

The performance of corporate governance and the status on discrepancy and reasons in relation to the Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies

Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
I. Does the company specify and disclose the corporate governance best practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies”?	V		The Board of Directors of the Company approved the “Corporate Governance Practices Rules of Sinyi Realty Inc.” in the Board meeting of August 2000 with the newest revision approved in January, 2017, to refine the corporate government system, solidify supervision functions and strengthen the management performance. The Company also periodically reviews the actualization status of the corporate governance and makes improvement accordingly; there has been no major discrepancy status in its execution up to present. The said Rules are also disclosed in the exclusive zone of “Corporate Governance” in the investor relationship website of the Company. (http://www.sinyi.com.tw/info/company.php)	Nil
II. Corporate Equity Structure and Shareholders’ Equity				
(I) Does the company specify internal operation procedures to dispose recommendations, doubts, disputes and lawsuit matters of shareholders, and implement in accordance with such procedures?	V		(I) The Company specified investor relationship disposition procedures, and dispose shareholder’s recommendations, doubts, disputes and lawsuit matters in accordance with such procedures, and periodically reviews the actualization status in accordance with such procedures and improves accordingly; there has been no major discrepancy status in its execution up to present.	Nil
(II) Does the company master the major shareholders in actual control of the company and the name list of the final controllers of such major shareholders?	V		(II) The Company keeps close contacts with the major shareholders, and most of the major shareholders directly participate in the operation of the Company; the Company also discloses the shareholding status of the major shareholders in actual control of the company and the final controllers of such major shareholders in accordance with regulations.	
(III) Does the company establish and execute the risk control and firewall mechanism with the affiliated enterprises?	V		(III) The operation and finance of the Company and the affiliated enterprises are all operated independently. Besides, such related operation rules as “Rules Governing Transactions with Group Enterprises, Specific Parties and Related Parties” and “Rules Governing Subsidiary Company Supervision Management”, etc. are specified, to specify the financial business transactions with the affiliated enterprises and matters required to be supervised.	
(IV) Does the company establish internal specifications to prohibit the internal parties of the company from trading securities by taking advantage of the	V		(IV) The Company establishes the Internal Major Information Disposition Procedures, to specify the prohibition of internal parties from trading securities by taking advantage of the non-opened information in market, and periodically engages in education publicity to the internal parties.	

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<p>III. Organization and Functions of Board of Directors</p> <p>(I) Does the Board of Directors prepare diversified guidelines in response to the organization of members and actualize the execution?</p>	V		<p>(I) The Company's corporate governance guidelines state that the members of the board of directors shall have the knowledge, skills and qualifications necessary for the performance of their duties. The composition of the board of directors shall be considered to be diversified, and the internal directors of the company shall not be more than one-third. At the same time, the type of business operations and development needs, including but not limited to the following two major aspects:</p> <p>1. Basic backgrounds and conditions values: gender, age, nationality and culture.</p> <p>2. Professional knowledge and skills: professional background (such as law, accounting, industry related knowledge, finance, marketing or technology), professional skills and industry experience.</p> <p>In order to achieve the ideal goal of corporate governance, the board of directors should have the following capabilities: (1) operational judgment ability; (2) accounting and financial analysis ability; (3) management ability; (4) crisis processing capacity; (5) industry knowledge; (6) the comprehensive of international market; (7) leadership; (8) decision-making ability.</p> <table border="1"> <thead> <tr> <th>Diversified core ability</th> <th>Gender</th> <th>Management ability</th> <th>Leadership</th> <th>Industry knowledge</th> <th>Talent education</th> <th>Performance evaluation</th> <th>Accounting and finance</th> <th>Law</th> <th>Environmental protection</th> </tr> </thead> <tbody> <tr> <td>Chou Chun-Chi</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Chueh Chien-Ping</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Chou Wang Mei-Wen</td> <td>F</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Liu Shuen-Zen</td> <td>M</td> <td>✓</td> <td></td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Hong San-Xiong</td> <td>M</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Jhan Hong-Chih</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td></td> </tr> <tr> <td>Su Jyun-Bin</td> <td>M</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> <tr> <td>Lin Hsin-Yi (former)</td> <td>M</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> </tr> <tr> <td>Lin Hsin-Ho (former)</td> <td>M</td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td></td> <td>✓</td> <td></td> </tr> <tr> <td>Lee Cheng (former)</td> <td>M</td> <td>✓</td> <td></td> <td>✓</td> <td>✓</td> <td>✓</td> <td></td> <td></td> <td>✓</td> </tr> </tbody> </table> <p>The Corporate Governance Rules of the Company specifies the composition of the members of the Board of Directors should consider gender equality and diversified guidelines. At present, there are 7 directors of the Company in total (including 1 female director), among which, 4</p>	Diversified core ability	Gender	Management ability	Leadership	Industry knowledge	Talent education	Performance evaluation	Accounting and finance	Law	Environmental protection	Chou Chun-Chi	M	✓	✓	✓	✓	✓		✓		Chueh Chien-Ping	M	✓	✓	✓	✓	✓				Chou Wang Mei-Wen	F	✓	✓	✓	✓	✓				Liu Shuen-Zen	M	✓			✓	✓	✓			Hong San-Xiong	M	✓	✓		✓	✓		✓		Jhan Hong-Chih	M	✓	✓	✓	✓	✓				Su Jyun-Bin	M	✓	✓		✓	✓			✓	Lin Hsin-Yi (former)	M	✓	✓	✓	✓	✓	✓			Lin Hsin-Ho (former)	M	✓	✓		✓	✓		✓		Lee Cheng (former)	M	✓		✓	✓	✓			✓	Nil
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(II) Does the company, besides establishing Remuneration Committee and Audit Committee in accordance with laws, also voluntarily establish other committees with similar functions?		V	<p>directors were performed by the ex-independent directors Mr. Lin Hsin-Yi, Mr. Lin Hsin-Ho, Mr. Liu Shuen-Zen and Mr. Lee Cheng, succeeded by the present independent directors Mr. Liu Shuen-Zen, Mr. Hong San-Xiong, Mr. Jhan Hong-Chih and Mr. Su Jyun-Bin who are professionals with important influences on the Company in practical operation, laws, financial accounting, performance evaluation, and talent cultivation development, etc. as independent directors, to provide professional recommendations and supervise the operation status of the management team; the number of independent directors account for more than 1/2 of the whole director number.</p> <p>(II) The Company has not established other committees with similar functions other than Remuneration Committee and Audit Committee; however, it already tackles on engaging in planning and establishing the committees with other functions.</p>	
(III) Does the company establish performance rules and evaluation methods of the Board of Directors, and periodically engages in performance evaluation every year?	V		<p>(III) The Company performs performance evaluation of the Board of Directors periodically every year, by requesting each director to complete evaluation in such aspects as the operation, culture, internal/external relationship operation, self-evaluation in terms of the Board of Directors, for the conference unit/department of the Board of Directors to collect and compile them, and report such in the board meeting and propose the direction of further improvement. The Company established "Procedures of Performance Evaluation of Directors" which stated the Board of Directors shall conduct self-evaluation at least once a year and shall engage the external independent institutes to conduct triennial performance evaluation of the Board of Directors. Related rules and the evaluation are revealed in the investor relationship website of the Company. (http://www.sinyi.com.tw/info/i_1_2_directors.php)</p>	
(IV) Does the company periodically evaluate the independence of the certified public accountant?	V		<p>(IV) When the Company re-engages the certified public accountant (CPA) each year, the Finance Department evaluates if such accountant conforms to the related regulations of independence and competency by the "Accountant Competency, Independence Evaluation Checklist" listing the independence evaluation items with reference with the Article 47 of Certified Public Accountant Act and No. 10 of the Bulletin of Norm of Professional Ethics for Certified Public Accountant "Integrity, Objectivity and Independence". After obtaining the independence statement of the CPA intended to be appointed, the Finance Division submitted the evaluation result to the Audit Committee and the Board of Directors for discussion, to serve as the reference of appointing the</p>	

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			accountant. (“Accountant Competency, Independence Evaluation Checklist” was shown on Annual Report page 102)	
IV. Does the company have dedicated (or non-dedicated) divisions or personnel responsible for corporate governance issues (including but not limited to the preparation for the materials required for directors and supervisors, convening of the meetings for directors and shareholders according to relevant laws and regulations, registration of companies and changes to registration details, compilation of meeting minutes for board meetings and shareholders’ meetings)?	V		The Finance Division of the Company is responsible for corporate governance issues. The head of the Finance Division is the convener, leading the other 3 staff to deal with the corporate governance affairs which include the preparation for the materials required for directors, planning the schedules of convening the Board meetings and shareholders’ meetings, registration of companies and changes to registration details, compilation of meeting minutes for board meetings, function-committee meetings and shareholders’ meetings, arrangement of the lessons of the board members, assistance with the performance self-evaluation of the board members and functional committee members, the monitoring and improvement of corporate finance measures in place and explain to internal and external parties the effectiveness of our corporate governance mechanism. The Finance Division reported all colleagues of the Company the status of implementation of corporate governance at the Company’s important meeting such as the monthly meetings. In addition, the Finance Division accepted the invitation of the TWSE in 2015 and shared the experience of implementing corporate governance with other listed companies. Furthermore, the Finance Division published the monthly easy-understanding comedies in 2016 to the Company’s colleagues to promote the concept and meaning of corporate governance and issued the press release to promote externally the achievement of corporate governance as well.	
V. Does the company establish communication channel of the stakeholders (including but not limited to shareholders, employees, customers, supplier, etc.), and establish an exclusive zone of the stakeholders in the company’s website, and properly respond the important issues of corporate social responsibility concerned by the stakeholders?	V		The Company builds a “stakeholders zone” on its official website and discloses on it the way of appeals for stakeholders. The Company establishes “Rules Governing the Recommendations and Appeal of the Stakeholders to the Audit Committee”, and provides an Audit Committee appeal and recommendation mailbox in the Company’s website, to facilitate a commendable communication channel for the stakeholders and independent directors of the Company. (http://www.sinyi.com.tw/about/stakeholder.php)	Nil
VI. Does the company appoint a professional stock affair handling agency to process the affairs of shareholders’ meeting?	V		The Company appoints Capital Securities Corporation to process the related affairs of shareholders’ meeting.	Nil
VII. Information Opening (I) Does the company set up a website to	V		(I) The Company discloses the related finance, business and stock affair information of the Company	Nil

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disclose the financial business and the corporate governance information? (II) Does the company adopt other information disclosure methods (such as setting up an English website, designating exclusive personnel to be in charge of the corporate information collection and disclosure, actualizing the speaker system, institutional investor conference process placement in the company's website, etc.)?	V		<p>in the investor relationship website of the Company's website, and an exclusive zone of corporate governance is provided to describe the related statutes system and execution status (http://www.sinyi.com.tw/info/company.php).</p> <p>(II) The Company sets up an English website of investor relationship, and provides comprehensive financial information the same as Chinese website of investor relationship, to facilitate foreign investors to acquire the same information as domestic investors, and further upgrade the international visibility and information transparency. (http://www.sinyi.com.tw/info/company-en.php)</p> <p>The Company's website (www.sinyi.com.tw) is operated by such departments as finance, public affair, and business research office, etc., in charge of collecting related information for exclusive personnel to be in charge of processing such related matters as disclosing, etc. The Company also provides a speaker system which the spokesperson and deputy spokesperson are responsible for the make external statements and clarifications. The Company have the online conference with investors at least twice a year and related information including the content of presentation and the online recording file are provided in the investor relationship website of the Company. (http://www.sinyi.com.tw/info/company.php)</p>	
VIII. Does the company have other available important information helpful to understand the corporate governance and performance status (including but not limited to employee interests, employee concern, investor relationship, supplier relationship, rights of stakeholders, advanced study status of directors and supervisors, execution status of risk management policy and risk measurement standard, execution status of client policy, the status of purchasing liability insurance of the company for its directors and supervisors, etc.)?	V		<p>(I) Employee Interests and Employee Concern: The Company towards its internal colleagues, besides providing related interests, also provides professional consultant service to its colleagues and family members. In response to individual demands, such consultancy services concerning work career, family paternity, emotion between two genders, physical/mental stress, law, finance and medical issues, etc. are provided, to assist each colleague to possess balanced work and life. As to the external parties, through such organization or group as Sinyi Cultural Foundation, Sinyi Charity Organization, Sinyi Volunteer, etc., the company encourages colleagues to actively participate in public social welfare activity services, to feed back the community. The Company also provides employees a good communication channel, to assist them to engage in bilateral communication with the management and directors. In addition, the Company also holds an organization recognition investigation and supervisor leadership style questionnaire investigation each year, so as to explore the aspects for further improvement, and increase the interaction opportunities between the managerial level and colleagues.</p> <p>(II) Investor Relationship: The initial principle of solidifying the corporate governance mechanism is to protect the shareholders equity, and treat all shareholders in a fair manner. The Company has adopted some measures as below:</p>	

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			<ol style="list-style-type: none"> 1. Bringing forward of announcement of audited/ reviewed financial statements: The Company has announced its reviewed quarterly financial statements within one month after the end of the quarter. (the statutory time limit: within 45 days) From 2014, the Company has announced its audited annual financial statements no later than the end of February next year. (the statutory time limit: no later than the end of March next year). 2. Adjusting the date and time of annual shareholders' meeting. The Company avoids convening its annual shareholders' meeting at hot date. From 2014, the annual shareholder's meeting is held before end of May. In addition, the starting time of the meeting will be adjusted to 9:30 AM for the sake of convenience of the shareholders attending the meeting from far away. 3. Providing English business and financial information: The Company issued English financial statements from 2010, announced Chinese and English material information at the same time from 2011, built the English website of investors in 2015 and provided shareholders with English annual report and shareholders' meeting handbook from 2015. 4. From 2012, at the time of a vote, for each proposal, the chairperson first announces the total number of voting rights represented by the attending shareholders, followed by a poll of the shareholders. Election of directors has been conducted in accordance with the candidate nomination system. 5. Since 2009, the Company provides shareholders to exercise voting rights in electronic manner for the annual meeting of shareholders, as one of the few leading domestic TWSE/GSTM-listed companies in using shareholders' meeting communication voting platform. 6. The Company periodically convenes online institutional investor conference since 2009. 7. Upon convening a shareholders' meeting, it also makes efforts to avoid presenting an extraordinary motion proposal, to maintain the interests of the shareholders using the e-communication voting system. The minutes of shareholders' meeting are also displayed in the company's website. <p>(III) Supplier Relationship:</p> <ol style="list-style-type: none"> 1. The purchase personnel of the Company would jointly with the purchase requisition unit/department from time to time engage in evaluation on service quality, delivery schedule, and price of a supplier, and in accordance with the evaluation result establish a qualified supplier database. 2. Concerning the suppliers with outstanding result, a price negotiation and tendering would be 	Nil

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			<p>provided in priority, to ensure quality and reduce the purchase cost of the Company.</p> <p>3. In order to actualize the protection of human rights, it would also extend to the suppliers in close transactions with the Company, by taking initiative to invite them to sign a human right contract, to respect the basic labor human right protection of their employees.</p> <p>4. The Company also established the “Ethical Guideline Governing the Purchase Work of Sinyi Group and Its Affiliated enterprises” in 2014, requesting the personnel involving in purchase of each unit/department to faithfully observe the said Guideline. In addition, “Normal Operation Behavior Specification of Sinyi Conglomerate” is also newly established, by issuing notes to the qualified suppliers to sign and faithfully observe the said specification, in order to seek for the supplier partners recognizing faithful operation.</p> <p>(IV) Rights of Stakeholders: The Company through judgment deems the major stakeholders to be clients, colleagues, shareholders, state and community, natural environment; as concurrent consideration and balance of the interests of the stakeholders has always been the objective of the Company, during internal proposals and discussions of major issues, it is required to engage in evaluation vs. the impacts on the major stakeholders, to ensure the interests balance of the stakeholders. Besides, the Company also provides Audit Committee appeal and recommendations mailbox in the Company’s website, to facilitate the stakeholders of the Company a channel to reflect their comments to the independent directors, to maintain their interests. The related descriptions in detail are shown in Annual Report page.113, the description of the general status of fulfilling the corporate social responsibility.</p> <p>(V) Advanced Study Status of Directors: The Company’s independent directors and directors already fulfilled at least 6 hours each of the 2016 advanced study program for directors while details are revealed as below:</p> <table border="1" data-bbox="801 1265 1865 1428"> <thead> <tr> <th rowspan="2">Title/ Name</th> <th colspan="2">Date of Advanced Study</th> <th rowspan="2">Organizer</th> <th rowspan="2">Name of Program</th> <th rowspan="2">No. of hour</th> <th rowspan="2">Whether the advanced study conforms to regulations (Note 1)</th> </tr> <tr> <th>From</th> <th>To</th> </tr> </thead> <tbody> <tr> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Title/ Name	Date of Advanced Study		Organizer	Name of Program	No. of hour	Whether the advanced study conforms to regulations (Note 1)	From	To								
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			Chou Chun-Chi, Chairperson	03/08/2016	03/08/2016	Taiwan Institute of Director	The Turnover of the competition- -The international phase and the strategy after the Cop21	3	Yes	
			Chou Chun-Chi, Chairperson	12/15/2016	12/15/2016	Taiwan Corporate Governance Association	The new phase of 「Internet+」	3		
				12/22/2016	12/22/2016		The reaction of the enterprize to the new phase of the internet	3		
			Legal representative of Sinyi Co., Ltd.: Chueh Chien-Ping Vice Chairperson	06/16/2016	06/16/2016	Securities & Futures Institute	The awards ceremony and the lecture of the 2 nd Company Governance	3		
			Legal representative of Sinyi Co., Ltd.: Chou Wang Mei-Wen, Director	12/15/2016	12/15/2016	Taiwan Corporate Governance Association	The reaction of the enterprize to the new phase of the internet	3		
				12/22/2016	12/22/2016	Taiwan Corporate Governance Association	The new phase of 「Internet+」	3		
			Liu Shuen-Zen, Independent Director	07/06/2016	07/06/2016	Taiwan Corporate Governance Association	The reaction of the enterprize to the new phase of the internet	3		
								6		
			Hong San-Xiong Independent Director	08/19/2016	08/19/2016	Taiwan Corporate Governance Association	The investigation of the mergers and acquisitions from the aspect of directors and supervisors	3		
				11/17/2016	11/17/2016	Taiwan Securities Association	From the trend of tax amendment to investigate the dividend income and the OBU	3		
			Jhan Hong-Chih Independent	10/28/2016	10/28/2016	Taiwan Corporate	The opportunity and the risk in the trend of the	3		

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Evaluation Items	Facts of performance (Note 1)			Status on discrepancy and reasons in relation to Corporate Governance Best Practice Principles for TWSE/GTSM Listed Companies
	Yes	No	Description of Summary	
			<p>requirements and questions of clients at all times, in order to strengthen the high concern level of client service, the “Client Service Department” takes initiative in performing non-scheduled checks and confirmations of the execution status of client policies, accepting the complaints and dispositions of clients, and assisting the first-line business colleagues in handling client complaint cases, by self-assuring it as an internal “Consumers’ Foundation” of the company, to duly perform the work of maintaining client’s interests. Besides, Client Service Department also, through the satisfaction level investigation mechanism and various audit systems, continues to improve and better the service quality of the Company. Client Service Department provides a 24-hour online client service system which was granted the award of “The Best Client Service Center” in the “Grand Assessment of 2014 Taiwan Service” conducted by “Commercial Times”.</p> <p>(X) Status of purchasing liability insurance of the company for its directors: The Company already purchases liability insurance for its all directors, as the total insurance amount is US\$3,000 thousand (equivalent of NT\$96,000,000) and the insurance coverage period starts from July 15, 2016 to July 15, 2017.</p> <p>(XI) Our company participates for the 5th time in the corporate governance system evaluation held by Taiwan Corporate Governance Association, and passed the corporate governance evaluation of the advanced version of CG6008 in January 2014 (from CG6006 on, the validity of this certificate shall last two consecutive years). We continue to review and improve our corporate governance practices by following the corporate governance evaluation metrics designed by the Taiwan Stock Exchange Corporation. In 2016, we did not commission any professional institutes to assess our corporate governance system or take part in the corporate governance system evaluation held by Taiwan Corporate Governance Association.</p>	
<p>IX. Please state the improvements made up to date according to the corporate governance assessment of the most recent years by Corporate Governance Center of the Taiwan Stock Exchange Corporation and propose the proprieties and measures for areas not yet addressed: In 2016, we were ranked as the top 5% of the listed companies and with a total score of 101 by the 2nd year of corporate governance assessment by the Taiwan Stock Exchange. This was the second time we received this recognition. During the 2nd year of the assessment, some of the basic evaluation item and general evaluation items were not applicable to us. We ticked all the boxes and obtained the sores, except for some of the further requirements such as the deployment of Nomination Committee, disclosure of compensations to individual directors and the signing of group contracts with employees, where no scores were given. We will keep making progress.</p>				