

**Sinyi Realty Inc. and Subsidiaries**

**Consolidated Financial Statements for the  
Three Months Ended March 31, 2018 and 2017 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Stockholders  
Sinyi Realty Inc.

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Sinyi Realty Inc. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of March 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows and notes disclosures to the consolidated statements (including summary of significant accounting policy) for the three months then ended. These consolidated financial statements, which are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China, are the responsibility of the Company's management. Our responsibility is to issue a report on these financial statements based on our reviews.

### **Scope**

Except for those described in the following paragraph of basis on qualified conclusion, we conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Statements". A review consists of inquiries (mainly persons responsible for financial and accounting matters), analytical procedures and other review procedures. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China. Therefore, we may not aware of all material events which can be identified by conducting audit procedures. Accordingly, we do not express such an opinion.

### **Basis of qualified conclusion**

As stated in Note 14 to the consolidated financial statements, some non-significant subsidiaries' financial statements and related information mentioned in Note 41 were unreviewed. As of March 31, 2018 and 2017, such subsidiaries' total assets were 23% (\$5,877,691 thousand) and 22% (\$5,371,268 thousand), respectively, of the consolidated assets, and their total liabilities were 12% (\$1,602,914 thousand) and 5% (\$767,741 thousand), respectively, of the consolidated liabilities. The total comprehensive income of these subsidiaries were 5% (\$29,669 thousand), and (13%) ((\$36,482) thousand) of consolidated comprehensive income for the three months ended March 31, 2018 and 2017, respectively.

### **Qualified conclusion**

Based on our reviews, except for the effects of adjustments, if any, as might have been required had the financial statements of these non-significant subsidiaries and related information mentioned described in the preceding paragraph been reviewed, we are not aware of any material modifications that should be made to the consolidated financial statements referred to in the first paragraph for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34 "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.

### **Emphasis of Matter**

As stated in Note 3 to the consolidated financial statements, since 2018, the Company and its subsidiaries adopted 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 (FSC) applicable starting from 2018. Even so, our review result does not need to be modified in respect of this matter.

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

April 30, 2018

Notice to Readers

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

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

## SINYI REALTY INC. AND SUBSIDIARIES

**CONSOLIDATED BALANCE SHEETS**  
(In Thousands of New Taiwan Dollars)

	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Reviewed)	
	Amount	%	Amount	%	Amount	%
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 3 and 6)	\$ 1,831,731	7	\$ 3,899,831	15	\$ 3,695,790	15
Financial assets at fair value through profit or loss - current (Note 3,4 and 7)	3,477,766	14	201,778	1	244,245	1
Financial assets at fair value through other comprehensive income - current (Note 3,4 and 8)	843,075	3	-	-	-	-
Available-for-sale financial assets - current (Note 3,4 and 9)	-	-	823,821	3	736,689	3
Notes receivable (Note 3 and 11)	24,610	-	28,157	-	37,089	-
Trade receivables (Note 3 and 11)	879,078	3	842,270	3	783,189	3
Other receivables (Notes 3, 11 and 35)	50,333	-	47,784	-	95,037	-
Current tax asset	2,900	-	2,829	-	126,290	1
Inventories (Notes 12 and 36)	11,911,940	47	11,697,449	43	8,472,160	35
Other financial assets - current (Notes 3, 13 and 36)	164,494	1	3,079,908	11	2,845,810	12
Other current assets (Note 19)	196,505	1	166,113	1	885,543	4
Total current assets	19,382,432	76	20,789,940	77	17,921,842	74
<b>NON-CURRENT ASSETS</b>						
Financial assets measured at fair value through other comprehensive income and loss - non-current (Note 3,4 and 8)	288,784	1	-	-	-	-
Financial assets measured at cost - non-current (Note 3,4 and 10)	-	-	204,976	1	199,361	1
Investment accounted for using equity method (Note 15)	29,654	-	29,120	-	30,326	-
Property, plant and equipment (Notes 16 and 36)	3,384,969	13	3,392,572	13	3,432,691	14
Investment properties (Notes 17 and 36)	2,268,085	9	2,265,661	8	2,271,492	9
Intangible assets (Notes 18 and 39)	102,274	-	103,988	-	122,590	1
Deferred tax assets	42,381	-	35,476	-	83,887	-
Refundable deposits (Note 3 and 32)	132,787	1	130,799	1	131,375	1
Other non-current assets (Note 19)	3,588	-	3,584	-	6,875	-
Total non-current assets	6,252,522	24	6,166,176	23	6,278,597	26
<b>TOTAL</b>	<b>\$ 25,634,954</b>	<b>100</b>	<b>\$ 26,956,116</b>	<b>100</b>	<b>\$ 24,200,439</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 20 and 36)	\$ 808,000	3	\$ 1,608,000	6	\$ 950,000	4
Notes payable	1,768	-	1,566	-	10,111	-
Trade payable (Note 22)	44,651	-	81,429	-	52,809	-
Other payables (Note 24)	1,127,302	5	1,648,489	6	1,072,771	5
Other payable to related parties (Notes 24 and 35)	58,803	-	71,653	-	85,272	-
Current tax liabilities	648,568	3	975,199	4	150,826	1
Provisions - current (Note 11 and 25)	98,654	1	97,909	-	84,775	-
Other current financial liabilities (Note 24)	345,675	1	300,131	1	304,361	1
Unearned revenue (Note 23)	63,330	-	179,057	1	8,031,795	33
Current portion of long-term borrowings and bonds payable (Notes 20, 21 and 36)	1,513,695	6	1,513,210	6	203,565	1
Other current liabilities (Note 24)	95,684	-	152,958	1	79,103	-
Total current liabilities	4,806,130	19	6,629,601	25	11,025,388	45
<b>NON-CURRENT LIABILITIES</b>						
Bonds payable (Note 21)	1,500,000	6	1,500,000	6	3,000,000	13
Long-term borrowings (Notes 20 and 36)	6,796,824	27	6,887,406	26	646,957	3
Provisions - non-current (Note 25)	1,698	-	1,694	-	4,985	-
Net defined benefit liabilities - non-current	69,885	-	72,820	-	39,699	-
Guarantee deposits received (Note 32)	42,087	-	42,615	-	56,561	-
Other non-current liabilities (Note 24)	361,714	1	378,615	1	297,230	1
Deferred tax liabilities	16,010	-	13,377	-	13,627	-
Total non-current liabilities	8,788,218	34	8,896,527	33	4,059,059	17
Total liabilities	13,594,348	53	15,526,128	58	15,084,447	62
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 27)</b>						
Share capital						
Ordinary shares	6,515,000	25	6,515,000	24	6,318,398	26
Capital surplus	64,528	-	63,896	-	63,896	-
Retained earnings						
Legal reserve	1,793,382	7	1,793,382	7	1,701,396	7
Unappropriated earnings	3,184,520	13	2,967,208	11	1,184,648	5
Total retained earnings	4,977,902	20	4,760,590	18	2,886,044	12
Other equity						
Exchange differences on translating foreign operations	( 124,028 )	( 1 )	(396,805)	( 1 )	( 528,589 )	( 2 )
Unrealized gain from financial assets measured at fair value through other comprehensive income	464,731	2	-	-	-	-
Unrealized gain from available-for-sale financial assets	-	-	355,975	1	263,609	1
Total other equity	340,703	1	(40,830)	-	( 264,980 )	( 1 )
Total equity attributable to owners of the Company	11,898,133	46	11,298,656	42	9,003,358	37
<b>NON-CONTROLLING INTERESTS (Note 27)</b>	<b>142,473</b>	<b>1</b>	<b>131,332</b>	<b>-</b>	<b>112,634</b>	<b>1</b>
Total equity	12,040,606	47	11,429,988	42	9,115,992	38
<b>TOTAL</b>	<b>\$ 25,654,954</b>	<b>100</b>	<b>\$ 26,956,116</b>	<b>100</b>	<b>\$ 24,200,439</b>	<b>100</b>

The accompanying notes are an integral part of the consolidated financial statements.  
(With Deloitte & Touche review report dated April 30, 2018)

## SINYI REALTY INC. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings (LOSS) Per Share) (Reviewed, Not Audited)

	Three Months Ended March 31			
	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Note 4)				
Sales revenue	\$ 409,737	17	\$ -	-
Service revenue	<u>2,053,161</u>	<u>83</u>	<u>1,745,241</u>	<u>100</u>
Total operating revenue	<u>2,462,898</u>	<u>100</u>	<u>1,745,241</u>	<u>100</u>
OPERATING COSTS (Note 12, 28 and 35)				
Cost of sales	254,038	10	-	-
Service cost	<u>1,497,726</u>	<u>61</u>	<u>1,366,694</u>	<u>78</u>
Total operating costs	<u>1,751,764</u>	<u>71</u>	<u>1,366,694</u>	<u>78</u>
GROSS PROFIT	711,134	29	378,547	22
OPERATING EXPENSES (Notes 28 and 35)	<u>360,402</u>	<u>15</u>	<u>279,820</u>	<u>16</u>
OPERATING INCOME (LOSS)	<u>350,732</u>	<u>14</u>	<u>98,727</u>	<u>6</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Note 35)	21,812	1	18,399	1
Dividend income	215	-	169	-
Interest income (Notes 28)	29,977	2	29,421	2
Other gains and losses (Notes 28 and 35)	3,935	-	( 26,398 )	( 2 )
Finance costs (Notes 28 and 35)	( 23,749 )	( 1 )	( 14,411 )	( 1 )
Total non-operating income and expenses	<u>32,190</u>	<u>2</u>	<u>7,180</u>	<u>-</u>
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	382,922	16	105,907	6
INCOME TAX EXPENSE (Note 4 and 29)	( 172,790 )	( 7 )	( 34,543 )	( 2 )
NET (LOSS) PROFIT FOR THE PERIOD	<u>210,132</u>	<u>9</u>	<u>71,364</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	272,781	11	( 302,894 )	( 17 )
Unrealized loss on available-for-sale financial assets	-	-	( 41,396 )	( 3 )
Unrealized gain from financial assets through other comprehensive income	57,763	2	-	-

(continued)

	<b>Three Months Ended March 31</b>			
	<b>2018</b>		<b>2017</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
Share of other comprehensive income of associates and joint ventures	\$ 957	-	\$ 529	-
Other comprehensive gain(loss) for the period, net of income tax	<u>331,501</u>	<u>13</u>	<u>( 343,761 )</u>	<u>( 20 )</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<u>\$ 541,633</u>	<u>22</u>	<u>( \$ 272,397 )</u>	<u>( 16 )</u>
<b>NET (LOSS) PROFIT ATTRIBUTABLE TO:</b>				
Owner of the Company	\$ 203,363	8	\$ 68,530	4
Non-controlling interests	<u>6,769</u>	<u>1</u>	<u>2,834</u>	<u>-</u>
	<u>\$ 210,132</u>	<u>9</u>	<u>\$ 71,364</u>	<u>4</u>
<b>TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>				
Owner of the Company	\$ 534,860	22	( \$ 275,219 )	( 16 )
Non-controlling interests	<u>6,773</u>	<u>-</u>	<u>2,822</u>	<u>-</u>
	<u>\$ 541,633</u>	<u>22</u>	<u>( \$ 272,397 )</u>	<u>( 16 )</u>
<b>EARNINGS (LOSS) PER SHARE (Note 30)</b>				
From continuing operations				
Basic	<u>\$ 0.31</u>		<u>\$ 0.11</u>	
Diluted	<u>\$ 0.31</u>		<u>\$ 0.11</u>	

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

(With Deloitte & Touche review report dated April 30, 2018)

(Concluded)

**SINYI REALTY INC. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
(In Thousands of New Taiwan Dollars)  
(Reviewed, Not Audited)

	Equity Attributable to Owners of the Company									
	Share Capital	Capital Surplus	Retained Earnings		Exchange Differences on Translating Foreign Operations	Other Equity		Available-for-sale Total	Non-controlling Interests	Total Equity
			Legal Reserve	Unappropriated Earnings		Unrealized gain from financial assets measured at fair value through other comprehensive income	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
BALANCE AT JANUARY 1, 2017	\$ 6,318,398	\$ 63,896	\$ 1,701,396	\$ 1,116,118	(\$ 225,707)	\$ -	\$ 304,476	\$ 9,278,577	\$ 109,812	\$ 9,388,389
Net profit for the three months ended March 31, 2017	-	-	-	68,530	-	-	-	68,530	2,834	71,364
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	(302,882)	-	(40,867)	(343,749)	(12)	(343,761)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	68,530	(302,882)	-	(40,867)	(275,219)	2,822	(272,397)
BALANCE AT MARCH 31, 2017	<u>\$ 6,318,398</u>	<u>\$ 63,896</u>	<u>\$ 1,701,396</u>	<u>\$ 1,184,648</u>	<u>(\$ 528,589)</u>	<u>\$ -</u>	<u>\$ 263,609</u>	<u>\$ 9,003,358</u>	<u>\$ 112,634</u>	<u>\$ 9,115,992</u>
BALANCE AT JANUARY 1, 2018	\$ 6,515,000	\$ 63,896	\$ 1,793,382	\$ 2,967,208	(\$ 396,805)	\$ -	\$ 355,975	\$ 11,298,656	\$ 131,332	\$ 11,429,988
Effect of retrospective application and retrospective restatement	-	-	-	13,949	-	406,011	(355,975)	63,985	-	63,985
BALANCE AT JANUARY 1, 2018 AS RESTATED	<u>6,515,000</u>	<u>63,896</u>	<u>1,793,382</u>	<u>2,981,157</u>	<u>(396,805)</u>	<u>406,011</u>	<u>-</u>	<u>11,362,641</u>	<u>131,332</u>	<u>11,493,973</u>
Actual disposals of interests in subsidiaries	-	632	-	-	-	-	-	632	4,368	5,000
Net profit for the three months ended March 31, 2018	-	-	-	203,363	-	-	-	203,363	6,769	210,132
Other comprehensive income (loss) for the three months ended March 31, 2018, net of income tax	-	-	-	-	272,777	58,720	-	331,497	4	331,501
Total comprehensive income (loss) for the three months ended March 31, 2018	-	-	-	203,363	272,777	58,720	-	534,860	6,773	541,633
BALANCE AT MARCH 31, 2018	<u>\$ 6,515,000</u>	<u>\$ 64,528</u>	<u>\$ 1,793,382</u>	<u>\$ 3,184,520</u>	<u>(\$ 124,028)</u>	<u>\$ 464,731</u>	<u>\$ -</u>	<u>\$ 11,898,133</u>	<u>\$ 142,473</u>	<u>\$ 12,040,606</u>

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

(With Deloitte & Touche review report dated April 30, 2018)

# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income (loss) before income tax	\$ 382,922	\$ 105,907
Adjustments for:		
Depreciation expenses	32,621	31,141
Amortization expenses	8,799	13,657
Net (gain) loss on fair value change of financial assets held for trading	( 9,028 )	( 895 )
Interest expense	46,942	16,088
Interest income	( 29,977 )	( 29,421 )
Dividend income	( 215 )	( 169 )
Share of profit of associates and joint ventures	423	2
Loss on disposal of property, plant and equipment	159	330
Impairment losses on non-financial assets	1,135	1,082
Changes in operating assets and liabilities		
Financial assets held for trading	( 300,010 )	236,324
Notes receivable	3,547	( 21,088 )
Trade receivables	( 36,808 )	23,904
Other receivables	( 2,424 )	( 2,956 )
Inventories	( 55,405 )	( 1,068,558 )
Other current assets	( 30,392 )	( 84,920 )
Other operating assets	( 2,935 )	( 3,903 )
Notes payable	202	10,006
Trade payables	( 36,778 )	( 122,576 )
Other payables	( 532,617 )	( 537,743 )
Other payable to related parties	( 13,680 )	5,327
Unearned revenue	( 109,909 )	1,116,789
Provisions	749	1,708
Other financial liabilities	45,544	( 102,607 )
Other current liabilities	( 57,274 )	( 141,172 )
Other operating liabilities	( 16,901 )	( 117,649 )
Cash used in operations	( 711,310 )	( 671,463 )
Interest received	29,934	29,520
Interest paid	( 35,387 )	( 5,181 )
Income taxes paid	( 503,764 )	( 55,699 )
Net cash generated from (used in) operating activities	( 1,220,527 )	( 702,823 )
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of long-term Investment accounted for using equity method	-	( 17,989 )
Proceeds on disposal of subsidiary	5,000	-
Payments for property, plant and equipment	( 17,897 )	( 8,098 )
Proceeds on disposal of property, plant and equipment	25	-

(Continued)



# SINYI REALTY INC. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Decrease in prepayment for equipment	\$ -	\$ 6,677
Increase in refundable deposits	( 1,988 )	-
Decrease in refundable deposits	-	3,077
Payment for intangible assets	( 7,976 )	( 2,898 )
Payment for investment properties	( 5,675 )	( 5,410 )
Proceeds on disposal of investment properties	-	244,701
Increase in other financial assets	-	( 9,511 )
Decrease in other financial assets	12,759	-
Increase in other non-current assets	( 4 )	( 128 )
Dividend received	<u>215</u>	<u>169</u>
Net cash generated from (used in) investing activities	( <u>15,541</u> )	<u>210,590</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	791,942
Repayment of short-term borrowings	( 800,000 )	-
Proceeds from long-term borrowings	2,255,000	680,000
Repayment of long-term borrowings	( 2,293,379 )	( 643,998 )
Proceeds from guarantee deposits received	-	-
Refund of guarantee deposits received	( 528 )	( 3,451 )
Decrease in other payables to related parties	<u>-</u>	<u>( 2,626 )</u>
Net cash generated from financing activities	( <u>838,907</u> )	<u>821,867</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>6,875</u>	( <u>146,301</u> )
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	( 2,068,100 )	183,333
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>3,899,831</u>	<u>3,512,457</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,831,731</u>	<u>\$ 3,695,790</u>

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

(With Deloitte & Touche review report dated April 30, 2018)

(Concluded)

# SINYI REALTY INC. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2018 AND 2017

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

(Reviewed, Not Audited)

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### 1. GENERAL INFORMATION

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

In August 1999, the Securities and Futures Bureau (“SFB”) approved the trading of the Company’s common shares on the over-the-counter (“OTC”) securities exchange in the ROC. In September 2001, the SFB approved the listing of the Company’s shares on Taiwan Stock Exchange (“TSE”).

The consolidated financial statements were presented New Taiwan dollars, the functional currency of the Company.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements had been approved by the board of directors and authorized for issue on April 30, 2018.

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

- a. The Company adopted 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 (FSC)

The application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs endorsed and issued by the FSC would not have any material impact on the Group’s accounting policies, except for the following:

#### 1) IFRS 9 “Financial Instruments” and related amendment

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets and hedging cost have been applied retrospectively on January 1, 2018, and the other requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized at December 31, 2017.

## Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances existed at January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods. The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2018.

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39	IFRS 9	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 3,899,831	\$ 3,899,831	
Structured deposits	Loans and receivables	Financial assets at fair value through profit or loss	2,902,655	2,910,977	
Equity securities	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	7,718	7,718	
	Available-for-sale financial assets	Financial assets at fair value through other comprehensive income	1,027,503	1,083,166	
Mutual funds	Financial assets at fair value through profit or loss	Financial assets at fair value through profit or loss	194,060	194,060	
	Available-for-sale financial assets	Financial assets at fair value through profit or loss	1,294	1,294	
Time deposits with original maturity of more than 3 months	Loans and receivables	Amortized cost	169,970	169,970	
Notes receivable, trade receivables and other receivables	Loans and receivables	Amortized cost	918,211	918,211	
Restricted assets	Loans and receivables	Amortized cost	7,283	7,283	
Refundable deposits	Loans and receivables	Amortized cost	130,799	130,799	

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifica- tions	Remeasure- ments	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
Financial assets at fair value through profit or loss	\$201,778	\$ -	\$ -	\$ 201,778	\$ -	\$ -	
Add: Reclassification from available for sale (IAS 39)	-	1,294	-	1,294	-	-	
Add: Reclassification from Amortized cost (IAS 39)	-	2,902,655	8,322	2,910,977	8,322	-	
	<u>201,778</u>	<u>2,903,949</u>	<u>8,322</u>	<u>3,114,049</u>	<u>8,322</u>	<u>-</u>	
Financial assets at fair value through comprehensive income – equity instruments	-	-	-	-	-	-	
Add: Reclassification from loans and receivables IAS 39)	-	5,126,094	-	5,126,094	-	-	
	-	<u>5,126,094</u>	-	<u>5,126,094</u>	-	-	
	<u>\$201,778</u>	<u>\$ 9,057,546</u>	<u>\$ 63,985</u>	<u>\$ 9,323,309</u>	<u>\$ 13,949</u>	<u>\$ 50,036</u>	

- Structured deposits were designated as financial assets at fair value through profit and loss (FVTPL) under IAS 39 because they were hybrid instruments. They have been classified as mandatorily measured at FVTPL in their entirety under IFRS 9 since they contain host contracts that are assets within the scope of IFRS 9 and should be remeasured at fair value. Therefore, the amounts of FVTPL and retained earnings increase 8,322 thousand at January 1, 2018.
- The Group choose to designate all its investments in equity securities previously classified as

available-for-sale under IAS 39 as financial assets at fair value through other comprehensive income (FVTOCI) under IFRS 9, because these investments are not held for trading. As a result, the related other equity - unrealized gain/(loss) on available-for-sale financial assets of 355,975 thousand was reclassified to other equity - unrealized gain/(loss) on financial assets at FVTOCI.]

The Company designated its investments in unlisted equity securities previously classified as financial assets at amortized cost under IAS 39 as at FVTOCI under IFRS 9 and should be remeasured at fair value. Therefore, the amounts of FVTOCI, retained earnings and unrealized gain from FVTOCI increase respectively 55,663 thousand, 5,623 thousand and 50,036 thousand at January 1, 2018.

- c) Mutual fund was accounted for as available-for-sale under IAS39. Since the cash flow of mutual fund was not for its solely payments of principal and interest and mutual fund was not equity instrument, investment in mutual fund was mandatorily designated as at FVTPL.
- d) Notes receivables, trade receivables and other receivables which were previously accounted for as loans and receivables under IAS39 were designated as financial assets at amortized cost under IFRS 9 and shall be estimated the expected credit loss.

## 2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

Except for the material accounting policy changes above, the Group evaluate that the validation of IFRS15 does not have significant impact on financial condition and financial performance.

Except for the above impact, the group had assessed other amendment of accounting principle and explanations which will not cause material influence on Group’s financial position and financial performance.

### b. New IFRSs in issue but not yet endorsed by the FSC

<b>New IFRSs</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
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 16 “Leases”	January 1, 2019 (Note 3)
IFRS 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associates and Joint Ventures”	January 1, 2019
IFRIC 23 “Uncertainty Over Income Tax Treatments”	January 1, 2019

- Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.
- Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.
- Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.
- Note 4: Since January 1, 2019, any Plan Amendment, Curtailment or Settlement will be applied to the amended IAS19,

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when an entity sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when an entity loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when an entity sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when an entity loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

2) IFRS 16 “Leases”

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated 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.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

3) IFRIC 23 “Uncertainty Over Income Tax Treatments”

IFRIC 23 clarifies that when there is uncertainty over income tax treatments, the Group should assume that the taxation authority will have full knowledge of all related information when making related examinations. If the Group concludes that it is probable that the taxation authority will accept an uncertain tax treatment, the Group should determine the taxable profit, tax bases, unused tax losses, unused tax credits or tax rates consistently with the tax treatments used or planned to be used in its income tax filings. If it is not probable that the taxation authority will accept an

uncertain tax treatment, the Group should make estimates using either the most likely amount or the expected value of the tax treatment, depending on which method the entity expects to better predict the resolution of the uncertainty. The Group has to reassess its judgments and estimates if facts and circumstances change.

On initial application, the Group shall apply IFRIC 23 either retrospectively to each prior reporting period presented, if this is possible without the use of hindsight, or retrospectively with the cumulative effect of the initial application of IFRIC 23 recognized at the date of initial application.

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

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

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

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

##### **b. Basis of consolidation**

The principles of preparation of the consolidated financial statements are in line with 2017 consolidated financial statements. See Note 14 and Table 6 and 7 for the detailed information of subsidiaries (including the percentage of ownership and main business).

##### **c. Other significant accounting policies**

The accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017, except for those described below.

###### **1) Retirement benefit costs**

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-time events.

###### **2) Financial instruments**

Financial assets and financial liabilities are recognized when a group entity 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 issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) 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 fair value through profit or loss 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

#### 2018

Financial assets are classified into the following categories: [Financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI].

#### i. Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL.

A financial asset may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss [incorporates/does not incorporate] any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 34.

#### ii. 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 at amortized cost and XXX (please specify), are measured at amortized cost, which equals to gross carrying amount determined by 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 a financial asset, except for:

- i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- ii) Financial asset that has subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

Cash equivalents include time deposits and XXX investments (please specify) 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.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; 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.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation 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, they will be transferred to retained earnings.

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

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

i. Financial assets at fair value through profit or loss

Financial assets are classified as at fair value through profit or loss when the financial asset is either held for trading or it is designated as at fair value through profit or loss.

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Investments in equity instruments under financial assets at fair value through profit or loss that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are subsequently measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between the carrying amount and the fair value is recognized in profit or loss.



ii. Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

iii. Loans and receivables

Loans and receivables (including trade receivables, cash and cash equivalent, other receivables and other financial asset - current are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

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

b) Impairment of financial assets

2018

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss (i.e. ECL) for trade receivables and lease receivables. For all other financial instruments, the Group 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 Group 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 a 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 Group 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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

## 2017

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence, as a result of one or more events that occurred after the initial recognition of the financial assets, that the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables (please specify), such assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with defaults on receivables, and other situations (please specify).

For a financial asset carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment (at the date the impairment is reversed) does not exceed what the amortized cost would have been had the impairment not been recognized.

For any available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include significant financial difficulty of the issuer or counterparty, breach of contract such as a default or delinquency in interest or principal payments, it becoming probable that the borrower will enter bankruptcy or financial re-organization, or the disappearance of an active market for those financial assets because of financial difficulties.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or

loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

For financial assets that are measured at cost, the amount of the impairment loss is measured as the difference between such an asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of a financial asset is reduced by the impairment loss directly for all financial assets, with the exception of trade receivables and other receivables (please specify), where the carrying amount is reduced through the use of an allowance account. When trade receivables and other receivables are considered uncollectible, they are written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables and other receivables (please specify) that are written off against the allowance account.

#### c) Derecognition of financial assets

The Group 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.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and any associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

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

On derecognition of a financial asset other than in its entirety, the Group allocates the previous carrying amount of the financial asset between the part it continues to recognize and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized is treated in the same way as when the financial asset is derecognized in entirety. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

### 3) Revenue recognition

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

#### a) Revenue from rendering of services

Revenue from rendering of services comes from real-estate brokerage business and will be recognized when services provided are satisfied the condition agreed on the contract.

b) Revenue from sale of realty asset

Revenue for sale of realty asset is recognized when the realty asset are completed and has delivered and titles have passed, at which time all the following conditions are satisfied:

2017

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer rebates and other similar allowances.

1) Rendering of services

Service revenue from real-estate brokerage business is recognized when services are provided.

Revenue from the rendering of services is recognized when all the following conditions are satisfied:

- a) The amount of revenue can be measured reliably;
- b) It is probable that the economic benefits associated with the transaction will flow to the Company;
- c) The degree of completion of transaction can be measured reliably at the end of the reporting period; and
- d) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

2) Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- a) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- b) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- c) The amount of revenue can be measured reliably;
- d) It is probable that the economic benefits associated with the transaction will flow to the Group; and
- e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue from sales of real estate is recognized on the day of real estate transferring when buyers and sellers assignment sales contract and file in the local real estate institution, acceptance has been qualified by relevant departments and the filing procedures are completed, and the Group sale issues a notice of real estate transferring according to the provisions of the contract.

Revenue from the sale of properties in Taiwan is recognized when construction is complete, rewards of ownership of the properties are transferred to buyers, and collectability of the

related receivables is reasonably assured. Deposits in and installment payments from sales of properties are recorded in the consolidated balance sheets under current liabilities.

3) Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

4) Income taxes

Income tax expense is the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income and the tax rate that would be applicable to expected total annual earnings.

**5. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The same critical accounting judgments and key sources of estimation and uncertainty have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017.

**6. CASH AND CASH EQUIVALENTS**

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Cash on hand	\$ 16,050	\$ 24,912	\$ 18,436
Checking accounts and demand deposits	1,660,287	3,793,191	2,140,725
Cash equivalents			
Time deposits with original maturities less than three months	<u>155,394</u>	<u>81,728</u>	<u>1,536,629</u>
	<u>\$ 1,831,731</u>	<u>\$ 3,899,831</u>	<u>\$ 3,695,790</u>

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

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Interest rates range	0%-1.98%	0%-1.98%	0%-1.20%

As of March 31, 2018, December 31, 2017 and March 31, 2017, the carrying amounts of time deposits with original maturities more than three months were \$157,170 thousand, \$169,970 thousand and \$108,470 thousand, respectively, which were classified as other financial assets - current (Note 13).

**7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT**

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Financial assets held for trading</u>			
Non-derivative financial assets			
Domestic quoted shares	\$ 8,282	\$ 7,718	\$ 9,060
Mutual funds	194,218	194,060	235,185
Structured financial products	<u>3,275,266</u>	<u>-</u>	<u>-</u>
	<u>\$ 3,477,766</u>	<u>\$ 201,778</u>	<u>\$ 244,245</u>

Structured financial products the Group bought from banks with the expected yield rates of 0-4.9% as of March 31, 2018.

#### 8. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME AND LOSS -2018

	March 31, 2018
Financial assets measured at fair value through other comprehensive income and loss	
Current	<u>\$ 843,075</u>
Non-current	<u>\$ 288,784</u>

	March 31, 2018
Financial assets measured at fair value through other comprehensive income and loss	
<u>Current</u>	
Domestic investment	
Listed common shares	\$ 236,150
Overseas investment	
Listed common shares	<u>606,925</u>
	<u>\$ 843,075</u>
<u>Non-current</u>	
Domestic investment	
Listed common shares	\$ 36,731
Overseas investment	
Listed common shares	<u>252,053</u>
	<u>\$ 288,784</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 they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes. These investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Note 3, Note 9 and Note 10 for information relating to their reclassification and comparative information for 2017.

## 9. AVAILABLE-FOR-SALE FINANCIAL ASSETS - CURRENT

	December 31, 2017	March 31, 2017
<u>Domestic investment</u>		
Quoted shares	\$ <u>228,299</u>	\$ <u>207,481</u>
<u>Foreign investment</u>		
Quoted shares	594,228	527,894
Mutual funds	<u>1,294</u>	<u>1,314</u>
	<u>595,522</u>	<u>529,208</u>
Available-for-sale financial assets	\$ <u>823,821</u>	\$ <u>736,689</u>

## 10. FINANCIAL ASSETS MEASURED AT COST - NON-CURRENT

	December 31, 2017	March 31, 2017
Domestic unlisted common shares	\$ 54,953	\$ 49,953
Overseas unlisted common shares	<u>150,023</u>	<u>149,408</u>
	<u>\$ 204,976</u>	<u>\$ 199,361</u>

Management believed that the fair value of the above unlisted equity investments held by the Group cannot be reliably measured due to the wide range of reasonable fair value estimates; therefore, they were measured at cost less impairment at the end of reporting period.

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

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Notes receivable and trade receivables</u>			
Notes receivable - operating	\$ <u>24,610</u>	\$ <u>28,157</u>	\$ <u>37,089</u>
Trade receivables-measured at amortized cost	895,296	850,334	791,737
Less: Allowance for doubtful accounts	( <u>16,218</u> )	( <u>8,064</u> )	( <u>8,548</u> )
	<u>\$ 879,078</u>	<u>\$ 842,270</u>	<u>\$ 783,189</u>
<u>Other receivables</u>			
Receivables from disposal of investment	\$ 4,649	\$ 4,567	\$ 17,000
Interest receivables	524	481	11,247
Others	49,325	46,901	69,638
Less: Allowance for doubtful accounts	( <u>4,165</u> )	( <u>4,165</u> )	( <u>2,848</u> )
	<u>\$ 50,333</u>	<u>\$ 47,784</u>	<u>\$ 95,037</u>

a. Trade receivables

For the three months ended March 31, 2018

The average credit period for rendering of services was 30 to 60 days. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period. Except for collections from real estate agent service rendered to individuals and from sales of real estate, the Group 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 Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Since the Group collected the receivables for providing real estate agent services from Receipts under escrow custody, the uncollectible risk shall be insignificant. On the other hand, the Group generally collected in advance the amount of real estate sold and the real estate shall not transferred or handed over until all the amount are collected. Thus, there would not be trade receivables from transactions of selling real estate.

The Group 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 of Gross Domestic Product (GDP) and the industry at the reporting date. As the Group'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 Group's different customer base.

The Group 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 Group 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 Group's provision matrix.

March 31, 2018

	<u>Less than 60</u> <u>Days</u>	<u>61 to 90</u> <u>Days</u>	<u>91 to 180</u> <u>Days</u>	<u>180 to 360</u> <u>Days</u>	<u>Over 360</u> <u>Days</u>	<u>Total</u>
Expected credit loss rate	0%-5%	0%-5%	0%-5%	0%-5%	50%-100%	
Gross carrying amount	\$ 731,968	\$ 54,982	\$ 46,042	\$ 31,597	\$ 30,707	\$ 895,296
Service revenue allowances (note)	( 31,644)	( 3,672)	( 3,292)	( 1,742)	( 426)	( 40,776)
Loss allowance (Lifetime ECL)	( <u>303</u> )	( <u>36</u> )	( <u>21</u> )	( <u>58</u> )	( <u>15,800</u> )	( <u>16,218</u> )
Amortized cost	<u>\$ 700,021</u>	<u>\$ 51,274</u>	<u>\$ 42,729</u>	<u>\$ 29,797</u>	<u>\$ 14,481</u>	<u>\$ 838,302</u>

For the three months ended March 31, 2017

The Group applied the same credit policy in 2018 and 2017. The provision of allowance for trade receivables from real estate brokerage service revenue was estimated based on historical experience. Allowance for impairment loss was recognized against trade receivables based on aging analysis, historical experience and an analysis of clients' current financial position. In determining the recoverability of a trade receivable, the Group considered any change in the credit quality of the trade receivable since the date credit was initially granted to the end of the reporting period.



For some trade receivables (see below for aging analysis) that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were considered recoverable.

Aging analysis of receivables was as follows:

	<b>December 31, 2017</b>	<b>March 31, 2017</b>
0-60 days	\$ 694,076	\$ 666,940
61-90 days	51,046	28,992
91-180 days	50,009	48,890
181-360 days	38,941	29,002
Over 360 days	<u>16,262</u>	<u>17,913</u>
	<u>\$ 850,334</u>	<u>\$ 791,737</u>

(Concluded)

The above analysis was based on the billing date.

Aging analysis of receivables that were past due but not impaired was as follows:

	<b>December 31, 2017</b>	<b>March 31, 2017</b>
61-90 days	\$ 8,742	\$ 3,784
91-180 days	6,219	10,777
181-360 days	1,667	3,815
Over 360 days	<u>2,978</u>	<u>1,384</u>
	<u>\$ 19,606</u>	<u>\$ 19,760</u>

The above analysis was based on the billing date.

Movements of the allowance for impairment loss recognized on trade receivables and other receivables were as follows:

	<u>2017</u>	
	<b>Trade Receivables</b>	<b>Other Receivables</b>
Balance at January 1	\$ 9,081	\$ 2,848
Less: reversal of provision of bad debt	( 154)	-
Less: Amounts written off	-	-
Foreign exchange translation gains and losses	( 379)	-
Balance at March 31	<u>\$ 8,548</u>	<u>\$ 2,848</u>

b. Other receivables

- 1) Receivables from disposal of investment and interest receivable were due to the Group's disposal of financial assets measured at cost from the Group's exercising the option to sell back the shares

under the agreement of the share transaction.

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

## 12. INVENTORIES

	March 31, 2018	December 31, 2017	March 31, 2017
Properties under development			
Jiading District, Shanghai	\$ 1,884,676	\$ 1,967,730	\$ 7,245,499
Shilin District, Taipei City	-	-	421,803
Properties to be developed			
Binhu District, Wuxi	6,225,401	5,907,655	-
Banqiao District, New Taipei City	2,407,217	2,402,626	721,860
Banqiao District, New Taipei City (for transferable development rights)	232,134	198,104	80,885
Other			
Shilin District, Taipei City	2,113	2,113	2,113
Inventory-merchandise			
Jiading District, Shanghai	754,986	799,065	-
Shilin District, Taipei City	<u>405,413</u>	<u>420,156</u>	<u>-</u>
	<u>\$ 11,911,940</u>	<u>\$ 11,697,449</u>	<u>\$ 8,472,160</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2018 and 2017 of \$254,038 thousand and \$0, respectively.

To ensure the smooth completion of the real estate project, the Group entered into trust contracts with banks on the real estate projects. The information of the real estate trust was as follows:

Project Name	Trustee	Trust Period
Sinyi Chien-Shih	E.Sun Bank	From April 16, 2014 to the completion of the project
Yong Cui Section parcel number 4 and 6	Taishin International Bank Co., Ltd.	2017/5/22-2024/5/22
Yong Cui Section parcel number 27	Taishin International Bank Co., Ltd.	2017/9/30-2024/9/30

In accordance with the trust contract, SINYI DEVELOPMENT INC. has engaged the trustees taking fund control function, including making progress payments, the payment of taxes, and so on.

Refer to Note 36 for the carrying amount of inventories pledged as security for bank borrowings by the Group.

## 13. OTHER FINANCIAL ASSETS - CURRENT

	March 31, 2018	December 31, 2017	March 31, 2017
Time deposits with original maturity more than three months	\$ 157,170	\$ 169,970	\$ 108,470
Restricted assets - current	7,324	7,283	7,203
Financial assets at amortized cost	<u>-</u>	<u>2,902,655</u>	<u>2,730,137</u>
	<u>\$ 164,494</u>	<u>\$ 3,079,908</u>	<u>\$ 2,845,810</u>

a. The ranges of interest rates of time deposits with original maturities more than three months were as

follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Time deposits with original maturity more than three months	0.12%-2.75%	0.12%-1.15%	0.09%-1.125%

- b. Restricted assets - current were operating guarantee for real-estate brokerage. Please refer to Note 36.
- c. Financial assets at amortized cost were bank financial products and the expected yield rates as of December 31, 2017 and March 31, 2017 were 0%-4.75% and 0%-4.35%, respectively.

## 14. SUBSIDIARIES

- a. Subsidiaries included in consolidated financial statements

Those subsidiaries included in the consolidated entities as of March 31, 2017, December 31, 2016 and March 31, 2016 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark	
			March 31, 2018	December 31, 2017	March 31, 2017		
Sinyi Realty Inc.	Sinyi International Limited (Sinyi International)	Investment holding	100	100	100		
	Sinyi Development Inc. (Taiwan Sinyi Development)	Development, construction, rental and sale of residential building and factories	100	100	100		
	Sinyi Limited	Investment holding	100	100	100		
	Sinyi Global Asset Management Co., Ltd. (Sinyi Global)	Real estate brokerage	100	100	100		
	Heng-Yi Real Estate Consulting Inc. (Heng-Yi)	Development, construction, rental and sale of residential building and factories	75	100	100	Note 8	
	Jui-Inn Consultants Co., Ltd. (Jui-Inn)	Management consulting	100	100	100		
	Sinyi Culture Publishing Inc. (Sinyi Culture)	Publication	99	99	99		
	An-Sin Real Estate Management Ltd. (An-Sin)	Real estate management	51	51	51		
Sinyi Limited	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100	100		
	SIN CHIUN HOLDING SDN. BHD.	Investment holding	100	100	100		
	Ke Wei HK Realty Limited (Ke Wei HK)	Investment holding	99	99	99		
	Inane International Limited (Inane)	Investment holding	100	100	100		
	Inane	Shanghai Sinyi Real Estate Inc. (Shanghai Sinyi Real Estate)	Real estate brokerage	100	100	100	
		Beijing Sinyi Real Estate Ltd. (Beijing Sinyi)	Real estate brokerage	100	100	100	
		Shanghai Zhi Xin allograph Ltd.	Real estate brokerage and management consulting	100	100	100	
		Chengdu Sinyi Real Estate Co., Ltd. (Chengdu Sinyi)	Real estate brokerage and management consulting	100	100	100	
Shanghai Sinyi Real Estate	Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Qingdao Sinyi)	Real estate brokerage and management consulting	100	-	100	Note 1	
	Max Success International Limited (Max Success)	Investment holding	100	100	100		
	Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	38	100	38	Note 2	
	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	100	100	100		
Max Success	Jiaxing Zhi Zheng Real Estate Marketing Planning Inc. (Jiaxing Zhi Zheng)	Real estate marketing planning and management consulting	-	100	-	Note 3	
	Zhejiang Sinyi	Real estate brokerage and management consulting	62	-	62	Note 2	
Ke Wei HK	Suzhou Sinyi	Real estate brokerage and management consulting	-	-	-		
	Ke Wei Shanghai Real Estate Management Consulting Inc. (Ke Wei Shanghai)	Real estate brokerage and management consulting	100	100	100		
Sinyi International	Forever Success International Limited (Forever Success)	Investment holding	100	100	100		
	Sinyi Realty Inc. Japan (Japan Sinyi)	Real estate brokerage and management	100	100	100		
	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	100		
	Sinyi Estate Ltd. (Sinyi Estate)	Investment holding	100	100	100		
Forever Success	Shanghai Shang Tuo Investment Management Consulting Inc. (Shanghai Shang Tuo)	Real estate brokerage and management consulting	100	100	100		
	Hua Yun Renovation (Shanghai) Co., Ltd. (Hua Yun)	Professional construction, buildings, decoration construction, hardware, general merchandise, building materials wholesale	100	100	100		
Shanghai Shang Tuo	Shanghai Chang Yuan Co., Ltd. (Shanghai Chang Yuan)	Property management	-	100	-	Note 4	
An-Sin	An-Shin Real Estate Management Ltd. (An-Shin)	Real estate management	100	100	100		
Japan Sinyi	Sinyi Asset Management Co., Ltd. (Japan Management)	Real estate brokerage	100	100	100		
	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	100	100		

(continued)

Sinyi Development	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	100	
	Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)	Construction materials furniture, sanitary ware and ceramic products wholesale	100	100	100	
Sinyi Estate	Sinyi Estate (Hong Kong) Limited (Hong Kong Sinyi Estate)	Investment holding	100	100	100	
Hong Kong Real Estate	Sinyi Real Estate (Shanghai) Limited	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	100	100	100	
Hong Kong Sinyi Estate	Jiu Xin Estate(Wuxi) Limited (Jiu Xin Estate)	Development of commercial and residential building	-	100	-	Note 5
Yowoo Technology	Wu Pu Co.,Ltd. (Wu Pu)	Investment	100	-	-	Note 9
Taiwan Sinyi Development	Da-Chia Construction Co., Ltd. (Da-Chia Construction)	Development, construction, rental and sale of residential building and factories	100	100	100	
	Sinyi Real Estate Co., Ltd. (Sinyi Real Estate)	Development, construction, rental and sale of residential building and factories	100	100	100	
SIN CHIUN	FIDELITY PROPERTY CONSULTANT SDN.BHD.( FIDELITY)	Real estate brokerage	100	49	-	
PEGUSUS	PEGUSUS HOLDING SDN.BHD.(PEGUSUS)	Investment holding	-	100	-	Note 6
	FIDELITY PROPERTY CONSULTANT SDN.BHD.(FIDELITY)	Real estate brokerage, management and identification	-	51	-	Note 7

(concluded)

**Remark:**

- Note 1: Qingdao Sinyi was dissolved in May 2017. Therefore, the percentage of ownership were both zero as of March 31, 2018 and December 12, 2017.
- Note 2: The Group changed its investment structure in May 2017 through 100% of ownership of Zhejiang Sinyi being holded by Shanghai Sinyi Real Estate.
- Note 3: Jiaxing Zhi Zheng was incorporated in August 2017, with a capital of RMB 100 thousand as of March 31, 2018.
- Note 4: Shanghai Chang Yuan was incorporated in August 2017, with a capital of RMB 2,200 thousand as of March 31, 2018.
- Note 5: Jiu Xin Estate was incorporated in December 2017, with a capital of USD207,000 thousand as of March 31, 2018.
- Note6: Since the Group owns 100% Redeemable Convertible Preference Shares (RCPS) of PEGUSUS HOLDING SDN. BHD., the operation of Fidelity Property Consultant SDN. BHD. is substantially controlled by Sin Chiun Holding SDN. BHD. which directly holds 49% ownership and indirectly holds through PEGUSUS HOLDING SDN. BHD. 51% ownership of Fidelity Property Consultant SDN. BHD. Hence, Fidelity Property Consultant SDN. BHD. is consolidated in the financial statements for the Company's having substantial control over it.
- Note7: Fidelity Property Consultant SDN. BHD was incorporated in February 2017, with a capital of MYR\$3,120 thousand as of March 31, 2018.
- Note8: The Company's percentage of ownership interest in Heng Yi reduced to 75% as of March 31, 2018 due to the disposal of 25% of shares of Heng Yi to others in February and March, 2018.
- Note 9: Wu Pu was incorporated in March 2018, with a capital of 500 thousand as of March 31, 2018.
- Note 10: Subsidiaries included in consolidated financial statement: The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those of Sinyi International, Sinyi Development, Hong Kong Real Estate, Shanghai Real Estate, Sinyi Estate, Hong Kong Sinyi Estate and Jiu Xin Estate as of and for the three months ended March 31, 2018. The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those of Sinyi International, Sinyi Development, Hong Kong Real Estate and Shanghai Real Estate as of and for the three months ended March 31, 2017.

- b. Subsidiaries excluded from consolidated financial statement: None.

## 15. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2018	December 31, 2017	March 31, 2017
Investments in associates	\$ 26,654	\$ 29,120	\$ 30,326

### Investments In Associates

	March 31, 2018	December 31, 2017	March 31, 2017
Unlisted company			
Sinyi Interior Design Co., Ltd.	\$ 13,781	\$ 12,826	\$ 11,250
Rakuya International Info. Co., Ltd.	<u>15,873</u>	<u>16,294</u>	<u>19,076</u>
	<u>\$ 26,654</u>	<u>\$ 29,120</u>	<u>\$ 30,326</u>

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

Name of Associate	March 31, 2018	December 31, 2017	March 31, 2017
Sinyi Interior Design Co., Ltd.	19%	19%	19%
Rakuya International Info. Co., Ltd.	23%	23%	23%

The Group's management considered investments in associates are not individually material, aggregate information of associates are summarized as follows:

	<u>Three Months Ended March 31</u>	
	2018	2017
The Group's share of:		
Loss from continuing operations	(\$ 423)	(\$ 2)
Other comprehensive income	<u>957</u>	<u>529</u>
Total comprehensive income for the period	<u>\$ 543</u>	<u>\$ 527</u>

The investments accounted for by the equity method and the share of profit or loss and other comprehensive income (loss) of the investment for the years ended March 31, 2018 and 2017 were based on unreviewed financial statements. The Group's management believes the unreviewed financial statements of the investees above do not have material impact.

## 16. 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
<u>Cost</u>									
Balance at January 1, 2018	\$ 2,665,208	\$ 639,680	\$ 6,519	\$ 370,157	\$ 4,671	\$ 526,644	\$ 84,401	\$ -	\$ 4,297,280
Additions	-	-	1,087	7,932	-	7,797	-	1,081	17,897
Disposals (note)	-	-	-	( 3,344)	-	( 1,891)	-	-	( 5,235)
Reclassifications	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	4,029	90	1,270	-	1,825	-	-	7,214
Balance at March 31, 2018	<u>\$ 2,665,208</u>	<u>\$ 643,709</u>	<u>\$ 7,696</u>	<u>\$ 376,015</u>	<u>\$ 4,671</u>	<u>\$ 534,375</u>	<u>\$ 84,401</u>	<u>\$ 1,081</u>	<u>\$ 4,317,156</u>

(continued)

<u>Accumulated depreciation</u>									
Balance at January 1, 2018	\$ -	\$ 117,641	\$ 4,668	\$ 290,126	\$ 4,671	\$ 418,082	\$ 69,520	\$ -	\$ 904,708
Depreciation expense	-	4,883	156	10,867	-	12,954	1,645	-	30,505
Disposals	-	-	-	( 3,186)	-	( 1,865)	-	-	( 5,051)
Effect of foreign currency exchange differences	-	17	66	777	-	1,165	-	-	2,025
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ 122,541</u>	<u>\$ 4,890</u>	<u>\$ 298,584</u>	<u>\$ 4,671</u>	<u>\$ 430,336</u>	<u>\$ 71,165</u>	<u>\$ -</u>	<u>\$ 932,187</u>
Carrying amounts at March 31, 2018	<u>\$ 2,665,208</u>	<u>\$ 521,168</u>	<u>\$ 2,806</u>	<u>\$ 77,431</u>	<u>\$ -</u>	<u>\$ 104,039</u>	<u>\$ 13,236</u>	<u>\$ 1,081</u>	<u>\$ 3,384,969</u>

	Freehold land	Buildings	Transportation Equipment	Office Equipment	Leased Assets	Leasehold Improvements	Other Equipment	Construction in Progress and Prepayments for Equipment	Total
<u>Cost</u>									
Balance at January 1, 2017	\$ 2,665,208	\$ 415,360	\$ 6,571	\$ 367,121	\$ 4,671	\$ 521,294	\$ 80,540	\$ 230,850	\$ 4,291,615
Additions	-	-	-	1,280	-	6,148	670	-	8,098
Disposals (note)	-	-	-	( 1,295)	-	( 3,151)	-	( 6,677)	( 11,123)
Reclassifications	-	-	-	( 41)	-	41	-	-	-
Effect of foreign currency exchange differences	-	-	( 210)	( 2,634)	-	( 4,136)	-	( 10,320)	( 17,300)
Balance at March 31, 2017	<u>\$ 2,665,208</u>	<u>\$ 415,360</u>	<u>\$ 6,361</u>	<u>\$ 364,431</u>	<u>\$ 4,671</u>	<u>\$ 520,196</u>	<u>\$ 81,210</u>	<u>\$ 213,853</u>	<u>\$ 4,271,290</u>
<u>Accumulated depreciation</u>									
Balance at January 1, 2017	\$ -	\$ 107,102	\$ 3,560	\$ 264,153	\$ 4,671	\$ 374,696	\$ 63,196	\$ -	\$ 817,378
Depreciation expense	-	2,635	323	10,924	-	13,607	1,530	-	29,019
Disposals	-	-	-	( 1,256)	-	( 2,860)	-	-	( 4,116)
Reclassifications	-	-	-	( 1)	-	1	-	-	-
Effect of foreign currency exchange differences	-	-	( 137)	( 1,515)	-	( 2,030)	-	-	( 3,682)
Balance at March 31, 2017	<u>\$ -</u>	<u>\$ 109,737</u>	<u>\$ 3,746</u>	<u>\$ 272,305</u>	<u>\$ 4,671</u>	<u>\$ 383,414</u>	<u>\$ 64,726</u>	<u>\$ -</u>	<u>\$ 838,599</u>
Carrying amounts at March 31, 2017	<u>\$ 2,665,208</u>	<u>\$ 305,623</u>	<u>\$ 2,615</u>	<u>\$ 92,126</u>	<u>\$ -</u>	<u>\$ 136,782</u>	<u>\$ 16,484</u>	<u>\$ 213,853</u>	<u>\$ 3,432,691</u>

(concluded)

Note : Refund of prepayments to construction company when it failed to meet the terms of the contract for Suzhou Sinyi.

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

Buildings - main buildings	21-55 years
Transportation equipment	4-5 years
Office equipment	3-5 years
Leased assets	3 years
Leasehold improvements	3-5 years
Other equipment	3-15 years

a. Construction in progress and prepayments for equipment were mainly the Group's purchase of the pre-sold property which was still in construction located in Suzhou City. The transaction price had been paid fully according to the real estate transaction contract in 2017.

b. There was no interest capitalized during the three months ended March 31, 2018 and 2017.

c. Refer to Note 36 for the details of properties, plant and equipment pledged as collaterals.

## 17. INVESTMENT PROPERTIES

	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2018	\$ 2,029,699	\$ 344,313	\$ 2,374,012
Additions	<u>5,675</u>	<u>-</u>	<u>5,675</u>
Balance at March 31, 2018	\$ <u>2,035,374</u>	\$ 344,313	\$ <u>2,379,687</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 7,022	\$ 101,329	\$ 108,351
Impairment loss	1,135	-	1,135
Depreciation expense	<u>-</u>	<u>2,116</u>	<u>2,116</u>
Balance at March 31, 2018	\$ <u>8,157</u>	\$ <u>103,445</u>	\$ <u>111,602</u>
Carrying amounts at March 31, 2018	\$ <u>2,027,217</u>	\$ <u>240,868</u>	\$ <u>2,268,085</u>
	<b>Land</b>	<b>Buildings</b>	<b>Total</b>
<u>Cost</u>			
Balance at January 1, 2017	\$ 2,022,380	\$ 345,739	\$ 2,368,119
Additions	<u>4,844</u>	<u>566</u>	<u>5,410</u>
Balance at March 31, 2017	\$ <u>2,027,224</u>	\$ <u>346,305</u>	\$ <u>2,373,529</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2017	\$ 5,558	\$ 93,275	\$ 98,833
Impairment loss	969	113	1,082
Depreciation expense	<u>-</u>	<u>2,122</u>	<u>2,122</u>
Balance at March 31, 2017	\$ <u>6,527</u>	\$ <u>95,510</u>	\$ <u>102,037</u>
Carrying amounts at March 31, 2017	\$ <u>2,020,697</u>	\$ <u>250,795</u>	\$ <u>2,271,492</u>

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

Buildings - main buildings 30-60 years

The total fair value of the Group's investment properties and property, plant and equipment as of March 31, 2018, December 31, 2017 and March 31, 2017 was \$9,363,006 thousand, \$9,113,907 thousand and \$9,398,271 thousand, respectively. The fair value valuation had not been performed by independent qualified professional valuers and the fair value was measured by using Level 3 inputs; however, the management of the Group used the valuation model that market participants generally use in determining the fair value. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

All of the Group's investment property was held under freehold interests. The carrying amount of the investment properties that had been pledged by the Group to secure borrowings was disclosed in Note 36.

## 18. INTANGIBLE ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
Franchise (Note 39)	\$ 47,861	\$ 49,506	\$ 52,192
Goodwill	-	-	9,621
System software costs	<u>54,413</u>	<u>54,482</u>	<u>60,777</u>
	<u>\$ 102,274</u>	<u>\$ 103,988</u>	<u>\$ 122,590</u>

	Franchise	Goodwill	System Software Costs	Total
<u>Cost</u>				
Balance at January 1, 2018	\$ 90,933	\$ 9,621	\$ 230,520	\$ 331,074
Additions	-	-	7,976	7,976
Disposals	-	-	( 564 )	( 564 )
Effect of foreign currency exchange differences	( <u>2,001</u> )	-	<u>453</u>	( <u>1,548</u> )
Balance at March 31, 2018	<u>\$ 88,932</u>	<u>\$ 9,621</u>	<u>\$ 238,385</u>	<u>\$ 336,938</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2018	\$ 41,427	\$ 9,621	\$ 176,038	\$ 227,086
Amortization expense	560	-	8,239	8,799
Disposals	-	-	( 564 )	( 564 )
Effect of foreign currency exchange differences	( <u>916</u> )	-	<u>259</u>	( <u>657</u> )
Balance at March 31, 2018	<u>\$ 41,071</u>	<u>\$ 9,621</u>	<u>\$ 183,972</u>	<u>\$ 234,664</u>
Carrying amounts at March 31, 2018	<u>\$ 47,861</u>	<u>\$ -</u>	<u>\$ 54,413</u>	<u>\$ 102,274</u>

	Franchise	Goodwill	System Software Costs	Total
<u>Cost</u>				
Balance at January 1, 2017	\$ 98,542	\$ 9,621	\$ 207,447	\$ 315,610
Additions	-	-	2,898	2,898
Disposals	-	-	( 300 )	( 300 )
Effect of foreign currency exchange differences	( <u>5,867</u> )	-	( <u>622</u> )	( <u>6,489</u> )

(continued)



Balance at March 31, 2017	\$ <u>92,675</u>	\$ <u>9,621</u>	\$ <u>209,423</u>	\$ <u>311,719</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2017	\$ 42,430	\$ -	\$ 136,202	\$ 178,632
Amortization expense	594	-	13,063	13,657
Disposals	\$ -	-	( 300)	( 300)
Effect of foreign currency exchange differences	( <u>2,541</u> )	<u>-</u>	( <u>319</u> )	( <u>2,860</u> )
Balance at March 31, 2017	\$ <u>40,483</u>	\$ <u>-</u>	\$ <u>148,646</u>	\$ <u>189,129</u>
Carrying amounts at March 31, 2017	\$ <u>52,192</u>	\$ <u>9,621</u>	\$ <u>60,777</u>	\$ <u>122,590</u> (concluded)

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

Franchise	40 years
System software costs	2-5 years

The recoverable amount of the Group's goodwill had been tested for impairment using the forecast carrying amount at the end of the annual reporting period. In 2017, the Group had recognized impairment loss of \$9,621 thousand on goodwill.

## 19. OTHER ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
Prepaid expenses	\$ 127,742	\$ 94,820	\$ 123,243
Tax prepayment	11,094	15,750	707,078
Temporary payments	46,957	45,847	46,467
Overpaid VAT	10,712	9,696	8,755
Overdue receivables	1,698	1,694	4,985
Others	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>
	\$ <u>200,093</u>	\$ <u>169,697</u>	\$ <u>892,418</u>
Current	\$ 196,505	\$ 166,113	\$ 885,543
Non-current	<u>3,588</u>	<u>3,584</u>	<u>6,875</u>
	\$ <u>200,093</u>	\$ <u>169,697</u>	\$ <u>892,418</u>

Tax prepayment is land value increment tax and sales tax imposed by China local tax bureau for presold real estate of subsidiary Shanghai Real Estate in mainland China.

## 20. BORROWINGS

### a. Short-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Unsecured borrowings</u>			
Unsecured loans	\$ 60,000	\$ 560,000	\$ 450,000
<u>Secured borrowings</u>			
Bank loans	<u>748,000</u>	<u>1,048,000</u>	<u>500,000</u>
	<u>\$ 808,000</u>	<u>\$ 1,608,000</u>	<u>\$ 950,000</u>

1) The interest rates on the bank loans as of March 31, 2018, December 31, 2017 and March 31, 2017 were 1.06%-1.73%, 1.10%-1.73% and 1.12%-1.25%, respectively.

2) Refer to Note 36 for the details of assets pledged as collaterals for short-term borrowings.

### b. Long-term borrowings

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Secured borrowings</u>			
Bank loans	\$ 5,343,400	\$ 5,380,800	\$ 590,000
<u>Unsecured borrowings</u>			
Loans unsecured	<u>1,467,119</u>	<u>1,519,816</u>	<u>260,522</u>
	6,810,519	6,900,616	850,522
Less: Current portion	( <u>13,695</u> )	( <u>13,210</u> )	( <u>203,565</u> )
Long-term borrowings	<u>\$ 6,796,824</u>	<u>\$ 6,887,406</u>	<u>\$ 646,957</u>

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

Content of Borrowings		March 31, 2018	December 31, 2017	March 31, 2017
E.Sun Bank	Loan limit: \$190,000 thousand; period: September 10, 2013 to June 30, 2017; floating interest rate of 1% on March 31, 2017, interest is paid monthly and principal is repaid at maturity.	\$ -	\$ -	\$ 190,000
E.Sun Bank	Loan limit: \$200,000 thousand; period: December 29, 2017 to December 29, 2020; fixed interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity.	200,000	200,000	-
E.Sun Bank	Loan limit: \$2,450,000 thousand; period: October 25, 2016 to October 20, 2018; floating interest rate of 1.35% on March 31, 2017; negotiating rate per 30 days; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2017.	-	-	200,000
E.Sun Bank	Loan limit: \$2,450,000 thousand; period: December 29, 2017 to December 29, 2020; fixed interest rate of 1.2% plus 0.28% according to E. SUN monthly deposit interest index; interest is paid monthly and principal is repaid at maturity.	2,450,000	2,450,000	-
Total long-term borrowings		<u>\$6,810,519</u>	<u>\$6,900,616</u>	<u>\$ 850,522</u>

(Concluded)

Content of Borrowings		March 31, 2018	December 31, 2017	March 31, 2017
East Asia Bank	Loan limit: \$1,600,000 thousand; period: December 7, 2017 to December 7, 2020; floating interest rate as of 1.4651%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively 91% of principal is paid in 36th month.	\$ 300,000	\$ 300,000	\$ -
East Asia Bank	Loan limit: US\$40,000 thousand; period: December 7, 2017 to December 7, 2020; floating interest rate as of 2.9069%; interest is paid quarterly; 3% of principal is repaid in 18th, 24th and 30th months, respectively 91% of principal is paid in 36th month.	1,164,200	1,190,400	-
Yuanta Bank	Loan limit: \$200,000 thousand; period: December 29, 2017 to February 25, 2019; fixed interest rate of 2.01%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
Yuanta Bank	Loan limit: \$200,000 thousand; period: December 29, 2017 to February 25, 2019; fixed interest rate of 2.01%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January, 2018.	-	200,000	-
Mizuho Bank	Loan limit: JPY 150,000 thousand; period: June 20, 2016 to June 20, 2019; fixed interest rate of 1.108%; interest is paid monthly and principal is repaid JPY 4,167 thousand monthly.	17,119	19,816	30,522
Bank of SinoPac	Loan limit: \$200,000 thousand; period: August 29, 2017 to August 29, 2019; fixed rate of 1.10%; interest is paid monthly and principal is repaid at maturity.	200,000	200,000	-
Bank of SinoPac	Loan limit: \$200,000 thousand; period: December 30, 2016 to December 30, 2018; floating interest rate of 1.374% on March 31, 2017; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in April 2017.	-	-	100,000
Bank of Taiwan	Loan limit: \$1,000,000 thousand; period: September 22, 2015 to September 22, 2018; fixed interest rate of 1.35% on March 31, 2017; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in November 2017.	-	-	200,000
O-Bank	Loan limit: \$200,000 thousand; period: March 2, 2018 to March 2, 2020; fixed interest rate of 1.221% on March 31, 2018; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
O-Bank	Loan limit: \$200,000 thousand; period: March 30, 2017 to March 30, 2019; fixing interest rate of 1.237%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2018.	-	200,000	30,000
Far Eastern Bank	Loan limit: \$800,000 thousand; period: March 31, 2017 to March 31, 2019; fixed interest rate of 1.34% on December 31, 2017 and March 31, 2017; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2018.	-	400,000	100,000
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.	300,000	300,000	-
Taishin Bank	Loan limit: \$1,900,000 thousand; period: September 8, 2017 to September 8, 2022; fixed interest rate of 1.7%; interest is paid monthly and principal is repaid at maturity.	265,000	250,000	-
DBS	Loan limit: US\$40,000 thousand; period: December 13, 2017 to December 13, 2019; floating interest rate at 3.1895%; interest is paid monthly and principal is repaid at maturity.	1,164,200	1,190,400	-
DBS	Loan limit: \$150,000 thousand; period: March 23, 2018 to March 23, 2020; fixed interest rate at 1.25%; interest is paid monthly and principal is repaid at maturity.	150,000	-	-
Jihsun Bank	Loan limit: \$200,000 thousand; period: January 26, 2018 to January 26, 2020; fixed interest rate at 1.25%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-

(Concluded)

Refer to Note 36 for the details of assets pledged as collaterals for long-term borrowings.

## 21. BONDS PAYABLE

	March 31, 2018	December 31, 2017	March 31, 2017
Domestic unsecured bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Current portion	<u>-</u>	<u>( 1,500,000)</u>	<u>-</u>
	<u>\$ 3,000,000</u>	<u>\$ 1,500,000</u>	<u>\$ 3,000,000</u>

The major term of domestic unsecured bonds was as follows:

Issuance Period	Total Amount (In Thousands)	Coupon Rate	Repayment and Interest Payment
June 2014 to June 2019	\$ 3,000,000	1.48%	At the end of the 4 <sup>th</sup> and 5 <sup>th</sup> year from the issuance date, the Group will repay half of the principle, respectively. Interest is paid annually.

## 22. TRADE PAYABLES

	March 31, 2018	December 31, 2017	March 31, 2017
Construction payables	<u>\$ 44,651</u>	<u>\$ 81,429</u>	<u>\$ 52,809</u>

## 23. UNEARNED REVENUE

	March 31, 2018	December 31, 2017	March 31, 2017
Advance receipts from real estate transactions	\$ 59,495	\$ 176,293	\$ 8,027,074
Others	<u>3,835</u>	<u>2,764</u>	<u>4,721</u>
	<u>\$ 63,330</u>	<u>\$ 179,057</u>	<u>\$ 8,031,795</u>

Advance receipts from real estate transactions are the amounts collected by Shanghai Real Estate and Sinyi Development from customers for pre-sold real estate. Shanghai Real Estate entered into real estate sales contracts with the customers and put on record at Shanghai Real Estate Trading Center. When houses are on the status available for usage and are checked and accepted by the related authorities and Shanghai Real Estate completes the procedures of putting on file, Shanghai Real Estate may issue the house delivery notice according to the real estate sales contracts and recognizes revenue of selling houses at the date of delivering house and transferred the related inventory to cost of goods sold. The amount of deposits and installments from the real estate sales contracts collected from the customers are recorded as unearned revenue of current liabilities before meeting the criteria of being recognized as revenue from selling commodities.

## 24. OTHER LIABILITIES

	March 31, 2018	December 31, 2017	March 31, 2017
<u>Current</u>			
Other payables	\$ 1,127,302	\$ 1,648,489	\$ 1,072,771
Other payable to related parties	58,803	71,653	85,272
Other financial liabilities	345,675	300,131	304,361
Other liabilities	<u>95,684</u>	<u>152,958</u>	<u>79,103</u>
	<u>\$ 1,627,464</u>	<u>\$ 2,173,231</u>	<u>\$ 1,541,507</u>
<u>Non-current</u>			
Other liabilities	<u>\$ 361,714</u>	<u>\$ 378,615</u>	<u>\$ 297,230</u>

(Concluded)

- a. Other payables were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Payable for performance bonus and salaries	\$ 724,019	\$ 1,224,557	\$ 734,606
Advertisement payable	47,524	57,988	41,855
Payable for labor and health insurance	54,063	65,157	54,344
Payable for annual leave	72,001	79,719	83,871
Payable for professional fees	9,182	11,787	12,650
Interest payables	39,758	28,328	34,718
Payable for employees bonuses and compensation to directors	43,723	40,020	19,460
Others	<u>137,032</u>	<u>140,933</u>	<u>91,267</u>
	<u>\$ 1,127,302</u>	<u>\$ 1,648,489</u>	<u>\$ 1,072,771</u>

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 liabilities - others. The performance bonuses payable under other liabilities - others amounted to \$361,714 thousand, \$378,615 thousand and \$297,230 thousand as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

- b. Other payable to related parties were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Financing to related parties			
Loan from related parties	\$ 39,964	\$ 39,259	\$ 55,087
Interest payable	7,095	6,970	13,740
Others	<u>11,744</u>	<u>25,424</u>	<u>16,445</u>
	<u>\$ 58,803</u>	<u>\$ 71,653</u>	<u>\$ 85,272</u>

Loans from related parties were accounted for other payables to related parties with interest rates of 0%

and 0-3% for the three months ended March 31, 2018 and 2017, respectively.

c. Other financial liabilities were as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Receipts under custody from real estate transactions	\$ 273,754	\$ 218,875	\$ 232,237
Other receipts under custody	38,710	45,371	41,543
Payable on equipment	4,216	2,909	1,472
Receipts under custody – escrow service	230	11	144
Others	<u>28,765</u>	<u>32,965</u>	<u>28,965</u>
	<u>\$ 345,675</u>	<u>\$ 300,131</u>	<u>\$ 304,361</u>

- 1) Receipts under custody from real estate transactions were the money received by real estate brokers - Shanghai Sinyi Real Estate, Zhejiang Sinyi and Suzhou Sinyi from buyers that had concluded transactions, but not yet transferred to the sellers.
- 2) Receipts under custody from escrow service were the money received by An-Sin and An-Shin from buyers of real estate transactions but not yet transferred to the sellers. Composition was as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Receipts under custody - escrow service	\$ 10,006,824	\$ 11,344,557	\$ 12,109,048
Interest payable	1,650	1,870	2,736
Deposit accounts	<u>( 10,008,244 )</u>	<u>( 11,346,416 )</u>	<u>( 12,111,640 )</u>
	<u>\$ 230</u>	<u>\$ 11</u>	<u>\$ 144</u>

- a) Receipts under custody - performance guarantee were receipts under custody from sellers of real estate transactions with interest rate of 0.01%-0.09% as of March 31, 2018 and March 31, 2017.
- b) Deposit accounts were receipts which had been paid by buyers of real estate transactions but not delivered to the sellers yet. The Group deposited these receipts in bank accounts according to the escrow contracts.

d. Other current liabilities were as follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
VAT payable and other tax payable	\$ 82,850	\$ 137,575	\$ 67,859
Others	<u>12,834</u>	<u>15,383</u>	<u>11,244</u>
	<u>\$ 95,684</u>	<u>\$ 152,958</u>	<u>\$ 79,103</u>

The VAT payable and other tax payable were the VAT of the Group and other tax payable of Shanghai Real Estate on the pre-sold real estate in mainland China.

## 25. PROVISIONS

	March 31, 2018	December 31, 2017	March 31, 2017
Service revenue allowances	\$ 42,474	\$ 42,927	\$ 45,836
Operating loss provisions	<u>57,878</u>	<u>56,676</u>	<u>43,924</u>
	<u>\$ 100,352</u>	<u>\$ 99,603</u>	<u>\$ 89,760</u>
Current	\$ 98,654	\$ 97,909	\$ 84,775
Non-current	<u>1,698</u>	<u>1,694</u>	<u>4,985</u>
	<u>\$ 100,352</u>	<u>\$ 99,603</u>	<u>\$ 89,760</u>

- a. The provision for service revenue allowances was estimated based on historical experience. The provision was recognized as a reduction of operating revenue in the period the related services were provided.
- b. The provision for operating losses was recognized as possible operating defects in performing the escrow and brokerage business. The provisions were estimated on the basis of evaluation of the escrow service and brokerage service provided, historical experience and pertinent factors.

## 26. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2017 and 2016, and recognized in profit or loss in respect of the defined benefit plans for the three months ended March 31, 2018 and 2017 were \$1,200 thousand and \$1,058 thousand, respectively.

## 27. EQUITY

### Share Capital

	March 31, 2018	December 31, 2017	March 31, 2017
Numbers of shares authorized (in thousands)	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Shares authorized	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>	<u>\$ 10,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>651,500</u>	<u>651,500</u>	<u>631,840</u>
Share capital issued	<u>\$ 6,515,000</u>	<u>\$ 6,515,000</u>	<u>\$ 6,318,398</u>

The Group's issued ordinary shares has reached to \$6,515,000 thousand with outstanding shares, 651,500 shares and par value of \$10 dollars, after conducting the issue of new shares through capitalization of 2016 retained earnings at the amount of NT\$196,602 thousand in July 2017.

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

## Capital Surplus

	March 31, 2018	December 31, 2017	March 31, 2017
<u>May not be used for any purpose</u>			
Employee stock options	\$ 63,896	\$ 63,896	\$ 63,896
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share</u>			
Disposal of ownership interests in subsidiaries	<u>632</u>	<u>651,500</u>	<u>631,840</u>
	<u>\$ <del>63,2896</del></u>	<u>\$ <del>638,896</del></u>	<u>\$ 63,896</u>

The capital surplus from shares issued in excess of par (additional paid-in capital from issuance of common shares, conversion of bonds, treasury stock 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 and once a year).

The capital surplus from long-term investments, employee stock 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 before and after amendment, please refer to section Employee benefits expense in Note 28(7).
- b. In addition, according the revised Article of Incorporation of the Company, the dividend policy of the Company is to deliberately distribute dividends, in the light of present and future development plan, taking into consideration the investment environments, fund demands, and domestic competition status, as well as factors of interests of shareholders; provided. 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 stocks 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 2017 and 2016 had been proposed at Board meeting on February 26, 2018 and had been approved in the shareholders' meeting held on May 26, 2017, respectively were as follows:



	<b>Appropriation of Earnings</b>		<b>Dividends Per Share (NT\$)</b>	
	<b>Years Ended December 31</b>		<b>Years Ended December 31</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Legal reserve	\$ 280,283	\$ 91,986	\$ -	\$ -
Special reserve	40,830	-	-	-
Cash dividends	1,628,750	631,840	2.50	1.0
Stock dividends	853,465	196,602	1.31	0.3

The appropriations of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on May 23, 2018.

### Others Equity Items

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Exchange differences on translating foreign operations	(\$ 124,028)	(\$ 396,805)	(\$ 528,589)
Unrealized gains from available-for-sale financial assets	-	355,975	263,609
Unrealized gains from financial assets at fair value through other comprehensive income	<u>464,731</u>	<u>-</u>	<u>-</u>
	<u>\$ 340,703</u>	<u>(\$ 40,830)</u>	<u>(\$ 264,980)</u>

a. Exchange differences on translating foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group'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 from available-for-sale financial assets

Unrealized gains or losses from available-for-sale financial assets represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets, that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

c. Unrealized gains or losses from financial assets at fair value through other comprehensive income

Unrealized gains or losses from 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.

## Non-controlling Interests

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Balance, beginning of period	\$ 131,332	\$ 109,812
Attributed to non-controlling interests:		
Net income	6,769	2,834
Exchange differences on translating foreign operations	4	( 12 )
Disposal of the partial subsidiary interest	<u>4,368</u>	<u>-</u>
Balance, end of period	<u>\$ 142,473</u>	<u>\$ 112,634</u>

## 27. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

Net profit (loss) from continuing operations had been arrived at after charging or crediting:

### Interest Income

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Interest income		
Cash in bank	<u>\$ 29,977</u>	<u>\$ 29,421</u>

### Other Gains and Losses

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Impairment loss on investment properties	(\$ 1,135)	(\$ 1,082)
Gains on financial assets at fair value through profit and loss	9,028	71
Losses on disposal of property, plant and equipment	( 159 )	( 330 )
Net foreign exchange loss	( 10,881 )	( 35,324 )
Share of gains on associates and joint ventures	( 423 )	( 2 )
Gain on reversal of bad debts	-	154
Others	<u>7,505</u>	<u>9,220</u>
	<u>\$ 3,935</u>	<u>(\$ 26,398)</u>

### Finance Costs

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Interest on bank loans	\$ 35,572	\$ 5,003
Interest on unsecured bonds payable	11,365	10,948
Interest on loans from related parties	-	132
Others	<u>5</u>	<u>5</u>
	46,942	16,088
Deduct: Amounts included in the cost of qualifying assets (inventory - properties under development)	<u>( 23,193 )</u>	<u>( 1,677 )</u>
	<u>\$ 23,749</u>	<u>\$ 14,411</u>
Interest capitalization rate	1.59%-3.51%	2%-4.75%

## Depreciation and Amortization

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Property, plant and equipment	\$ 30,505	\$ 29,019
Investment property	2,116	2,122
Intangible assets	<u>8,799</u>	<u>13,657</u>
	<u>\$ 41,420</u>	<u>\$ 44,798</u>
An analysis of depreciation by function		
Inventory	\$ 240	\$ 387
Operating costs	20,261	20,998
Operating expenses	10,004	7,634
Other losses	<u>2,116</u>	<u>2,122</u>
	<u>\$ 32,621</u>	<u>\$ 31,141</u>

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
An analysis of amortization by function		
Inventory	\$ 424	\$ 459
Operating costs	328	338
Operating expenses	<u>8,047</u>	<u>12,860</u>
	<u>\$ 8,799</u>	<u>\$ 13,657</u>

## Operating Expenses Directly Related to Investment Properties

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Direct operating expenses from investment property		
That generated rental income	\$ 6,035	\$ 6,084
That did not generate rental income	<u>11</u>	<u>3</u>
	<u>\$ 6,046</u>	<u>\$ 6,087</u>

## Employee Benefits Expense

	<b>Years Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Salary expense	\$ 1,132,223	\$ 1,022,856
Labor and health insurance expense	<u>78,478</u>	<u>72,678</u>
	<u>1,210,701</u>	<u>1,095,534</u>
Post-employment benefits		
Defined contribution plans	44,761	42,807
Defined benefit plans (see Note 26)	<u>1,200</u>	<u>1,058</u>
	<u>45,961</u>	<u>43,865</u>
Other employee benefits	<u>44,063</u>	<u>43,848</u>
Total employee benefits expense	<u>\$ 1,300,725</u>	<u>\$ 1,183,247</u>

(continued)

	<b>Years Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
An analysis of employee benefits expense by function		
Inventory	\$ 3,592	\$ 15,174
Operating costs	1,118,422	1,002,510
Operating expenses	<u>178,711</u>	<u>165,563</u>
	<u>\$ 1,300,725</u>	<u>\$ 1,183,247</u>

(concluded)

### Employees' Compensation and Remuneration of Directors

In accordance with the Company's Articles of incorporation, 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 March 31, 2018 and 2017 had been accrued as follows:

#### Accrual rate

	<b>Three Months Ended March 31</b>	
	2018	2017
Employees' compensation	1%	1%
Remuneration of directors	0.58%	0.65%

#### Amount

	<b>Three Months Ended March 31, 2018</b>	<b>Three Months Ended March 31, 2017</b>
	<b>Cash</b>	<b>Cash</b>
Employees' compensation	\$ 3,003	\$ 984
Remuneration of directors	1,750	639

If there is a change in the proposed amounts after the date the Group's annual consolidated financial statements were authorized for issue, the differences are accounted for as a change in accounting estimate in the following year.

The appropriations of compensation to employees and the remuneration to directors for 2017 and 2016 had been approved, respectively by the board of directors on February 26, 2018 and on February 24, 2017. The appropriations were as below.

	<b>Years Ended December 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>Cash</b>	<b>Cash</b>
compensation to employees	\$ 30,313	\$ 10,958
Remuneration to directors	4,880	6,027

The compensation to employees and the remuneration to directors for 2017 and 2016 which had been approved by the board of directors on February 26, 2018 and on February 24, 2017. The differences between the actual amount of distribution of the compensation to employees and the remuneration to directors and the amount recognized at the consolidated financial statements were adjusted to profit and loss

for the years ended December 31, 2018 and 2017, respectively. The amounts were as below:

	<u>Year Ended 2017</u>		<u>Year Ended 2016</u>	
	<b>Bonus to Employees</b>	<b>Remuneration to Directors</b>	<b>Bonus to Employees</b>	<b>Remuneration of Directors</b>
Amounts proposed by the board of directors or amounts approved in shareholders' meeting	\$ 30,313	\$ 4,880	\$ 10,958	\$ 6,027
Deduct: Amounts recognized in respective financial statements	( <u>30,313</u> )	( <u>4,880</u> )	( <u>10,315</u> )	( <u>6,705</u> )
Difference	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 643</u>	<u>(\$ 678)</u>

Information on the employees' compensation and remuneration to directors approved by the Company's board of directors in 2018 and 2017 is available on the Market Observation Post System website of the Taiwan Stock Exchange.

## 29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

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

The major components of tax expense were as follows:

	<u>Three Months Ended March 31</u>	
	<b>2018</b>	<b>2017</b>
Current tax		
In respect of the current period	\$ 140,301	\$ 41,206
Land value increment tax	36,761	-
Deferred tax		
Adjustments to deferred tax attributable to changes in tax rates	( 3,899)	-
In respect of the current period	( <u>373</u> )	( <u>6,663</u> )
Income tax expense recognized in profit or loss	<u>\$ 172,790</u>	<u>\$ 34,543</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income/expense is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

### b. Income tax assessments

The Company's tax returns through 2015 have been assessed by the tax authorities. However, the Company disagreed with the tax authorities' assessment of its 2011 to 2015 tax return. The Company had applied to Ministry of Finance for administrative remedies procedures as for 2011 and 2012 tax returns and prepaid half of its 2011 and 2012 assessed additional taxes. The Company applied for a re-examination of its 2013 to 2015 tax returns with the tax collection authorities. The tax returns of Sinyi Global, Taiwan Sinyi Development, Heng Yi, Yowoo and Tokyo Sinyi through 2016 had been assessed by the tax authorities. The tax returns of Sinyi Culture, Jui-Inn, An-Shin and An-Sin, through 2015 had been assessed by the tax authorities.

## 29. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Basic EPS	<u>\$ 0.31</u>	<u>\$ 0.11</u>
Diluted EPS	<u>\$ 0.31</u>	<u>\$ 0.11</u>

The weighted average number of shares outstanding used for the earnings per share computation was adjusted retroactively for the issuance of bonus shares on July 8, 2017. The basic and diluted earnings per share adjusted retrospectively for the year ended March 31, 2017 were as follows:

Unit: NT\$ Per Share

	<b>Before</b>	<b>After</b>
	<b>Retrospective Adjustment</b>	<b>Retrospective Adjustment</b>
Basic earnings per share	<u>\$ 0.11</u>	<u>\$ 0.11</u>
Diluted earnings per share	<u>\$ 0.11</u>	<u>\$ 0.11</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 (Loss) for the Period

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Profit (loss) for the period attributable to owners of the Company	<u>\$ 203,363</u>	<u>\$ 68,530</u>

### Weighted Average Number of Ordinary Shares Outstanding

Unit: Thousand Shares

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Weighted average number of ordinary shares in computation of basic earnings per share	651,500	651,500
Effect of dilutive potential ordinary shares:		
Bonus issue to employee	<u>369</u>	<u>160</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>651,869</u>	<u>651,660</u>

Since the Group is allowed to settle the bonus to employees by cash or shares, the Group presumed that the entire amount of the bonus 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, if 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 should be included in the calculation of diluted earnings per share until the stockholders resolve the

number of shares to be distributed to employees at their meeting in the following year.

### 31. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On February and March 2018, the Group disposed of 25% of its interest in Heng-Yi Real Estate Consulting Limited, reducing its continuing interest from 100% to 75%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over the subsidiary.

	Heng Yi
Cash consideration received (paid)	\$ 5,000
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(4,368)</u>
Differences recognized from equity transactions	<u>\$ 632</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - difference between consideration received or paid and the carrying amount of the subsidiaries' net assets	<u>\$ 632</u>

### 32. OPERATING LEASE ARRANGEMENTS

#### The Group as Lessee

Operating leases relate to leases of office with lease terms between 1 and 10 years. All operating lease contracts over 5 years contain clauses for 5-yearly market rental reviews. The Group does not have a bargain purchase option to acquire the leased office at the expiry of the lease periods.

As of March 31, 2018, December 31, 2017 and March 31, 2017, refundable deposits paid under operating lease amounted to \$108,095 thousand, \$107,612 thousand and \$113,182 thousand, respectively.

The future minimum lease payments payable on non-cancellable operating lease commitments were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Within 1 year	\$ 469,235	\$ 469,433	\$ 567,803
1 to 5 years	664,775	753,768	802,721
After 5 years	<u>2,362</u>	<u>75,567</u>	<u>73,859</u>
	<u>\$ 1,136,372</u>	<u>\$ 1,298,768</u>	<u>\$ 1,444,383</u>

#### The Group as Lessor

Operating leases relate to the investment property owned by the Group with lease terms between 1 to 6 years.

As of March 31, 2018, December 31, 2017 and March 31, 2017, deposits received under operating leases amounted to \$21,089 thousand, \$21,089 thousand and \$20,968 thousand, respectively.

The future minimum lease payments receivable on non-cancellable operating leases were as follows:

	March 31, 2018	December 31, 2017	March 31, 2017
Within 1 year	\$ 90,415	\$ 90,300	\$ 48,502
1 to 5 years	156,084	155,741	1,890
After 5 years	<u>7,754</u>	<u>7,705</u>	<u>-</u>
	<u>\$ 254,253</u>	<u>\$ 253,746</u>	<u>\$ 50,392</u>

### 33. CAPITAL RISK MANAGEMENT

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

Key management personnel of the Group 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 Group 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.

### 34. FINANCIAL INSTRUMENTS

#### Fair Value of Financial Instruments

##### a. Fair value of financial instruments not carried 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.

#### March 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	<u>\$3,000,000</u>	<u>\$ -</u>	<u>\$3,015,054</u>	<u>\$ -</u>	<u>\$3,015,054</u>

#### December 31, 2017

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	<u>\$3,000,000</u>	<u>\$ -</u>	<u>\$3,015,210</u>	<u>\$ -</u>	<u>\$3,015,210</u>

(continued)



March 31, 2017

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable					
	<u>\$3,000,000</u>	<u>\$ -</u>	<u>\$3,039,669</u>	<u>\$ -</u>	<u>\$3,039,669</u> (concluded)

The fair values of the financial liabilities included in the Level 2 category above have been determined in accordance with market price based on 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

March 31, 2018

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,282	\$ -	\$ -	\$ 8,282
Mutual funds	194,218	-	-	194,218
Structured products	<u>3,275,266</u>	<u>-</u>	<u>-</u>	<u>3,275,266</u>
	<u>\$3,477,766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$3,477,766</u>
Available-for-sale financial assets				
Domestic listed stocks - equity investments	\$ 236,150	\$ -	\$ -	\$ 236,150
Domestic unlisted stocks - equity investments	-	36,731	-	36,731
Foreign listed stocks - equity investments	606,925	-	-	606,925
Foreign unlisted stocks - equity investments	<u>-</u>	<u>252,053</u>	<u>-</u>	<u>252,053</u>
	<u>\$ 843,075</u>	<u>\$ 288,784</u>	<u>\$ -</u>	<u>\$ 1,131,859</u>

December 31, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 7,718	\$ -	\$ -	\$ 7,718
Mutual funds	<u>194,060</u>	<u>-</u>	<u>-</u>	<u>194,060</u>
	<u>\$ 201,778</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 201,778</u> (continued)

Available-for-sale financial assets				
Domestic listed stocks - equity investments	\$ 228,299	\$ -	\$ -	\$ 228,299
Foreign listed stocks - equity investments	594,228	-	-	594,228
Mutual funds	<u>1,294</u>	<u>-</u>	<u>-</u>	<u>1,294</u>
	<u>\$ 823,821</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 823,821</u>

March 31, 2017

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 9,060	\$ -	\$ -	\$ 9,060
Mutual funds	<u>235,185</u>	<u>-</u>	<u>-</u>	<u>235,185</u>
	<u>\$ 244,245</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 244,245</u>
Available-for-sale financial assets				
Domestic listed stocks - equity investments	\$ 207,481	\$ -	\$ -	\$ 207,481
Foreign listed stocks - equity investments	527,894	-	-	527,894
Mutual funds	<u>1,314</u>	<u>-</u>	<u>-</u>	<u>1,314</u>
	<u>\$ 736,689</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 736,689</u>

(concluded)

There were no transfers between Level 1 and Level 2 in the current and prior periods.

2) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Domestic and Foreign listed stocks	Market method: fair value measurement was in accordance with the price and liquidity of the observable peer domestic and foreign listed stocks.

c. Categories of financial instruments

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
<u>Financial assets</u>			
FVTPL			
Held for trading	\$ 3,477,766	\$ 201,778	\$ 244,245
Loans and receivables (Note 1)1 to 5 years	-	8,028,749	7,588,290
Available-for-sale financial assets (Note 2)	-	1,028,797	936,050

(continued)

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Financial assets at amortized cost (Note 3)	\$ 3,083,033	\$ -	\$ -
Financial assets at fair value through other comprehensive income (Note 2)	1,131,859	-	-
<u>Financial liabilities</u>			
Financial assets at amortized cost (Note 4)	12,600,519	14,033,114	6,679,637 (concluded)

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

Note 2: The balance included the carrying amount of available-for-sale financial assets and financial assets measured at cost.

Note 3: The balance included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, other current financial assets and refundable deposits.

Note 4: The balance included financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables, other payables to related parties, other financial liabilities, bonds payable, long-term borrowings (including current portion of long-term borrowings and bonds payable), guarantee deposits received and other non-current liabilities.

#### d. Financial Risk Management Objectives and Policies

The Group's major financial instruments included equity, mutual funds, trade receivables other payables, bonds payable and borrowings. The Group's Corporate Treasury function provides services to the business and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Group 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 Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (1) below) and interest rates (see (2) below).

##### 1) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period please refer to Note 40.

### Foreign currency sensitivity analysis

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars ("NTD", the functional currency) against the relevant foreign currencies. A negative 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 positive as the other factors remain unchanged.

	Three Months Ended March 31									
	2018					2017				
	RMB	JPY	USD	MYR	HKD	RMB	JPY	USD	MYR	HKD
Equity	\$6,444	\$2,616	(\$23,054)	\$ 90	\$ 186	\$39,895	\$2,232	\$8,178	\$ 227	\$ -
Profit or loss	18	-	1,957	-	--	3	-	5,883	-	--

#### 2) Interest rate risk

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

	March 31, 2018	December 31, 2017	March 31, 2017
Fair value interest rate risk			
Financial assets	\$ 276,888	\$ 213,181	\$ 1,606,502
Financial liabilities	7,930,119	8,767,816	4,310,521
Cash flow interest rate risk			
Financial assets	3,318,266	2,948,455	2,775,937
Financial liabilities	2,728,364	2,780,059	545,088

### Interest rate sensitivity analysis

The Group was exposed to cash flow interest rate risk in relation to floating rate liabilities, and the short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased by 1%, the Group's cash outflow will increase by \$27,484 thousand for the three months ended March 31, 2018.

#### b. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group 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 Group is mainly engaged in the operation of real-estate brokerage business and the customers of the Group are the people who buy house and people who sell house. The revenue of agency service is also received through the housing performance guarantee, so the concentration credit risk of trade receivable is not material.

### Financial credit risk

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

#### c. Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group'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 Group has sufficient working capital to pay all debts; thus, there is no liquidity risk.

The Group relies on bank borrowings as a significant source of liquidity. As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group had available unutilized bank loan facilities were follows:

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	\$ 1,527,119	\$ 2,079,816	\$ 710,522
Amount unused	<u>3,113,966</u>	<u>2,409,815</u>	<u>2,630,174</u>
	<u>\$ 4,641,085</u>	<u>\$ 4,489,631</u>	<u>\$ 3,340,696</u>
Secured bank overdraft facility:			
Amount used	\$ 6,091,400	\$ 6,428,800	\$ 1,090,000
Amount unused	<u>1,850,000</u>	<u>1,850,000</u>	<u>5,110,000</u>
	<u>\$ 7,941,400</u>	<u>\$ 8,278,800</u>	<u>\$ 6,200,000</u>

### **35. TRANSACTIONS WITH RELATED PARTIES**

Balances and transactions between the Company and its subsidiaries had been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties were disclosed below:

#### **Related Parties and relationship**

<u>Related Party</u>	<u>Relationship with the Group</u>
Sinyi Real Estate Consulting Limited	Related party in substance
Sinyi Land Administration Agent Joint Office	Related party in substance
H&B Business Co., Ltd.	Related party in substance
Sinyi Cultural Foundation	Related party in substance
Yu-Hao Co., Ltd.	Parent company
Sinyi Co., Ltd.	Parent company
Yu-Heng Co., Ltd.	Ultimate parent company
Chou Wang Mei-Wen	Director of the Company

(continued)

Related Party	Relationship with the Group
Beijing Sinyi Guaranty Co.	Related party in substance
Global Real Estate Appraisal Office	Related party in substance
Ken Investment Co., Ltd.	Related party in substance
Sin-Heng Limited.	Related party in substance
Sinyi Public Welfare Foundation	Related party in substance
Sinyi Real Estate Appraiser Firm	Related party in substance
Sinyi Interior Design Co., Ltd.	Associate

(concluded)

### Other Payables to Related Parties

	March 31, 2018	December 31, 2017	March 31, 2017
Other related parties - related parties in substance	\$ 58,803	\$ 71,653	\$ 61,130
Other - the director of the Company	<u>-</u>	<u>-</u>	<u>24,142</u>
	<u>\$ 58,803</u>	<u>\$ 71,653</u>	<u>\$ 85,272</u>

Parts of other payables to related parties were financing. Information on the financing for the three months ended March 31, 2018 and 2017 were as follows:

	Three Months Ended March 31, 2018				
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	<u>\$ 39,964</u>	<u>\$39,964</u>	-	<u>\$ -</u>	<u>\$7,095</u>
	Three Months Ended March 31, 2017				
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	\$39,707	\$37,900	-	\$ -	\$ 6,785
Other – the director of the Company	<u>18,006</u>	<u>17,187</u>	3%	<u>132</u>	<u>6,955</u>
	<u>\$57,713</u>	<u>\$55,087</u>		<u>\$ 132</u>	<u>\$13,740</u>

The financing above were unsecured.

### Compensation for Key Management Personnel

The remuneration to directors and other members of key management personnel for the three months ended March 31, 2018 and 2017 included the following:

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Short-term benefits	\$ 29,114	\$ 26,997
Other long-term benefits	<u>2,868</u>	<u>2,443</u>
	<u>\$ 31,982</u>	<u>\$ 29,440</u>

Other long-term 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 the following year after obtaining the qualification and the bonus is calculated on the basis of company's operating performance or individual performance.

### Other Transactions with Related Parties

a. Rental income

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Other related parties		
Related parties in substance	\$ 2,906	\$ 2,916
The Corporate Shareholder Adopting Equity Method for		
Investing the Company	29	29
Ultimate parent company	14	14
Associate	<u>8</u>	<u>8</u>
	<u>\$ 2,957</u>	<u>\$ 2,967</u>

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

b. Other benefit

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Other related parties		
Related parties in substance	<u>\$ 1,006</u>	<u>\$ 2,520</u>

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

c. Professional fee

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Other related parties		
Related parties in substance		
Sinyi Real Estate Consulting Limited	\$ 25,177	\$ 24,441
Others	<u>2,217</u>	<u>7,035</u>
	<u>\$ 27,394</u>	<u>\$ 31,476</u>

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

d. Rental expense

	<b>Three Months Ended March 31</b>	
	<b>2018</b>	<b>2017</b>
Related parties in substance	\$ <u>2,349</u>	\$ <u>2,702</u>

The rental rates are based on the prevailing rates in the surrounding area. Related parties pay rentals to the Group on a monthly basis.

e. Other receivables

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Other related parties			
Related parties in substance	\$ 8,676	\$ 9,042	\$ 3,475
Associate	<u>-</u>	<u>-</u>	<u>36</u>
	<u>\$ 8,676</u>	<u>\$ 9,042</u>	<u>\$ 3,511</u>

### 36. MORTGAGED OR PLEDGED ASSETS

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

	<b>March 31, 2018</b>	<b>December 31, 2017</b>	<b>March 31, 2017</b>
Property, plant and equipment (including investment properties)			
Land	\$ 4,241,789	\$ 4,241,789	\$ 4,450,966
Building	469,241	473,584	509,265
Other financial assets - current			
Pledged time deposits and demand deposits	7,324	7,283	7,203
Inventories	<u>2,407,217</u>	<u>2,402,626</u>	<u>1,968,550</u>
	<u>\$ 7,125,571</u>	<u>\$ 7,125,282</u>	<u>\$ 6,935,984</u>

### 35. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED COMMITMENTS

- a. The Group is involved in claims that arise in the ordinary course of brokerage and escrow business; the other party may claim against the Group through legal proceedings. On the basis of past experience and consultations with legal counsel, management of the Group 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 Group has endorsed Shanghai Sinyi Real Estate and Sinyi Estate in obtaining financing limit of \$2,764,200 thousand. Refer to Note 41, Table 2 for the details.
- d. As of March 31, 2018, the Group had signed construction contracts but not yet paid for \$833,150 thousand.



- e. Shanghai Real Estate, property developer in mainland China, sold real estate and guaranteed the mortgage bank loans of some of its customers (including natural persons and juridical persons); the guarantee amounted to \$2,518,103 thousand as of March 31, 2018. The amount of mortgage loan was remitted to Shanghai Real Estate for payment of the property sold. If a customer breached a mortgage contract, Shanghai Real Estate will return to the banks only the amount of mortgage received. Therefore, Shanghai Real Estate is not exposed to risk of material loss from the guarantee. The guarantee is just a selling feature in the real estate development industry in China and it does not bear the economic substance and risk of ordinary endorsement. In addition, according to the Q&A No. 35 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” (the Regulations) announced on December 26, 2012 by the SFB, the above guarantee provided by Shanghai Real Estate to its customers is similar to an escrow, instead of endorsement as defined in the Regulations.

### 38. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

- a. In order to satisfy the need of expanding the business and future planning, the Company’s board of directors resolved on March, 29, 2018 to authorize the Chairperson to issue the unsecured ordinary corporate bond which shall not exceed amount of 2,600,000 thousand at one time or several times, depending on the market status. The Company would issue the domestic unsecured ordinary corporate bond with term of fixed interest rate and redemption of principal at maturity. According to the term of issue, the bond which has been effective registration by the authority competent on April 30, 2018 comprises bond A and bond B which were as follows.

	Bond A	Bond B
Amounts issued	\$700,000	\$1,900,000
Duration	3 years	5 years
Interest rate	0.92%	1.07%

- b. To reduce the overall capital cost of the Group, the Company’s board of directors has resolved on April 30, 2018 to acquire the new issued shares of Sinyi Estate at amount of USD 80,250 thousand through Sinyi International for the redemption of Sinyi Estate’s bank loans denominated in US dollars.

### 39. SIGNIFICANT FRANCHISE CONTRACTS

Sinyi Limited entered into a subfranchise agreement with Cendent Global Services B.V. (“GLOBAL”) and Coldwell Banker Real Estate Corporation (“Coldwell”). Sinyi Limited obtained from the counterparty a license granting the right to use the plans, manuals, system and forms developed by Coldwell and the exclusive right to itself sublicense and/or to subsublicense other franchisees and territorial subfranchisors in China, Hong Kong and Macau. The term of this contract is for forty years from October 12, 1999 and is automatically renewed for another period of forty years to October 11, 2079 unless the two sides agree to terminate the contract in three months prior to the expiration of the contract. Thereafter, because Sinyi Limited transferred this agreement right to Ke Wei Shanghai on August 1, 1990 and GLOBAL was renamed to Realogy Corporation (“Realogy”) due to its organizational adjustment, Ke Wei Shanghai and Realogy entered into a supplemental subfranchise agreement in 2008.

### 40. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2018

	<b>Foreign Currencies (In Thousands)</b>	<b>Exchange Rate</b>	<b>New Taiwan Dollars (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
RMB	\$ 208,470	4.647	\$ 968,758
JPY	1,830,900	0.2739	501,483
USD	7,665	29.105	223,104
MYR	1,393	7.266	10,118
HKD	5,096	3.708	18,895
Non-monetary items			
RMB	759,053	4.647	3,527,266
JPY	2,215,862	0.2739	606,925
USD	44	29.105	1,269
<u>Financial liabilities</u>			
Monetary items			
RMB	\$ 69,401	4.647	\$ 322,506
JPY	875,839	0.2739	239,892
USD	80,152	29.105	2,332,811
MYR	160	7.266	1,165
HKD	89	3.708	329

December 31, 2017

<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,083,049	4.565	\$ 4,944,117
JPY	1,794,241	0.2642	474,038
USD	15,846	29.76	471,578
MYR	1,874	7.072	13,256
Non-monetary items			
RMB	31,796	4.565	145,149
JPY	2,249,159	0.2642	594,228
USD	44	29.76	1,294
<u>Financial liabilities</u>			
Monetary items			
RMB	86,827	4.565	396,366
JPY	813,693	0.2642	214,978
USD	80,561	29.76	2,397,508
MYR	137	7.072	970

March 31, 2017Financial assets

Monetary items					
RMB	\$	988,841	4.407	\$	4,357,823
JPY		1,653,262	0.2713		448,530
USD		46,359	30.33		1,406,073
MYR		3,458	6.5725		22,731
Non-monetary items					
RMB		32,797	4.407		144,534
JPY		1,945,792	0.2713		527,893
USD		43	30.33		1,314

#### Financial liabilities

Monetary items					
RMB	\$	83,504	4.407	\$	368,000
JPY		830,649	0.2713		225,355

The Group is mainly exposed to foreign currency risk from USD, RMB and JPY. The following information was aggregated by the functional currencies of the Group entities and the exchange rates between respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

Functional Currencies	Three Months Ended March 31			
	2018		2017	
	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
NTD	1 (NTD:NTD)	\$ 91	1 (NTD:NTD)	\$ (35,231)
USD	29.303 (USD:NTD)	367	31.09 (USD:NTD)	-
RMB	4.6110 (RMB:NTD)	(11,411)	4.53 (RMB:NTD)	(93)
JPY	0.2703 (JPY:NTD)	40	0.2735 (JPY:NTD)	-
MYR	7.1990 (MYR:NTD)	<u>2</u>	6.7060 (MYR:NTD)	<u>-</u>
		<u>\$ (10,881)</u>		<u>\$ (9,647)</u>

#### 41. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

- Financing provided: Table 1 (see the attached)
- Endorsements/guarantees provided to others: Table 2 (see the attached)
- Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (see the attached)
- 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)
- Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- Disposal of individual real estate at prices of at least NT\$300 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: None
- i. Information about derivative: None
- j. Others: The business relationship between the parent and the subsidiaries and between each subsidiary, and significant transactions between them: Table 5 (see the attached)
- k. Information on investees: Table 6 (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 7 (see the attached)
- b. Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, 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 period or on the financial position, such as the rendering or receiving of services: None

## 42. SEGMENT INFORMATION

a. Operating segments information

The Group is in the operation of local and international real-estate brokerage business and real-estate developing business. The Group provides information to the chief operating decision maker for the purpose of resources allocation and assessment of segment performance. The information gives emphasis on related laws on real-estate transactions in different countries that may affect the adoption of different marketing strategies.

Management has determined reportable segments as follows:

Real estate brokerage segment

- 1) Companies in Taiwan
- 2) Companies in mainland China and other foreign companies.

Real estate development segment

- 1) Companies in Taiwan
- 2) Companies in China

The following table was an analysis of the Group's revenue, result of operations and assets of segments for the three months ended March 31, 2018 and 2017:

	Real Estate Brokerage			Real Estate Development			Elimination	Consolidated
	Taiwan	Mainland China and Others	Total	Taiwan	Mainland China and Others	Total		
Three months ended March 31, 2018								
Revenues from external customers	\$ 1,833,765	\$ 219,396	\$ 2,053,161	\$ 41,723	\$ 389,826	\$ 431,549	\$ -	\$ 2,484,710
Inter-segment revenues	31,783	-	31,783	5,730	105,236	110,966	(142,749)	-
Segment revenues	<u>\$ 1,865,548</u>	<u>\$ 219,396</u>	<u>\$ 2,084,944</u>	<u>\$ 47,453</u>	<u>\$ 495,062</u>	<u>\$ 542,515</u>	<u>(\$ 142,749)</u>	2,484,710
Rental income from investment property								(21,812)
Consolidated revenues								<u>\$ 2,462,898</u>
Operating profit (loss)	<u>\$ 291,713</u>	<u>(\$ 53,921)</u>	<u>\$ 237,792</u>	<u>\$ 12,030</u>	<u>\$ 93,862</u>	<u>\$ 105,892</u>	<u>\$ 22,814</u>	\$ 366,498
Operating income from investment property								(15,766)
Operating income								<u>\$ 350,732</u>
Segment assets	<u>\$ 5,332,897</u>	<u>\$ 2,353,805</u>	<u>\$ 7,686,702</u>	<u>\$ 5,372,221</u>	<u>\$ 13,205,266</u>	<u>\$ 18,577,487</u>	<u>(\$ 662,433)</u>	\$ 25,601,756
Investments accounted for by the equity method and goodwill								29,654
Total assets								<u>\$ 25,631,410</u>
Three months ended March 31, 2017								
Revenues from external customers	\$ 1,518,585	\$ 226,656	\$ 1,745,241	\$ 18,399	\$ -	\$ 18,399	\$ -	\$ 1,763,640
Inter-segment revenues	18,670	-	18,670	4,040	-	4,040	(22,710)	-
Segment revenues	<u>\$ 1,537,255</u>	<u>\$ 226,656</u>	<u>\$ 1,763,911</u>	<u>\$ 22,439</u>	<u>\$ -</u>	<u>\$ 22,439</u>	<u>(\$ 22,710)</u>	1,763,640
Rental income from investment property								(18,399)
Consolidated revenues								<u>\$ 1,745,241</u>
Operating profit (loss)	<u>\$ 164,330</u>	<u>(\$ 48,616)</u>	<u>\$ 115,714</u>	<u>\$ 5,897</u>	<u>(\$ 20,482)</u>	<u>(\$ 14,585)</u>	<u>\$ 9,910</u>	\$ 111,039
Operating income from investment property								(12,312)
Operating income								<u>\$ 98,727</u>
Segment assets	<u>\$ 5,582,311</u>	<u>\$ 2,667,765</u>	<u>\$ 8,250,076</u>	<u>\$ 3,757,898</u>	<u>\$ 12,778,488</u>	<u>\$ 16,536,385</u>	<u>(\$ 625,969)</u>	\$ 24,160,492
Investments accounted for by the equity method and goodwill								39,947
Total assets								<u>\$ 24,200,439</u>

The Group uses the operating profit (loss) as the measurement for segment profit. This is the measure reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

d. Major customers

No single customer accounts for at least 10% of the Group's service revenue; therefore, no customer information is required to be disclosed.

## SINYI REALTY INC. AND SUBSIDIARIES

FINANCING PROVIDED  
THREE MONTHS ENDED MARCH 31, 2018  
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Period	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	\$ 4,647 (RMB 1,000 thousand)	\$ 4,647 (RMB 1,000 thousand)	\$ -	3.686%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 3,569,440 (Note 1)	\$ 4,759,253 (Note 1)
		Kunshan Dingxian Trading Co., Ltd.	"	"	367,113 (RMB 79,000 thousand)	367,113 (RMB 79,000 thousand)	-	3.8%	"	-	"	-	-	-	3,569,440 (Note 1)	4,759,253 (Note 1)
1	Sinyi Real Estate (Shanghai) Limited	Jiu Xin Estate(Wuxi) Limited	"	"	116,175 (RMB 25,000 thousand)	116,175 (RMB 25,000 thousand)	-	-	"	-	"	-	-	-	1,689,621 (Note 2)	2,816,035 (Note 2)

Note 1: Total financing provided by Sinyi Realty Inc. for short-term financing requirements for each borrowing company which was owned over 50% directly or indirectly by the same parent company should not exceed 30% of Sinyi Realty Inc.'s net worth. Total financing provided should not exceed 40% of Sinyi Realty Inc.'s net worth.

Note 2: The maximum amount of total financing should not exceed 50% of net worth of Sinyi Real Estate (Shanghai) Limited. The individual lending amount should not exceed 30% of Sinyi Real Estate (Shanghai) Limited's net worth.

## SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER  
THREE MONTHS ENDED MARCH 31, 2018  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Period	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 (Note 2)	Guarantee Given by Parent on Behalf of Subsidiaries	Guarantee Given by Subsidiaries on Behalf of Parent	Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Nature of Relationship											
0	Sinyi Realty Inc.	Shanghai Sinyi Real Estate Inc.	Indirectly 100% owned subsidiary	\$ 9,518,506 (Note 1)	\$ 2,764,200 (USD40,000 thousand and NTD1,600,000)	\$ 2,764,200 (USD40,000 thousand and NTD1,600,000 thousand )	\$ 2,328,400 (USD80,000 thousand)	\$ 2,764,200 (USD40,000 thousand and NTD1,600,000 thousand )	23.23	\$ 17,847,200	Y	N	N	

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

Note 2: The maximum total endorsement/guarantee should not exceed 150% of the Company's net worth.

## SINYI REALTY INC. AND SUBSIDIARIES

## MARKETABLE SECURITIES HELD

MARCH 31, 2018

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed stock</u> E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income – current	12,079,286	\$ 236,150	-	\$ 236,150	
	<u>Stock</u> Han Yu Venture Capital Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	5,000,000	36,731	11	36,731	
	PChome Investment Co., Ltd.	-	"	196,350	-	8	-	
	Kun Gee Venture Capital Co., Ltd.	-	"	160,650	-	3	-	
	Cite' Publishing Holding Ltd.	-	"	7,637	-	1	-	
	Cite' Information Services Co., Ltd.	-	"	106,392	-	1	-	
Sinyi Limited	<u>Stock</u> Orix Corp.	-	Financial assets at fair value through other comprehensive income – current	1,180,800	606,925	-	606,925	
	<u>Monetary market fund</u> Western Asset US Dollar Fund A	-	Financial assets at fair value through profit or loss – current	43,607	1,269	-	1,269	
Shanghai Sinyi Real Estate Inc.	<u>Stock</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets measured at fair value through other comprehensive income and loss - non-current	30,000,000	252,053	2	252,053	
Sinyi Development Inc.	<u>Stock</u> CTCI Corporation	-	Financial assets at fair value through profit or loss – current	170,940	8,282	-	8,282	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	2,282,287	30,723	-	30,723	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	1,046,186	14,083	-	14,083	
An-Shin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	11,004,962	148,143	-	148,143	

(Continued)



Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2018				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product (principal guaranteed by bank)</u> Bubu Shengking No. 8688	-	Financial assets at fair value through profit or loss – current	4,000,000	\$ 20,641	-	\$ 20,641	
Suzhou Sinyi Real Estate Inc.	Bubu Shengking No. 8688	-	"	3,000,000	15,739	-	15,739	
Sinyi Real Estate (Shanghai) Limited	Financial Hengtong No. 18081	-	"	60,000,000	278,889	-	278,889	
	Li Duo Duo Structured Deposits of Enterprises (No. JG902)	-	"	100,000,000	464,814	-	464,814	
	Structured Financial Product (Product ID: 201711163044)	-	"	120,000,000	566,955	-	566,955	
	Structured Financial Product (Product ID: 201803283707)	-	"	320,000,000	1,487,439	-	1,487,439	
	Yehdeyin No. 18030657	-	"	40,000,000	185,925	-	185,925	
Shanghai Sinyi Real Estate Inc.	Li Duo Duo Structured Deposits of Enterprises (No. JG903)	-	"	30,000,000	141,612	-	141,612	
	Qianyuan Woen-Ying- 2017 No. 292 Financial Product	-	"	8,000,000	37,608	-	37,608	
	China Bank principal guaranteed Financial Product denominated in RMB-Global smart choice	-	"	10,000,000	46,745	-	46,745	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	250	-	250	
Zhejiang Sinyi Real Estate Co., Ltd.	Excellent Win-91 days	-	"	3,000,000	13,967	-	13,967	
	Excellent Win-35 days	-	"	1,500,000	6,982	-	6,982	
Beijing Sinyi Real Estate Ltd.	Bank of China Steady Growth-Daily Plan	-	"	1,650,000	7,700	-	7,700	

(Concluded)

## SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 THREE MONTHS ENDED MARCH 31, 2018  
 (In Thousands of New Taiwan Dollars, Unless Specified 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	Gain or Loss	Shares/Units	Amount	
Sinyi Real Estate (Shanghai) Limited	Financial product Pufa Fortune Shuttle 21 days	Financial assets at fair value through profit or loss – current	-	-	-	RMB -	200,000,000	RMB200,000	200,000,000	RMB200,241	RMB200,241	RMB -	-	RMB -	
	Li Duo Duo Structured Deposits of Enterprises (No. JG902)	"	-	"	100,000,000	RMB100,025	100,000,000	RMB100,000	100,000,000	RMB100,138	RMB100,138	RMB -	100,000,000	RMB100,025 (Note1)	
	Structured Financial Product (Product ID: 2017122910037)	"	"	"	320,000,000	RMB320,083	-	RMB -	320,000,000	RMB323,800	RMB323,800	RMB -	-	RMB -	
	Structured Financial Product (Product ID: 20171163044)	"	"	"	120,000,000	RMB120,658	--	RMB -	-	RMB -	RMB -	RMB -	-	120,000,000	RMB122,004 (Note1)
	Structured Financial Product (Product ID: 201803283707)	"	"	"	-	RMB -	320,000,000	RMB320,000	-	RMB -	RMB -	RMB -	-	320,000,000	RMB320,085 (Note1)

Note 1: The ending balance presents historical cost.

## SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION  
THREE MONTHS ENDED MARCH 31, 2018

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

No.	Company Name	Counterparty	Flow of Transactions	Transaction Details			Percentage to Consolidated Total Assets/Revenue (%)
				Financial Statement Account	Amount	Payment Terms	
0	Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	a	Professional fees	\$ 4,503	Fixed charges by guarantee piece work	-
		An-Sin Real Estate Management Ltd.	a	Other income	1,820	30 days after regular settlement	-
		Sinyi Realty Inc. Japan	a	Other income	1,072	Quarterly	-
		Sinyi Realty Inc. Japan	a	Other receivables	1,059	Quarterly	-
1	Shanghai Sinyi Real Estate Inc.	Inane International Limited	c	Other payables	9,286	-	-
		Suzhou Sinyi Real Estate Inc.	c	Other income	12,127	Regular settlement	-
2	Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	c	Professional fees	5,229	By the piece work	-
3	Sinyi Real Estate (Shanghai) Limited	Sinyi Development Inc.	c	Trade payable	2,568	On the usual terms	-
		Kunshan Dingxian Trading Co., Ltd.	c	Prepayment	67,708	-	-
		Kunshan Dingxian Trading Co., Ltd.	c	Advance receipts from real estate transactions	186,589	-	-
		Kunshan Dingxian Trading Co., Ltd.	c	Inventory under development	26,200	On the usual terms	-
		Shanghai Shang Tuo Investment Management Consulting Inc.	c	Prepayment	12,135	-	-
4	Tokyo Sinyi Real Estate Co., Ltd.	Sinyi Realty Inc. Japan	c	Service income	5,985	By the piece work	-
		Sinyi Realty Inc. Japan	c	Other income	1,667	Bimonthly	-
		Sinyi Realty Inc. Japan	c	Trade receivables	6,365	Bimonthly	-
5	Beijing Sinyi Real Estate Ltd.	Chengdu Sinyi Real Estate Co.	c	Service income	9,401	Regular settlement	-

Note 1: Parties to the intercompany transactions are identified and numbered (in first column) as follows:

- a. "0" for Sinyi Realty Inc.
- b. Subsidiaries are numbered from "1".

Note 2: Flows of transactions are categorized as follows:

- a. From a parent company to its subsidiary.
- b. From a subsidiary to its parent company.
- c. Between subsidiaries.

Note 3: Percentage to consolidated total assets is calculated by dividing the amount of a particular asset or liability account by the consolidated total of assets as of March 31, 2018.

Percentage to consolidated total revenues is calculated by dividing the amount of a particular revenue or cost or expense account by the consolidated total operating revenues for the three months ended March 31, 2018..

Note 4: The table is disclosed by the Company based on the principle of materiality.

## SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
THREE MONTHS ENDED MARCH 31, 2018  
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Sinyi International Limited (Samoa)	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$ 7,978,598	\$ 7,947,954	264,928,037	100	\$ 10,027,249 (Note1)	\$ 53,031	\$ 53,031 (Note1)	(Note2)
	Sinyi Limited (B.V.I.)	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	2,103,724	2,098,689	64,777,000	100	1,515,581 (Note1)	( 41,066 )	( 41,066 ) (Note1)	(Note2)
	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	1,970,203 (Note1)	( 3,766 )	( 3,766 ) (Note1)	
	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	83,032 (Note1)	4,849	4,849 (Note1)	
	Heng-Yi Real Estate Consulting	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	17,936	20,000	1,793,634	78	15,667 (Note1)	34	34 (Note1)	
	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	1,265 (Note1)	( 2,752 )	( 2,752 ) (Note1)	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	1,920 (Note1)	( 3 )	( 3 ) (Note1)	
	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	143,521 (Note1)	13,803	7,040 (註一)	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	13,781	( 9 )	( 2 )	
	Yowoo Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Information software, data processing and electronic information providing service	92,244	90,000	5,510,000	100	( 5,848 ) (Note1)	( 10,502 )	( 10,502 ) (Note1)	
	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	15,873	( 1,872 )	( 421 )	
	SIN CHIUN HOLDING SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Investment holding	25,500	25,500	3,537,766	100	11,455 (Note1)	( 4,191 )	( 4,191 ) (Note1)	
	Sinyi Limited (B.V.I.)	Inane International Limited (B.V.I.)	Citco Building P.O. Box 662, Road Town, Torola, B.V.I.	Investment holding	1,493,092	1,493,092	46,935,840	100	837,422 (Note1)	( 39,328 )	( 39,328 ) (Note1)
Ke Wei HK Realty Limited		Rooms 3703-4 37/F West Tower Shun Tak Centre 168-200 Connaught Road, Central HK	Investment holding	95,129	95,129	2,675,000	99	20,982 (Note1)	( 1,175 )	( 1,181 ) (Note1)	
Sinyi International Limited (Samoa)	Forever Success International Limited (Mauritius)	2nd Floor, Felix House, 24 Dr. Joseph Riviere Street, Port Louis, Mauritius	Investment holding	68,741	68,741	2,216,239	100	36,055 (Note1)	( 3,957 )	( 3,957 ) (Note1)	
	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	270,197 (Note1)	7,042	7,042 (Note1)	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,919,127	3,919,127	133,506,209	100	5,715,786 (Note1)	69,533	69,533 (Note1)	
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,931,872	3,901,231	128,190,000	100	4,004,824 (Note1)	( 19,586 )	( 19,586 ) (Note1)	(Note2)
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	10,530 (Note1)	-	- (Note1)	
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	147,013 (Note1)	7,299	7,299	
Sinyi Realty Inc. Japan	Sinyi Management Co., Ltd.	2nd Floor, Shoritsu Building 2-7-1 Yoyogi Shibuya-ku, Tokyo, Japan	Real estate brokerage	10,746	10,746	600	100	32,548 (Note1)	4,770	4,770 (Note1)	
	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	15,978 (Note1)	( 99 )	( 99 ) (Note1)	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	3,888,107	3,888,107	131,640,306	100	5,652,031 (Note1)	7,520	7,520 (Note1)	

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2018			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Suites 2302-6, 23/F Great Eagle Ctr 23 Harbour Rd. Wanchai HK	Investment holding	\$ 6,350,826	\$ 6,351,404	207,000,000	100	\$ 6,300,375 (Note1)	( \$ 19,687 )	( \$ 19,687 ) (Note1)	
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	246 (Note1)	( 14 )	( 14 ) (Note1)	
	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	245 (Note1)	( 14 )	( 14 ) (Note1)	
SIN CHIUN HOLDING SDN. BHD.	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Real estate brokerage	11,020	11,020	1,528,849	49	4,377 (Note1)	( 2,026 )	( 2,026 ) (Note1)	
	PEGUSUS HOLDING SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Investment	11,974	11,974	1,661,200	100	5,036 (Note1)	( 2,133 )	( 2,133 ) (Note1)	
PEGUSUS HOLDING SDN. BHD.	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Level 11, 1 Sentral, Jalan Rakyat , Kuala Lumpur Sentral, 50470 Kuala Lumpur, W.P.Kuala Lumpur, Malaysia	Real estate brokerage	11,470	11,470	1,591,251	51	4,556 (Note1)	( 2,109 )	( 2,109 ) (Note1)	
Yowoo Technology Inc.	Woopu Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Investment	500	-	50,000	100	500 (Note1)	-	- (Note1)	

Note 1: Those subsidiaries included in the consolidated entities have been eliminated.

Note 2: As of March 31, 2018, the process of the share capital increase was not complete; therefore, it was recorded under "prepayment for long-term investment".

## SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
THREE MONTHS ENDED MARCH 31, 2018  
(In Thousands of New Taiwan Dollars, Unless Specified 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, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of March 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2018
					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	(\$ 1,175 )	100	(\$ 1,175) (Note6)	\$ 21,202 (Note6)	\$ -
Shanghai Sinyi Real Estate Inc. (Note 3)	Real estate brokerage	RMB 260,082	Investment in company located in mainland China indirectly through Inane International Limited	1,140,018	-	-	1,140,018	( 38,526 )	100	( 38,526 ) (Note6)	810,122 (Note6)	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 11,968	"	149,955	-	-	149,955	8,517	100	8,517 (Note6)	( 17,161 ) (Note6)	-
Shanghai Zhi Xin allograph Ltd. (Note 4)	Real estate brokerage and management consulting	RMB 4,138	"	17,095	-	-	17,095	8	100	8 (Note6)	33,777 (Note6)	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	"	22,414	-	-	22,414	5,393	100	5,393 (Note6)	345,844 (Note6)	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB 1,636,300	"	-	-	-	-	-	2	-	252,053	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 20,200	"	43,766	-	-	43,766	( 4,006 )	100	( 4,006 ) (Note6)	31,854 (Note6)	-
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	401	100	401 (Note6)	17,387 (Note6)	-
Chengdu Sinyi Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 13,000	Investment in company located in mainland China indirectly through Inane International Limited	62,005	-	-	62,005	( 9,693 )	100	( 9,693 ) (Note6)	( 507 ) (Note6)	-
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	\$ 57,873	100	\$ 57,873 (Note6)	\$ 5,632,070 (Note6)	\$ -
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	( 4,358 )	100	( 4,358 ) (Note6)	18,070 (Note6)	-
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	10,659	100	10,659 (Note6)	63,144 (Note6)	-
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.	-	-	-	-	( 1,867 )	100	( 1,867 ) (Note6)	8,111 (Note6)	-

(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, 2018	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2018	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of March 31, 2018 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2018
					Outflow	Inflow						
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.	\$ -	\$ -	\$ -	\$ -	(\$ 2 )	100	(\$ 2 ) (Note6)	\$ 461 (Note6)	\$ -
Jiu Xin Estate (Wuxi) Limited	Real estate development	USD 207,000	Investment in company located in mainland China indirectly through Sinyi Real Estate (Hong Kong) Limited	3,900,696	-	-	3,900,696	( 19,577 )	100	( 19,577 ) (Note6)	6,300,675 (Note6)	-

Accumulated Outflow for Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
\$9,422,767	\$13,472,307	\$ -

Note 1: Amounts were based on audited financial statements except those of Sinyi Real Estate (Shanghai) Limited and Jiu Xin Estate (Wuxi) Limited which had been reviewed by the auditors.

Note 2: Carrying value was converted into New Taiwan dollars at the exchange rates of US\$1=NT\$29.105 and US\$1=RMB6.232 on March 31, 2018.

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

Note 6: Those subsidiaries included in the consolidated entities have been eliminated.