

Sinyi Realty Inc.

2018 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 23, 2018

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

Shareholders present: Total outstanding shares of the Company are 651,500,000 shares, and shares represented by shareholders present are 513,359,575 shares (including 37,045,577 shares casted electronically), accounted for 78.79% of total shares issued.

Chairperson: Chou Chun-Chi

Recorder: Yang Jing-Han

Attendance: Hsueh, Chien-Ping (Vice Chairperson), Liu Shun-zen (Independent Director), Yen Lou-Yu (Independent Director), Liu Yuan-Chih (General Manager), Chen Chih-Huan (Senior Manager of Finance Department), 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 Operations of 2017.

Descriptions:

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

Comments: After inquiring the stockholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 2:

Subject: Report on the Distributions of the Remunerations to the Company's Employees and Directors of the Board for 2017.

Descriptions:

1. It is processed in accordance with Article 20 of Articles of Incorporation of the Company.
2. The amount of income before tax before deducting remunerations to the Company's employees and directors of the board of directors for the year 2017 is NT\$3,031,290,977, which multiplied by 1% and 0.161% are NT\$30,312,910 and NT\$4,880,378 in cash for remunerations to the employees and directors, respectively.
3. Please review.

Comments: After inquiring the stockholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

Item 3:

Subject: Report on Audit Committee's Review of the Business Report, Financial Statements and Earnings Distribution Proposal of 2017.

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 2017 which have been audited by the audit committee, and are deemed no inappropriateness. Therefore, the audit report of the audit committee is attached in accordance with Article 14-4 of Securities & Exchange Act and Article 219 of the Company Act, as detailed in Attachment 2 on page 12 of this meeting handbook.
2. Please review.

Comments: After inquiring the stockholders attending the meeting, Chairperson proclaimed that the attendees were informed with the report.

III. Adoption Items

Item 1

Proposed by the board of directors

Subject: Adoption of 2017 Business Report and Financial Statements.

Descriptions:

1. It is processed in accordance with Article 18 of Articles of Incorporation of the Company, Article 228 of Company Act, and Article 36 of Securities & Exchange Act.
2. Financial statements of the Company for the year of 2017 have been audited by CPAs Hsu Wen-Ya and Lai Kuan-Chung of Deloitte & Touche, and the independent auditor's report thereof has been issued.
3. Business report, independent auditor's report and financial statements of the Company for the year of 2017 are submitted, as detailed in Attachment 1 on page 7 and Attachment 3 on page 13 of this meeting handbook.
4. Please recognize.

Resolution:

Votes in favor: 508,066,450 votes (including 33,786,488 votes casted electronically), 98.96% of the total represented share present;
Votes against: 52,036 votes (including 52,036 votes casted electronically);
Votes abstained: 3,207,053 votes (including 3,207,053 votes casted electronically);
Votes invalid: 50,000 votes is unavailable and 1,980,699 votes did not provide their opinions.
The above proposal was approved as proposed.

Item 2

Proposed by the board of directors

Subject: Adoption of Earning Distribution Proposal of 2017.

Descriptions:

1. It is processed in accordance with Article 18 and Article 20 of Articles of Incorporation of the Company and Article 228 of Company Act.
2. The beginning undistributed earnings of the Company for the year of 2017 is NT\$195,691,052.

After deducting adjusted decrease in undistributed earnings due to re-measurement of confirmed welfare plan of NT\$31,453,742 and adding adjusted increase in undistributed earnings due to long-term investment in shares of NT\$144,512 respectively, additionally adding 2017 earnings after tax of NT\$2,802,827,108, and deducting appropriated legal reserve of NT\$280,282,711 and special reserve of NT\$40,829,885, the 2017 distributable earnings is NT\$2,646,096,334. It is proposed to distribute bonuses to shareholders in the amount of NT\$2,482,215,000, in which NT\$1,628,750,000 is cash dividends and NT\$853,465,000 is stock dividends. As calculated by actual outstanding share number of 651,500,000 shares of the Company as of February 26, 2018, each share will be distributed for cash dividend of NT\$2.5 (rounded to dollar; total amount for fractional shares is recorded as other income of the Company) and for stock dividend of NT\$1.31.

3. 2017 earning distribution table is proposed as follows:

Items	Amount (NT dollars)
Beginning undistributed earnings (a)	\$ 195,691,052
Less: Adjustment to undistributed earnings due to long-term investment in shares (b)	(31,453,742)
Less: Re-measurement of confirmed welfare plan (c)	<u>144,512</u>
Adjusted undistributed earnings (d=a-b+c)	164,381,822
Add: Net income of 2017(e)	2,802,827,108
Less: Appropriation of legal reserve (f) =(e)×10%	(280,282,711)
Less: Special reserve(g)	(<u>40,829,885</u>)
Current distributable earnings (h) =(d+e-f-g)	2,646,096,334
Propose to distribute items:	
Less: Bonuses to shareholders (i)	(<u>2,482,215,000</u>)
Ending undistributed earnings (j)=(h-i)	<u>\$ 163,881,334</u>
Notes:	
1. Amount of current earnings distribution will be paid from net income for 2017 first.	

Chairperson: Chou Chun-Chi Manager: Liu Yuan-Chih Chief Accountant: Lin Chiu-Chin

4. Upon recognition and adoption of this proposal at the annual meeting of shareholders, it is proposed to authorize the board of directors to determine ex-right and 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 stock dividend and cash dividend to shareholders from earnings, it is proposed to authorize the board of directors to adjust the ratio of distribution of dividend.
5. Please recognize.

Resolution:

Votes in favor: 508,132,173 votes (including 33,792,211 votes casted electronically), 98.98% of the total represented share present;
 Votes against: 54,577 votes (including 54,577 votes casted electronically);
 Votes abstained: 3,198,789 votes (including 3,198,789 votes casted electronically);
 Votes invalid: 0 votes; 1,970,699 votes did not provide their opinions.
 The above proposal was approved as proposed.

IV. Discussion Items

Item 1

Proposed by the board of directors

Subject: Discussion on the Company's new share issue through capitalization of 2017 retained earnings.

Descriptions:

1. It is processed in accordance with Article 20-1 of Articles of Incorporation of the Company and Article 240 of Company Act.
2. To strengthen the Company's financial structure and to conform to the needs of commercial practice, the Company plans to withdraw from distributable earnings to issue stock dividends of NT\$ 853,465,000, a new share issue of 85,346,500 shares through capitalization of earnings with par value of NT\$10.
3. According to the Company's outstanding shares, 651,500,000 shares, as of February 26, 2018, each 1,000 outstanding shares will be distributed 131 shares with no consideration paid at the plan of capitalization of earnings.
4. Shareholders with fractions of a share may apply to the Company's agent for stock affairs for the combination for full shares with the fractions of shares held by other shareholders within 5 days from the record date to distribute new shares. Fractions of a share still remain, cash will be paid according to the par value (and rounded to the nearest full Taiwan Dollar) in accordance with Article 240 of Company Act and the chairperson of the Company would be authorized to look for specified persons to buy the fraction of shares according to the par value.
5. Upon recognition and adoption of this proposal at the annual meeting of shareholders and approval of the Competent Authority, it is proposed to authorize the board of directors to determine the record date to distribute new shares 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 stock dividend to shareholders from earnings, it is proposed to authorize the board of directors to adjust the ratio of distribution.
6. Holders of the new shares shall hold the same rights and bear the same obligations as the holders of the original issued shares.
7. Please discuss.

Resolution:

Votes in favor: 508,118,319 votes (including 33,811,974 votes casted electronically), 98.97% of the total represented share present;
Votes against: 53,214 votes (including 53,214 votes casted electronically);
Votes abstained: 3,180,389 votes (including 3,180,389 votes casted electronically);
Votes invalid: 0 votes; 2,007,653 votes did not provide their opinions.
The above proposal was approved as proposed.

V. Incidental motion

Questions and personal opinions raised by shareholders (No. 15508, 18616, 22455, 42229) were responded by Chairperson, Mr. Liu Shun-zen (the independent director) and general manager.

VI. Adjournment: 10:30 a.m.

※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 2017

Year of 2017 was the harvest year for Sinyi and its subsidiaries. Our core business, property agency service line mainly composed by the Company, was supported by the property market recovery. In addition, the revenue and profit of project “Sinyi Jiating” which took the Group years of hard work were recognized for the handover in 2017. Therefore, both the consolidated sales revenue and the profit hit a record high in year 2017.

【The industrial environments and business performance】

Taiwan—

During year 2017, Taiwan housing market was on the track of soft landing with the falling price and higher volume of housing transaction, accompanying with the less interference from outside environment and favorable conditions (including the relax of the control over the property market, the relatively low interest rate, the slightly increased number of house hold, the continuous raising economic leading and coincident indicators, and 2.86% of Gross Domestic Product (GDP) growth rate in Taiwan of 2017). Such decrease in housing price makes the Taiwanese have confidence to purchase their own house and further increases demand for owner-occupied housing. As consequence, the number of properties transferred throughout Taiwan increased from 245 thousand of 2016 to 266 thousand of 2017.

Our colleagues were encouraged by the recovery of Taiwan housing market and thus boosted their confidence at work. Also we hold on the principle of “righteousness before profit” and our teams work together to maintain our client relationship in key business districts. Besides, we deeply touched our client by delivering value-added services, and kept contributing our effort to make our client dream home come true. As a result, our overall performance and output per employee had been improved in the year of 2017. On the other aspect, under the poor pre-sale housing market condition in Taiwan, we integrated our agency network and provide a platform of “Sinyi comprehensive real estate services”. By means of the platform, we are able to offer various choices to our client and therefore achieve success in sales in Year 2017.

China—

According to the new amendments to the housing policy issued by the china competent authority, the same attitudes as previous year, China aims to keep conducting regulation and control on property market this year. Such as, Sinyi Shanghai’s performance is still challenged by tough purchase restrictions and limitation of mortgage. Even the Suzhou city which housing policy was previously relative loose now is tightening up on the housing market. Therefore, Sinyi Suzhou is subject to the purchase ceiling and increased mortgage rate, and the trading volume has been reduced. As for Sinyi Zhejiang, if a buyer has newly owned a new house, the local government will prohibit the buyer acquiring a property within three years. Following this regulation, less second- hand property transactions has be conducted than prior year.

Overseas Markets—

With years of experience in local market, Sinyi Japan has been provided excellent service to assist our client in investing foreign property for many years. Also, in order to provide opportunities approaching new customers and maintain relationship with existing client, Sinyi Japan continuously has launched several seminars in Taiwan. With these efforts, our clients were more willing to purchase the second-hand mansion and number of transactions increased by 21% over last year.

Besides, we have positive view on Malaysia’s future economic growth and we value its stable political environment, established trading regulation, and generally strong economy, our overseas subsidiary in Malaysia, “Fidelity Property Consultant SDN. BHD.” officially opened for business since July, 2017.

In consistent with our expansion strategy (i.e., non-franchised business), we operated our own store in Malaysia. We also built up a service-line in connection between Taiwan and Malaysia for providing our customers with the complete planning of investment in Malaysia. Thanks to the service model, we already had a great performance in the beginning.

Real Estate Development—

With full integration into concept of community-home, and persistence in quality, our best recommended project “Sinyi Jiating” in Shanghai City won the “The Magnolia award”, i.e., the highest honor for quality construction in Shanghai construction industry. Also, project “Sinyi Jiating” has become a model of quality in local property development industry. As of the end of 2017, the total sales rate of project “Sinyi Jiating” reached 73%. In addition, in September 2017, we won the bid for another residential site located in Wuxi City, Jiangsu Province which cost RMB 1.294 billion dollars, and currently we are planning and designing this project.

On the other hand, Taiwan property development business unit still mainly focuses on operation in Taipei City and New Taipei City. Project “Sinyi Qian-Shi” in Tianmu has been completed for sale after the phrase of pre-sale. We also acquired two blocks of land located in Banqiao, New Taipei City, next to 435 Art & Culture Special Zone with a strong cultural atmosphere. There will be two development project carried out and currently the developing projects are on design stage.

The operating performance in Year 2017 is as below:

【Analyses on the financial revenues and expenditures and profitability】

Expressed in Million New Taiwan Dollars

Items	Year	Year 2017	Year 2016
		Operating revenue	17,806
Financial income /expenditure	Operating income	4,464	538
	Non-operating income (expense)	166	550
	Consolidated income before tax	4,630	1,088
	Income tax	1,802	164
	Net income (attributable to owner of the Company)	2,803	920
	Profitability	Return on total assets (%)	11%
Return on equity (%)		27%	10%
Net income margin (%)		16%	12%
Earnings per share (\$)		4.30	1.41

Notes:

1. The above table is prepared according to data in the consolidated financial statements.
2. The ERS for Year 2016 has been adjusted in according with the stock dividend distributed in prior year.

【Verification of remarkable performance of Sinyi with award honors】

We always believe that the corporate shall be dutiful in fulfilling corporate social responsibility (“CSR”) while it runs business and that profit will come along with its fulfillment of CSR. Therefore, our core faith— integrity, ethic and actively perform CSR— will always remain unchanged regardless of the change of external environment. Therefore, we lay our advantageous foundation of sustainable development by doing our best effort to take each stakeholder’s interest into consideration. Based on our effort for many years, we are pleased to receive widely public recognitions. Please see the following details for the honor earned by the Company and its subsidiaries for 2017:

In the aspects of quality and innovation of services:

- ※ For as astonishingly as 24 years in a row, we won the supreme honors of No. 1 among all realty service houses in the “Survey of Ideal Brand from View of Consumers” conducted by the 《Management Magazine》 .
- ※ was honorably awarded in 13 years in a row by 《Next Magazine》 “The Prime No. 1 Service Award”, as No. 1 among entire real estate agent services.
- ※ The Company was awarded by 《Commonwealth Magazine》 “Grand Prize for Gold Medal Service” that suggests the supreme honors of First Prize in the entire realty damage indemnity.
- ※ For 10 years in a row, the Company was awarded by 《Business Today》 First Place Honor in “Grand Survey of Ideal Brand Names in the Eyes of Merchants”.
- ※ Our subsidiary, Sinyi Shanghai Real Estate’s residential project "Sinyi Jiating" won The Magnolia award, the highest praise for Shanghai project.
- ※ The Company’s Subsidiary, Shanghai Sinyi Real Estate Inc. was awarded as ”Credit Construction Enterprise” within the highest star as Five-Star Credit Enterprise in the real estate industry for 11 years in a row.
- ※ Our subsidiary, Sinyi Shanghai was honored with the "Outstanding Work in Shanghai Real Estate Pricing Survey."
- ※ Our subsidiary, Sinyi Suzhou was invited to participate in the editing the “Real Estate Brokerage Service Standards of Jiangsu Province”.

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

- ※ Our charity project "Community-home” had been honored by the Presidential Cultural Award in the indigenous hope category, a 13-year cultivation grass-root movement project in Taiwan.
- ※ Sweeping six categories of the “Taiwan Corporate Sustainability Awards”: “The Most Prestigious Sustainability Awards-Top Ten Domestic Corporations”, “Corporate Sustainability Report Award”, “Transparency and Integrity Award”, “Social Inclusion Award”, “Climate Leadership Award”, and “Growth Through Innovation Award”.
- ※ We were awarded as “2017 Asia Responsible Entrepreneurship Awards” by the Enterprise Asia in 2 years in row.
- ※ Sinyi was awarded for the 11th time by《CommonWealth Magazine》”The Grand Award as the CommonWealth Model Citizen
- ※ For 3 years in a row, the Company was ranked among the Top 5% of the listed companies at the Corporate Governance Appraisal by the Taiwan Stock Exchange Corporation (TWSE).
- ※ We won the 26th "Corporate Environmental Protection Award" issued by the Environmental Protection Administration of the Executive Yuan.
- ※ Our subsidiary, Sinyi Shanghai, was awarded among the “Top 30 Best Employers of Shanghai, China, 2017”
- ※ Our subsidiary, Sinyi Suzhou, was awarded among the “Top 10 Best Employers of Shanghai, China, 2017”.
- ※ The Sinyi Jiating Volunteer Community Empowerment Network organized by our subsidiary, Sinyi Real Estate, was assessed as the "Volunteer Base of Excellence", and the neighborhood station was assessed as the "Neighborhood Station of Excellence".

【 Impact of the external competition, regulatory backdrop and business environment, operating goals and future prospects 】

In the future, since the top priority policy aims to build up a sound housing market and the “Regulation of developing leasing house” will take effect by June 2018. As a result, rental market is expected to grow. Additionally, the overall trading volume is also projected to grow gradually thanks to the estimated GDP growth. Although Taiwan government no longer significantly control over domestic property market, the housing price remains the same as previous. We observe that the Taiwan customers are still seeking for their own house. However owing to the housing pricing relative to house-hold income ratio is still rather high, the demand for the property will not immediately increase and remains the current situation for a while.

In this regards, Sinyi group will enhance employability to provide differentiated services featured prompt and safe to our customer in rental market. In addition, we will improve our standard process of rental services so as to increase efficiency of rental services. Furthermore, we will make good use of our unique advantages, such as link-up direct-store branch with platform of “Sinyi comprehensive real estate services”, to maintain our client relationship in each key business district. Therefore, we will make good use of and strengthen the technology of digital technology to develop a tool applied to our core business, so as to make our team to work more efficiently and improve customer service experience. On the other hand, Not only will we strengthen the cooperation between Home Services and Home Shopping Mall and each branch stores, we will but also deeply enhance our ability to operate the community and integrate the resources of each service line to make our client enjoy our one-stop shopping for property.

At the same time, since we believe that well-trained employees are the key elementary of high quality services. In the year 2018, we will recruit more new salespersons as well as impose the “Selecting, Training, and Engaging candidates” policy. We will care for our new joiner by coaching them, hand in hand, how to provide the client best service.

China—

According to the declaration announced by the China government that “houses are only for the residential purposes instead of speculative purpose”, China government has clearly stated that they will mainly support the housing rental market in the future. We will expect that the China property market would still be strictly controlled by the competent authority in the incoming year, and the trading volume of the second-hand house would be still at lower stage. In this regards, our agent business will slow down our expansion of store. We will mainly focus to operate our key business district and provides more value-added services. Furthermore, we will adjust our training material to efficiently improve our product ability and the supply of employee per store.

Other overseas business—

Sinyi Japan will mainly focus on “improving the quality of our services”, and continuously seek opportunities of referring our existing customers in Taiwan and Hong Kong to purchase property in Japan. In the meanwhile, we are planning to open a new entry store in Tokyo so as to attract local customers in Japan.

At the initial stage of entering into Malaysia market, Sinyi Malaysia depends on its high quality services and gradually gained reputation of selling property from Malaysia Construction Company in overseas Chinese market. In the future, we will not only launch Malaysia property seminars in Taipei, but also work with our China subsidiary to introduce our China client to our Malaysia product. In the meanwhile, we will prepare for a physical store in Kuala Lumpur with Sinyi brand to impress local customer. In addition, our local employees cultivated by Sinyi spirit will deliver our quality service with principle of “deeply plow in local market” to local customer. We aim to be No.1 best-trusted brand of reality agent among local resident.

Real Estate Development—

Currently, cross-strait real estate development market is still during downturn. Especially, the government in Mainland China is still monitoring the property market and controlling the housing price. In the face of such a harsh business environment, we will take converse approach that our priority is to sell and deliver the remaining units of project “Sinyi Jiating” and “Sinyi Qian-Shi”.

In the meanwhile, we will launch design phase of Project Wuxi and Project Yongcui Jiangzicui and proceed with the relevant preparation work. The Project Wuxi is scheduled to begin construction in the Quarter 3 of 2018 and the consumer will be able to purchase pre-constructions unit by the end of 2019. As for the Project Yongcui Jiangzicui, we aim to launch pre-construction sales in the Quarter 4 of 2018 and 2019. Our development team will make best effort to create a legendary building featured by cultural characteristics and community concept. Also, in an attempt to these two construction project, we will recruit talented or experienced professional to join our development team, and hope to increase our product ability.

Attachment 2

Sinyi Realty Inc.

Audit Report of Audit Committee

We have agreed and submitted the Company's 2017 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 2017 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 2017 financial statements, 2017 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
2018 Annual General Shareholders' Meeting

Sinyi Realty Inc.

Convener of Audit Committee: Liu Shun-Zen

Handwritten signature in blue ink, appearing to read '劉順仁' (Liu Shun-Zen).

February 26, 2018

Attachment 3
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 (the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, 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 Taiwan, 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 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 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.

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, 2017. 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2017 are stated as follows:

Revenue Earned from Sales of Real Estate

For the year ended December 31, 2017, the revenue from the sales of real estate was NT\$9,779,892 thousand. Refer to Note 4 of the accompanying consolidated financial statements for the accounting policies of the Group. When real estate has reached the expected state of use, its acceptance has been qualified by relevant departments and the filing procedures are completed, the Group issues a notice for the transfer of real estate according to the provisions of the contract and recognizes sales revenue on the transfer date. 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 conducted tests of controls in order to understand the timing of the recognition of the sales of real estate and the design and implementation of the relevant control systems of the Group. We selected samples of sales transactions for the current year to review the sales contracts signed by both parties in order to confirm the terms and conditions of the contracts and verify whether the collection records of the sales match the sales contract prices. Also, we checked the relevant transfer notices or transfer records to confirm that the income from sales of real estate listed in the account was recognized after the completion of the transfer procedures in order to ensure that the income was properly recorded in the correct accounting period.

Service Income Earned from Real-estate Brokering

The Group's revenue mainly comes from service income. Refer to Note 4 to the accompanying consolidated financial statements for the details of the accounting policies of revenue recognition. Revenue from the rendering of services is recognized when all the conditions stipulated in the accounting policies are satisfied. When all the conditions are satisfied, the Group's accounting system will calculate service income automatically. Since the service income was computed by the system and the amount is significant to the consolidated financial statement, service income is identified as a key audit matter.

The Group's personnel will fill in the transaction form when real estate contracts or lease contracts have been signed by both counterparties. After being reviewed by the competent supervisor, the transaction form will be delivered to the Group's personnel to create an item file in the system. The system will calculate the service income by item files on a daily basis and generate an entry by batch.

We understood and tested the internal control for recognition of service income. We selected service income samples, which were computed by the system and cross-checked whether the samples and contracts are the same. In order to verify accuracy of service income in the system, we recomputed service income and verified whether there were any significant differences in the amount. We also confirmed the dates on the contracts to make sure whether the timing of service income recognition is reasonable.

Accrual of Performance Bonus Payables

The Group is mainly engaged in the operation of a real-estate brokerage business. The Group designed a bonus scheme in order to stimulate employee retention. As of December 31, 2017, the carrying amounts of performance bonus payables (including non-current liabilities) were NT\$1,151,615 thousand, accounting for nearly 7% of the total liability. Because the amounts of performance bonus payables and non-current liabilities were considered significant to the consolidated financial statements, it has been identified as a key audit matter.

We focused on the adequacy of performance bonus payables at the balance sheet date. As stated in the preceding paragraph, we understood and tested the internal control for the performance bonus recognition. As for the evaluation of the accrual of performance bonus payables by management, we sampled from the major bonus records and understood the calculation criteria for the relevant bonuses awarded. We confirmed the basis of the calculation for each sample to verify whether they followed the Group's bonus scheme. We performed recalculations to test the accuracy of the performance bonus payables, and we assessed the reasonableness by reviewing the payments in the subsequent period.

Refer to Notes 5 and 23 to the consolidated financial statements for the details of the accrual of performance bonus payables.

Valuation of Inventory

As of December 31, 2017, the carrying amount of inventory was NT\$11,697,449 thousand. In order to evaluate the net realizable value of inventory, the Group will take into consideration reasonable estimations of future cash flows, changes in the overall economic environment, and effects of changes in related business regulations. The carrying amount of inventory was considered significant, and the evaluation of inventory's net realizable value is subject to management's judgment and has a significant level of uncertainty, which will impact the consolidated financial statements. Consequently, the valuation of inventory has been identified as a key audit matter.

We focused on the valuation of inventory at the balance sheets date, understood and assessed the reasonableness of management's assumptions made regarding the valuation as well as the methodology used in estimating the net realizable value of inventory. To test the accuracy of the valuation of inventory by management, we sampled the estimated selling price made by management while taking into consideration the market value less the estimated costs of completion and the estimated costs necessary to make the respective sales. We inspected the latest selling price and performed recalculations to verify the reasonableness of the valuation of inventory.

Refer to Notes 4, 5 and 11 to the consolidated financial statements for the details about the valuation of inventory.

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, 2017 and 2016 on which we have issued an unmodified opinion.

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:

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, 2017 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 26, 2018

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, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,899,831	15	\$ 3,512,457	15
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	201,778	1	479,603	2
Available-for-sale financial assets - current (Notes 4 and 8)	823,821	3	801,432	3
Notes receivable (Notes 4 and 10)	28,157	-	16,001	-
Trade receivables (Notes 4, 5 and 10)	842,270	3	807,093	3
Other receivables (Notes 4, 5, 10 and 33)	47,784	-	336,881	2
Current tax assets (Notes 4 and 28)	2,829	-	70,007	-
Inventories (Notes 4, 5, 11 and 34)	11,697,449	43	7,753,415	33
Other financial assets - current (Notes 12 and 34)	3,079,908	11	2,966,314	13
Other current assets (Note 18)	<u>166,113</u>	<u>1</u>	<u>800,623</u>	<u>3</u>
Total current assets	<u>20,789,940</u>	<u>77</u>	<u>17,543,826</u>	<u>74</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 9)	204,976	1	207,335	1
Investment accounted for using equity method (Notes 4 and 14)	29,120	-	10,723	-
Property, plant and equipment (Notes 4, 15 and 34)	3,392,572	13	3,474,237	14
Investment properties (Notes 4, 16 and 34)	2,265,661	8	2,269,286	9
Intangible assets (Notes 4, 17 and 36)	103,988	-	136,978	1
Deferred tax assets (Notes 4 and 28)	35,476	-	85,680	-
Refundable deposits (Note 30)	130,799	1	134,452	1
Other non-current assets (Note 18)	<u>3,584</u>	<u>-</u>	<u>6,747</u>	<u>-</u>
Total non-current assets	<u>6,166,176</u>	<u>23</u>	<u>6,325,438</u>	<u>26</u>
TOTAL	<u>\$ 26,956,116</u>	<u>100</u>	<u>\$ 23,869,264</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 34)	\$ 1,608,000	6	\$ 158,058	1
Notes payable	1,566	-	105	-
Trade payables (Note 21)	81,429	-	175,385	1
Other payables (Notes 5 and 23)	1,648,489	6	1,599,087	7
Other payables due to related parties (Notes 23 and 33)	71,653	-	83,091	-
Current tax liabilities (Notes 4 and 28)	975,199	4	111,715	-
Provisions - current (Notes 4, 5 and 24)	97,909	-	83,195	-
Other current financial liabilities (Note 23)	300,131	1	406,968	2
Unearned revenue (Note 22)	179,057	1	7,283,452	31
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 34)	1,513,210	6	296,120	1
Other current liabilities (Note 23)	<u>152,958</u>	<u>1</u>	<u>220,275</u>	<u>1</u>
Total current liabilities	<u>6,629,601</u>	<u>25</u>	<u>10,417,451</u>	<u>44</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	1,500,000	6	3,000,000	13
Long-term borrowings (Notes 19 and 34)	6,887,406	26	520,670	2
Provisions - non-current (Notes 4, 5 and 24)	1,694	-	4,857	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	72,820	-	43,602	-
Guarantee deposits received (Note 30)	42,615	-	60,012	-
Other non-current liabilities (Notes 5 and 23)	378,615	1	414,879	2
Deferred tax liabilities (Notes 4 and 28)	<u>13,377</u>	<u>-</u>	<u>19,404</u>	<u>-</u>

Total non-current liabilities	<u>8,896,527</u>	<u>33</u>	<u>4,063,424</u>	<u>17</u>
Total liabilities	<u>15,526,128</u>	<u>58</u>	<u>14,480,875</u>	<u>61</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Share capital				
Ordinary shares	<u>6,515,000</u>	<u>24</u>	<u>6,318,398</u>	<u>27</u>
Capital surplus	<u>63,896</u>	<u>-</u>	<u>63,896</u>	<u>-</u>
Retained earnings				
Legal reserve	1,793,382	7	1,701,396	7
Unappropriated earnings	<u>2,967,208</u>	<u>11</u>	<u>1,116,118</u>	<u>5</u>
Total retained earnings	<u>4,760,590</u>	<u>18</u>	<u>2,817,514</u>	<u>12</u>
Other equity (Note 4)				
Exchange differences on translating foreign operations	(396,805)	(1)	(225,707)	(1)
Unrealized gain from available-for-sale financial assets	<u>355,975</u>	<u>1</u>	<u>304,476</u>	<u>1</u>
Total other equity	<u>(40,830)</u>	<u>-</u>	<u>78,769</u>	<u>-</u>
Total equity attributable to owners of the Company	11,298,656	42	9,278,577	39
NON-CONTROLLING INTERESTS	<u>131,332</u>	<u>-</u>	<u>109,812</u>	<u>-</u>
Total equity	<u>11,429,988</u>	<u>42</u>	<u>9,388,389</u>	<u>39</u>
TOTAL	<u>\$ 26,956,116</u>	<u>100</u>	<u>\$ 23,869,264</u>	<u>100</u>

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)				
Sales revenue	\$ 9,779,892	55	\$ -	-
Service revenue	<u>8,026,889</u>	<u>45</u>	<u>7,588,820</u>	<u>100</u>
Total operating revenue	<u>17,806,781</u>	<u>100</u>	<u>7,588,820</u>	<u>100</u>
OPERATING COSTS (Notes 27 and 33)				
Cost of sales	6,062,907	34	-	-
Service cost	<u>5,974,258</u>	<u>34</u>	<u>5,900,494</u>	<u>78</u>
Total operating costs	<u>12,037,165</u>	<u>68</u>	<u>5,900,494</u>	<u>78</u>
GROSS PROFIT	5,769,616	32	1,688,326	22
OPERATING EXPENSES (Notes 27 and 33)	<u>1,305,756</u>	<u>7</u>	<u>1,149,984</u>	<u>15</u>
OPERATING INCOME	<u>4,463,860</u>	<u>25</u>	<u>538,342</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 33)	84,477	-	128,455	2
Dividend income	34,556	-	38,779	-
Interest income (Note 27)	133,401	1	61,599	1
Other gains and losses (Notes 27 and 33)	29,508	-	388,610	5
Foreign exchange losses	(36,935)	-	(9,647)	-
Finance costs (Notes 27 and 33)	<u>(79,315)</u>	<u>-</u>	<u>(57,712)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>165,692</u>	<u>1</u>	<u>550,084</u>	<u>7</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	4,629,552	26	1,088,426	14
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(1,802,437)</u>	<u>(10)</u>	<u>(163,838)</u>	<u>(2)</u>
NET PROFIT FOR THE YEAR	<u>2,827,115</u>	<u>16</u>	<u>924,588</u>	<u>12</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 25)	(37,555)	-	(47,982)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	6,384	-	8,157	-

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (171,101)	(1)	\$ (415,504)	(6)
Unrealized gain on available-for-sale financial assets	49,503	-	58,514	1
Share of the other comprehensive income of associates accounted for using the equity method	<u>1,996</u>	<u>-</u>	<u>1,084</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(150,773)</u>	<u>(1)</u>	<u>(395,731)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,676,342</u>	<u>15</u>	<u>\$ 528,857</u>	<u>7</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,802,827	16	\$ 919,865	12
Non-controlling interests	<u>24,288</u>	<u>-</u>	<u>4,723</u>	<u>-</u>
	<u>\$ 2,827,115</u>	<u>16</u>	<u>\$ 924,588</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,651,919	15	\$ 524,131	7
Non-controlling interests	<u>24,423</u>	<u>-</u>	<u>4,726</u>	<u>-</u>
	<u>\$ 2,676,342</u>	<u>15</u>	<u>\$ 528,857</u>	<u>7</u>
EARNINGS PER SHARE (Note 29)				
Basic	<u>\$4.30</u>		<u>\$1.41</u>	
Diluted	<u>\$4.29</u>		<u>\$1.41</u>	

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

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company								
	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total	Non-controlling	
			Legal Reserve	Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets		Interests	Total Equity
BALANCE AT JANUARY 1, 2016	\$ 6,318,39	\$ 63,89	\$ 1,645,00	\$ 734,737	\$ 189,816	\$ 244,878	\$ 9,196,73	\$ 125,644	\$ 9,322,37
Appropriation of 2015 earnings									
Legal reserve			56,38	(56,387)	-	-		-	
Cash dividends				(442,288)	-	-	(442,28)	-	(442,28)
Net profit for the year ended December 31, 2016				919,865	-	-	919,86	4,723	924,58
Other comprehensive (loss) income for the year ended December 31, 2016, net of income tax				(39,809)	(415,523)	59,598	(395,73)	3	(395,73)
Total comprehensive income (loss) for the year ended December 31, 2016				880,056	(415,523)	59,598	524,13	4,726	528,85

Change in non-controlling interests				-	-			(20,558)	(20,558)
BALANCE AT DECEMBER 31, 2016	6,318,39	63,89	1,701,39	1,116,118	(225,707)	304,476	9,278,57	109,812	9,388,38
Appropriation of 2016 earnings									
Legal reserve			91,98	(91,986)	-	-	-	-	(631,84)
Cash dividends				(631,840)	-	-	(631,84)	-	(631,84)
Share dividends	196,60			(196,602)	-	-	-	-	-
Net profit for the year ended December 31, 2017				2,802,827	-	-	2,802,82	24,288	2,827,11
Other comprehensive (loss) income for the year ended December 31, 2017, net of income tax				(31,309)	(171,098)	51,496	(150,90)	135	(150,77)
Total comprehensive income (loss) for the year ended December 31, 2017				2,771,518	(171,098)	51,496	2,651,91	24,423	2,676,34
Change in non-controlling interests				-	-			(2,903)	(2,903)
BALANCE AT DECEMBER 31, 2017	<u>\$ 6,515,00</u>	<u>\$ 63,89</u>	<u>\$ 1,793,38</u>	<u>\$ 2,967,208</u>	<u>\$ (396,805)</u>	<u>\$ 355,97</u>	<u>\$ 11,298,65</u>	<u>\$ 131,332</u>	<u>\$ 11,429,98</u>

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

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 4,629,552	\$ 1,088,426
Adjustments for:		
Depreciation expenses	125,214	145,640
Amortization expenses	44,057	50,421
Net loss (gain) on financial assets at fair value through profit or loss	1,119	(3,325)
Interest expenses	88,669	109,166
Interest income	(133,401)	(61,599)
Dividend income	(34,556)	(38,779)
Share of loss (profit) of associates and joint ventures	2,488	(208)
Loss on disposal of property, plant and equipment	5,075	925
Loss (gain) on disposal of investment properties	1,440	(350,929)
(Gain) loss on disposal of investments	(6,910)	40
Impairment loss recognized (reversed) on non-financial assets	10,800	(2,577)
Changes in operating assets and liabilities		
Financial assets held for trading	278,157	(158,266)
Notes receivable	(12,156)	60,782
Trade receivables	(35,177)	(122,536)
Other receivables	38,098	24,606
Inventories	(4,011,320)	(1,989,844)
Other current assets	634,510	(423,346)
Operating assets	(1,953)	(8,573)
Notes payable	1,461	(4,641)
Unearned revenue	(6,931,127)	5,068,869
Trade payables	(93,956)	89,055
Other payables	44,365	108,143
Other payables to related parties	14,306	(21,942)
Provisions	11,551	48,952
Other financial liabilities	(106,837)	85,501
Other current liabilities	(67,317)	(76,884)
Other operating liabilities	(36,264)	(307,587)
Cash generated from operations	(5,540,112)	3,309,490
Interest received	144,266	52,115
Interest paid	(90,922)	(112,318)
Income taxes paid	(827,598)	(261,776)
Net cash (used in) generated from operating activities	<u>(6,314,366)</u>	<u>2,987,511</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of available-for-sale financial assets	(10,103)	-
Proceeds from disposal of available-for-sale financial assets	12,403	-
Purchase of financial assets measured at cost	(5,000)	(498)
Proceeds from disposal of financial assets measured at cost	-	15,000
Purchase of investment accounted for using equity method	(17,989)	-
Capital refund of financial assets measured at cost	-	693

(Continued)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Payments for property, plant and equipment	\$ (55,814)	\$ (73,167)
Proceeds from disposal on property, plant and equipment	123	256
Decrease in prepayment for equipment	11,504	8,771
Increase in refundable deposits	-	(6,913)
Decrease in refundable deposits	3,653	-
Payment for intangible assets	(25,139)	(44,147)
Payment for investment properties	(26,531)	(20,200)
Proceeds from disposal of investment properties	263,758	641,430
Increase in other financial assets	(144,650)	(1,366,929)
Increase in other non-current assets	-	(213)
Decrease in other non-current assets	3,163	-
Dividends received	<u>34,743</u>	<u>38,997</u>
Net cash generated from (used in) investing activities	<u>44,121</u>	<u>(806,920)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	1,449,942	-
Repayment of short-term borrowings	-	(79,405)
Proceeds from long-term borrowings	17,701,680	3,344,580
Repayment of long-term borrowings	(11,560,820)	(4,769,745)
Refund of guarantee deposits received	(17,397)	(196)
Decrease in other payables to related parties	(18,454)	(10,219)
Dividends paid to owners of the Company	(631,840)	(442,288)
Changes in non-controlling interests	<u>(2,903)</u>	<u>(20,558)</u>
Net cash generated from (used in) financing activities	<u>6,920,208</u>	<u>(1,977,831)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES		
	<u>(262,589)</u>	<u>(128,075)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	387,374	74,685
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,512,457</u>	<u>3,437,772</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 3,899,831</u>	<u>\$ 3,512,457</u>

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sinyi Realty Inc.

Opinion

We have audited the accompanying parent company only financial statements of Sinyi Realty Inc. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2017 and 2016, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to parent company only the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2017 and 2016, and its parent company only financial performance and its parent company only 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 Taiwan, the Republic of China ("ROC"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2017 are stated as follows:

Service Income Earned from Real-estate Brokering

The Company's revenue mainly comes from service income. Refer to Note 4 to the accompanying parent company only financial statements for the details of the accounting policies of revenue recognition. Revenue from the rendering of services is recognized when all the conditions stipulated in the accounting policies are satisfied. When all the conditions are satisfied, the Company's accounting system will calculate service income automatically. Since the service income was computed by the system and the amount is significant to the parent company only financial statement, service income is identified as a key audit matter.

The Company's personnel will fill in the transaction form when real estate contracts or lease contracts have been signed by both counterparties. After being reviewed by the competent supervisor, the transaction form will be delivered to the Company's personnel to create an item file in the system. The system will calculate the service income by item files on a daily basis and generate an entry by batch.

We understood and tested the internal control for recognition of service income. We selected service income samples, which were computed by the system, and cross-checked whether the samples and contracts are the same. In order to verify accuracy of service income in the system, we recomputed service income and verified whether there was any significant difference in the amount. We also confirmed the dates on the contracts to make sure whether the recognition timing of service income is reasonable.

Accrual of Performance Bonus Payables

The Company is mainly engaged in the operation of a real-estate brokerage business. The Company designed a bonus scheme in order to stimulate employee retention. As of December 31, 2017, the carrying amounts of performance bonus payables (including non-current liabilities) were NT\$958,770 thousand, accounting for nearly 9% of the total liability. Because the amounts of performance bonus payables and non-current liabilities were considered significant to the parent company only financial statements, it has been identified as a key audit matter.

We focused on the adequacy of performance bonus payables at the balance sheet date. As stated in the preceding paragraph, we understood and tested the internal control for the performance bonus recognition. As for the evaluation of the accrual of performance bonus payables by management, we sampled from the major bonus records and understood the calculation criteria for the relevant bonuses awarded. We confirmed the basis of the calculation for each sample to verify whether they followed the Company's bonus scheme. We performed recalculations to test the accuracy of the performance bonus payables, and we assessed the reasonableness by reviewing the payments in the subsequent period.

Refer to Notes 5 and 18 to the parent company only financial statements for the details of the accrual of performance bonus payables.

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

As stated in Note 11 to the accompanying financial statements, on December 31, 2017, the carrying amount of the investment in Sinyi International Limited accounted for using the equity method is NT\$9,667,366 thousand, or 45% of the Company's assets. From January 1, 2017 to December 31, 2017, the amount of profit and loss accounted for using the equity method is NT\$2,073,215 thousand, or 74% of the Company's net income. The financial condition and performance of Sinyi International Limited will have material impact on the Company's financial statements. Thus, we include Sinyi International Limited's recognition of real estate revenue and valuation of inventories in key audit matters shown respectively as follows:

Revenue earned from sales of real estate

For the 2017 accounting policies of real estate sales revenue of Sinyi International Limited and its subsidiaries, refer to Note 4 to the consolidated financial statements for the accounting policies of the Company. When real estate has reached the expected state of use, its acceptance has been qualified by relevant departments and the filing procedures are completed, Sinyi International Limited and its subsidiaries issue a notice for the transfer of real estate according to the provisions of the contract and recognize sales revenue on the transfer date. 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 conducted tests of controls in order to understand the timing of the recognition of the sales of real estate and the design and implementation of the relevant control systems of Sinyi International Limited and its subsidiaries. We selected samples of sales transactions for the current year to review the sales contracts signed by both parties in order to confirm the terms and conditions of the contracts and verify whether the collection records of the sales match the sales contract prices. Also, we checked the relevant transfer notices or transfer records to confirm that the revenue from sales of real estate listed in the account was recognized after the completion of the transfer procedures in order to ensure that the income was properly recorded in the correct accounting period.

Valuation of inventory

In order to evaluate the net realizable value of inventory, the Company will take into consideration reasonable estimations of future cash flows, changes in the overall economic environment, and effects of changes in related business regulations. The evaluation of inventory's net realizable value is subject to management's judgment and has a significant level of uncertainty, which will impact the Company's financial statements. Consequently, the valuation of inventory has been identified as a key audit matter.

We focused on the valuation of inventory at the balance sheets date, understood and assessed the reasonableness of management's assumptions made regarding the valuation as well as the methodology used in estimating the net realizable value of inventory. To test the accuracy of the valuation of inventory by management, we sampled the estimated selling price made by management while taking into consideration the market value less the estimated costs of completion and the estimated costs necessary to make the respective sales. We inspected the latest selling prices and performed our own calculations to verify the reasonableness of the Company's valuation of inventory.

Refer to Notes 4, 5 and 11 to the consolidated financial statements for details about the valuation of inventory of Sinyi International Limited and its subsidiaries.

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

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 parent company only financial statements for the year ended December 31, 2017 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 26, 2018

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

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

SINYI REALTY INC.

BALANCE SHEETS

DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

ASSETS	2017		2016	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,554,557	7	\$ 1,998,262	13
Available-for-sale financial assets - current (Notes 4 and 7)	228,299	1	206,356	1
Notes receivable (Notes 4 and 9)	4,333	-	7,210	-
Trade receivables (Notes 4, 5 and 9)	523,886	3	421,752	3
Trade receivables from related parties (Notes 4, 5 and 28)	127,691	1	85,213	1
Other receivables (Notes 4, 5 and 9)	8,926	-	42,058	-
Other receivable from related parties (Notes 4, 5 and 28)	16,576	-	21,791	-
Other financial assets - current (Notes 10 and 29)	5,000	-	5,000	-
Other current assets (Note 15)	<u>62,976</u>	<u>-</u>	<u>65,440</u>	<u>1</u>
Total current assets	<u>2,532,244</u>	<u>12</u>	<u>2,853,082</u>	<u>19</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 8)	54,827	-	55,913	-
Investments accounted for using equity method (Notes 4 and 11)	13,351,473	62	6,465,505	43
Property, plant and equipment (Notes 4, 12 and 29)	2,647,588	12	2,696,461	18
Investment properties (Notes 4, 13 and 29)	2,726,105	13	2,731,236	18
Intangible assets (Notes 4 and 14)	50,503	-	76,405	1
Deferred tax assets (Notes 4 and 23)	15,393	-	11,651	-
Refundable deposits (Note 25)	86,714	1	92,030	1
Other non-current assets (Note 15)	<u>3,584</u>	<u>-</u>	<u>6,747</u>	<u>-</u>
Total non-current assets	<u>18,936,187</u>	<u>88</u>	<u>12,135,948</u>	<u>81</u>
TOTAL	<u>\$ 21,468,431</u>	<u>100</u>	<u>\$ 14,989,030</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 800,000	4	\$ 150,000	1
Notes payable	66	-	105	-
Other payables (Notes 5 and 18)	1,346,447	6	1,290,835	9
Other payables to related parties (Notes 18 and 28)	41,317	-	17,713	-
Current tax liabilities (Notes 4 and 23)	115,400	1	99,640	1
Provisions - current (Notes 4, 5 and 19)	34,696	-	34,802	-
Other current financial liabilities (Note 18)	43,037	-	63,851	-
Current portion of bonds payable (Note 17)	1,500,000	7	-	-
Other current liabilities (Note 18)	<u>90,644</u>	<u>-</u>	<u>79,808</u>	<u>1</u>

Total current liabilities	<u>3,971,607</u>	<u>18</u>	<u>1,736,754</u>	<u>12</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	1,500,000	7	3,000,000	20
Long-term borrowings (Notes 16 and 29)	4,250,000	20	500,000	3
Provisions - non-current (Notes 4, 5 and 19)	1,694	-	4,857	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 20)	69,406	-	39,789	-
Guarantee deposit received (Note 25)	38,260	-	45,409	-
Investments accounted for using equity method (Notes 4 and 11)	-	-	13,034	-
Other non-current liabilities (Notes 5 and 18)	325,431	2	351,206	3
Deferred tax liabilities (Notes 4 and 23)	<u>13,377</u>	<u>-</u>	<u>19,404</u>	<u>-</u>
Total non-current liabilities	<u>6,198,168</u>	<u>29</u>	<u>3,973,699</u>	<u>26</u>
Total liabilities	<u>10,169,775</u>	<u>47</u>	<u>5,710,453</u>	<u>38</u>
EQUITY (Note 21)				
Share capital				
Ordinary shares	<u>6,515,000</u>	<u>31</u>	<u>6,318,398</u>	<u>42</u>
Capital surplus	<u>63,896</u>	<u>-</u>	<u>63,896</u>	<u>-</u>
Retained earnings				
Legal reserve	1,793,382	8	1,701,396	11
Unappropriated earnings	<u>2,967,208</u>	<u>14</u>	<u>1,116,118</u>	<u>8</u>
Total retained earnings	<u>4,760,590</u>	<u>22</u>	<u>2,817,514</u>	<u>19</u>
Other equity (Note 4)				
Exchange differences on translating foreign operations	(396,805)	(2)	(225,707)	(1)
Unrealized gain from available-for-sale financial assets	<u>355,975</u>	<u>2</u>	<u>304,476</u>	<u>2</u>
Total other equity	<u>(40,830)</u>	<u>-</u>	<u>78,769</u>	<u>1</u>
Total equity	<u>11,298,656</u>	<u>53</u>	<u>9,278,577</u>	<u>62</u>
TOTAL	<u>\$ 21,468,431</u>	<u>100</u>	<u>\$ 14,989,030</u>	<u>100</u>

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

SINYI REALTY INC.

STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE				
Service revenue (Note 4)	\$ 6,886,597	100	\$ 6,123,679	100
OPERATING COSTS (Notes 22 and 28)	<u>4,957,229</u>	<u>72</u>	<u>4,571,076</u>	<u>74</u>
GROSS PROFIT	1,929,368	28	1,552,603	26
OPERATING EXPENSES (Notes 22 and 28)	<u>846,648</u>	<u>12</u>	<u>714,839</u>	<u>12</u>
PROFIT FROM OPERATIONS	<u>1,082,720</u>	<u>16</u>	<u>837,764</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 28)	98,818	2	94,210	2
Dividend income	7,925	-	6,472	-
Interest income (Notes 22 and 28)	9,709	-	16,553	-
Other gains and losses (Notes 22 and 28)	3,017	-	34,599	1
Finance cost (Notes 22 and 28)	(71,489)	(1)	(55,294)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	<u>1,865,432</u>	<u>27</u>	<u>146,683</u>	<u>2</u>
Total non-operating income and expenses	<u>1,913,412</u>	<u>28</u>	<u>243,223</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	2,996,132	44	1,080,987	18
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(193,305)</u>	<u>(3)</u>	<u>(161,122)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>2,802,827</u>	<u>41</u>	<u>919,865</u>	<u>15</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(37,896)	-	(47,942)	-
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method	145	-	(17)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	6,442	-	8,150	-

(Continued)

SINYI REALTY INC.

STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	\$ (171,098)	(2)	\$ (415,523)	(7)
Unrealized gain on available-for-sale financial assets	18,782	-	10,581	-
Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method	<u>32,717</u>	<u>-</u>	<u>49,017</u>	<u>1</u>
Other comprehensive loss for the year, net of income tax	<u>(150,908)</u>	<u>(2)</u>	<u>(395,734)</u>	<u>(6)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,651,919</u>	<u>39</u>	<u>\$ 524,131</u>	<u>9</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$4.30</u>		<u>\$1.41</u>	
Diluted	<u>\$4.29</u>		<u>\$1.41</u>	

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

(Concluded)

SINYI REALTY INC.

**STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings		Other Equity	Unrealized Gain on Available-for-sale Financial Assets	Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations		
BALANCE AT JANUARY 1, 2016	\$ 6,318,398	\$ 63,896	\$ 1,645,009	\$ 734,737	\$ 189,816	\$ 244,878	\$ 9,196,734
Appropriation of 2015 earnings							
Legal reserve	-	-	56,387	(56,387)	-	-	-
Cash dividends	-	-	-	(442,288)	-	-	(442,288)
Net profit for the year ended December 31, 2016	-	-	-	919,865	-	-	919,865
Other comprehensive (loss) income for the year ended December 31, 2016, net of income tax	-	-	-	(39,809)	(415,523)	59,598	(395,734)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	880,056	(415,523)	59,598	524,131
BALANCE AT DECEMBER 31, 2016	6,318,398	63,896	1,701,396	1,116,118	(225,707)	304,476	9,278,577
Appropriation of 2016 earnings							
Legal reserve	-	-	91,986	(91,986)	-	-	-
Cash dividends	-	-	-	(631,840)	-	-	(631,840)
Stock dividends	196,602	-	-	(196,602)	-	-	-
Net profit for the year ended December 31, 2017	-	-	-	2,802,827	-	-	2,802,827
Other comprehensive (loss) income for the year ended December 31, 2017, net of income tax	-	-	-	(31,309)	(171,098)	51,499	(150,908)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	2,771,518	(171,098)	51,499	2,651,919
BALANCE AT DECEMBER 31, 2017	<u>\$ 6,515,000</u>	<u>\$ 63,896</u>	<u>\$ 1,793,382</u>	<u>\$ 2,967,208</u>	<u>\$ (396,805)</u>	<u>\$ 355,975</u>	<u>\$ 11,298,656</u>

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

SINYI REALTY INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 2,996,132	\$ 1,080,987
Adjustments for:		
Depreciation expenses	95,301	106,171
Amortization expenses	38,516	42,433
Interest expenses	71,489	55,294
Interest income	(9,709)	(16,553)
Dividend income	(7,925)	(6,472)
Share of profit of subsidiaries, associates and joint ventures	(1,865,432)	(146,683)
Loss on disposal of property, plant and equipment	1,528	662
Loss on disposal of investment properties	1,440	1,137
(Gain) loss on disposal of investments	(5,460)	361
Impairment loss (reversal of impairment loss) recognized on non-financial assets	10,800	(2,577)
Changes in operating assets and liabilities		
Financial assets held for trading	-	34
Notes receivable	2,877	62,006
Trade receivables	(102,134)	(133,876)
Trade receivables from related parties	(42,478)	11,458
Other receivables	21,788	35,124
Other receivables from related parties	5,215	(241)
Other current assets	2,464	(38,836)
Other operating assets	(8,279)	(8,566)
Notes payable	(39)	(1,419)
Other payables	54,583	115,195
Other payables to related parties	23,604	(20,110)
Provisions	(3,269)	5,510
Other financial liabilities	(20,814)	15,261
Other current liabilities	10,836	7,037
Other operating liabilities	(25,775)	(293,075)
Cash generated from operations	1,245,259	870,262
Interest received	21,053	7,069
Interest paid	(70,460)	(55,331)
Income taxes paid	(180,872)	(90,490)
Net cash generated from operating activities	<u>1,014,980</u>	<u>731,510</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets measured at cost	-	15,000
Acquisition of investment accounted for using equity method	(5,614,856)	(1,027,500)
Capital refund of equity method investees	440,927	1,393,921
Purchase of financial assets measured at cost	-	(498)
Purchase of available-for-sale financial assets	(10,103)	-
Proceeds from disposal of available-for-sale financial assets	12,402	-
Capital refund of financial assets measured at cost	-	693

(Continued)

SINYI REALTY INC.

STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2017 AND 2016 (In Thousands of New Taiwan Dollars)

	2017	2016
Payments for property, plant and equipment	\$ (38,069)	\$ (34,561)
Proceeds from disposal of property, plant and equipment	99	1,205
Increase in refundable deposits	-	(4,038)
Decrease in refundable deposits	5,316	-
Payment for intangible assets	(22,235)	(40,215)
Proceeds from disposal of intangible assets	-	178
Payment for investment properties	(26,531)	(20,200)
Proceeds from disposal of investment properties	19,057	39,751
Decrease in other financial assets	-	270,135
Decrease (increase) in other non-current assets	3,163	(213)
Dividends received	<u>11,134</u>	<u>28,088</u>
Net cash generated from (used in) investing activities	<u>(5,219,696)</u>	<u>621,746</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	650,000	-
Repayments of short-term borrowings	-	(50,000)
Proceeds from long-term borrowings	12,193,987	3,300,000
Repayments of long-term borrowings	(8,443,987)	(3,200,000)
Increase in guarantee deposits received	-	1,580
Refund of guarantee deposits received	(7,149)	-
Dividends paid to owners of the Company	<u>(631,840)</u>	<u>(442,288)</u>
Net cash generated from (used in) financing activities	<u>3,761,011</u>	<u>(390,708)</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS	(443,705)	962,548
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>1,998,262</u>	<u>1,035,714</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 1,554,557</u>	<u>\$ 1,998,262</u>

