's operation, EPS, and shareholders' ROI:

Not applied to this section, since the Company did not reveal its financial forecast for 2020.