



**Sinyi Realty Inc.**

**2017 Annual General Shareholders' Meeting**

**Meeting Handbook  
(Translation)**

**May 26, 2017**

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.

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- **Time: 9:30 a.m., May 26, 2017**
  - **Place: NTUH International Convention Center(No.2 XuZhou Rd. Taipei, Taiwan)**
  - **Shareholders present: Total outstanding shares of the Company are 631,839,814 shares, and shares represented by shareholders present are 495,248,727 shares (including 30,633,470 shares casted electronically), accounted for 78.38% of total shares issued.**
  - **Chairman: Chou Chi-Chun/ Recorder: Wu Shao-Chiao**
  - **Attendance: Hsueh, Chien-Ping (Vice Chairperson)**  
**Chou Wang Mei-Wen (Director)**  
**Liu Shun-zen (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. Chairman's address:(omitted)**

**II. Report items**

**Item 1:**

Subject: Report on the Operations of 2016.

Descriptions:

1. Business report of the Company is detailed in attachment 1 on Page 9 of this meeting handbook.
2. Please review.

Resolved, the above proposal was approved as proposed.

**Item 2:**

Subject: Report on the Distributions of the Remunerations to the Company's Employees and Directors of the Board for 2016.

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 2016 is NT\$1,095,796,016, which multiplied by 1% and 0.55% are NT\$10,957,961 and NT\$6,026,878 in cash for remunerations to the employees and directors, respectively.
3. Please review.

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Resolved, the above proposal was approved as proposed.

**Item 3:**

Subject: Report on Audit Committee's Review of the Business Report, Financial Statements and Earnings Distribution Proposal of 2016.

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 2016, 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.

Resolved, the above proposal was approved as proposed.

**Item 4:**

Subject: Report on the Amendments of 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 3 on page 14 of this meeting handbook.
3. Please review.

Resolved, the above proposal was approved as proposed.

**III. Adoption Items**

**Item 1**

Proposed by the board of directors

Subject: Adoption of 2016 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 2016 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 2016 are submitted, as detailed in Attachment 1 on page 9 and Attachment 4 on page 16 of this meeting handbook.
4. Please recognize.

Resolution:

Votes in favor: 489,159,932 votes (including 27,424,404 votes casted electronically), 98.84% of the total represented share present;

Votes against: 76,301 votes (including 76,301 votes casted electronically);

Votes abstained: 3,132,765 votes (including 3,132,765 votes casted electronically);

Votes invalid: 0 votes; no notes: 2,490,428 votes.

Resolved, the above proposal was approved as proposed.

## Item 2

Proposed by the board of directors

Subject: Adoption of Earning Distribution Proposal of 2016.

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 2016 is NT\$236,062,818; after deducting adjusted decreases in undistributed earnings due to long-term investment in shares and re-measurement of confirmed welfare plan of NT\$17,017 and NT\$39,791,985 respectively, adding 2016 earnings after tax of NT\$919,865,456, and deducting appropriated legal reserve of NT\$91,986,546, the 2016 distributable earnings is NT\$1,024,132,726. It is proposed to distribute bonuses to shareholders in the amount of NT\$828,441,674, in which NT\$631,839,814 is cash dividends and NT\$196,601,860 is stock dividends. As calculated by actual outstanding share number of 631,839,814 shares of the Company as of February 24, 2017, each share will be distributed for cash dividend of NT\$1.0 (rounded to dollar; total amount for fractional shares is recorded as other income of the Company) and for stock dividend of NT\$0.31115775.
3. Earning distribution table is proposed as follows:

Items	Amount (NT dollars)
Beginning undistributed earnings (a)	\$ 236,062,818
Less: Adjustment to undistributed earnings due to long-term investment in shares (b)	( 17,017 )
Less: Re-measurement of confirmed welfare plan (c)	( 39,791,985 )
Adjusted undistributed earnings (d=a-b-c)	196,253,816
Add: Net income of 2016(e)	919,865,456
Less: Appropriation of legal reserve (f) = (e)×10%	( 91,986,546 )
Current distributable earnings (g) =(d+e-f)	1,024,132,726
Propose to distribute items:	
Less: Bonuses to shareholders (h)	( 828,441,674 )
Ending undistributed earnings (i)=(g-h)	\$ 195,691,052
Notes:	
1. Amount of current earnings distribution will be paid from 2016 net income first.	

Chairman: 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

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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: 489,136,813 votes (including 27,401,285 votes casted electronically), 98.84% of the total represented share present;

Votes against: 103,540 votes (including 103,540 votes casted electronically);

Votes abstained: 3,128,645 votes (including 3,128,645 votes casted electronically);

Votes invalid: 0 votes; no notes: 2,490,428 votes.

Resolved, the above proposal was approved as proposed.

## **IV. Discussion Items**

### **Item 1**

Proposed by the board of directors

Subject: Discussion on the Amendments of the Company's "Procedures for Loaning Funds to Other Parties".

Descriptions:

1. In order to conform to the needs of commercial practice and the development of the Sinyi Group, the Company proposed to amend its "Procedures for Loaning Funds to Other Parties".
2. Comparison tables of amended articles of "Procedures for Loaning Funds to Other Parties" of the Company are detailed in Attachment 5 on page 39 of this meeting handbook.
3. Please discuss.

Resolution:

Votes in favor: 489,150,870 votes (including 27,400,423 votes casted electronically), 98.76% of the total represented share present;

Votes against: 145,184 votes (including 99,981 votes casted electronically);

Votes abstained: 3,133,066 votes (including 3,133,066 votes casted electronically);

Votes invalid: 0 votes; no notes: 2,819,607 votes.

Resolved, the above proposal was approved as proposed.

### **Item 2**

Proposed by the board of directors

Subject: Discussion on the Amendments of the Company's "Procedures for Endorsements and Guarantees".

Descriptions:

1. In order to conform to the needs of commercial practice and the development of the Sinyi

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Group, the Company proposed to amend its “Procedures for Endorsements and Guarantees “.

2. Comparison tables of amended articles of “Procedures for Endorsements and Guarantees” of the Company are detailed in Attachment 6 on page 41 of this meeting handbook.
3. Please discuss.

Resolution:

Votes in favor: 489,122,634 votes (including 27,371,187 votes casted electronically), 98.76% of the total represented share present;

Votes against: 173,420 votes (including 129,217 votes casted electronically);

Votes abstained: 3,133,066 votes (including 3,133,066 votes casted electronically);

Votes invalid: 0 votes; no notes: 2,819,607 votes.

Resolved, the above proposal was approved as proposed.

### **Item 3**

Proposed by the board of directors

Subject: Discussion on the Amendments of the Company’s “Procedures for Acquisition or Disposal of Assets “.

Descriptions:

1. In order to comply with the newest regulations and to conform to the needs of commercial practice, the Company proposed to amend its “Procedures for Acquisition or Disposal of Assets “.
2. Comparison tables of amended articles of “Procedures for Acquisition or Disposal of Assets” of the Company are detailed in Attachment 7 on page 42 of this meeting handbook.
3. Please discuss.

Resolution:

Votes in favor: 489,171,828 votes (including 27,420,381 votes casted electronically), 98.77% of the total represented share present;

Votes against: 124,226 votes (including 80,023 votes casted electronically);

Votes abstained: 3,133,066 votes (including 3,133,066 votes casted electronically);

Votes invalid: 0 votes; no notes: 2,819,607 votes.

Resolved, the above proposal was approved as proposed.

### **Item 4**

Proposed by the board of directors

Subject: Discussion on the Company’s new share issue through capitalization of 2016 retained earnings.

Descriptions:

1. It is processed in accordance with Article 20 of Articles of Incorporation of the Company and Article 240 of Company Act.

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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 NTD 196,601,860, a new share issue of 19,660,186 shares through capitalization of earnings with par value of NT\$10.
  3. According to the Company's outstanding shares, 631,839,814 shares, as of February 24, 2017, each 1,000 outstanding shares will be distributed 31.115775 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 chairman 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: 489,156,870 votes (including 27,405,423 votes casted electronically), 98.76% of the total represented share present;

Votes against: 142,470 votes (including 98,267 votes casted electronically);

Votes abstained: 3,129,780 votes (including 3,129,780 votes casted electronically);

Votes invalid: 0 votes; no notes: 2,819,607 votes.

Resolved, the above proposal was approved as proposed.

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## V. Election Item

### Item 1

Proposed by the board of directors

Subject: By-election of the Company's Independent Director.

Descriptions:

1. Mr. Su JYUN-BIN, the Company's independent Director, submitted resignation of independent director and the resignation will go effect on May25, 2017. In accordance with Article 13 and 13-1 of the Articles of Incorporation, Article 14-2 of Securities & Exchange Act and Article 192 of the Company Act and the resolution of the 12<sup>th</sup> board of directors on the 10<sup>th</sup> meeting, the Company proposes to by-elect a new independent director whose term of offices shall be from May 26, 2017 to May 19, 2019.
2. The election of directors shall adopt candidate nomination system. The details of the nominated candidates accompanied with their education and working experience, which have been examined by the 12<sup>th</sup> board of directors on the 11<sup>th</sup> meeting, are detailed in Attachment 8 on page 51 of this meeting handbook.
3. The Company's Rules of Election of Directors are detailed in Appendix 7 on page 89 of this meeting handbook

Resolution: Independent directors of the Company by-elected the 12th BOD is as below

Title	ID Number	Name	Votes
Independent Director	XXXXXX9939	Yen, Lou-Yu	488,000,262

## VI. Incidental motion

Questions and personal opinions raised by shareholders (account no. 5935, 8773, 10602, 15508, 18808, 18843, 19026, 22455, 26952) were responded by chairman, general manager and senior manager of finance department.

## VII. Adjournment: 10:50 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 )



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## **VIII. Attachments**

### Attachment 1

#### **Sinyi Realty Inc.**

#### **Business Report of 2016**

#### **1. The industrial environments and business performance:**

##### **Taiwan—**

Over the recent years, the trading volumes in the domestic property market continued to reach new lows. The year 2016 saw a total of 245,000 properties only transferred throughout Taiwan, down 16% year-over-year, and hitting the record low over the past 26 years. The percentage of households purchasing properties, at 2.87%, was also the lowest point in history. The number of property ownership transfers, excluding those registered for the first time, was only 123,000, down 26% from the previous year.

There were many reasons contributing to this market sluggishness: the implementation of the consolidation of housing and land taxes, the Tainan earthquake in the beginning of 2016 and subsequent discussions over the problems associated with soil liquefaction and the uncertainty ahead of the handover of the administrations post the presidential election. Despite the new administration's efforts to gradually ease off the control on the housing market, the long list of interrelated adverse factors and the gap between quotes and offers were a hindrance to transactions and continued to slow down the market momentum.

In the face of a harsh business environment, all of our colleagues worked together and for the better. We continued to deliver quality services and focus on business districts. We strived to offer considerable services, optimized the search function on our official website and mobile apps, and integrated our agency network and comprehensive real estate services overseas. As a result, our revenue in 2016 was comparable to 2015, and our market share edged up by 2%.

##### **China—**

In 2016, the trading volumes and prices in Shanghai, Suzhou and other major cities increased from 2015, as a result of loose monetary policies from the People's Bank of China and the demand from a panicking public worrying about rising property prices, and despite of the Shanghai nine policies, Shanghai six policies and 1128 New Policy in Shanghai and similar measures by other local governments to curb the overheating of the real estate market. With the expansion of our subsidiary in China, our revenue grew 18% year-over-year. Meanwhile, the disposal of the office building in Beijing (as part of our efforts to focus on real estate brokerage business) contributed to a profit of NT\$ 300 million.

##### **Overseas Markets—**

Japan remains the most popular choice for the Taiwanese people if they want to purchase properties overseas. However, 60% of the potential buyers from Taiwan are investors and they have been keen given the fluctuation of the Japanese yen in the wake of Brexit. Meanwhile, the large developers we have been working with started to market their own properties by cutting back the off-plan and new build projects offered to us. As a result, our subsidiary in Japan suffered a decline of 11% in revenue. That said, with the long-term dedication and quality service in Tokyo and the gradual increase in rental management services, our subsidiary in Japan extended its footprint into Osaka in order to meet with the varied needs of our customers. In addition, we entered the South East Asian market in 2016, initially in Kuala Lumpur, Malaysia.

##### **Real Estate Development—**

The first project we have developed, "Sinyi Jiading", located in Jiading District of Shanghai,

has been selling well. The first phase has been sold out on an off-plan basis and the completion is expected to be in April 2017. The sale for the second phase began in October 2016 and the completion is scheduled for the second half of 2017. The full integration of the elements unique to Taiwanese communities has made this project a benchmark for local developers and real estate companies.

The operating performance in Year 2016 is as below:

【Analyses on the financial revenues and expenditures and profitability】

Expressed in Million New Taiwan Dollars

Items		Year	Year 2016	Year 2015
Financial income /expenditure	Operating revenue		7,589	7,523
	Operating income		538	507
	Non-operating income (expense)		550	277
	Consolidated income before tax		1,088	784
	Income tax		164	198
	Net income (attributable to owner of the Company)		920	564
Profitability	Return on total assets (%)		4%	3%
	Return on equity (%)		10%	6%
	Net income margin (%)		12%	8%
	Earnings per share (\$)		1.46	0.89

Notes: 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 and subsidiaries have continually upheld human-oriented Sinyi motto to fulfill our commitment to our stockholders: colleagues, clients, shareholders, the environment, and society. Our corporate governance has been awarded by authorities, at the same time, our innovative services won wide trust and agree while the services also launch a variety of real estate agent service guidelines and uplift the industry. Armed with the spirit for sustainable prosperity, we shall keep making progress, focusing on the amendments of the internal procedure, and strengthen the operation in enterprise by the participation of outer evaluation in the future. In Year 2016, we won a significant amount of honors and awards, notably including:

In the aspects of quality and innovation of services:

- ※ For as astonishingly as 23 years in a row, the Company 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》.
- ※ The Company was honorably awarded in twelve 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.

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- ※ For nine 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” .
  - ※ The Company won the extraordinary honors of double championships from the 《30 Magazine》in the “Young Generation Brand Survey” in the category of realty agent, i.e., the “Brand Favored Most” and “Brand Desired Most” .
  - ※ 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 ten years in a row.
  - ※ The Company’s Subsidiary, Shanghai Sinyi Real Estate Inc. also was awarded the honor of “Annual Excellent Taiwan-Funded Enterprises” by the Association of Taiwan Investment Enterprises in Shanghai.

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

- ※ The Company was awarded by the 《Taiwan Corporate Sustainability Awards, TCSA》 in the Categories of “The Most Prestigious Sustainability Awards-Top Ten Domestic Corporate” , “Co-Harmony Society Award” , “Talent Development” and “TOP50 Sustainable Enterprise Report Award in Realty & Construction Categories”.
- ※ The Company was awarded Double Prime Awards by 《Global Views Monthly》 in Session Twelve the “Corporate Social Responsibility Award” in the “Happiness Enterprise” and “Grand Annual CSR Survey in the group of service industries” .
- ※ The Company was awarded as “Asia Responsible Entrepreneurship Awards 2016 -Social Benefit Development” by the Enterprise Asia.
- ※ The Company was awarded for the tenth time by《CommonWealth Magazine》 “The Grand Award as the CommonWealth Model Citizen” .
- ※ For two years in a row, the Company was ranked among the Top 5%” in the First Corporate Governance Appraisal by the Taiwan Stock Exchange Corporation (TWSE).
- ※ The Company’s Subsidiary, Shanghai Sinyi Real Estate Inc., was awarded among the “Top 30 Best Employers of Shanghai, China, 2016” .
- ※ The Company’s Subsidiary, Suzhou Sinyi Real Estate Inc., was awarded among the “Top 10 Best Employers of Suzhou, China, 2016” .
- ※ The Company’s Subsidiary, Sinyi Real Estate (Shanghai) Ltd., was awarded as “The Superior Enterprise of Social Construction 2016” in Jiading district of Shanghai

#### V. Operating targets and future prospects:

##### **Taiwan—**

It is expected that the government in Taiwan will gently relax the control over the property market in 2017. Meanwhile, the capital overseas is likely to continue its return to Taiwan (through repatriation and remittance as a response to the changes in international political and economic environments and cross-border taxation policies). Whilst we still expect a buyer’s market in the near term, the gap between expected prices between buyers and sellers should narrow further. Therefore, we believe the property market in Taiwan in 2017 will gradually climb back up from the record-low trading volume in 2016.

Although the dynamics in the housing market remains poor and there is a concern over

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lowering birth rates, we continue to develop internal talents and improve our service quality with our business philosophy of “putting people first”.

In terms of training and education, we continue our corporate reengineering program by developing talents and recruitment scheme of a 30-day trial period and the 180-day race for new hires turning into permanent staff. We hope to see more job seekers understand and to achieve our business philosophy, and hence become the best real estate brokers equipped with all the relevant skills.

Regarding our efforts to better service quality and offer a diversity of services, we continue to expand our service menu and integrate the enhanced features on the Online Mall for Sinyi Home Service Center into our branches. The improvement of services to existing clients and the creation of online-to-offline experience for customers, we believe, will increase the features and values of our physical channels and effectively boost the satisfaction felt by customers.

#### **China—**

In China, we seek to be “the big fish in a small pond” by offering comprehensive and extensive services, stepping up our efforts in key business districts and developing our value-added services. Meanwhile, we establish strategic alliances with other players in the real estate market and widen the customer segments we service, in a response to the Chinese government’s tightening control over the property market.

#### **Overseas Markets—**

In addition to further integration of our overseas channels for properties of all types, our subsidiary in Japan will broaden the service catchment area in order to meet a growing diversity of needs from our Taiwanese and local customers. Our subsidiary in Malaysia will enhance the menu of services and also provide services of property purchasing to our Taiwanese and local customers who can enjoy one-stop shopping.

#### **Real Estate Development—**

Both “Sinyi Jiading” in Shanghai and “Sinyi Chien-Shih” in Taipei are starting to deliver completed units in 2017. In addition to the continued marketing for the second phase of “Sinyi Jiading” this year, our development team in China will carry on with the promotion of our brand name Sinyi as the architect of communities. We strive to create a living environment for the happiness and prosperity of local people, and we believe we have the knowhow and competence to deliver this promise. Meanwhile our development teams in Taiwan and China will continue to source suitable sites, strengthen our pipelines to ensure growth momentum.

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

Sinyi Realty Inc.

**Audit Report of Audit Committee**

We have agreed and submitted the Company's 2016 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 2016 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 2016 financial statements which have been agreed by us and resolved by the board of directors, 2016 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  
2017 Annual General Shareholders' Meeting

Sinyi Realty Inc.  
Convener of Audit Committee: Liu Shun-zen

February 24, 2017

**Sinyi Realty Inc.**  
**Corporate Social Responsibility Best Practice Principles**  
**Comparison Table of Amended Articles**

Amended articles	Present articles	Description of amendment
<b>Article 7</b> The directors of the Company shall exercise due care of good administrators, to urge the Company to perform corporate social responsibility, review the results of the implementation thereof from time to time, and continually make improvements so as to ensure the thorough implementation of corporate responsibility policies. The board of directors of the Company is advised to <u>give full consideration to the interests of stakeholders, including</u> the following matters in the performance of corporate social responsibility, with measures adopted as follows:  1. Presenting the corporate social responsibility mission or vision, and establishing social responsibility policies, systems or relevant management guidelines.  .....	<b>Article 7</b> The directors of the Company shall exercise due care of good administrators, to urge the Company to perform corporate social responsibility, review the results of the implementation thereof from time to time, and continually make improvements so as to ensure the thorough implementation of corporate responsibility policies. The board of directors of the Company is advised to <u>include</u> the following matters in the performance of corporate social responsibility, with measures adopted as follows:  1. Presenting the corporate social responsibility mission or vision, and establishing social responsibility policies, systems or relevant management guidelines.  .....	To conform to the amendments to “Corporate Social Responsibility Best Practice Principles” which is announced by the competent authority, the Company proposes to amend partial wordings of the Procedures.
<b>Article 22-1</b> <u>The Company is advised to treat customers or consumers of its products or services in a fair and reasonable manner, including according to the following principles: fairness and good faith in contracting, duty of care and fiduciary duty, truthfulness in advertising and soliciting, fitness of products or services, notification and disclosure, commensuration between compensation and performance, protection of the right to complain, professionalism of salespersons</u>	<b>(None)</b>	To conform to the amendments to “Corporate Social Responsibility Best Practice Principles” which is announced by the competent authority, the Company proposes to add Article 22-1 of the Procedures.

Amended articles	Present articles	Description of amendment
<p><u>etc. Said company shall also develop the relevant strategies and specific measures for implementation.</u></p>		
<p><b>Article 27</b>  The Company shall evaluate the impact of its operations on the community, and adequately employ personnel from the location of its operations, to increase community acceptance.  The Company, through <u>equity investment</u>, commercial activities, non-cash property endowments, volunteering service or other charitable professional services <u>etc.</u>, <u>dedicate resources to organizations that commercially resolve social or environmental issues</u>, participates in events held by citizen organizations, charities and local government agencies relating to community development and community education, in order to promote community development.</p>	<p><b>Article 27</b>  The Company shall evaluate the impact of its operations on the community, and adequately employ personnel from the location of its operations, to increase community acceptance.  The Company, through commercial activities, non-cash property endowments, volunteering service or other charitable professional services, participates in events held by citizen organizations, charities and local government agencies relating to community development and community education, in order to promote community development.</p>	<p>To conform to the amendments to “Corporate Social Responsibility Best Practice Principles” which is announced by the competent authority, the Company proposes to amend partial wordings of the Procedures.</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 (the "Group"), which comprise the consolidated balance sheets as of December 31, 2016 and 2015, 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, 2016 and 2015, 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, 2016. 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.



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Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2016 are stated as follows:

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 was 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, 2016, the carrying amounts of performance bonus payables (including non-current liabilities) were NT\$1,074,634 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.

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## Valuation of inventory

As of December 31, 2016, the carrying amount of inventory was NT\$7,753,415 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, 2016 and 2015 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.

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## **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.

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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, 2016 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 24, 2017

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, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,512,457	15	\$ 3,437,772	17
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	479,603	2	317,657	1
Available-for-sale financial assets - current (Notes 4 and 8)	801,432	3	749,911	4
Notes receivable (Notes 4 and 10)	16,001	-	76,783	-
Trade receivables (Notes 4, 5 and 10)	807,093	3	684,557	3
Other receivables (Notes 4, 5, 10 and 33)	336,881	2	90,302	-
Current tax assets (Notes 4 and 28)	70,007	-	20,920	-
Inventories (Notes 4, 5, 11 and 34)	7,753,415	33	6,317,412	30
Other financial assets - current (Notes 12 and 34)	2,966,314	13	1,781,519	9
Other current assets (Note 18)	<u>800,623</u>	<u>3</u>	<u>332,768</u>	<u>2</u>
Total current assets	<u>17,543,826</u>	<u>74</u>	<u>13,809,601</u>	<u>66</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 9)	207,335	1	252,322	1
Investment accounted for using equity method (Notes 4 and 14)	10,723	-	9,649	-
Property, plant and equipment (Notes 4, 15 and 34)	3,474,237	14	3,561,920	17
Investment properties (Notes 4, 16 and 34)	2,269,286	9	2,816,292	14
Intangible assets (Notes 4, 17 and 37)	136,978	1	144,763	1
Deferred tax assets (Notes 4 and 28)	85,680	-	43,384	-
Refundable deposits (Note 30)	134,452	1	127,539	1
Other non-current assets (Note 18)	<u>6,747</u>	<u>-</u>	<u>6,534</u>	<u>-</u>
Total non-current assets	<u>6,325,438</u>	<u>26</u>	<u>6,962,403</u>	<u>34</u>
TOTAL	<u>\$ 23,869,264</u>	<u>100</u>	<u>\$ 20,772,004</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 19 and 34)	\$ 158,058	1	\$ 237,463	1
Notes payable	105	-	4,746	-
Trade payables (Note 21)	175,385	1	86,330	-
Other payables (Notes 5 and 23)	1,599,087	7	1,493,621	7
Other payables due to related parties (Notes 23 and 33)	83,091	-	115,727	1
Current tax liabilities (Notes 4 and 28)	111,715	-	70,697	-
Provisions - current (Notes 4, 5 and 24)	83,195	-	34,456	-
Other current financial liabilities (Note 23)	406,968	2	321,467	2
Unearned revenue (Note 22)	7,283,452	31	2,666,503	13
Current portion of long-term borrowings (Notes 19 and 34)	296,120	1	190,000	1
Other current liabilities (Note 23)	<u>220,275</u>	<u>1</u>	<u>297,159</u>	<u>2</u>
Total current liabilities	<u>10,417,451</u>	<u>44</u>	<u>5,518,169</u>	<u>27</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 20)	3,000,000	13	3,000,000	14
Long-term borrowings (Notes 19 and 34)	520,670	2	2,109,289	10
Provisions - non-current (Notes 4, 5 and 24)	4,857	-	4,644	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 25)	43,602	-	4,225	-
Guarantee deposits received (Note 30)	60,012	-	60,208	-
Other non-current liabilities (Notes 5 and 23)	414,879	2	722,466	4
Deferred tax liabilities (Notes 4 and 28)	<u>19,404</u>	<u>-</u>	<u>30,625</u>	<u>-</u>
Total non-current liabilities	<u>4,063,424</u>	<u>17</u>	<u>5,931,457</u>	<u>28</u>
Total liabilities	<u>14,480,875</u>	<u>61</u>	<u>11,449,626</u>	<u>55</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)				
Share capital				
Ordinary shares	<u>6,318,398</u>	<u>27</u>	<u>6,318,398</u>	<u>30</u>
Capital surplus	<u>63,896</u>	<u>-</u>	<u>63,896</u>	<u>-</u>
Retained earnings				
Legal reserve	1,701,396	7	1,645,009	8
Unappropriated earnings	<u>1,116,118</u>	<u>5</u>	<u>734,737</u>	<u>4</u>
Total retained earnings	<u>2,817,514</u>	<u>12</u>	<u>2,379,746</u>	<u>12</u>
Other equity (Note 4)				
Exchange differences on translating foreign operations	(225,707)	(1)	189,816	1
Unrealized gain from available-for-sale financial assets	<u>304,476</u>	<u>1</u>	<u>244,878</u>	<u>1</u>
Total other equity	<u>78,769</u>	<u>-</u>	<u>434,694</u>	<u>2</u>
Total equity attributable to owners of the Company	9,278,577	39	9,196,734	44
NON-CONTROLLING INTERESTS	<u>109,812</u>	<u>-</u>	<u>125,644</u>	<u>1</u>
Total equity	<u>9,388,389</u>	<u>39</u>	<u>9,322,378</u>	<u>45</u>
TOTAL	<u>\$ 23,869,264</u>	<u>100</u>	<u>\$ 20,772,004</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, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE				
Service revenue (Note 4)	\$ 7,588,820	100	\$ 7,523,143	100
OPERATING COSTS (Notes 27 and 33)	<u>5,900,494</u>	<u>78</u>	<u>5,723,628</u>	<u>76</u>
GROSS PROFIT	1,688,326	22	1,799,515	24
OPERATING EXPENSES (Notes 27 and 33)	<u>1,149,984</u>	<u>15</u>	<u>1,292,983</u>	<u>17</u>
OPERATING INCOME	<u>538,342</u>	<u>7</u>	<u>506,532</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 33)	128,455	2	130,377	2
Dividend income	38,779	-	36,483	-
Interest income (Note 27)	61,599	1	45,262	1
Other gains and losses (Notes 27 and 33)	378,963	5	132,058	2
Finance costs (Notes 27 and 33)	<u>(57,712)</u>	<u>(1)</u>	<u>(66,686)</u>	<u>(1)</u>
Total non-operating income and expenses	<u>550,084</u>	<u>7</u>	<u>277,494</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,088,426	14	784,026	11
INCOME TAX EXPENSE (Notes 4 and 28)	<u>(163,838)</u>	<u>(2)</u>	<u>(197,665)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>924,588</u>	<u>12</u>	<u>586,361</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 25)	(47,982)	-	(22,775)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 28)	8,157	-	3,872	-

(Continued)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	\$ (415,504)	(6)	\$ (74,931)	(1)
Unrealized gain (loss) on available-for-sale financial assets	58,514	1	(35,342)	(1)
Share of the other comprehensive income of associates accounted for using the equity method	<u>1,084</u>	<u>-</u>	<u>(1,184)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(395,731)</u>	<u>(5)</u>	<u>(130,360)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 528,857</u>	<u>7</u>	<u>\$ 456,001</u>	<u>6</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 919,865	12	\$ 563,865	8
Non-controlling interests	<u>4,723</u>	<u>-</u>	<u>22,496</u>	<u>-</u>
	<u>\$ 924,588</u>	<u>12</u>	<u>\$ 586,361</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 524,131	7	\$ 433,558	6
Non-controlling interests	<u>4,726</u>	<u>-</u>	<u>22,443</u>	<u>-</u>
	<u>\$ 528,857</u>	<u>7</u>	<u>\$ 456,001</u>	<u>6</u>
EARNINGS PER SHARE (Note 29)				
Basic	\$1.46		\$0.89	
Diluted	\$1.46		\$0.89	

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, 2016 AND 2015**  
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Total	Non-controlling Interests	Total Equity
	Share Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
			Legal Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2015	\$ 6,134,367	\$ 63,896	\$ 1,537,793	\$ 1,094,412	\$ 264,741	\$ 281,404	\$ 9,376,613	\$ 139,495	\$ 9,516,108
Appropriation of 2014 earnings									
Legal reserve	-	-	107,216	(107,216)	-	-	-	-	-
Cash dividends	-	-	-	(613,437)	-	-	(613,437)	-	(613,437)
Stock dividends	184,031	-	-	(184,031)	-	-	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	563,865	-	-	563,865	22,496	586,361
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	(18,856)	(74,925)	(36,526)	(130,307)	(53)	(130,360)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	545,009	(74,925)	(36,526)	433,558	22,443	456,001
Change in non-controlling interests	-	-	-	-	-	-	-	(36,294)	(36,294)
BALANCE AT DECEMBER 31, 2015	6,318,398	63,896	1,645,009	734,737	189,816	244,878	9,196,734	125,644	9,322,378
Appropriation of 2015 earnings									
Legal reserve	-	-	56,387	(56,387)	-	-	-	-	-
Cash dividends	-	-	-	(442,288)	-	-	(442,288)	-	(442,288)
Net profit for the year ended December 31, 2016	-	-	-	919,865	-	-	919,865	4,723	924,588
Other comprehensive (loss) income for the year ended December 31, 2016, net of income tax	-	-	-	(39,809)	(415,523)	59,598	(395,734)	3	(395,731)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	880,056	(415,523)	59,598	524,131	4,726	528,857
Change in non-controlling interests	-	-	-	-	-	-	-	(20,558)	(20,558)
BALANCE AT DECEMBER 31, 2016	\$ 6,318,398	\$ 63,896	\$ 1,701,396	\$ 1,116,118	\$ (225,707)	\$ 304,476	\$ 9,278,577	\$ 109,812	\$ 9,388,389

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, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,088,426	\$ 784,026
Adjustments for:		
Depreciation expenses	145,640	153,281
Amortization expenses	50,421	43,068
Impairment loss recognized on financial assets	-	3,662
Net (gain) loss on fair value change of financial assets held for trading	(3,325)	11,813
Interest expenses	109,166	181,207
Interest income	(61,599)	(45,262)
Dividend income	(38,779)	(36,483)
Share of profit of associates and joint ventures	(208)	(243)
Loss on disposal of property, plant and equipment	925	2,463
Gain on disposal of investment properties	(350,929)	-
Loss (gain) on disposal of investments	40	(67,906)
Reversal of impairment loss on non-financial assets	(2,577)	-
Changes in operating assets and liabilities		
Financial assets held for trading	(158,266)	(299,001)
Notes receivable	60,782	(50,021)
Trade receivables	(122,536)	78,713
Other receivables	24,606	41,716
Inventories	(1,989,844)	(929,938)
Other current assets	(423,346)	(255,954)
Operating assets	(8,573)	(9,546)
Notes payable	(4,641)	(2,440)
Unearned revenue	5,068,869	2,647,403
Trade payables	89,055	(79,437)
Other payables	108,143	(172,135)
Other payables to related parties	(21,942)	(8,361)
Provisions	48,952	(8,388)
Other financial liabilities	85,501	47,350
Other current liabilities	(76,884)	194,189
Other operating liabilities	(307,587)	(219,260)
Cash generated from operations	3,309,490	2,004,516
Interest received	52,115	93,785
Interest paid	(112,318)	(197,141)
Income taxes paid	(261,776)	(253,196)
Net cash generated from operating activities	<u>2,987,511</u>	<u>1,647,964</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of available-for-sale financial assets	-	122,267
Purchase of financial assets measured at cost	(498)	-
Proceeds from disposal of financial assets measured at cost	15,000	-
Capital refund of financial assets measured at cost	693	38,400

(Continued)

## SINYI REALTY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
Payments for property, plant and equipment	\$ (73,167)	\$ (114,668)
Proceeds from disposal on property, plant and equipment	256	35
Decrease in prepayment for equipment	8,771	9,688
Increase in refundable deposits	(6,913)	-
Decrease in refundable deposits	-	897
Payment for intangible assets	(44,147)	(42,522)
Payment for investment properties	(20,200)	-
Proceeds from disposal of investment properties	641,430	-
Increase in other financial assets	(1,366,929)	(1,393,167)
Increase in other non-current assets	(213)	(1,455)
Decrease in other receivables	-	179,000
Dividends received	<u>38,997</u>	<u>36,844</u>
Net cash used in investing activities	<u>(806,920)</u>	<u>(1,164,681)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	191,635
Repayment of short-term borrowings	(79,405)	-
Proceeds from long-term borrowings	3,344,580	2,361,265
Repayment of long-term borrowings	(4,769,745)	(1,691,180)
Refund of guarantee deposits received	(196)	(22,472)
Decrease in other payables to related parties	(10,219)	(9,721)
Dividends paid to owners of the Company	(442,288)	(613,437)
Changes in non-controlling interests	<u>(20,558)</u>	<u>(36,294)</u>
Net cash (used in) generated from financing activities	<u>(1,977,831)</u>	<u>179,796</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES</b>	<u>(128,075)</u>	<u>(91,073)</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	74,685	572,006
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>3,437,772</u>	<u>2,865,766</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 3,512,457</u>	<u>\$ 3,437,772</u>

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

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## **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, 2016 and 2015, 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, 2016 and 2015, 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, 2016. 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.

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Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2016 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, 2016, the carrying amounts of performance bonus payables (including non-current liabilities) were NT\$832,115 thousand, accounting for nearly 15% 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.

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## **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.

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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.

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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, 2016 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 24, 2017

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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, 2016 AND 2015

(In Thousands of New Taiwan Dollars)

ASSETS	2016		2015	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,998,262	13	\$ 1,035,714	7
Available-for-sale financial assets - current (Notes 4 and 7)	206,356	1	195,775	1
Notes receivable (Notes 4 and 9)	7,210	-	69,216	1
Trade receivables (Notes 4, 5 and 9)	421,752	3	287,876	2
Trade receivables from related parties (Notes 4, 5 and 28)	85,213	1	96,671	1
Other receivables (Notes 4, 5 and 9)	42,058	-	50,698	-
Other receivable from related parties (Notes 4, 5 and 28)	21,791	-	21,550	-
Other financial assets - current (Notes 10 and 29)	5,000	-	275,135	2
Other current assets (Note 15)	<u>65,440</u>	<u>1</u>	<u>26,604</u>	<u>-</u>
Total current assets	<u>2,853,082</u>	<u>19</u>	<u>2,059,239</u>	<u>14</u>
NON-CURRENT ASSETS				
Financial assets measured at cost - non-current (Notes 4 and 8)	55,913	-	88,503	1
Investments accounted for using equity method (Notes 4 and 11)	6,465,505	43	7,060,348	47
Property, plant and equipment (Notes 4, 12 and 29)	2,696,461	18	2,759,843	18
Investment properties (Notes 4, 13 and 29)	2,731,236	18	2,759,442	18
Intangible assets (Notes 4 and 14)	76,405	1	78,801	1
Deferred tax assets (Notes 4 and 23)	11,651	-	9,761	-
Refundable deposits (Note 25)	92,030	1	87,992	1
Other non-current assets (Note 15)	<u>6,747</u>	<u>-</u>	<u>6,534</u>	<u>-</u>
Total non-current assets	<u>12,135,948</u>	<u>81</u>	<u>12,851,224</u>	<u>86</u>
TOTAL	<u>\$ 14,989,030</u>	<u>100</u>	<u>\$ 14,910,463</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 150,000	1	\$ 200,000	2
Notes payable	105	-	1,524	-
Other payables (Notes 5 and 18)	1,290,835	9	1,175,677	8
Other payables to related parties (Notes 18 and 28)	17,713	-	37,823	-
Current tax liabilities (Notes 4 and 23)	99,640	1	24,047	-
Provisions - current (Notes 4, 5 and 19)	34,802	-	29,505	-
Other current financial liabilities (Note 18)	63,851	-	48,590	-
Other current liabilities (Note 18)	<u>79,808</u>	<u>1</u>	<u>72,771</u>	<u>1</u>
Total current liabilities	<u>1,736,754</u>	<u>12</u>	<u>1,589,937</u>	<u>11</u>
NON-CURRENT LIABILITIES				
Bonds payable (Note 17)	3,000,000	20	3,000,000	20
Long-term borrowings (Notes 16 and 29)	500,000	3	400,000	3
Provisions - non-current (Notes 4, 5 and 19)	4,857	-	4,644	-
Net defined benefit liabilities - non-current (Notes 4, 5 and 20)	39,789	-	413	-
Guarantee deposit received (Note 25)	45,409	-	43,829	-
Investments accounted for using equity method (Notes 4 and 11)	13,034	-	-	-
Other non-current liabilities (Notes 5 and 18)	351,206	3	644,281	4
Deferred tax liabilities (Notes 4 and 23)	<u>19,404</u>	<u>-</u>	<u>30,625</u>	<u>-</u>
Total non-current liabilities	<u>3,973,699</u>	<u>26</u>	<u>4,123,792</u>	<u>27</u>
Total liabilities	<u>5,710,453</u>	<u>38</u>	<u>5,713,729</u>	<u>38</u>
EQUITY (Note 21)				
Share capital				
Ordinary shares	<u>6,318,398</u>	<u>42</u>	<u>6,318,398</u>	<u>42</u>
Capital surplus	<u>63,896</u>	<u>-</u>	<u>63,896</u>	<u>1</u>
Retained earnings				
Legal reserve	1,701,396	11	1,645,009	11
Unappropriated earnings	<u>1,116,118</u>	<u>8</u>	<u>734,737</u>	<u>5</u>
Total retained earnings	<u>2,817,514</u>	<u>19</u>	<u>2,379,746</u>	<u>16</u>
Other equity (Note 4)				
Exchange differences on translating foreign operations	(225,707)	(1)	189,816	1
Unrealized gain from available-for-sale financial assets	<u>304,476</u>	<u>2</u>	<u>244,878</u>	<u>2</u>
Total other equity	<u>78,769</u>	<u>1</u>	<u>434,694</u>	<u>3</u>
Total equity	<u>9,278,577</u>	<u>62</u>	<u>9,196,734</u>	<u>62</u>
TOTAL	<u>\$ 14,989,030</u>	<u>100</u>	<u>\$ 14,910,463</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, 2016 AND 2015

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

	2016		2015	
	Amount	%	Amount	%
OPERATING REVENUE				
Service revenue (Note 4)	\$ 6,123,679	100	\$ 6,140,394	100
OPERATING COSTS (Notes 22 and 28)	<u>4,571,076</u>	<u>74</u>	<u>4,684,152</u>	<u>76</u>
GROSS PROFIT	1,552,603	26	1,456,242	24
OPERATING EXPENSES (Notes 22 and 28)	<u>714,839</u>	<u>12</u>	<u>831,743</u>	<u>14</u>
PROFIT FROM OPERATIONS	<u>837,764</u>	<u>14</u>	<u>624,499</u>	<u>10</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 28)	94,210	2	93,936	2
Dividend income	6,472	-	10,256	-
Interest income (Note 22)	16,553	-	15,471	-
Other gains and losses (Notes 22 and 28)	34,599	1	177,838	3
Finance cost (Note 22)	(55,294)	(1)	(53,171)	(1)
Share of profit or loss of subsidiaries, associates and joint ventures (Note 4)	<u>146,683</u>	<u>2</u>	<u>(144,483)</u>	<u>(2)</u>
Total non-operating income and expenses	<u>243,223</u>	<u>4</u>	<u>99,847</u>	<u>2</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,080,987	18	724,346	12
INCOME TAX EXPENSE (Notes 4 and 23)	<u>(161,122)</u>	<u>(3)</u>	<u>(160,481)</u>	<u>(3)</u>
NET PROFIT FOR THE YEAR	<u>919,865</u>	<u>15</u>	<u>563,865</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 20)	(47,942)	-	(22,661)	-
Share of other comprehensive loss of subsidiaries, associates and joint ventures	(17)	-	(47)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss (Note 23)	8,150	-	3,852	-

(Continued)

# SINYI REALTY INC.

## STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2016 AND 2015

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

	<u>2016</u>		<u>2015</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statement of foreign operations	\$ (415,523)	(7)	\$ (74,925)	(1)
Unrealized gain (loss) on available-for-sale financial assets	10,581	-	(34,536)	(1)
Shares of other comprehensive income (loss) of subsidiaries, associates and joint ventures	<u>49,017</u>	<u>1</u>	<u>(1,990)</u>	<u>-</u>
Other comprehensive loss for the year, net of income tax	<u>(395,734)</u>	<u>(6)</u>	<u>(130,307)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 524,131</u>	<u>9</u>	<u>\$ 433,558</u>	<u>7</u>
EARNINGS PER SHARE (Note 24)				
From continuing operations				
Basic	<u>\$1.46</u>		<u>\$0.89</u>	
Diluted	<u>\$1.46</u>		<u>\$0.89</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, 2016 AND 2015  
(In Thousands of New Taiwan Dollars)**

	Share Capital	Capital Surplus	Retained Earnings		Other Equity		Total Equity
			Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2015	\$ 6,134,367	\$ 63,896	\$ 1,537,793	\$ 1,094,412	\$ 264,741	\$ 281,404	\$ 9,376,613
Appropriation of 2014 earnings							
Legal reserve	-	-	107,216	(107,216)	-	-	-
Cash dividends	-	-	-	(613,437)	-	-	(613,437)
Stock dividends	184,031	-	-	(184,031)	-	-	-
Net profit for the year ended December 31, 2015	-	-	-	563,865	-	-	563,865
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	(18,856)	(74,925)	(36,526)	(130,307)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	545,009	(74,925)	(36,526)	433,558
BALANCE AT DECEMBER 31, 2015	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	<u>\$ 6,318,398</u>	<u>\$ 63,896</u>	<u>\$ 1,701,396</u>	<u>\$ 1,116,118</u>	<u>\$ (225,707)</u>	<u>\$ 304,476</u>	<u>\$ 9,278,577</u>

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

# SINYI REALTY INC.

## STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2016 AND 2015 (In Thousands of New Taiwan Dollars)

	2016	2015
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 1,080,987	\$ 724,346
Adjustments for:		
Depreciation expenses	106,171	116,944
Amortization expenses	42,433	35,230
Impairment loss recognized on financial assets	-	3,662
Net loss on fair value change of financial assets held for trading	-	9,849
Finance costs	55,294	53,171
Interest income	(16,553)	(15,471)
Dividend income	(6,472)	(10,256)
Share of (profit) loss of subsidiaries, associates and joint ventures	(146,683)	144,483
Loss on disposal of property, plant and equipment	662	1,485
Loss on disposal of investment properties	1,137	-
Loss (gain) on disposal of investments	361	(67,862)
Reversal of impairment loss recognized on non-financial assets	(2,577)	-
Changes in operating assets and liabilities		
Financial assets held for trading	34	11,960
Notes receivable	62,006	(58,968)
Trade receivables	(133,876)	209,645
Trade receivables from related parties	11,458	26,759
Other receivables	35,124	24,781
Other receivables from related parties	(241)	801
Other current assets	(38,836)	(2,661)
Other operating assets	(8,566)	(9,516)
Notes payable	(1,419)	(5,662)
Other payables	115,195	(215,908)
Other payables to related parties	(20,110)	(11,159)
Provisions	5,510	(10,257)
Other financial liabilities	15,261	(6,923)
Other current liabilities	7,037	(15,660)
Other operating liabilities	(293,075)	(230,119)
Cash generated from operations	870,262	702,694
Interest received	7,069	15,471
Interest paid	(55,331)	(53,171)
Income taxes paid	(90,490)	(232,822)
Net cash generated from operating activities	731,510	432,172
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from disposal of financial assets measured at cost	15,000	-
Acquisition of investment accounted for using equity method	(1,027,500)	(441,597)
Capital refund of equity method investees	1,393,921	-
Purchase of financial assets measured at cost	(498)	-
Proceeds from disposal of available-for-sale financial assets	-	122,267
Capital refund of financial assets measured at cost	693	38,400

(Continued)

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**SINYI REALTY INC.****STATEMENTS OF CASH FLOWS**  
**YEARS ENDED DECEMBER 31, 2016 AND 2015**  
**(In Thousands of New Taiwan Dollars)**

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	2016	2015
Payments for property, plant and equipment	\$ (34,561)	\$ (69,524)
Proceeds from disposal of property, plant and equipment	1,205	-
Decrease in prepayment for equipment	-	1,448
Increase in refundable deposits	(4,038)	-
Decrease in refundable deposits	-	6,924
Payment for intangible assets	(40,215)	(35,940)
Proceeds from disposal of intangible assets	178	-
Payment for investment properties	(20,200)	-
Proceeds from disposal of investment properties	39,751	-
Increase in other financial assets	-	(252,079)
Decrease in other financial assets	270,135	-
Increase in other non-current assets	(213)	(1,455)
Dividends received	<u>28,088</u>	<u>64,393</u>
Net cash generated from (used in) investing activities	<u>621,746</u>	<u>(567,163)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	200,000
Repayments of short-term borrowings	(50,000)	-
Proceeds from long-term borrowings	3,300,000	1,600,000
Repayments of long-term borrowings	(3,200,000)	(1,400,000)
Increase in guarantee deposits received	1,580	-
Refund of guarantee deposits received	-	(22,960)
Dividends paid to owners of the Company	<u>(442,288)</u>	<u>(613,437)</u>
Net cash used in financing activities	<u>(390,708)</u>	<u>(236,397)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	962,548	(371,388)
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<u>1,035,714</u>	<u>1,407,102</u>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<u>\$ 1,998,262</u>	<u>\$ 1,035,714</u>

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

(Concluded)

**Sinyi Realty Inc.**  
**Procedures for Loaning Funds to Other Parties**  
**Comparison Table of Amended Articles**

Amended articles	Present articles	Description of amendment
<p><b>Article 4</b></p> <p>The aggregate amount of loans of funds shall not exceed <u>50%</u> of the net worth of the Company, <u>of which includes that such necessary short-term financing facility shall not exceed 40% of the amount of the net worth of the Company.</u> Lending of funds for a need of short-term financing may be only done under the following circumstances and the total amount for lending to a single company for funding for a short-term period shall not exceed 5 percent of the net worth of the Company while the aggregate amount of loans of funds for short-term financing shall not exceed 10% of the net worth of the Company.</p> <ol style="list-style-type: none"> <li>1. The Company's key customer or supplier, the borrower, is in need of short-term financing for materials purchasing or operational needs.</li> <li>2. Whenever there is a need of short-term financing for the purpose of strategic consideration.</li> </ol> <p>The maximum of lending of funds for a need of short-term financing to any individual entity of which the Company directly or indirectly owns 50% or more of its voting shares shall not exceed <u>30%</u> of the net worth of the Company and the aggregate amount of loans of funds for short-term financing to all entities of which the Company directly or indirectly</p>	<p><b>Article 4</b></p> <p>The aggregate amount of loans of funds shall not exceed <u>30%</u> of the net worth of the Company.</p> <p>Lending of funds for a need of short-term financing may be only done under the following circumstances and the total amount for lending to a single company for funding for a short-term period shall not exceed 5 percent of the net worth of the Company while the aggregate amount of loans of funds for short-term financing shall not exceed 10% of the net worth of the Company.</p> <ol style="list-style-type: none"> <li>1. The Company's key customer or supplier, the borrower, is in need of short-term financing for materials purchasing or operational needs.</li> <li>2. Whenever there is a need of short-term financing for the purpose of strategic consideration.</li> </ol> <p>The maximum of lending of funds for a need of short-term financing to any individual entity of which the Company directly or indirectly owns 50% or more of its voting shares shall not exceed <u>10%</u> of the net worth of the Company and the aggregate amount of loans of funds for short-term financing to all entities of which the Company directly or indirectly owns 50% or more of its voting shares shall not exceed <u>20%</u> of</p>	<ol style="list-style-type: none"> <li>1. Revise the article for the practical requirement.</li> <li>2. To make the financial planning of the Group more flexible, the Company proposes to relax the restrictions of lending of funds for a need of short-term financing to any its individual subsidiary not exceeding 30% of the net worth of the Company and the aggregate amount of loans of funds for all of its subsidiaries not exceeding 40% of the net worth of the Company, which is amended in the paragraph 3 of the Article. Meanwhile, the aggregate amount of loans of funds to others is amended not exceeding 50% of the net worth of the Company as well.</li> </ol>

Amended articles	Present articles	Description of amendment
owns 50% or more of its voting shares shall not exceed <u>40%</u> of the net worth of the Company.  .....	the net worth of the Company.  .....	
<b>Article 5</b>  ..... The interest of lending of funds shall be calculated and collected on monthly basis. The interest <u>rate</u> is negotiated between the counterparties but shall not below the basic interest <u>rate</u> of Taiwan Bank plus 1%, <u>except the interest rate of lending to the Company's subsidiary shall not be lower than the borrowing average interest rate of the Company at the disbursement date.</u>	<b>Article 5</b>  ..... The interest of lending of funds shall be calculated and collected on monthly basis. <u>The Company's financial division shall inform the borrower to pay the interest in seven days since the designated interest payment date.</u> The interest is negotiated between the counterparties but shall not below the basic <u>loan</u> interest of Taiwan Bank plus 1%.	Revise the article for the practical requirement that if the borrowers are the Company's subsidiaries, the interest rate of lending shall not be lower than the borrowing average interest rate of the Company at the disbursement date, and that the interest rate of lending to the borrowers other than its subsidiaries shall not below the basic interest rate of Taiwan Bank plus 1%.



**Sinyi Realty Inc.**  
**Procedures for Endorsements and Guarantees**  
**Comparison Table of Amended Articles**

<b>Amended articles</b>	<b>Present articles</b>	<b>Description of amendment</b>
<b>Article 3</b> <p>.....</p> <p>Subsidiaries whose voting shares are at least 90% owned, directly and indirectly, by the Company may provide endorsements and/or guarantees to each other, <u>and</u> the accumulated total amount of such endorsement/guarantee shall not exceed 10% of the Company's net worth. The limitation above shall not apply to endorsement/guarantee made between subsidiaries whose voting shares are 100% owned directly and indirectly by the Company.</p> <p>.....</p>	<b>Article 3</b> <p>.....</p> <p>Subsidiaries whose voting shares are at least 90% owned, directly and indirectly, by the Company may provide endorsements and/or guarantees to each other, <u>however</u>, the accumulated total amount of such endorsement/guarantee shall not exceed 10% of the Company's net worth. The limitation above shall not apply to endorsement/guarantee made between subsidiaries whose voting shares are 100% owned directly and indirectly by the Company.</p> <p>.....</p>	<p>Partial wordings are amended.</p>
<b>Article 4</b> <p>The endorsements and guarantees provided by the Company shall be effective upon approval by the Audit Committee and then the board.</p> <p>The total amount of endorsement/guarantee and the amount for any individual entity provided by the Company or by the Company and its subsidiaries are subject to the following limits:</p> <ol style="list-style-type: none"> <li>1. The total amount of endorsements and guarantees shall not exceed <u>150%</u> of the Company's net worth.</li> </ol> <p>.....</p>	<b>Article 4</b> <p>The endorsements and guarantees provided by the Company shall be effective upon approval by the Audit Committee and then the board.</p> <p>The total amount of endorsement/guarantee and the amount for any individual entity provided by the Company or by the Company and its subsidiaries are subject to the following limits:</p> <ol style="list-style-type: none"> <li>1. The total amount of endorsements and guarantees shall not exceed <u>100%</u> of the Company's net worth.</li> </ol> <p>.....</p>	<ol style="list-style-type: none"> <li>1. Revise the article for the practical requirement.</li> <li>2. To make the financial planning of the Group more flexible, the Company proposes to relax the limit of total amount of endorsements and guarantees.</li> </ol>

**Sinyi Realty Inc.**  
**Procedures for Acquisition or Disposal of Assets**  
**Comparison Table of Amended Articles**

Amended articles	Present articles	Description of amendment
<p><b>Article 5</b></p> <p>In acquiring or disposing of securities, the Company shall follow its internal control procedures regarding investment cycle.</p> <p>The procedures for acquisition or disposal of securities by this Company and the limitation of amounts thereof should be as follows:</p> <ol style="list-style-type: none"> <li>1. In acquiring or disposing of securities traded...</li> <li>2. In acquiring or disposing of securities not traded...</li> <li>3. In acquiring or disposing of securities not traded in active markets with quoted market price, but with lower risk (such as commercial bonds <u>guaranteed by financial institutions or non-guarantee with credit rating, domestic money market funds, and central government bond</u>), a transaction with price of NT\$50 million or less shall be implemented by the Financial Department upon the approval of the General Manager, while a transaction with price over NT\$50 million shall be implemented upon the approval of the Chairman.</li> </ol> <p>.....</p>	<p><b>Article 5</b></p> <p>In acquiring or disposing of securities, the Company shall follow its internal control procedures regarding investment cycle.</p> <p>The procedures for acquisition or disposal of securities by this Company and the limitation of amounts thereof should be as follows:</p> <ol style="list-style-type: none"> <li>1. In acquiring or disposing of securities traded...</li> <li>2. In acquiring or disposing of securities not traded...</li> <li>3. In acquiring or disposing of securities not traded in active markets with quoted market price, but with lower risk (such as commercial bonds, and <u>government bond</u>), a transaction with price of NT\$50 million or less shall be implemented by the Financial Department upon the approval of the General Manager, while a transaction with price over NT\$50 million shall be implemented upon the approval of the Chairman.</li> </ol> <p>.....</p>	<p>To clearly define the investment objective with lower risk, partial wordings of the Procedures are amended.</p>
<p><b>Article 6</b></p> <p>.....</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from</p>	<p><b>Article 6</b></p> <p>.....</p> <p>When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the</p>	<p>To conform to the amendments to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies “ which is announced</p>

Amended articles	Present articles	Description of amendment
<p>or to a related party and the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of <u>money market funds issued by domestic securities investing trusts</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for resolution:</p> <p>.....</p>	<p>transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or redemption of <u>domestic money market funds</u>, the Company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the Audit Committee and submitted to the Board of Directors for resolution:</p> <p>.....</p>	<p>by the competent authority, the Company proposes to amend partial wordings of the Procedures.</p>
<p><b>Article 6-1</b></p> <p>The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related...</li> <li>2. Total loan value appraisal...</li> </ol> <p>Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property from a related</p>	<p><b>Article 6-1</b></p> <p>The Company that acquires real property from a related party shall evaluate the reasonableness of the transaction costs by the following means:</p> <ol style="list-style-type: none"> <li>1. Based upon the related...</li> <li>2. Total loan value appraisal...</li> </ol> <p>Where land and structures are combined as a single property purchased in one transaction, the transaction costs for the land and the structures may be separately appraised in accordance with either of the means listed in the preceding paragraph.</p> <p>The Company that acquires real property from a related party and appraises the cost of the real property in accordance with paragraph 1 and paragraph 2 shall also engage a CPA to check the appraisal and render a specific opinion.</p> <p>Where the Company acquires real property from a related party and the results of appraisals conducted in accordance with paragraph 1 and 2 herein are uniformly lower</p>	<p>According to the “Regulations Governing the Acquisition and Disposal of Assets by Public Companies, delete the wording of “there is other evidence indicating that the acquisition was not an arm’s length transaction.” in the paragraph 6, and relocate the amended wording to the paragraph 4.</p>

Amended articles	Present articles	Description of amendment
<p>party and the results of appraisals conducted in accordance with paragraph 1 and 2 herein are uniformly lower than the transaction price, <u>or if there is other evidence indicating that the acquisition was not an arm's length transaction</u>, the following steps shall be taken:</p> <p>.....</p> <p>Where the Company acquires real property from a related party and one of the following circumstances exists, the evaluation and acquisition process shall be conducted in accordance with preceding article and evaluating the reasonableness of the transaction costs in this article do not apply.</p>	<p>than the transaction price, the following steps shall be taken:</p> <p>.....</p> <p>Where the Company acquires real property from a related party and one of the following circumstances exists, the evaluation and acquisition process shall be conducted in accordance with preceding article and evaluating the reasonableness of the transaction costs in this article do not apply. <u>This requirement does not apply, however, if there is other evidence indicating that the acquisition was not an arm's length transaction.</u></p>	
<p><b>Article 8</b></p> <p>The evaluation and procedures for conducting a merger, demerger, acquisition, or transfer of shares by this Company should be as follows:</p> <ol style="list-style-type: none"> <li>1. When the Company conducts a merger, demerger, acquisition, or transfer of shares, it shall engage an attorney, CPA and securities underwriter to compose an ad hoc committee to evaluate the reasonableness and the feasibility and plan the statutory procedures and projected schedule. The Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to</li> </ol>	<p><b>Article 8</b></p> <p>The evaluation and procedures for conducting a merger, demerger, acquisition, or transfer of shares by this Company should be as follows:</p> <p>When the Company conducts a merger, demerger, acquisition, or transfer of shares, it shall engage an attorney, CPA and securities underwriter to compose an ad hoc committee to evaluate the reasonableness and the feasibility and plan the statutory procedures and projected schedule. The Company shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p> <p>.....</p>	<p>The Company proposes to add the wordings to conform to the competent authority relaxing the regulations that if a company merges its 100% directly or indirectly owned subsidiary or the merger arises between the company's 100% directly or indirectly owned subsidiaries, the above opinion obtained from a CPA, attorney, or securities underwriter shall not apply,</p>

Amended articles	Present articles	Description of amendment
<p>shareholders, and submit it to the board of directors for deliberation and passage. <u>However, if the Company merges its 100% directly or indirectly owned subsidiary or the merger arises between the Company's 100% directly or indirectly owned subsidiaries, the above opinion obtained from a CPA, attorney, or securities underwriter shall not apply.</u></p> <p>.....</p>		
<p><b>Article 12</b> The information disclosure procedures for acquisition or disposal of assets by the Company should be as follows:</p> <ol style="list-style-type: none"> <li>1. Items to be publicly announced and the relevant disclosure standards <ol style="list-style-type: none"> <li>A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements of <u>money market funds issued by domestic securities investing trusts.</u></li> <li>B. Merger, demerger,</li> </ol> </li> </ol>	<p><b>Article 12</b> The information disclosure procedures for acquisition or disposal of assets by the Company should be as follows:</p> <ol style="list-style-type: none"> <li>1. Items to be publicly announced and the relevant disclosure standards <ol style="list-style-type: none"> <li>A. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20% or more of paid-in capital, 10% or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements of <u>domestic money market funds.</u></li> <li>B. Merger, demerger, acquisition, or transfer of shares.</li> <li>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual</li> </ol> </li> </ol>	<p>To conform to the amendments to “Regulations Governing the Acquisition and Disposal of Assets by Public Companies “ which is announced by the competent authority, the Company proposes to amend partial wordings of the Procedures.</p>

Amended articles	Present articles	Description of amendment
<p>acquisition, or transfer of shares.</p> <p>C. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the Company.</p> <p>D. <u>Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount meets the following criteria:</u></p> <p>i. <u>The transaction amount is NT\$500 million or more, if the Company's paid-in capital is below NT10 billion dollars.</u></p> <p>ii. <u>The transaction amount is NT\$1 billion or more, if the Company's paid-in capital is NT10 billion dollars or more.</u></p> <p>E. <u>Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount NT\$500 million or more.</u></p> <p>F. <u>Where land is acquired under an arrangement on engaging others to</u></p>	<p>contracts set out in the procedures adopted by the Company.</p> <p>D. <u>Where an asset transaction other than any of those referred to in the preceding three subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</u></p> <p>i. <u>Trading of government bonds.</u></p> <p>ii. <u>Trading of bonds under repurchase/resale agreements of domestic money market funds.</u></p> <p>iii. <u>Where the type of asset acquired or disposed is equipment/machinery for business use, the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</u></p> <p>iv. <u>Acquisition or disposal by the Company in the construction business of real property for construction use, where the trading counterparty is not a related party, and the transaction amount is less than NT\$500 million.</u></p> <p>v. <u>Where land is acquired under an</u></p>	

Amended articles	Present articles	Description of amendment
<p><u>build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is NT\$500 million or more.</u></p> <p>G. Where an asset transaction other than any of those referred to in the preceding <u>six</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20% or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>i. Trading of government bonds.</p> <p>ii. Trading of bonds under repurchase/resale agreements of domestic money market funds.</p> <p>H. The amount of transactions in the preceding <u>seven</u> subparagraph shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph</p>	<p><u>arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction is less than NT\$500 million.</u></p> <p>E. The amount of transactions in the preceding subparagraph shall be calculated as follows. "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with relevant regulations need not be counted toward the transaction amount.</p> <p>i. The amount of any individual transaction.</p> <p>ii. The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p>iii. The cumulative transaction amount of real property acquisitions and</p>	

Amended articles	Present articles	Description of amendment
<p>refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with relevant regulations need not be counted toward the transaction amount.</p> <p><u>i.</u> The amount of any individual transaction.</p> <p><u>ii.</u> The cumulative transaction amount of acquisitions and disposals of the same type of underlying asset with the same trading counterparty within the preceding year.</p> <p><u>iii.</u> The cumulative transaction amount of real property acquisitions and disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p><u>iv.</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>2. Time limitation of information disclosure If the acquisition or disposal of assets by the</p>	<p>disposals (cumulative acquisitions and disposals, respectively) within the same development project within the preceding year.</p> <p><u>iv.</u> The cumulative transaction amount of acquisitions and disposals (cumulative acquisitions and disposals, respectively) of the same security within the preceding year.</p> <p>2. Time limitation of information disclosure If the acquisition or disposal of assets by the Company reaches the standards of information disclosure specified in this Article, the Company shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event.</p> <p>3. Public announcement and regulatory filing procedures</p> <p>A. The Company shall publicly announce and report the relevant information on the FSC's designated website.</p> <p>B. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of</p>	



Amended articles	Present articles	Description of amendment
<p>Company reaches the standards of information disclosure specified in this Article, the Company shall publicly announce and report the relevant information on the FSC's designated website within 2 days commencing immediately from the date of occurrence of the event.</p> <p>3. Public announcement and regulatory filing procedures</p> <p>A. The Company shall publicly announce and report the relevant information on the FSC's designated website.</p> <p>B. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month.</p> <p>C. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within 2 days</u></p>	<p>each month.</p> <p>C. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety.</p> <p>.....</p>	

Amended articles	Present articles	Description of amendment
<p><u>commencing immediately from the date of discovery.</u></p> <p>.....</p>		
<p><b>Article 14</b></p> <p>The limits of total amounts in acquisition real property for non-business use and securities should be as follows:</p> <ol style="list-style-type: none"> <li>1. The acquisition of real property...</li> <li>2. The total amount of all long/short term security investments by the Company should not exceed 80% of this Company's total assets in the latest financial statements; the total amount of all long/short term security investments by each Subsidiary of the Company should not exceed 50% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as its main business or the investment is with lower risk <u>(such as commercial bonds guaranteed by financial institutions or non-guarantee with credit rating, domestic money market funds, the bond issued by the central government of the country where the subsidiaries is located, or the financial products guaranteed by the banks with the long-term credit rating equivalent of BBB rating defined by Standard &amp; Poor's).</u></li> </ol> <p>.....</p>	<p><b>Article 14</b></p> <p>The limits of total amounts in acquisition real property for non-business use and securities should be as follows:</p> <ol style="list-style-type: none"> <li>1. The acquisition of real property...</li> <li>2. The total amount of all long/short term security investments by the Company should not exceed 80% of this Company's total assets in the latest financial statements; the total amount of all long/short term security investments by each Subsidiary of the Company should not exceed 50% of the subsidiary's total assets in the latest financial statements, however, this limitation does not apply for subsidiaries which engage in investment activities as its main business or the investment is with lower risk.</li> </ol> <p>.....</p>	<p>For the practical requirement of the Company's subsidiaries in the future, the subsidiaries' investment in securities with the lower risk (such as commercial bonds guaranteed by financial institutions or non-guarantee with credit rating, domestic money market funds, the bond issued by the central government of the country where the subsidiaries is located, or the financial products guaranteed by the banks with the long-term credit rating equivalent of BBB rating defined by Standard &amp; Poor's) is excluded from the limits of total amounts of securities in the Article.</p>

## Sinyi Realty Inc.

**Details of the Nominated Candidates Accompanied with Their Education and Main Working Experience**

Title	Name	Education	Main Working Experience	Positions at present	No. of Shares Held
Independent Director	Yen, Lou-Yu	Master, Dept. of Accounting, National Cheng Chi University Bachelor, Dept. of Accounting, National Cheng Kung University	Vice Chairperson and General Manager of Vincera Capital Chief Strategy Officer, Partnership of Customers and Market of Deloitte & Touche (China) Partnership of Deloitte & Touche (Taiwan) General Manager of Deloitte & Touche Management Consulting Accountant of Deloitte & Touche	Independent Director of Chunghwa Telecom Co. Ltd. Independent Director of Eslite Spectrum Corp. Ltd. Independent Director of Australia and New Zealand Banking Group Ltd. (Taiwan) Independent Director of Crown Bioscience International Corp. Ltd. (Note) Director of Social Enterprise Insights Corp. Legal Representative Director of Chinese Television Service Corp. Director of Alibaba Entrepreneurs Fund (Taiwan)	-

Note : Resignation to the Independent Director of Crown Bioscience International Corp. Ltd. went effect on 2017/4/30 according to the notice issued on 2017/3/30.