

**Sinyi Realty Inc.**

**Financial Statements for the  
Years Ended December 31, 2019 and 2018 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Sinyi Realty Inc.

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Emphasis of Matter**

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

## **Key Audit Matters**

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

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

### Evaluation of Profit and Loss Recognition of Investments Accounted for Using the Equity Method - Revenue Earned from Sales of Real Estate

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

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

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

### Evaluation of Profit and Loss Recognition of Investments Accounted for Using the Equity Method - Valuation of Inventories

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

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

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

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

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

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

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

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

#### **Auditors' Responsibilities for the Audit of the Financial Statements**

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

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

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

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

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

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

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

February 27, 2020

Notice to Readers

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

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

**SINYI REALTY INC.**
**BALANCE SHEETS  
DECEMBER 31, 2019 AND 2018  
(In Thousands of New Taiwan Dollars)**

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

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

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

## SINYI REALTY INC.

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

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

(Continued)



## SINYI REALTY INC.

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

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

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

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

(Concluded)

**SINYI REALTY INC.**

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

	Ordinary Shares	Capital Surplus	Retained Earnings			Exchange Differences on Translating Foreign Operations	Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings		Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2018	\$ 6,515,000	\$ 63,896	\$ 1,793,382	\$ -	\$ 2,967,208	\$ (396,805)	\$ -	\$ 355,975	\$ 11,298,656
Effect of retrospective application and retrospective restatement	-	-	-	-	13,949	-	406,011	(355,975)	63,985
BALANCE AT JANUARY 1, 2018 AS RESTATED	6,515,000	63,896	1,793,382	-	2,981,157	(396,805)	406,011	-	11,362,641
Appropriation of 2017 earnings									
Legal reserve	-	-	280,282	-	(280,282)	-	-	-	-
Special reserve	-	-	-	40,830	(40,830)	-	-	-	-
Cash dividends	-	-	-	-	(1,628,750)	-	-	-	(1,628,750)
Share dividends	853,465	-	-	-	(853,465)	-	-	-	-
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	-	632
Net profit for the year ended December 31, 2018	-	-	-	-	1,504,587	-	-	-	1,504,587
Other comprehensive (loss) income for the year ended December 31, 2018, net of income tax	-	-	-	-	(24,388)	(284,634)	34,992	-	(274,030)
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	1,480,199	(284,634)	34,992	-	1,230,557
BALANCE AT DECEMBER 31, 2018	7,368,465	64,528	2,073,664	40,830	1,658,029	(681,439)	441,003	-	10,965,080
Appropriation of 2018 earnings									
Legal reserve	-	-	150,458	-	(150,458)	-	-	-	-
Special reserve	-	-	-	199,606	(199,606)	-	-	-	-
Cash dividends	-	-	-	-	(957,900)	-	-	-	(957,900)
Actual acquisition of interests in subsidiaries	-	(632)	-	-	(3,769)	-	-	-	(4,401)
Net profit for the year ended December 31, 2019	-	-	-	-	1,262,934	-	-	-	1,262,934
Other comprehensive (loss) income for the year ended December 31, 2019, net of income tax	-	-	-	-	(42,465)	(515,226)	168,348	-	(389,343)
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	1,220,469	(515,226)	168,348	-	873,591
BALANCE AT DECEMBER 31, 2019	\$ 7,368,465	\$ 63,896	\$ 2,224,122	\$ 240,436	\$ 1,566,765	\$ (1,196,665)	\$ 609,351	\$ -	\$ 10,876,370

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

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

# SINYI REALTY INC.

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

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

(Continued)

# SINYI REALTY INC.

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

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

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

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

(Concluded)

# SINYI REALTY INC.

## NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2019 AND 2018

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

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### 1. GENERAL INFORMATION

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

In August 1999, the Securities and Futures Bureau (SFB) approved the trading of the Company’s ordinary shares on the Taipei Exchange (TPEX) in the ROC. In September 2001, SFB approved the listing of the Company’s shares on the Taiwan Stock Exchange (TWSE).

The financial statements are presented in New Taiwan dollars, the functional currency of the Company.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company’s board of directors and authorized for issue on February 27, 2020.

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

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

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

- IFRS 16 “Leases”

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

#### Definition of a lease

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

### The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases on the balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the statements of comprehensive income, the Company presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities. Prior to the application of IFRS 16, payments under operating lease contracts, were recognized as expenses on a straight-line basis. Cash flows for operating leases were classified within operating activities on the statements of cash flows. Leased assets and finance lease payables were recognized on the balance sheets for contracts classified as finance leases.

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

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

The Company also applies the following practical expedients:

- 1) The Company applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Company accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 3) The Company excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 4) The Company uses hindsight, such as in determining lease terms, to measure lease liabilities.

The lessee's weighted average incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.29%. The difference between the lease liabilities recognized and disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 923,805
Less: Recognition exemption for short-term leases and low-value assets	<u>(8,580)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 915,225</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 891,070
Add: Adjustments as a result of a different treatment of extension and termination options	1,630,432
Less: Adjustments relating to reclassification of refundable deposits	<u>(5,740)</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 2,515,762</u>

The Company as lessor

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

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	\$ -	\$ 2,521,502	\$ 2,521,502
Refundable deposits	<u>88,926</u>	<u>(5,740)</u>	<u>83,186</u>
	<u>\$ 88,926</u>	<u>\$ 2,515,762</u>	<u>\$ 2,604,688</u>
Lease liabilities - current	\$ -	\$ 393,261	\$ 393,261
Lease liabilities - non-current	<u>-</u>	<u>2,122,501</u>	<u>2,122,501</u>
	<u>\$ -</u>	<u>\$ 2,515,762</u>	<u>\$ 2,515,762</u>

- b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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

Note 2: The Company shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

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

As of the date the financial statements were authorized for issue, the Company assess the possible impact that the application of above standards and interpretations don’t have impacts on the Company’s financial position and financial performance.

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

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2022

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

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

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

##### **a. Statement of compliance**

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

##### **b. Basis of preparation**

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

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

When preparing its financial statements, the Company used equity method to account for its investment in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the financial statements to be the same with the amounts attributable to the owners of the Company in its financial statements, adjustments arising from the differences in accounting treatment are made to investments accounted for using the equity method, share of profit or loss of subsidiaries, associates and joint ventures as appropriate, in the financial statements.

##### **c. Classification of current and non-current assets and liabilities**

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and
- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.



Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and
- Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Assets and liabilities that are not classified as current are classified as non-current.

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

e. Foreign currencies

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting the financial statements, the assets and liabilities of the Company's foreign operations (including the subsidiaries and associates operating in other countries or currencies used different from the Company) are translated into the New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Company losing control over the subsidiary, the proportionate share of accumulated exchange differences is included in the calculation of equity transactions but is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

f. Investments accounted for using equity method

Investments in subsidiaries and associates are accounted for by the equity method.

1) Investment in subsidiaries

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment is initially recognized at cost and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interests in subsidiaries that do not result in the Company's loss of control over the subsidiaries are accounted for as equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses of a subsidiary equals or exceeds its interest in that subsidiary (which includes any carrying amount of the investment in subsidiary accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues to recognize its share of further losses.

The acquisition cost in excess of the acquisition-date fair value of the identifiable net assets acquired is recognized as goodwill. Goodwill is not amortized. The acquisition-date fair value of the net identifiable assets acquired in excess of the acquisition cost is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the financial statements of the invested company as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company ceases to have control over a subsidiary, any retained investment is measured at fair value at that date and the difference between the previous carrying amount of the subsidiary attributable to the retained interest and its fair value is included in the determination of the gain or loss. Furthermore, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits and losses from downstream transactions with a subsidiary are eliminated in full. Profits and losses from upstream transactions with a subsidiary and sidestream transactions between subsidiaries are recognized in the Company's financial statements only to the extent of interests in the subsidiary that are not related to the Company.

2) Investment in associates

An associate is an entity over which the Company has significant influence and that is not a subsidiary.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of equity of associates attributable to the Company.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

When the Company subscribes for additional new shares of the associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company's records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Company's ownership interest is reduced due to the additional subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

g. Property, plant and equipment

Property, plant and equipment are stated at cost, less recognized accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than its useful life, assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period with the effect of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating" units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently, when there is an indication that the unit may be impaired, by comparing its carrying amount, including the allocated goodwill, with its recoverable amount. If the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized on goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Company disposes of an operation within that unit, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

### 3) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

#### k. Assets related to contract costs

When a sales contract is obtained, commission paid to employees who obtained from the sale of property and selling service fees paid to agents under exclusive sale agreements are recognized as assets (incremental cost of obtaining a contract) to the extent that the costs are expected to be recovered. However, the Company elects not to capitalize the incremental costs of obtaining a contract if the amortization period of the related asset, which the Company otherwise would have recognized, is expected to be one year or less.

#### i. Impairment of tangible and intangible assets other than goodwill and assets related to contract costs

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

When an impairment loss is subsequently reversed, the carrying amount of the asset, cash-generating unit, or assets related to contract cost is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

#### m. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

#### 1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

##### a) Measurement category

Financial assets are classified into the following categories: Financial assets at amortized cost and investments in equity instruments at FVTOCI.

##### i. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables (including related parties) at amortized cost, other receivables (including related parties), other financial assets-current and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables).

The Company always recognizes lifetime expected credit loss (ECL) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Company recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

## 2) Financial liabilities

### a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

### b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

## n. Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## o. Revenue recognition

The Company identifies the contract with the customers, allocates the transaction price to the performance obligations, and recognizes revenue when performance obligations are satisfied.

### Revenue from rendering of services

Revenue from rendering of services comes from real-estate brokerage business and will be recognized when services provided are completed.

## p. Leasing

### 2019

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

### 1) The Company as lessor

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

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



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

## 2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in the amounts expected to be payable under a residual value guarantee, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

## 2018

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

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

## q. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

r. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement (comprising actuarial gains and losses, effect of changes to the asset ceiling and return on plan assets excluding interest) is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Company's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

s. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and unused tax credits for purchases of machinery, equipment and technology, research and development expenditures, and personnel training expenditures to the extent that it is

probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred tax for the year

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

### Impairment of tangible and intangible assets other than goodwill

The Company measures the useful life of its individual assets and the probable future economic benefits in a specific asset group, which depends on subjective judgment, asset characteristics and industry, during the impairment testing process. Any change in accounting estimates due to economic circumstances and business strategies might cause material impairment in the future.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Cash on hand	\$ 12,302	\$ 22,463
Checking accounts and demand deposits	474,739	1,685,043
Cash equivalents		
Time deposits with original maturities less than three months	<u>-</u>	<u>716,364</u>
	<u>\$ 487,041</u>	<u>\$ 2,423,870</u>

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Interest rates range	0%-0.32%	0%-3.2%

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

### Investment in Equity Instruments at FVTOCI

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Current</u>		
Domestic investments	<u>\$ 383,088</u>	<u>\$ 257,668</u>
Listed shares		
<u>Non-current</u>		
Domestic investments		
Unlisted shares	<u>\$ 95,532</u>	<u>\$ 88,583</u>

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

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Notes receivable</u>		
Operating-gross carrying amount	\$ 27,126	\$ 30,601
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 759,997	\$ 597,529
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>
	<u>\$ 759,997</u>	<u>\$ 597,529</u>
<u>Other receivables</u>		
Interest receivables	\$ 39	\$ 511
Others	16,039	20,415
Less: Allowance for impairment loss	<u>(5,268)</u>	<u>(5,268)</u>
	<u>\$ 10,810</u>	<u>\$ 15,658</u>

### a. Trade receivables

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The provision for loss of allowance of trade receivables from real estate brokerage service revenue was estimated based on historical experience. Except for collections from real estate agent service rendered to individuals, the Company adopted a policy of using other publicly available financial information or its own trading records to rate its major customers and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company's exposure and the credit conditions of its counterparties are continuously monitored. Since the Company collected the receivables for providing real estate agent services from clients under escrow custody, the uncollectible risk shall be insignificant.

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

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

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

December 31, 2019

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 658,528	\$ 63,018	\$ 51,031	\$ 10,600	\$ 5,217	\$ 788,394
Refund liability (Note)	<u>(37,592)</u>	<u>(3,757)</u>	<u>(2,097)</u>	<u>(941)</u>	<u>(1,271)</u>	<u>(45,658)</u>
Amortized cost	<u>\$ 620,936</u>	<u>\$ 59,261</u>	<u>\$ 48,934</u>	<u>\$ 9,659</u>	<u>\$ 3,946</u>	<u>\$ 742,736</u>

December 31, 2018

	<b>Less than 60 Days</b>	<b>61 to 90 Days</b>	<b>91 to 180 Days</b>	<b>181 to 360 Days</b>	<b>Over 361 Days</b>	<b>Total</b>
Gross carrying amount	\$ 523,008	\$ 60,036	\$ 31,713	\$ 8,620	\$ 5,088	\$ 628,465
Refund liability (Note)	<u>(31,369)</u>	<u>(3,265)</u>	<u>(1,891)</u>	<u>(648)</u>	<u>(335)</u>	<u>(37,508)</u>
Amortized cost	<u>\$ 491,639</u>	<u>\$ 56,771</u>	<u>\$ 29,822</u>	<u>\$ 7,972</u>	<u>\$ 4,753</u>	<u>\$ 590,957</u>

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

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

2019: No change.

	<b>2018</b>	
	<b>Trade Receivables</b>	<b>Other Receivables</b>
Balance at January 1, 2018 per IAS 39	\$ -	\$ 4,165
Adjustment on initial application of IFRS 9	<u>-</u>	<u>-</u>
Balance at January 1, 2018 per IFRS 9	-	4,165
Add: Net remeasurement of loss allowance	-	2,162
Less: Amounts written off	<u>-</u>	<u>(1,059)</u>
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 5,268</u>

b. Other receivables

Other receivables were the payment on behalf of others and rental receivable.

**9. OTHER FINANCIAL ASSETS - CURRENT**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Restricted assets - current	<u>\$ 115,326</u>	<u>\$ 5,000</u>

Restricted assets - current are mainly operating guarantee for real-estate brokerage and restricted bank deposits. Refer to Note 29.

## 10. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Investments in subsidiaries	\$ 15,810,776	\$ 15,200,041
Investments in associates	<u>31,900</u>	<u>27,554</u>
	<u>\$ 15,842,676</u>	<u>\$ 15,227,595</u>

### a. Investments in subsidiaries

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Sinyi International Limited	\$ 11,241,168	\$ 11,603,112
Sinyi Limited	1,377,377	1,400,416
Sinyi Development Inc.	1,800,618	1,953,973
Sinyi Global Asset Management Co., Ltd.	86,406	91,740
Heng-Yi Intelligent Technology Inc.	3,569	5,083
Jui-Inn Consultants Co., Ltd.	1,068	1,148
Sinyi Culture Publishing Inc.	2,205	2,012
An-Sin Real Estate Management Ltd.	116,202	101,271
Yowoo Technology Inc.	25,700	13,350
Sin Chiun Holding Sdn. Bhd.	1,152,946	17,616
Sinyi Real Estate Consulting Limited	<u>3,517</u>	<u>10,320</u>
	<u>\$ 15,810,776</u>	<u>\$ 15,200,041</u>

At the end of the reporting period, the proportion of ownership and voting rights in subsidiaries held by the Company were as follows:

<b>Company Name</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Sinyi International Limited	100%	100%
Sinyi Limited	100%	100%
Sinyi Development Inc.	100%	100%
Sinyi Global Asset Management Co., Ltd.	100%	100%
Heng-Yi Intelligent Technology Inc.	75%	75%
Jui-Inn Consultants Co., Ltd.	100%	100%
Sinyi Culture Publishing Inc.	99%	99%
An-Sin Real Estate Management Ltd.	51%	51%
Yowoo Technology Inc.	100%	100%
Sin Chiun Holding Sdn. Bhd.	100%	100%
Sinyi Real Estate Consulting Limited	100%	100%

Refer to Note 32 for the details of subsidiaries indirectly held by the Company.

Refer to Note 12 to the consolidated financial statements for the year ended December 31, 2019 for changes of the proportion of ownership and voting rights in subsidiaries held by the Company.

The Company recognized a goodwill impairment loss of \$10,513 thousand for the year ended December 31, 2019. Refer to Note 21 for the details.

The investments in subsidiaries accounted for by the equity method and the share of profit or loss and other comprehensive income of those investments for the years ended December 31, 2019 and 2018 were based on the subsidiaries' financial statements audited by auditors for the same years.

b. Investments in associates

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Associates that are not individually material		
Sinyi Interior Design Co., Ltd.	\$ 15,774	\$ 12,870
Rakuya International Info. Co., Ltd.	<u>16,126</u>	<u>14,684</u>
	<u>\$ 31,900</u>	<u>\$ 27,554</u>

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

<b>Name of Associate</b>	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Sinyi Interior Design Co., Ltd.	19%	19%
Rakuya International Info. Co., Ltd.	23%	23%

The summarized financial information in respect of the Company's associates that are not individually material is set out below.

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
The Company's shares		
Net income (loss)for continuing operations	\$ 1,525	\$ (992)
Other comprehensive income (loss) income	<u>3,378</u>	<u>(309)</u>
Total comprehensive income (loss) for the year	<u>\$ 4,903</u>	<u>\$ (1,301)</u>

The Company's ownership in Sinyi Interior Design Co., Ltd. is less than 20%. But after evaluating that the Company has a significant impact on the Company, the equity method is adopted.

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income of the investment for the years ended December 31, 2019 and 2018 were based on unaudited financial statements. The Company's management believes the unaudited financial statements of investees do not have material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income.



## 11. PROPERTY, PLANT AND EQUIPMENT

	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<b>Cost</b>									
Balance at January 1, 2019	\$ 2,374,365	\$ 372,125	\$ 3,858	\$ 306,594	\$ 4,671	\$ 444,688	\$ 87,301	\$ -	\$ 3,593,602
Additions	-	-	-	32,070	-	50,148	1,297	6,571	90,086
Disposals	-	-	-	(3,819)	(4,671)	(13,457)	(30)	-	(21,977)
Balance at December 31, 2019	<u>\$ 2,374,365</u>	<u>\$ 372,125</u>	<u>\$ 3,858</u>	<u>\$ 334,845</u>	<u>\$ -</u>	<u>\$ 481,379</u>	<u>\$ 88,568</u>	<u>\$ 6,571</u>	<u>\$ 3,661,211</u>
<b>Accumulated depreciation</b>									
Balance at January 1, 2019	\$ -	\$ 115,484	\$ 1,499	\$ 257,231	\$ 4,671	\$ 374,630	\$ 75,606	\$ -	\$ 829,121
Depreciation expense	-	9,507	559	20,361	-	31,426	4,863	-	66,716
Disposals	-	-	-	(3,775)	(4,671)	(12,993)	(22)	-	(21,461)
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 124,991</u>	<u>\$ 2,058</u>	<u>\$ 273,817</u>	<u>\$ -</u>	<u>\$ 393,063</u>	<u>\$ 80,447</u>	<u>\$ -</u>	<u>\$ 874,376</u>
Net carrying amount at December 31, 2019	<u>\$ 2,374,365</u>	<u>\$ 247,134</u>	<u>\$ 1,800</u>	<u>\$ 61,028</u>	<u>\$ -</u>	<u>\$ 88,316</u>	<u>\$ 8,121</u>	<u>\$ 6,571</u>	<u>\$ 2,787,335</u>

	Freehold Land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Total
<b>Cost</b>								
Balance at January 1, 2018	\$ 2,249,789	\$ 353,606	\$ 1,958	\$ 300,649	\$ 4,671	\$ 431,582	\$ 84,401	\$ 3,426,656
Additions	-	-	1,900	25,171	-	29,749	2,900	59,720
Disposals	-	-	-	(19,226)	-	(16,643)	-	(35,869)
Reclassifications	124,576	18,519	-	-	-	-	-	143,095
Balance at December 31, 2018	<u>\$ 2,374,365</u>	<u>\$ 372,125</u>	<u>\$ 3,858</u>	<u>\$ 306,594</u>	<u>\$ 4,671</u>	<u>\$ 444,688</u>	<u>\$ 87,301</u>	<u>\$ 3,593,602</u>
<b>Accumulated depreciation</b>								
Balance at January 1, 2018	\$ -	\$ 100,911	\$ 1,014	\$ 246,528	\$ 4,671	\$ 356,424	\$ 69,520	\$ 779,068
Depreciation expense	-	9,033	485	29,857	-	33,444	6,086	78,905
Disposals	-	-	-	(19,154)	-	(15,238)	-	(34,392)
Reclassifications	-	5,540	-	-	-	-	-	5,540
Balance at December 31, 2018	<u>\$ -</u>	<u>\$ 115,484</u>	<u>\$ 1,499</u>	<u>\$ 257,231</u>	<u>\$ 4,671</u>	<u>\$ 374,630</u>	<u>\$ 75,606</u>	<u>\$ 829,121</u>
Net carrying amount at December 31, 2018	<u>\$ 2,374,365</u>	<u>\$ 256,641</u>	<u>\$ 2,359</u>	<u>\$ 49,363</u>	<u>\$ -</u>	<u>\$ 70,058</u>	<u>\$ 11,695</u>	<u>\$ 2,764,481</u>

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

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

- There was no interest capitalized during the years ended December 31, 2019 and 2018.
- Refer to Note 29 for the details of properties, plant and equipment pledged as collaterals.

## 12. LEASE ARRANGEMENTS

- Right-of-use assets - 2019

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Land	\$ 2,525,753
Buildings	1,050
Office equipment	<u>12,297</u>
	<u>\$ 2,539,100</u>

	<b>For the Year Ended December 31, 2019</b>
Additions to right-of-use assets	<u>\$ 462,415</u>
Depreciation charge for right-of-use assets	\$ 402,770
Buildings	725
Office equipment	<u>3,984</u>
	<u>\$ 407,479</u>

b. Lease liabilities - 2019

	<b>December 31, 2019</b>
<u>Carrying amounts</u>	
Current	<u>\$ 392,330</u>
Non-current	<u>\$ 2,157,943</u>

Range of discount rate for lease liabilities was as follows:

	<b>December 31, 2019</b>
Buildings	1.29%
Office equipment	1.29%
Other equipment	1.29%

c. Material lease-in activities and terms

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

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold investment properties are set out in Note 13.

2019

	<b>For the Year Ended December 31, 2019</b>
Expenses relating to short-term leases	<u>\$ 7,920</u>
Expenses relating to low-value asset leases	<u>\$ 10,760</u>
Total cash outflow for leases	<u>\$ 440,447</u>

The Company has elected to apply the recognition exemption and, did not recognize right-of-use assets and lease liabilities for these leases.

2018

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

	<b>December 31, 2018</b>
Not later than 1 year	\$ 375,002
Later than 1 year and not later than 5 years	541,929
Later than 5 years	<u>6,874</u>
	<u>\$ 923,805</u>

**13. INVESTMENT PROPERTIES**

	<b>For the Year Ended December 31, 2019</b>		
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 2,335,481	\$ 388,125	\$ 2,723,606
Additions	82,918	11,406	94,324
Disposals	<u>(32,025)</u>	<u>(8,096)</u>	<u>(40,121)</u>
Balance at December 31, 2019	<u>\$ 2,386,374</u>	<u>\$ 391,435</u>	<u>\$ 2,777,809</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 10,010	\$ 122,834	\$ 132,844
Impairment loss	16,584	2,281	18,865
Depreciation expense	-	9,490	9,490
Disposals	<u>(9,882)</u>	<u>(2,850)</u>	<u>(12,732)</u>
Balance at December 31, 2019	<u>\$ 16,712</u>	<u>\$ 131,755</u>	<u>\$ 148,467</u>
Net carrying amount at December 31, 2019	<u>\$ 2,369,662</u>	<u>\$ 259,680</u>	<u>\$ 2,629,342</u>
	<b>For the Year Ended December 31, 2018</b>		
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2018	\$ 2,445,118	\$ 406,068	\$ 2,851,186
Additions	27,400	815	28,215
Disposals	(12,461)	(239)	(12,700)
Transferred to property, plant and equipment	<u>(124,576)</u>	<u>(18,519)</u>	<u>(143,095)</u>
Balance at December 31, 2018	<u>\$ 2,335,481</u>	<u>\$ 388,125</u>	<u>\$ 2,723,606</u>

(Continued)

	<b>For the Year Ended December 31, 2018</b>		
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 7,022	\$ 118,059	\$ 125,081
Impairment loss	2,988	115	3,103
Depreciation expense	-	10,207	10,207
Disposals	-	(7)	(7)
Transferred to property, plant and equipment	<u>-</u>	<u>(5,540)</u>	<u>(5,540)</u>
Balance at December 31, 2018	<u>\$ 10,010</u>	<u>\$ 122,834</u>	<u>\$ 132,844</u>
Net carrying amount at December 31, 2018	<u>\$ 2,325,471</u>	<u>\$ 265,291</u>	<u>\$ 2,590,762</u> (Concluded)

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

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2019 was as follows:

	<b>December 31, 2019</b>
Year 1	\$ 101,986
Year 2	92,861
Year 3	86,780
Year 4	85,132
Year 5	77,301
Year 6 onwards	<u>77,254</u>
	<u>\$ 521,314</u>

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

	<b>December 31, 2018</b>
Not later than 1 year	\$ 102,020
Later than 1 year and not later than 5 years	82,324
Later than 5 years	<u>10</u>
	<u>\$ 184,354</u>

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

Buildings - main buildings	30-60 years
----------------------------	-------------

The total fair value of the Company's investment properties, freehold land and buildings as of December 31, 2019 and 2018 were \$9,817,358 thousand and \$9,491,621 thousand, respectively. The fair value determination was not performed by independent qualified professional appraisers, but by the management of the Company who used the valuation model that market participants generally use in determining fair value, and the fair value was measured by using Level 3 inputs. The fair value was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Company's investment properties were held under freehold interests. The carrying amount of the investment properties that had been pledged by the Company to secure borrowings is disclosed in Note 29.

#### 14. INTANGIBLE ASSETS

	<b>December 31</b>		
	<b>2019</b>	<b>2018</b>	
Goodwill	\$ -	\$ -	
System software costs	<u>36,674</u>	<u>42,188</u>	
	<u>\$ 36,674</u>	<u>\$ 42,188</u>	
<b>For the Year Ended December 31, 2019</b>			
	<b>Goodwill</b>	<b>System Software Costs</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2019	\$ 9,621	\$ 232,276	\$ 241,897
Additions	-	16,336	16,336
Eliminations	<u>(9,621)</u>	<u>-</u>	<u>(9,621)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 248,612</u>	<u>\$ 248,612</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2019	\$ 9,621	\$ 190,088	\$ 199,709
Amortization expense	-	21,850	21,850
Eliminations	<u>(9,621)</u>	<u>-</u>	<u>(9,621)</u>
Balance at December 31, 2019	<u>\$ -</u>	<u>\$ 211,938</u>	<u>\$ 211,938</u>
Net carrying amount at December 31, 2019	<u>\$ -</u>	<u>\$ 36,674</u>	<u>\$ 36,674</u>
<b>For the Year Ended December 31, 2018</b>			
	<b>Goodwill</b>	<b>System Software Costs</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2018	\$ 9,621	\$ 213,749	\$ 223,370
Additions	<u>-</u>	<u>18,527</u>	<u>18,527</u>
Balance at December 31, 2018	<u>\$ 9,621</u>	<u>\$ 232,276</u>	<u>\$ 241,897</u>

(Continued)

	<b>For the Year Ended December 31, 2018</b>		
	<b>Goodwill</b>	<b>System Software Costs</b>	<b>Total</b>
<u>Accumulated amortization</u>			
Balance at January 1, 2018	\$ 9,621	\$ 163,246	\$ 172,867
Amortization expense	<u>-</u>	<u>26,842</u>	<u>26,842</u>
Balance at December 31, 2018	<u>\$ 9,621</u>	<u>\$ 190,088</u>	<u>\$ 199,709</u>
Net carrying amount at December 31, 2018	<u>\$ -</u>	<u>\$ 42,188</u>	<u>\$ 42,188</u>

(Concluded)

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

System software costs 2-5 years

## 15. OTHER ASSETS

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Prepaid expenses	\$ 18,337	\$ 26,008
Temporary payments	300	360
Overdue receivables	1,271	335
Others	<u>1,890</u>	<u>1,890</u>
	<u>\$ 21,798</u>	<u>\$ 28,593</u>
Current	\$ 18,637	\$ 26,368
Non-current	<u>3,161</u>	<u>2,225</u>
	<u>\$ 21,798</u>	<u>\$ 28,593</u>

## 16. BORROWINGS

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Secured borrowings</u>		
Bank loans	\$ 1,700,000	\$ 2,650,000
<u>Unsecured borrowings</u>		
Unsecured loans	<u>2,600,000</u>	<u>2,350,000</u>
Long-term borrowings	<u>\$ 4,300,000</u>	<u>\$ 5,000,000</u>

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

Content of Borrowings		December 31	
		2019	2018
E.SUN Bank	Loan limit: \$200,000 thousand; period: October 19, 2018 to October 19, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in March 2019.	\$ -	\$ 200,000
E.SUN Bank	Loan limit: \$2,450,000 thousand; period: October 19, 2018 to October 19, 2021; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in August 2019.	-	2,450,000
E.SUN Bank	Loan limit: \$2,420,000 thousand; period: August 02, 2019 to August 02, 2022; floating interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.	1,700,000	-
Bank of East Asia	Loan limit: \$1,600,000 thousand; period: November 15, 2018 to November 12, 2021; floating interest rate as of 1.242%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively 91% of principal is paid in 36th month. The Company repaid all the debts in February 2019.	-	200,000
Yuanta Bank	Loan limit: \$200,000 thousand; period: March 23, 2018 to March 22, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in February 2019.	-	200,000
Yuanta Bank	Loan limit: \$400,000 thousand; period: March 20, 2019 to March 19, 2021; fixed interest rate of 1.15%; interest is paid monthly and principal is repaid at maturity.	400,000	-
Mizuho Bank	Loan limit: \$300,000 thousand; period: November 30, 2018 to November 30, 2020; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in October 2019.	-	200,000
Mizuho Bank	Loan limit: \$300,000 thousand; period: November 30, 2019 to November 30, 2021; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity.	300,000	-
Bank of Sinopac	Loan limit: \$200,000 thousand; period: September 19, 2018 to September 19, 2020; fixed rate of 1.10%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in January 2019.	-	200,000
O-Bank	Loan limit: \$200,000 thousand; period: December 26, 2018 to December 25, 2020; fixed interest rate of 1.221%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in February 2019.	-	200,000

(Continued)

Content of Borrowings		December 31	
		2019	2018
Far Eastern Bank	Loan limit: \$800,000 thousand; period: April 02, 2018 to April 02, 2020; fixed interest rate of 1.29%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in February 2019.	\$ -	\$ 300,000
Far Eastern Bank	Loan limit: \$800,000 thousand; period: May 02, 2019 to May 02, 2021; fixed interest rate of 1.19%; interest is paid monthly and principal is repaid at maturity.	600,000	-
Taishin Bank	Loan limit: \$300,000 thousand; period: December 25, 2017 to December 25, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in February 2019.	-	300,000
Taishin Bank	Loan limit: \$300,000 thousand; period: December 25, 2019 to December 25, 2022; fixed interest rate of 1.05%; interest is paid monthly and principal is repaid at maturity.	200,000	-
DBS	Loan limit: \$150,000 thousand; period: March 23, 2018 to March 23, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in February 2019.	-	150,000
DBS	Loan limit: US\$400,000 thousand (equal to \$1,200,000 thousand New Taiwan dollars); period: January 02, 2019 to January 02, 2021; floating interest rate of 1.14%; interest is paid monthly and principal is repaid at maturity.	400,000	-
TC Bank	Loan limit: \$200,000 thousand; period: June 21, 2018 to June 21, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Company repaid all the debts in June 2019.	-	200,000
Mega Bank	Loan limit: \$250,000 thousand; period: August 13, 2018 to August 13, 2021; floating interest rate of 1.20%; interest is paid monthly and principal is repaid at maturity.	200,000	200,000
Shin Kong Bank	Loan limit: \$200,000 thousand; period: November 21, 2018 to November 20, 2021; fixed interest rate of 1.15%; interest is paid monthly and principal is repaid at maturity.	200,000	200,000
Shanghai Commercial and Savings Bank	Loan limit: \$400,000 thousand; period: December 08, 2018 to December 08, 2021; fixed interest rate of 1.20%; interest is paid monthly and principal is repaid at maturity.	200,000	-
First Bank	Loan limit: \$100,000 thousand; period: April 10, 2019 to April 10, 2021; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity.	100,000	-
Total long-term borrowings		<u>\$ 4,300,000</u>	<u>\$ 5,000,000</u> (Concluded)



Refer to Note 29 for the details of assets pledged as collaterals for long-term borrowings.

## 17. BONDS PAYABLE

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Domestic unsecured bonds	\$ 5,300,000	\$ 5,900,000
Less: Current portion	<u>-</u>	<u>(1,500,000)</u>
	<u>\$ 5,300,000</u>	<u>\$ 4,400,000</u>

The major terms of domestic unsecured bonds were as follows:

<b>Issuance Period</b>	<b>Total Amount (In Thousands)</b>	<b>Coupon Rate</b>	<b>Repayment and Interest Payment</b>
June 2014 to June 2019	\$ 3,000,000	1.48%	At the end of the 4th and 5th year from the issuance date, the Company will repay half of the principle, respectively. Interest is paid annually.
May 2018 to May 2021	700,000	0.92%	Principal is repaid at maturity. Interest is paid annually.
May 2018 to May 2023	1,900,000	1.07%	Principal is repaid at maturity. Interest is paid annually.
July 2018 to July 2023	1,800,000	1.05%	Principal is repaid at maturity. Interest is paid annually.
November 2019 to November 2029	900,000	1.25%	Principal is repaid at maturity. Interest is paid annually.

Domestic unsecured bonds issued in June 2014, totaling \$3,000,000 thousand, were repaid by \$1,500,000 thousand and \$1,500,000 thousand in June 2018 and June 2019, respectively.

## 18. OTHER LIABILITIES

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Current</u>		
Other payables	\$ 1,931,872	\$ 1,491,246
Other liabilities	<u>165,215</u>	<u>134,344</u>
	<u>\$ 2,097,087</u>	<u>\$ 1,625,590</u>
<u>Non-current</u>		
Other liabilities	<u>\$ 606,633</u>	<u>\$ 452,555</u>

a. Other payables were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Other payables - expenses</u>		
Payables for performance bonus and salaries	\$ 1,410,489	\$ 1,052,337
Payables for annual leave	104,145	82,884
Advertisement payable	97,481	65,440
Payables for labor and health insurance	76,066	53,502
Interest payables	28,487	38,933
Payables for employees bonuses and compensation to directors	20,181	35,193
Payables for professional fees	8,587	9,351
Others	<u>106,586</u>	<u>87,217</u>
	<u>\$ 1,852,022</u>	<u>\$ 1,424,857</u>
<u>Other payables - others</u>		
Other receipts under custody	<u>\$ 51,720</u>	<u>\$ 39,611</u>
<u>Other payables to related parties</u>		
Others	<u>\$ 28,130</u>	<u>\$ 26,778</u>

b. Other current liabilities were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<u>Current</u>		
VAT payable and other tax payable	\$ 108,048	\$ 85,809
Refund liability	44,387	37,173
Others	<u>12,780</u>	<u>11,362</u>
	<u>\$ 165,215</u>	<u>\$ 134,344</u>
<u>Non-current</u>		
Long-term bonus payable	\$ 605,362	\$ 452,220
Refund liability	<u>1,271</u>	<u>335</u>
	<u>\$ 606,633</u>	<u>\$ 452,555</u>

- 1) The refund liability was estimated as based on historical experience of actual discount. The estimation was recognized as a reduction of operating revenue in the period the related services were provided.
- 2) Employees and senior management who meet the performance standards under the bonus rules are eligible for performance bonuses. Performance bonuses to be paid one year later are recorded as other non-current liabilities.

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contributes amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plan were as follows:

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Present value of defined benefit obligation	\$ 701,557	\$ 648,157
Fair value of plan assets	<u>(562,707)</u>	<u>(550,046)</u>
Deficit	<u>138,850</u>	<u>98,111</u>
Net defined benefit liability	<u>\$ 138,850</u>	<u>\$ 98,111</u>

Movements in net defined benefit liability (asset) were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit (Asset) Liability</b>
Balance at January 1, 2018	<u>\$ 589,400</u>	<u>\$ (519,994)</u>	<u>\$ 69,406</u>
Service cost			
Current service cost	3,871	-	3,871
Past service cost	434	-	434
Net interest expense (income)	<u>8,104</u>	<u>(7,216)</u>	<u>888</u>
Recognized in profit or loss	<u>12,409</u>	<u>(7,216)</u>	<u>5,193</u>

(Continued)

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit (Asset) Liability</b>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	\$ -	\$ (14,157)	\$ (14,157)
Actuarial loss - changes in demographic assumptions	8,986	-	8,986
Actuarial loss - changes in financial assumptions	10,171	-	10,171
Actuarial loss - experience adjustments	<u>30,957</u>	<u>-</u>	<u>30,957</u>
Recognized in other comprehensive income	<u>50,114</u>	<u>(14,157)</u>	<u>35,957</u>
Contributions from the employer	<u>-</u>	<u>(12,445)</u>	<u>(12,445)</u>
Benefits paid	<u>(3,766)</u>	<u>3,766</u>	<u>-</u>
Balance at December 31, 2018	<u>648,157</u>	<u>(550,046)</u>	<u>98,111</u>
Service cost			
Current service cost	3,587	-	3,587
Past service cost	289	-	289
Net interest expense (income)	<u>8,102</u>	<u>(6,956)</u>	<u>1,146</u>
Recognized in profit or loss	<u>11,978</u>	<u>(6,956)</u>	<u>5,022</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(17,783)	(17,783)
Actuarial loss - changes in demographic assumptions	7,495	-	7,495
Actuarial loss - changes in financial assumptions	41,949	-	41,949
Actuarial loss - experience adjustments	<u>18,546</u>	<u>-</u>	<u>18,546</u>
Recognized in other comprehensive income	<u>67,990</u>	<u>(17,783)</u>	<u>50,207</u>
Contributions from the employer	<u>-</u>	<u>(13,609)</u>	<u>(13,609)</u>
Benefits paid	<u>(26,568)</u>	<u>25,687</u>	<u>(881)</u>
Balance at December 31, 2019	<u>\$ 701,557</u>	<u>\$ (562,707)</u>	<u>\$ 138,850</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plan is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Operating costs	\$ 4,426	\$ 4,567
Management expenses	<u>596</u>	<u>626</u>
	<u>\$ 5,022</u>	<u>\$ 5,193</u>

Through the defined benefit plan under the Labor Standards Law, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

- 2) Interest risk: A decrease in the government or corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Discount rates	0.750%	1.250%
Expected rates of salary increase	3.000%	3.000%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
Discount rates		
0.25% increase	<u>\$ (21,453)</u>	<u>\$ (20,348)</u>
0.25% decrease	<u>\$ 22,342</u>	<u>\$ 21,211</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 21,487</u>	<u>\$ 20,495</u>
0.25% decrease	<u>\$ (20,751)</u>	<u>\$ (19,771)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<b>2019</b>	<b>2018</b>
The expected contributions to the plan for the next year	<u>\$ 9,507</u>	<u>\$ 12,816</u>
The average duration of the defined benefit obligation	12.42 years	12.8 years

## 20. EQUITY

### Share Capital

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

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

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

### Capital Surplus

	<u>December 31</u>	
	2019	2018
<u>May not be used for any purpose</u>		
Employee share options	\$ 63,896	\$ 63,896
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
The difference between consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	_____ -	_____ 632
	<u>\$ 63,896</u>	<u>\$ 64,528</u>

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

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

### Retained Earnings and Dividend Policy

- a. Under the dividend policy as set forth in the amended Articles, where the Company has earning upon settlement for a fiscal year, after taxes are paid by law and accumulated deficits are set off, ten percent shall be appropriated as legal earning reserves; however, if the amount of the legal earning reserves has attained the amount of paid-in capital of the Company, no further appropriation shall be made. The remainder shall be appropriated or reversed as special earning reserves. If there still has balance, considering together with accumulated undistributed earnings, the board of directors shall prepare the proposal for earning distribution, which shall be submitted to the shareholders' meeting for a resolution of distribution of dividends and bonuses to shareholders. For the policies on distribution of employees' compensation and remuneration of directors after amendment, please refer to Employee benefits expense in Note 21.
- b. In addition, according to the revised Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in light of the present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status as well as factors of interests of shareholder. However, the amount of proposed earning distribution of current year may not be less than 20% of accumulated distributable earnings. In distributing dividends and bonuses to shareholders, the distribution may be made by shares or cash, of which cash dividends may not be less than 10% of total amount of dividends.

- c. Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.
- d. The appropriations of earnings for 2018 and 2017 which approved in the shareholders' meeting held on May 24, 2019 and May 23, 2018, respectively, were as follows:

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

- e. The appropriations of earnings for 2019 had been proposed by the Company's board of directors on February 27, 2020. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>	<u>Dividends Per Share (NT\$)</u>
Legal reserve	\$ 121,670	\$ -
Special reserve	346,879	-
Cash dividends	884,216	1.2

The appropriations of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on May 22, 2020.

### Other Equity Items

- a. Exchange differences on translating the financial statements of foreign operations

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

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

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

## 21. NET PROFIT FROM CONTINUING OPERATIONS

Net profit from continuing operations consisted of the following:

### Interest Income

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Interest income		
Cash in bank	\$ 4,515	\$ 4,544
Others	<u>1,163</u>	<u>687</u>
	<u>\$ 5,678</u>	<u>\$ 5,231</u>

### Other Gains and Losses

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Impairment loss of investment properties	\$ (18,865)	\$ (3,103)
Losses on disposal of property, plant and equipment	(516)	(1,471)
Gains (losses) on disposal of investment properties	7,961	(3,901)
Net foreign exchange gain	3,878	2,965
Administration service revenue	36,200	34,047
Investment impairment loss using equity method	(10,513)	-
Others	<u>12,737</u>	<u>11,664</u>
	<u>\$ 30,882</u>	<u>\$ 40,201</u>

### Finance Costs

	<u>For the Year Ended December 31</u>	
	<u>2019</u>	<u>2018</u>
Interest on bank loans	\$ 51,602	\$ 50,811
Interest on bonds payable	57,483	59,351
Interest on lease liabilities	32,516	-
Interest on back tax from administrative remedies	-	1,892
Others	<u>17</u>	<u>18</u>
	<u>\$ 141,618</u>	<u>\$ 112,072</u>



## Depreciation and Amortization

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment	\$ 66,716	\$ 78,905
Investment property	9,490	10,207
Intangible assets	21,850	26,842
Right-of-use assets	<u>407,479</u>	<u>-</u>
	<u>\$ 505,535</u>	<u>\$ 115,954</u>
An analysis of depreciation by function		
Operating costs	\$ 452,019	\$ 56,408
Management expenses	22,176	22,497
Other losses	<u>9,490</u>	<u>10,207</u>
	<u>\$ 483,685</u>	<u>\$ 89,112</u>
An analysis of amortization by function		
Operating costs	\$ 156	\$ 162
Management expenses	<u>21,694</u>	<u>26,680</u>
	<u>\$ 21,850</u>	<u>\$ 26,842</u>

## Operating Expenses Directly Related to Investment Properties

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Direct operating expenses from investment property that generated rental income	\$ 24,450	\$ 25,189
Direct operating expenses from investment property that did not generate rental income	<u>65</u>	<u>42</u>
	<u>\$ 24,515</u>	<u>\$ 25,231</u>

## Employee Benefits Expense

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Employee benefits expense (included salary expense and labor and health insurance expense)	\$ 5,324,538	\$ 4,444,381
Post-employment benefits		
Defined contribution plan	170,710	150,071
Defined benefit plan (Note 19)	<u>5,022</u>	<u>5,193</u>
	<u>175,732</u>	<u>155,264</u>
Remuneration of directors	<u>8,439</u>	<u>8,369</u>
Directors' compensation	<u>132,950</u>	<u>153,299</u>
Other employee benefits	<u>\$ 5,641,659</u>	<u>\$ 4,761,313</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Summary by function		
Operating costs	\$ 5,111,864	\$ 4,283,683
Management expenses	<u>529,795</u>	<u>477,630</u>
	<u>\$ 5,641,659</u>	<u>\$ 4,761,313</u>
		(Concluded)

### **Employee's Compensation and Remuneration of Directors**

The Company accrued employees' compensation and remuneration of directors at the rates no less than 1% and no higher than 1%, respectively, of net profit before income tax, employees' compensation, and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2019 and 2018, which have been approved by the Company's board of directors on February 27, 2020 and February 25, 2019, respectively, were as follows:

#### Accrual rate

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.241%	0.191%

#### Amount

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 16,258	\$ 20,476
Remuneration of directors	3,923	3,909

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

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

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Investments accounted for using equity method (included in other operating income and expenses, net)	<u>\$ 10,513</u>	<u>\$ -</u>
Investment property (included in other operating income and expenses, net)	<u>\$ 18,865</u>	<u>\$ 3,103</u>

## 22. INCOME TAXES RELATING TO CONTINUING OPERATION

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

The major components of tax expense were as follows

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Current tax		
In respect of the current year	\$ 361,548	\$ 523,751
Income tax expense of unappropriated earnings	6,588	-
Land value increment tax	53	-
In respect of the prior years	986	302
Deferred tax		
Adjustments to deferred tax attributable to changes in tax rates	-	(356)
In respect of the current year	<u>(26,485)</u>	<u>(5,565)</u>
Income tax expense recognized in profit or loss	<u>\$ 342,690</u>	<u>\$ 518,132</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Profit before tax from continuing operations	<u>\$ 1,605,624</u>	<u>\$ 2,022,719</u>
Income tax expense calculated at the statutory rate (20%)	\$ 321,125	\$ 404,544
Non deductible expenses in determining taxable income	31,150	5,390
Tax-exempt income	(1,908)	(866)
Additional income tax on unappropriated earnings	6,588	-
Land value increment tax	53	-
Changes in tax rate	-	(356)
Adjustments for prior years' tax	986	302
Unrecognized deductible temporary differences	<u>(15,304)</u>	<u>109,118</u>
Income tax expense recognized in profit or loss	<u>\$ 342,690</u>	<u>\$ 518,132</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%.

In July 2019, the President of the ROC announced the amendments to the Statute for Industrial Innovation, which stipulate that the amounts of unappropriated earnings in 2018 and thereafter that are reinvested in the construction or purchase of certain assets or technologies are allowed as deduction when computing the income tax on unappropriated earnings. The Company has already deducted the amount of capital expenditure from the unappropriated earnings in 2018 that was reinvested when calculating the tax on unappropriated earnings for the year ended December 2019.

b. Income tax benefit recognized in other comprehensive income

**For the Year Ended December 31**  
**2019                      2018**

Deferred tax

In respect of the current year

Remeasurement on defined benefit plan	\$ 10,041	\$ 7,192
Changes in tax rate	-	4,696
	\$ 10,041	\$ 11,888

c. Current tax assets and liabilities

**December 31**  
**2019                      2018**

Current tax assets

Tax refund receivables	\$ 336	\$ 38,028
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Current tax liabilities

Income tax payables	\$ 122,148	\$ 263,063
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d. Deferred tax assets and liabilities

The Company has offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liability	\$ 7,502	\$ 1,630	\$ -	\$ 9,132
Allowance for impairment loss	1,265	-	-	1,265
Others	21,187	2,663	-	23,850
	\$ 29,954	\$ 4,293	\$ -	\$ 34,247
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit obligation	\$ 9,997	\$ 1,716	\$ (10,041)	\$ 1,672
Subsidiary undistributed retained earnings	23,908	(23,908)	-	-
	\$ 33,905	\$ (22,192)	\$ (10,041)	\$ 1,672

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Refund liability	\$ 6,186	\$ 1,316	\$ -	\$ 7,502
Allowance for impairment loss	708	557	-	1,265
Others	<u>8,499</u>	<u>12,688</u>	<u>-</u>	<u>21,187</u>
	<u>\$ 15,393</u>	<u>\$ 14,561</u>	<u>\$ -</u>	<u>\$ 29,954</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Defined benefit obligation	\$ 13,377	\$ (15,268)	\$ 11,888	\$ 9,997
Subsidiary undistributed retained earnings	<u>-</u>	<u>23,908</u>	<u>-</u>	<u>23,908</u>
	<u>\$ 13,377</u>	<u>\$ 8,640</u>	<u>\$ 11,888</u>	<u>\$ 33,905</u>

- e. The aggregate amount of temporary difference associated with investments for which deferred tax liabilities have not been recognized

As of December 31, 2019 and 2018, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax liabilities have been recognized were \$379,905 thousand and \$382,757 thousand, respectively.

- f. Income tax assessments

The Company's tax returns through 2017 have been assessed by the tax authorities.

## 23. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u>	
	2019	2018
Basic EPS	<u>\$ 1.71</u>	<u>\$ 2.04</u>
Diluted EPS	<u>\$ 1.71</u>	<u>\$ 2.04</u>

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

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Profit for the year	<u>\$ 1,262,934</u>	<u>\$ 1,504,587</u>

Weighted average number of ordinary shares outstanding (in thousand shares):

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Weighted average number of ordinary shares in computation of basic earnings per share	736,847	736,847
Effect of dilutive potential ordinary shares:		
Employees' compensation	<u>772</u>	<u>1,071</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>737,619</u>	<u>737,918</u>

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

## 24. SUBSIDIARY ACQUIRED - GAIN CONTROL

### Subsidiaries Acquired

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

The Company acquired Sinyi Real Estate Consulting Limited to pursue the development of business and to integrate the resources of the Company. Refer to Note 31 to the consolidated financial statements for the year ended December 31, 2019 for details about the acquisition of Sinyi Real Estate Consulting Limited.

## 25. CASH FLOW INFORMATION

### Changes in Liabilities Arising from Financing Activities

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes		Cash Flow from Operating Activities	Closing Balance
			New Leases	Other		
Bonds payable (including current portion)	\$ 5,900,000	\$ (600,000)	\$ -	\$ -	\$ -	\$ 5,300,000
Long-term borrowings (including current portion)	5,000,000	(700,000)	-	-	-	4,300,000
Guarantee deposits received	37,261	(6,380)	-	-	-	30,881
Lease liabilities (Note 3)	<u>2,515,762</u>	<u>(389,251)</u>	<u>423,762</u>	<u>32,516</u>	<u>(32,516)</u>	<u>2,550,273</u>
	<u>\$ 13,453,023</u>	<u>\$ (1,695,631)</u>	<u>\$ 423,762</u>	<u>\$ 32,516</u>	<u>\$ (32,516)</u>	<u>\$ 12,181,154</u>

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Closing Balance
Short-term borrowings	\$ 800,000	\$ (800,000)	\$ -
Bonds payable (including current portion)	3,000,000	2,900,000	5,900,000
Long-term borrowings (including current portion)	4,250,000	750,000	5,000,000
Guarantee deposits received	<u>38,260</u>	<u>(999)</u>	<u>37,261</u>
	<u>\$ 8,088,260</u>	<u>\$ 2,849,001</u>	<u>\$ 10,937,261</u>

## 26. CAPITAL RISK MANAGEMENT

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

Key management personnel of the Company review the capital structure on a quarterly basis. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 27. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

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

December 31, 2019

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	\$ 5,300,000	\$ -	\$ 5,314,254	\$ -	\$ 5,314,254

December 31, 2018

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

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

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

#### 1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed shares - equity investments	\$ 383,088	\$ -	\$ -	\$ 383,088
Domestic unlisted shares - equity investments	-	-	95,532	95,532
	\$ 383,088	\$ -	\$ 95,532	\$ 478,620



December 31, 2018

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Domestic listed shares - equity investments	\$ 257,668	\$ -	\$ -	\$ 257,668
Domestic unlisted shares - equity investments	<u>-</u>	<u>-</u>	<u>88,583</u>	<u>88,583</u>
	<u>\$ 257,668</u>	<u>\$ -</u>	<u>\$ 88,583</u>	<u>\$ 346,251</u>

There were no transfers between Level 1 and Level 2 in 2019 and 2018.

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

2019

	<b>Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments</b>
Balance at January 1, 2019	\$ 88,583
Addition	4,500
Recognized in other comprehensive income	<u>2,449</u>
Balance at December 31, 2019	<u>\$ 95,532</u>

2018

	<b>Financial Assets at Fair Value Through Other Comprehensive Income Equity Instruments</b>
Balance at January 1, 2018	\$ 39,328
Addition	48,774
Recognized in other comprehensive income	<u>481</u>
Balance at December 31, 2018	<u>\$ 88,583</u>

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

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic unlisted shares	According to the balance sheet of the evaluation target, evaluate the total value of its individual assets and liabilities using market approach consistently with the consideration of liquidity and non-control discounts to reflect the overall value of the target.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
<u>Financial assets</u>		
Financial assets at amortized cost (Note 1)	\$ 1,654,099	\$ 3,307,979
Financial assets at FVTOCI	478,620	346,251
<u>Financial liabilities</u>		
Amortized cost (Note 2)	12,169,699	12,881,328

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

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

**Financial Risk Management Objectives and Policies**

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

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

a. Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

1) Foreign currency exchange

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

For the carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period, refer to Note 31.

Foreign currency sensitivity analysis

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

	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>USD</b>	<b>MYR</b>	<b>USD</b>	<b>MYR</b>
Equity	\$ 6,282	\$ 11,529	\$ 5,984	\$ 176
Profit or loss	1,129	327	8,683	-

2) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Fair value interest rate risk		
Financial assets	\$ 110,326	\$ 721,364
Financial liabilities	9,850,273	10,500,000
Cash flow interest rate risk		
Financial assets	5,000	-
Financial liabilities	2,300,000	400,000

Interest rate sensitivity analysis

The Company was exposed to cash flow interest rate risk in relation to floating rate financial assets or liabilities, and the financial assets, short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased/decreased by 1%, the Company's cash outflow will increase/decrease by \$22,950 thousand and \$4,000 thousand for the years ended December 31, 2019 and 2018, respectively.

3) Other price risk

The Company is exposed to equity price risk through its investments in domestic listed shares.

If equity prices had been 1% higher/lower, the pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by \$4,786 thousand and \$3,463 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

b. Credit risk

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

Business related credit risk

The Company is mainly engaged in the operation of real-estate brokerage business and the customers of the Company are the people who buy and sell houses. The revenue from agency service is also received through the housing performance guarantee, so the concentration credit risk of trade receivable is immaterial.

Financial credit risk

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

c. Liquidity risk

The Company's current liability exceeds its current assets of \$642,683 thousand. The Company currently has unused borrowing limit sufficient to meet all contractual obligations, so there is no liquidity risk with being unable to raise funds to perform contractual obligations.

The Company manages liquidity risk by monitoring and maintaining a certain level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

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

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Unsecured bank overdraft facility, reviewed annually and payable on call:		
Amount used	\$ 2,600,000	\$ 2,350,000
Amount unused	<u>4,680,000</u>	<u>3,650,000</u>
	<u>\$ 7,280,000</u>	<u>\$ 6,000,000</u>
Secured bank overdraft facility:		
Amount used	\$ 1,700,000	\$ 2,650,000
Amount unused	<u>2,620,000</u>	<u>1,700,000</u>
	<u>\$ 4,320,000</u>	<u>\$ 4,350,000</u>

Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2019

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing	\$ 313	\$ 1,931,872	\$ 637,514	-
Lease liabilities	34,921	384,038	1,494,529	749,413
Variable interest rate liabilities	-	-	2,300,000	-
Fixed interest rate liabilities	<u>-</u>	<u>-</u>	<u>6,400,000</u>	<u>900,000</u>
	<u>\$ 35,234</u>	<u>\$ 2,315,910</u>	<u>\$ 10,832,043</u>	<u>\$ 1,649,413</u>

Additional information about the maturity analysis for lease liabilities:

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-20 Years</b>
Lease liabilities	<u>\$ 34,921</u>	<u>\$ 384,038</u>	<u>\$ 1,494,529</u>	<u>\$ 741,146</u>	<u>\$ 8,267</u>

December 31, 2018

	<b>On Demand or Less than 1 Month</b>	<b>1 Month to 1 Year</b>	<b>1-5 Years</b>
Non-interest bearing	\$ 266	\$ 1,491,246	\$ 489,816
Variable interest rate liabilities	-	-	400,000
Fixed interest rate liabilities	<u>-</u>	<u>1,500,000</u>	<u>9,000,000</u>
	<u>\$ 266</u>	<u>\$ 2,991,246</u>	<u>\$ 9,889,816</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and related parties were disclosed below:

### a. Related parties and relationship

<u>Related Party</u>	<u>Relationship with the Company</u>
Sinyi Land Administration Agent Joint Office	Related party in substance
Sinyi Cultural Foundation	Related party in substance
Sinyi Real Estate Appraisal Office	Related party in substance
Yu-Hao Co., Ltd.	Corporate shareholder (direct investment using the equity method)
Sinyi Co., Ltd.	Corporate shareholder (direct investment using the equity method)
Yu-Heng Co., Ltd.	Corporate shareholder (indirect investment using the equity method)
Ken Investment Co., Ltd.	Related party in substance
Sin-Heng Limited.	Related party in substance
Sinyi Public Welfare Foundation	Related party in substance
Sinyi Interior Design Co., Ltd.	Associate
Prospect Hospitality Co., Ltd.	The Company's director is its director
Sinyi Real Estate Consulting Limited	Subsidiaries (Note)
An-Sin Real Estate Management Ltd.	Subsidiaries
Sinyi Global Asset Management Co., Ltd.	Subsidiaries
Jui-Inn Consultants Co., Ltd.	Subsidiaries
Yowoo Technology Inc.	Subsidiaries
Sinyi Culture Publishing Inc.	Subsidiaries
Sinyi Development Inc.	Subsidiaries
An-Shin Real Estate Management Ltd.	Subsidiaries
Sinyi Realty Inc. Japan	Subsidiaries
Tokyo Sinyi Real Estate Co., Ltd.	Subsidiaries
FIDELITY PROPERTY CONSULTANT SDN. BHD.	Subsidiaries
Heng-Yi Intelligent Technology Inc. (Heng-Yi)	Subsidiaries
Da-Chia Construction Co., Ltd.	Subsidiaries
Sinyi Real Estate Limited	Subsidiaries
Kunshan Dingxian Trading Co., Ltd.	Subsidiaries
Sinyi Real Estate (Shanghai) Limited	Subsidiaries
Sinyi Estate Ltd.	Subsidiaries
SAMOA SINYI INTERNATIONAL LIMITED	Subsidiaries
Wu Pu Co., Ltd.	Subsidiaries

Sinyi Real Estate Consulting Limited was originally a related party in substance of the Company. The Company acquired 100% of its ownership on June 15, 2018 and thus it became a subsidiary.

### b. Trade receivables from related parties

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
An-Sin Real Estate Management Ltd.	<u>\$ 153,675</u>	<u>\$ 132,482</u>

Trade receivables from related parties represent amounts collected on behalf of the Company. The related parties will transfer the amount to the Company after closing the deals.

c. Other receivables from related parties

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
Related parties in substance	\$ 1,285	\$ 1,269
Subsidiaries		
Sinyi Global Asset Management Co., Ltd.	1,492	1,096
Sinyi Development Inc.	2,887	5,910
An-Shin Real Estate Management Ltd.	1,385	1,150
Sinyi Realty Inc. Japan	1,945	2,357
Yowoo Technology Inc.	2,315	-
Others	<u>1,850</u>	<u>2,131</u>
	<u>\$ 13,159</u>	<u>\$ 13,913</u>

Other receivables from related parties are mainly management consulting services receivable and rental receivable.

d. Other payables to related parties

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
Related parties in substance	\$ 1,243	\$ 1
Subsidiaries		
Sinyi Real Estate Consulting Limited	12,527	10,750
Yowoo Technology Inc.	4,198	-
Sinyi Global Asset Management Co., Ltd.	7,856	14,347
An-Sin Real Estate Management Ltd.	1,914	1,388
Others	<u>392</u>	<u>292</u>
	<u>\$ 28,130</u>	<u>\$ 26,778</u>

e. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Short-term employee benefits	\$ 80,226	\$ 73,955
Other long-term employee benefits	<u>12,127</u>	<u>11,193</u>
	<u>\$ 92,353</u>	<u>\$ 85,148</u>

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

f. Other transactions with related parties

1) Rental income

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
Related parties in substance	\$ 7,387	\$ 7,407
Corporate shareholder (direct investment using the equity method)	114	114
Corporate shareholder (indirect investment using the equity method)	57	57
Associates	34	34
Subsidiaries		
An-Shin Real Estate Management Ltd.	6,714	6,730
Sinyi Real Estate Consulting Limited	4,167	4,162
Sinyi Development Inc.	3,816	2,838
Others	<u>1,605</u>	<u>5,531</u>
	<u>\$ 23,894</u>	<u>\$ 26,873</u>

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

2) Other benefits

	<b>For the Year Ended December 31</b>	
	<b>2019</b>	<b>2018</b>
Other related parties		
Related parties in substance	\$ 1,012	\$ 1,490
Subsidiaries		
Sinyi Development Inc.	9,415	9,349
Sinyi Realty Inc. Japan	6,199	5,791
An-Shin Real Estate Management Ltd.	4,601	3,496
Sinyi Global Asset Management Co., Ltd.	3,799	3,510
Others	<u>6,203</u>	<u>7,947</u>
	<u>\$ 31,229</u>	<u>\$ 31,583</u>

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



3) Professional fees

	<b><u>For the Year Ended December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Other related party		
Related parties in substance	\$ 1,268	\$ 599
Subsidiaries		
Sinyi Real Estate Consulting Limited	122,181	111,622
An-Sin Real Estate Management Ltd.	20,765	17,747
Others	<u>25,926</u>	<u>398</u>
	<b><u>\$ 170,140</u></b>	<b><u>\$ 130,366</u></b>

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

4) Lease agreement

	<b><u>December 31</u></b>	
	<b>2019</b>	<b>2018</b>
Lease liabilities - related parties in substance	<u>\$ 25,659</u>	<u>\$ -</u>
	<b><u>For the Year Ended December 31</u></b>	<b><u>2018</u></b>
	<b>2019</b>	<b>2018</b>
<u>Interest expense</u>		
Related parties in substance	<u>\$ 392</u>	<u>\$ -</u>
<u>Rental expense</u>		
Related parties in substance	<u>\$ -</u>	<u>\$ 7,673</u>

As of December 31, 2018, the minimum lease payment for the Group's operating leases for related parties is \$35,489 thousand.

5) Endorsement and guarantee

As of December 31, 2019, the Company endorsed and guaranteed Sinyi Real Estate (Hong Kong)'s bank loan for \$1,169,200 thousand. As of December 31, 2018, the Company endorsed and guaranteed Sinyi International's bank loan for \$165,861 thousand.

6) Property transactions

The Company acquired 100% equity of Sinyi Real Estate Consulting Limited from Sinyi Co., Ltd. and Yu-Hao Co., Ltd. with an amount of \$8,000 thousand in June 2018. Refer to Note 31 of the Company's consolidated financial statements for the year ended December 31, 2019.

## 29. MORTGAGE OR PLEDGED ASSETS

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

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
Property, plant and equipment (including investment properties)		
Land	\$ 4,191,664	\$ 4,241,789
Building	416,351	456,691
Other financial assets - current		
Restricted bank deposits	110,326	-
Pledged time deposits	<u>5,000</u>	<u>5,000</u>
	<u>\$ 4,723,341</u>	<u>\$ 4,703,480</u>

Restricted bank deposits are offshore funds in the segregated foreign exchange deposit account which were repatriated by the Company in accordance with The Management Utilization, and Taxation of Repatriated Offshore Funds Act.

## 30. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- a. The Company is involved in claims that arise in the ordinary course of brokerage and escrow business; the other party may claim against the Company through legal proceedings. On the basis of past experience and consultations with legal counsel, management of the Company has measured the possible effects of the contingent lawsuits on its financial condition in brokerage and escrow business.
- b. Guarantee notes submitted as guarantees for real-estate brokerage business amounted to \$5,000 thousand.
- c. The Company has endorsed Sinyi Real Estate (Hong Kong) in obtaining financing limit of \$1,169,200 thousand. Refer to Note 32, Table 2 for the details.

## 31. EXCHANGE RATE OF FINANCIAL ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	<b>December 31, 2019</b>		
	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 3,766	29.980	\$ 112,905
MRY	4,455	7.330	32,654
Non-monetary items			
USD	20,954	29.980	628,186
MRY	157,289	7.330	1,152,946

	<b>December 31, 2018</b>		
	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 28,260	30.715	\$ 867,998
Non-monetary items			
USD	19,484	30.715	598,441
MYR	2,477	7.110	17,616

The Company is mainly exposed to foreign currency risk from USD. The following information was aggregated by the functional currencies of the Company, and the exchange rates between respective functional currencies and the presentation currency were disclosed. The realized and unrealized foreign exchange gains (losses) for the years ended December 31, 2019 and 2018, respectively, were as follows:

<b>Functional Currencies</b>	<b>For the Year Ended December 31</b>			
	<b>2019</b>		<b>2018</b>	
	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain</b>
NTD	(NTD:NTD)	<u>\$ 3,878</u>	1 (NTD:NTD)	<u>\$ 2,965</u>

### 32. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

- a. Financing provided: Table 1 (see the attached)
- b. Endorsements/guarantees provided to others: Table 2 (see the attached)
- c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (see the attached)
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (see the attached)
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: Table 5 (see the attached)
- f. Disposal of individual real estate at prices of at least NT\$100 million or 20% of the paid-in capital: None
- g. Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: None
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 6 (see the attached)
- i. Trading in derivative instruments: None
- j. Information on investees: Table 7 (see the attached)

Information on investments in mainland China:

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

### **33. SEGMENT INFORMATION**

The Company had disclosures of segment information in accordance with Regulations in the consolidated financial statements as of and for the years ended December 31, 2019 and 2018. The disclosure of segment information is not required for the financial statements.

TABLE 1

## SINYI REALTY INC.

**FINANCING PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars)**

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Year	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance of Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
0	Sinyi Realty Inc.	Hua Yun Renovation (Shanghai) Co., Ltd.	Other receivables	Yes	\$ 912,000 (RMB 200,000 thousand)	\$ 430,500 (RMB 100,000 thousand)	\$ -	1.15%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 3,262,911 (Note 1)	\$ 4,350,548 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Jiu Xin Estate (Wuxi) Limited	Other receivables	Yes	192,318 (RMB 42,000 thousand)	94,710 (RMB 22,000 thousand)	94,710 (RMB 22,000 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	4,924,010 (Note 2)	7,386,015 (Note 2)
		LUNHENG Business Management (Shanghai) Ltd	Other receivables	Yes	69,045 (RMB 15,000 thousand)	64,575 (RMB 15,000 thousand)	64,575 (RMB 15,000 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	4,924,010 (Note 2)	7,386,015 (Note 2)
		SinYeh Enterprise Management (Shanghai) Ltd	Other receivables	Yes	3,590,340 (RMB 780,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	4,924,010 (Note 2)	7,386,015 (Note 2)
2	Hua Yun Renovation (Shanghai) Co., Ltd.	LUNHENG Business Management (Shanghai) Ltd	Other receivables	Yes	34,983 (RMB 7,600 thousand)	32,718 (RMB 7,600 thousand)	32,718 (RMB 7,600 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	13,292,700 (Note 3)	19,939,050 (Note 3)
		SinYeh Enterprise Management (Shanghai) Ltd	Other receivables	Yes	23,015 (RMB 5,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	13,292,700 (Note 3)	19,939,050 (Note 3)
		Suzhou Sinyi Real Estate Inc.	Other receivables	Yes	912,000 (RMB 200,000 thousand)	430,500 (RMB 100,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	13,292,700 (Note 3)	19,939,050 (Note 3)
3	Shanghai Sinyi Real Estate Inc.	SinYeh Enterprise Management (Shanghai) Ltd	Other receivables	Yes	46,030 (RMB 10,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,105,152 (Note 4)	2,210,304 (Note 4)
4	Kunshan Dingxian Trading Co., Ltd.	SinYeh Enterprise Management (Shanghai) Ltd	Other receivables	Yes	452,100 (RMB 100,000 thousand)	430,500 (RMB 100,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,143,740 (Note 5)	1,715,610 (Note 5)
5	Shanghai Shang Tuo Investment Management Consulting Inc.	SinYeh Enterprise Management (Shanghai) Ltd	Other receivables	Yes	27,618 (RMB 6,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	131,187 (Note 6)	218,645 (Note 6)
6	Suzhou Sinyi Real Estate Inc.	Kunshan Dingxian Trading Co., Ltd.	Other receivables	Yes	452,100 (RMB 100,000 thousand)	430,500 (RMB 100,000 thousand)	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	812,910 (Note 7)	1,354,850 (Note 7)
		SinYeh Enterprise Management (Shanghai) Ltd	Other receivables	Yes	912,000 (RMB 200,000 thousand)	-	-	4.75%	Short-term financing	-	Needs for operation	-	-	-	812,910 (Note 7)	1,354,850 (Note 7)

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

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

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

(Continued)

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

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

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

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

(Concluded)

## SINYI REALTY INC.

**ENDORSEMENT/GUARANTEE PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2019**  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	Maximum Balance for the Year	Ending Balance	Actual Appropriation	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity Per Financial Statement (%)	Maximum Total Endorsement/ Guarantee Allowed to Be Provided by the Endorser/ Guarantor	Guarantee Given by Parent on Behalf of Subsidiaries	Guarantee Given by Subsidiaries on Behalf of the Company	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Samoa Sinyi International Limited	Indirect subsidiary	\$ 8,701,096 (Note 1)	\$ 170,640 (US\$ 5,400 thousand)	\$ -	\$ -	\$ -	-	\$ 16,314,555 (Note 1)	Yes	No	No	(Note 4)
		Sinyi Real Estate (Hong Kong) Limited	Indirect subsidiary	8,701,096 (Note 1)	1,224,210 (US\$ 39,000 thousand)	1,169,220 (US\$ 39,000 thousand)	-	-	10.75	16,314,555 (Note 1)	Yes	No	No	(Note 4)
1	Sinyi Real Estate (Shanghai) Ltd.	SinYeh Enterprise Management (Shanghai) limited	Indirect subsidiary	3,939,208 (Note 2)	91,520 (RMB 20,000 thousand)	-	-	-	-	4,929,010 (Note 2)	No	No	Yes	(Note 5)
2	Jiu Xin Estate (Wuxi) Limited	Kunshan Dingxian Trading Co., Ltd.	Business dealings	4,537,772 (Note 3)	19,345 (RMB 4,242 thousand)	18,262 (RMB 4,242 thousand)	18,262 (RMB 4,242 thousand)	-	0.32	5,672,216 (Note 3)	No	No	Yes	(Note 6)

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

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

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

Note 4: The endorsement was provided for applying for line of credit.

Note 5: The endorsement was provided for meeting the criteria of tender of land.

Note 6: The endorsement was provided for procurement of construction materials.

## SINYI REALTY INC.

MARKETABLE SECURITIES HELD (EXCLUDING INVESTMENT IN SUBSIDIARIES, ASSOCIATES AND JOINT CONTROLLED ENTITIES)  
 FOR THE YEAR ENDED DECEMBER 31, 2019  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed shares</u> E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	13,730,751	\$ 383,088	-	\$ 383,088	
	<u>Unlisted shares</u> Han Yu Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	5,000,000	43,095	11.0	43,095	
	NOWnews Network Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	3,157,000	52,437	10.0	52,437	
	PChome Investment Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	196,350	-	8.0	-	
	Kun Gee Venture Capital Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	160,650	-	3.0	-	
	Cite' Publishing Holding Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	7,637	-	1.0	-	
	Cite' Information Services Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	106,392	-	1.0	-	
Sinyi Limited	<u>Listed shares</u> Orix Corp.	-	Financial assets at fair value through other comprehensive income - current	1,180,800	590,125	-	590,125	
	<u>Monetary market fund</u> Western Asset US Dollar Fund A	-	Financial assets at fair value through profit or loss - current	14,390	431	-	431	
Shanghai Sinyi Real Estate Inc.	<u>Listed shares</u> 5i5j Holding Group Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	1,410,230	26,166	4.7	26,166	

(Continued)



Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	December 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Shanghai Sinyi Real Estate Inc.	<u>Unlisted shares</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30,000,000	\$ 254,426	2.0	\$ 254,426	
Sinyi Development Inc.	<u>Listed shares</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	6,513	-	6,513	
Snyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,174,851	15,959	-	15,959	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,729,416	37,077	-	37,077	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product</u> Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss - current	700,000	3,585	-	3,585	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss - current	50,000	248	-	248	
Beijing Sinyi Real Estate Ltd.	Bank of China Steady Growth -Daily Plan	-	Financial assets at fair value through profit or loss - current	2,440,000	10,820	-	10,820	

(Concluded)

## SINYI REALTY INC.

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counterparty	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount	Shares/Units	Amount	Shares/Units	Amount	Costs (Note 2)	Gain or Loss	Shares/Units	Amount
Sinyi Realty Inc.	Shares SIN CHIUN HOLDING SDN. BHD	Investments accounted for using equity method	-	Subsidiary	6,537,766	\$ 49,140 (Note 1)	157,000,000	\$ 1,158,768	-	\$ -	\$ -	\$ -	159,537,766	\$ 1,234,908 (Note 1)
Sinyi Real Estate (Shanghai) Limited	Shares SinYeh Enterprise Management (Shanghai) limited	Investments accounted for using equity method	-	Subsidiary	-	-	-	1,820,900	-	-	-	-	-	1,820,900 (Note 1)
Sinyi Real Estate (Shanghai) Limited	Financial product Yeh-de-yin No. 18100787	Financial assets at fair value through profit or loss - current	-	-	120,000,000	RMB 120,026	-	RMB -	120,000,000	RMB 121,195	RMB 121,195	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201810294860)	Financial assets at fair value through profit or loss - current	-	-	240,000,000	RMB 240,503	-	RMB -	240,000,000	RMB 243,003	RMB 243,003	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201811194978)	Financial assets at fair value through profit or loss - current	-	-	200,000,000	RMB 200,293	-	RMB -	200,000,000	RMB 202,274	RMB 202,274	RMB -	-	RMB -
	Fortune Shuttle No.3	Financial assets at fair value through profit or loss - current	-	-	470,000,000	RMB 470,167	-	RMB -	470,000,000	RMB 474,428	RMB 474,428	RMB -	-	RMB -
	Fortune Shuttle No.S21	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	711,000,000	RMB 711,000	711,000,000	RMB 712,248	RMB 712,248	RMB -	-	RMB -
SinYeh Enterprise Management (Shanghai) limited	Financial product Fortune Shuttle No.S21	Financial assets at fair value through profit or loss - current	-	-	-	RMB -	1,189,500,000	RMB1,189,500	1,189,500,000	RMB1,193,347	RMB1,193,347	RMB -	-	RMB -

Note 1: The ending balance presents historical cost.

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

**SINYI REALTY INC. AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2019**

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

Buyer	Property	Event Date	Transaction Amount	Amount Payment	Counterparty	Relationship	The Former Transfer Information If the Counterparty Is A Related Party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	The Relationship with the Company	Date of Transfer	Amount			
SIN CHIUN HOLDING SDN. BHD.	Right-of-use of land at Pulau Mengalum, Sabah, in Malaysia	September 18, 2019	\$ 980,100 (MYR 137,500 thousand)	100% of the total price has been paid	Mengalum Beach Centre Sdn. Bhd.	-	-	-	-	\$ -	According to the appraisal report, the amount of MYR141,000 thousand.	Development of real estate for tourism.	-
	Right-of-use of land at Pulau Mengalum, Sabah, in Malaysia	December 30, 2019	598,125 (MYR 82,500 thousand)	10% of the total price has been paid	Mengalum Tours & Dive Resort Sdn. Bhd.	-	-	-	-	-	According to the appraisal report, the amount of MYR84,100 thousand.	Development of real estate for tourism.	-

**SINYI REALTY INC.**

**RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Nature of Relationships	Related Party	Ending Balance	Turnover Date	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	Subsidiary	\$ 153,675	-	\$ -	-	\$ 153,675	\$ -

TABLE 7

## SINYI REALTY INC.

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Samoa Sinyi International Limited	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$ 10,406,773	\$ 10,406,773	345,238,037	100	\$ 11,241,168	\$ 190,298	\$ 190,298	
	Sinyi Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	2,227,354	2,103,724	68,777,000	100	1,377,377	(134,676)	(134,676)	
	Sinyi Development Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	2,035,005	2,035,005	203,500,000	100	1,800,618	(153,355)	(153,355)	
	Sinyi Global Asset Management Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	29,180	29,180	5,000,000	100	86,406	18,749	18,749	
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	21,000	15,000	2,100,000	75	3,569	(10,152)	(7,514)	
	Jui-Inn Consultants Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Management consulting	5,000	5,000	500,000	100	1,068	(80)	(80)	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	2,205	195	193	
	An-Sin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	25,500	25,500	7,650,000	51	116,202	29,612	15,102	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	15,774	433	83	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	193,000	135,000	10,000,000	100	25,700	(41,249)	(41,249)	
Rakuya International Info. Co., Ltd.	12F. No. 105, Dunhua S. Rd., Sec. 2, Daan District, Taipei City, Taiwan	Information software wholesale and retail	19,076	19,076	2,580,743	23	16,126	6,408	1,442		
SIN CHIUN HOLDING SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	1,234,908	49,140	163,537,766	100	1,152,946	(16,308)	(16,308)		
Sinyi Real Estate Consulting Limited	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Production of instructions of real estate	8,000	8,000	500,000	100	3,517	4,255	4,255		
Sinyi International Limited (Samoa)	Forever Success International Limited (Mauritius)	3rd Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.	Investment holding	68,741	68,741	2,216,239	100	177,275	148,889	148,889	
	Sinyi Realty Inc. Japan	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	58,064	58,064	16,000	100	310,995	35,704	35,704	
	Sinyi Development Ltd. Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding Investment holding	3,919,127 6,360,046	3,919,127 6,360,046	133,506,209 208,500,000	100 100	5,047,635 5,716,603	182,516 (165,289)	182,516 (165,289)	
Sinyi Limited (B.V.I.)	Inane International Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	1,647,792	1,493,092	51,935,840	100	737,056	(133,850)	(133,850)	
	Ke Wei HK Realty Limited	Rooms 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, HK	Investment holding	95,129	95,129	2,675,000	99	(203)	(11,989)	(11,871)	
Inane International Limited (B.V.I.)	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town, Torola, British Virgin Islands	Investment holding	66,174	66,174	1,584,000	100	10,847	-	-	
An-Sin Real Estate Management Ltd.	An-Shin Real Estate Management Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate management	100,000	100,000	10,000,000	100	78,708	10,523	10,523	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage, management and identification	10,746	10,746	600	100	53,122	10,321	10,321	
	Tokyo Sinyi Real Estate Co., Ltd.	3rd Floor, No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Real estate brokerage	5,000	5,000	500,000	100	20,071	3,415	3,415	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Room 802, 8 Floor, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Hong Kong	Investment holding	3,888,107	3,888,107	131,640,306	100	4,932,615	140,556	140,556	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Unit 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Investment holding	6,350,826	6,350,826	207,017,497	100	5,671,739	(165,290)	(165,290)	
Sinyi Development Inc.	Da-Chia Construction Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	146	(57)	(57)	
	Sinyi Real Estate Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	500	500	50,000	100	70	(57)	(57)	
SIN CHIUN HOLDING SDN. BHD	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Management and identification	33,465	22,604	4,463,949	49	14,151	(9,378)	(4,595)	
	PEGUSUS HOLDING SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	35,372	24,030	4,721,100	100	15,702	(4,858)	(4,858)	

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of December 31, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
PEGUSUS HOLDING SDN. BHD.	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Management and identification	\$ 34,831	\$ 23,526	4,646,151	51	\$ 14,728	\$ (4,783)	\$ (4,783)	
Yowoo Technology Inc.	Wu Pu Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Investment holding	-	500	-	-	-	(66)	(66)	Note
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	7,000	-	700,000	25	1,190	(10,152)	(1,410)	
	Lin Yue Traffic Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Manpower dispatch and merchandise delivery	11,300	-	3,080,000	100	11,186	22,291	(114)	

Note: The Corporation has been liquidated in November 2019.

(Concluded)

## SINYI REALTY INC.

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2019  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Ke Wei Shanghai Real Estate Management Consulting Inc.	Real estate brokerage and management consulting	RMB 19,638	Investment in company located in mainland China indirectly through Ke Wei HK Realty Limited	\$ 81,859	\$ -	\$ -	\$ 81,859	\$ (11,944)	100	\$ (11,944)	\$ (57)	\$ -
Shanghai Sinyi Real Estate Inc. (Note 3)	Real estate brokerage	RMB 293,632	Investment in company located in mainland China indirectly through Inane International Limited	1,140,018	154,400	-	1,294,418	(109,730)	100	(109,730)	736,768	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	Investment in company located in mainland China indirectly through Inane International Limited	149,955	-	-	149,955	(3,682)	100	(3,682)	(20,443)	-
Shanghai Zhi Xin allograph Ltd.	Real estate brokerage and management consulting	RMB 11,968	Investment in company located in mainland China indirectly through Inane International Limited	17,095	-	-	17,095	(11,937)	100	(11,937)	19,816	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.	22,414	-	-	22,414	(21,009)	100	(21,009)	270,970	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB 1,636,300	Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	-	2	-	254,426	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 27,200	Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.	43,766	-	-	43,766	(11,199)	100	(11,199)	9,675	-
Shanghai Shang Tuo Investment Management Consulting Inc.	Real estate brokerage and management consulting	RMB 5,961	Investment in company located in mainland China indirectly through Forever Success International Ltd.	27,432	-	-	27,432	20,884	100	20,884	43,729	-
Chengdu Sinyi Real Estate Co., Ltd. (Note 5)	Real estate brokerage and management consulting	RMB -	Investment in company located in mainland China indirectly through Inane International Limited	62,005	-	-	62,005	-	-	-	-	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Note 6)	Real estate brokerage and management consulting	RMB -	Investment in company located in mainland China indirectly through Inane International Limited	37,295	-	-	37,295	-	-	-	-	-
Sinyi Real Estate (Shanghai) Limited	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 802,513	Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited	3,868,747	-	-	3,868,747	158,407	100	158,407	4,924,010	1,218,297

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of December 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of December 31, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of December 31, 2019
					Outflow	Inflow						
Hua Yun Renovation (Shanghai) Co., Ltd.	Professional construction, building decoration construction, hard ware, building materials wholesale	RMB 8,000	Investment in company located in mainland China indirectly through Forever Success International Ltd.	\$ 40,465	\$ -	\$ -	\$ 40,465	\$ 128,003	100	\$ 128,003	\$ 132,927	\$ -
Kunshan Dingxian Trading Co., Ltd.	Construction materials, furniture, sanitary ware and ceramic products wholesale	RMB 6,000	Investment in company located in mainland China indirectly through Sinyi Development Ltd.	31,020	-	-	31,020	41,928	100	41,928	114,374	-
Shanghai Chang Yuan Co., Ltd.	Property, business and management consulting	RMB 2,200	Investment in company located in mainland China indirectly through Shanghai Shang Tuo Investment Management Consulting Inc.	-	-	-	-	540	100	540	8,985	-
Jiaying Zhi Zheng Real Estate Marketing Planning Inc.	Real estate marketing planning and management consulting	RMB 100	Investment in company located in mainland China indirectly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	17	100	17	1,039	-
Jiu Xin Estate (Wuxi) Limited	Real estate development	US\$ 207,000	Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited	3,900,696	-	-	3,900,696	(165,286)	100	(165,286)	5,672,216	-
Suzhou ZHI XIN Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 3,000	Investment in company located in Mainland China indirectly through Shanghai ZHI XIN Allograph Ltd	-	-	-	-	(10,207)	100	(10,207)	3,071	-
LUNHENG Business Management (Shanghai) Ltd	Business management consulting, financial advisory and marketing strategy	RMB 11,400	Investment in company located in Mainland China indirectly through Hua Yun Renovation (Shanghai) Co., Ltd.	-	-	-	-	(240)	100	(240)	48,753	-
Xin Yeh Business Administration (Shanghai) Ltd.	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 400,000	Investment in company located in Mainland China indirectly through Sinyi Real Estate (Shanghai) Limited.	-	-	-	-	(21,707)	100	(21,707)	1,731,847	-

Accumulated Outflow for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 7)
\$9,577,167	\$15,895,093	\$ -

Note 1: The amounts were based on the audited financial statements.

Note 2: The carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$29.98 and US\$1=RMB6.964 on December 31, 2019.

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

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

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

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

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

(Concluded)