

Sinyi Realty Inc. and Subsidiaries

**Consolidated Financial Statements as of and for the
Three Months Ended March 31, 2019 and 2018 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, 2019 and 2018 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 12 to the consolidated financial statements, some non-significant subsidiaries' financial statements and related information mentioned in Note 40 were unreviewed. As of March 31, 2019 and 2018, such subsidiaries' total assets were 19% (\$5,812,026thousand) and 23% (\$5,877,691thousand), respectively, of the consolidated assets, and their total liabilities were 12% (\$2,308,392 thousand) and 12% (\$1,602,914 thousand), respectively, of the consolidated liabilities. The total comprehensive income of these subsidiaries were (3%) ((\$26,440) thousand), and 5% (\$29,669 thousand) of consolidated comprehensive income for the three months ended March 31, 2019 and 2018, 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 2019, 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 2019. 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 29, 2019

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)

ASSETS	March 31, 2019 (Reviewed)		December 31, 2018 (Audited)		March 31, 2018 (Reviewed)	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 8,147,460	26	\$ 4,551,253	16	\$ 1,831,731	7
Financial assets at fair value through profit or loss - current (Note 7)	79,503	-	4,702,735	16	3,477,766	14
Financial assets at fair value through other comprehensive income - current (Note 8)	827,051	3	785,371	3	843,075	3
Notes receivable (Note 9)	44,624	-	52,755	-	24,610	-
Trade receivables (Note 9)	1,056,544	3	925,560	3	879,078	3
Other receivables (Notes 9 and 35)	43,742	-	47,569	-	50,333	-
Current tax asset	46,451	-	64,742	-	2,900	-
Inventories (Notes 10 and 36)	10,981,191	35	11,054,987	38	11,911,940	47
Other financial assets - current (Notes 11 and 36)	146,860	1	155,706	1	164,494	1
Other current assets (Note 18)	158,186	1	102,142	1	196,505	1
Total current assets	<u>21,531,612</u>	<u>69</u>	<u>22,442,820</u>	<u>78</u>	<u>19,382,432</u>	<u>76</u>
NON-CURRENT ASSETS						
Financial assets measured at fair value through other comprehensive income and loss - non-current (Note 8)	409,087	1	393,127	1	288,784	1
Investment accounted for using equity method (Note 13)	28,926	-	27,554	-	29,654	-
Property, plant and equipment (Notes 14 and 36)	3,547,417	11	3,553,206	12	3,384,969	13
Right-of-use assets (Note 3,4 and 15)	3,350,876	11	-	-	-	-
Investment properties (Notes 16 and 36)	2,066,642	7	2,083,520	7	2,268,085	9
Intangible assets (Notes 17 and 38)	109,785	-	115,329	1	102,274	-
Deferred tax assets	66,746	-	82,663	-	42,381	-
Refundable deposits	132,624	1	143,620	1	132,787	1
Other non-current assets (Note 18)	2,040	-	2,225	-	3,588	-
Total non-current assets	<u>9,714,143</u>	<u>31</u>	<u>6,401,244</u>	<u>22</u>	<u>6,252,522</u>	<u>24</u>
TOTAL	<u>\$ 31,245,755</u>	<u>100</u>	<u>\$28,844,064</u>	<u>100</u>	<u>\$ 25,634,954</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 19 and 36)	\$ -	-	\$ 748,000	3	\$ 808,000	3
Contract liabilities - current (Notes 22 and 27)	367,393	1	694,468	2	59,495	-
Notes payable	3,326	-	643	-	1,768	-
Trade payable (Note 21)	646,289	2	766,021	3	44,651	-
Other payables (Note 23)	1,340,939	4	1,816,073	6	1,127,302	5
Other payable to related parties (Notes 23 and 35)	46,804	-	45,930	-	58,803	-
Current tax liabilities	1,072,507	3	1,153,996	4	648,568	3
Provisions - current (Note 24)	6,827	-	6,322	-	57,878	-
Lease liabilities - current (Note 3,4,15 and 35)	518,371	2	-	-	-	-
Other current financial liabilities (Note 23)	389,257	1	357,126	1	345,675	1
Unearned revenue	3489	-	3,277	-	3,855	-
Current portion of long-term borrowings and bonds payable (Notes 19, 20 and 36)	1,507,601	5	1,507,682	5	1,513,695	6
Other current liabilities (Note 23)	145,405	1	202,879	1	136,460	1
Total current liabilities	<u>6,048,208</u>	<u>19</u>	<u>7,302,417</u>	<u>25</u>	<u>4,806,130</u>	<u>19</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 20)	4,400,000	14	4,400,000	15	1,500,000	6
Long-term borrowings (Notes 19 and 36)	5,523,518	18	5,371,478	19	6,796,824	27
Lease liabilities - non-current (Note 3,4,15 and 35)	2,816,994	9	-	-	-	-
Net defined benefit liabilities - non-current	111,992	-	114,862	1	69,885	-
Guarantee deposits received	44,529	-	43,028	-	42,087	-
Other non-current liabilities (Note 23)	465,954	2	514,141	2	363,412	1
Deferred tax liabilities	10,591	-	33,905	-	16,010	-
Total non-current liabilities	<u>13,373,578</u>	<u>43</u>	<u>10,477,414</u>	<u>37</u>	<u>8,788,218</u>	<u>34</u>
Total liabilities	<u>19,421,786</u>	<u>62</u>	<u>17,779,831</u>	<u>62</u>	<u>13,594,348</u>	<u>53</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 26)						
Share capital						
Ordinary shares	7,368,465	24	7,368,465	26	6,515,000	25
Capital surplus	63,896	-	64,528	-	64,528	-
Retained earnings						
Legal reserve	2,073,664	7	2,073,664	7	1,793,382	7
Special reserve	40,830	-	40,830	-	-	-
Unappropriated earnings	2,076,569	7	1,658,029	6	3,184,520	13
Total retained earnings	<u>4,191,063</u>	<u>14</u>	<u>3,772,523</u>	<u>13</u>	<u>4,977,902</u>	<u>20</u>
Other equity						
Exchange differences on translating foreign operations	(388,099)	(1)	(681,439)	(2)	(124,028)	(1)
Unrealized gain from financial assets measured at fair value through other comprehensive income	490,908	1	441,003	1	464,731	2
Total other equity	<u>102,809</u>	<u>-</u>	<u>(240,436)</u>	<u>(1)</u>	<u>340,703</u>	<u>1</u>
Total equity attributable to owners of the Company	11,726,233	38	10,965,080	38	11,898,133	46
NON-CONTROLLING INTERESTS (Note 26)						
	97,736	-	99,153	-	142,473	1
Total equity	<u>11,823,969</u>	<u>38</u>	<u>11,064,233</u>	<u>38</u>	<u>12,040,606</u>	<u>47</u>
TOTAL	<u>\$ 31,245,755</u>	<u>100</u>	<u>\$28,844,064</u>	<u>100</u>	<u>\$ 25,634,954</u>	<u>100</u>

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated April 29, 2019)

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			
	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Note 27)				
Sales revenue	\$ 763,542	24	\$ 409,737	17
Service revenue	<u>2,373,777</u>	<u>76</u>	<u>2,053,161</u>	<u>83</u>
Total operating revenue	<u>3,137,319</u>	<u>100</u>	<u>2,462,898</u>	<u>100</u>
OPERATING COSTS (Note 10, 28 and 35)				
Cost of sales	425,992	13	254,038	10
Service cost	<u>1,715,604</u>	<u>55</u>	<u>1,497,726</u>	<u>61</u>
Total operating costs	<u>2,141,596</u>	<u>68</u>	<u>1,751,764</u>	<u>71</u>
GROSS PROFIT	995,723	32	711,134	29
OPERATING EXPENSES (Notes 28 and 35)	<u>407,347</u>	<u>13</u>	<u>360,402</u>	<u>15</u>
OPERATING INCOME (LOSS)	<u>588,376</u>	<u>19</u>	<u>350,732</u>	<u>14</u>
NON-OPERATING INCOME AND EXPENSES				
Rental income (Notes 35)	20,702	1	21,812	1
Dividend income	153	-	215	-
Interest income (Notes 28)	7,363	-	3,671	-
Other gains and losses (Notes 28 and 35)	62,252	2	30,241	2
Finance costs (Notes 28)	(47,667)	(2)	(23,749)	(1)
Total non-operating income and expenses	<u>42,803</u>	<u>1</u>	<u>32,190</u>	<u>2</u>
PROFIT (LOSS) BEFORE INCOME TAX FROM CONTINUING OPERATIONS	631,179	20	382,922	16
INCOME TAX EXPENSE (Note 4 and 29)	(209,691)	(7)	(172,790)	(7)
NET (LOSS) PROFIT FOR THE PERIOD	<u>421,488</u>	<u>13</u>	<u>210,132</u>	<u>9</u>
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	48,480	2	57,763	2
Share of the other comprehensive gain of associates accounted for using the equity method	1,425	-	957	-
Items that may be reclassified subsequently to profit or loss:				

(Continued)

	Three Months Ended March 31			
	2019		2018	
	Amount	%	Amount	%
Exchange differences on translating foreign operations	<u>\$ 293,374</u>	<u>9</u>	<u>\$ 272,781</u>	<u>11</u>
Other comprehensive gain(loss) for the period, net of income tax	<u>343,248</u>	<u>11</u>	<u>331,501</u>	<u>13</u>
TOTAL COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD	<u>\$ 764,736</u>	<u>24</u>	<u>\$ 541,633</u>	<u>22</u>
NET (LOSS) PROFIT ATTRIBUTABLE TO:				
Owner of the Company	\$ 422,309	13	\$ 203,363	8
Non-controlling interests	(821)	-	6,769	1
	<u>\$ 421,488</u>	<u>13</u>	<u>\$ 210,132</u>	<u>9</u>
TOTAL COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:				
Owner of the Company	\$ 765,554	24	\$ 534,860	22
Non-controlling interests	(818)	-	6,773	-
	<u>\$ 764,736</u>	<u>24</u>	<u>\$ 541,633</u>	<u>22</u>
EARNINGS (LOSS) PER SHARE (Note 30)				
From continuing operations				
Basic	<u>\$ 0.57</u>		<u>\$ 0.28</u>	
Diluted	<u>\$ 0.57</u>		<u>\$ 0.28</u>	

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

(With Deloitte & Touche review report dated April 29, 2019)

(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					Other Equity			Total	Non-controlling Interests	Total Equity
	Ordinary Share	Capital Surplus	Retained Earnings		Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain on Investments in Equity Instruments at Fair Value through Other Comprehensive Income	Unrealized Gain on Available-for-sale Financial Assets			
			Legal Reserve	Special Reserve							
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	6,515,000	63,896	1,793,382	-	2,981,157	(396,805)	406,011	-	11,362,641	131,332	11,493,973
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>\$ -</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>
BALANCE AT JANUARY 1, 2019	\$ 7,368,465	\$ 64,528	\$ 2,073,664	\$ 40,830	\$ 1,658,029	\$ (681,439)	\$ 441,003	\$ -	\$ 10,965,080	\$ 99,153	\$ 11,064,233
Actual disposals of interests in subsidiaries	-	(632)	-	-	(3,769)	-	-	-	(4,401)	(599)	(5,000)
Net profit for the three months ended March 31, 2019	-	-	-	-	422,309	-	-	-	422,309	(821)	421,488
Other comprehensive income (loss) for the three months ended March 31, 2019, net of income tax	-	-	-	-	-	293,340	49,905	-	343,245	3	343,248
Total comprehensive income (loss) for the three months ended March 31, 2019	-	-	-	-	422,309	293,340	49,905	-	765,554	(818)	764,736
BALANCE AT MARCH 31, 2019	<u>\$ 7,368,465</u>	<u>\$ 63,896</u>	<u>\$ 2,073,664</u>	<u>\$ 40,830</u>	<u>\$ 2,076,569</u>	<u>\$ (388,099)</u>	<u>\$ 490,908</u>	<u>\$ -</u>	<u>\$ 11,726,233</u>	<u>\$ 97,736</u>	<u>\$ 11,823,969</u>

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

(With Deloitte & Touche review report dated April 29, 2019)

SINYI REALTY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	Three Months Ended March 31	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 631,179	\$ 382,922
Adjustments for:		
Depreciation expenses	163,971	32,621
Amortization expenses	9,689	8,799
Net gain on financial assets at fair value through profit or loss	(45,416)	(35,334)
Interest expense	55,720	46,942
Interest income	(7,363)	(3,671)
Dividend income	(153)	(215)
Share of profit of associates and joint ventures	54	423
Loss on disposal of property, plant and equipment	261	159
Gain on disposal of investment properties	(3,876)	-
Impairment loss on non-financial assets	-	1,135
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	4,781,019	(273,704)
Notes receivable	8,131	3,547
Trade receivables	(130,984)	(36,808)
Other receivables	(1,230)	(2,424)
Inventories	270,830	(55,405)
Other current assets	(56,044)	(30,392)
Other operating assets	-	(2,935)
Contract liabilities	(328,932)	-
Notes payable	2,683	202
Trade payables	(119,732)	(36,778)
Other payables	(509,404)	(532,617)
Other payable to related parties	(220)	(13,680)
Provisions	505	749
Unearned revenue	212	(109,909)
Other financial liabilities	50,443	45,544
Other current liabilities	(57,474)	(57,274)
Other operating liabilities	(<u>51,057</u>)	(<u>16,901</u>)
Cash generated from operations	4,662,812	(685,004)
Interest received	7,946	3,628
Interest paid	(39,597)	(35,387)
Income taxes paid	(<u>280,286</u>)	(<u>503,764</u>)
Net cash generated from (used in) operating activities	<u>4,350,875</u>	(<u>1,220,527</u>)
CASH FLOWS FROM INVESTING ACTIVITIES		

(Continued)

Three Months Ended March 31

	2019	2018
Capital reduction and refund from financial assets measured at fair value through other comprehensive gains and losses	\$ 4,474	\$ -
Payments for property, plant and equipment	(16,464)	(17,897)
Proceeds on disposal of property, plant and equipment	90	25
Decrease in refundable deposits	(1,645)	(1,988)
Payment for intangible assets	(3,911)	(7,976)
Payment for investment properties	-	(5,675)
Proceeds on disposal of investment properties	18,766	-
Decrease in other financial assets	8,846	12,759
Decrease(Increase) in other non-current assets	185	(4)
Dividend received	<u>153</u>	<u>215</u>
Net cash generated from (used in) investing activities	<u>10,494</u>	<u>(20,541)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of short-term borrowings	(748,000)	(800,000)
Proceeds from long-term borrowings	3,110,723	2,255,000
Repayment of long-term borrowings	(3,076,325)	(2,293,379)
Principal repayment of lease liabilities	(136,725)	-
Refund of guarantee deposits received	1,501	(528)
Increase in other payables to related parties	929	-
Acquisition of subsidiaries	(5,000)	-
Disposal of subsidiaries	<u>-</u>	<u>5,000</u>
Net cash generated from (used in) financing activities	<u>(852,897)</u>	<u>(833,907)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>87,735</u>	<u>6,875</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,596,207	(2,068,100)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>4,551,253</u>	<u>3,899,831</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 8,147,460</u>	<u>\$ 1,831,731</u>

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

(With Deloitte & Touche review report dated April 29, 2019)

(Concluded)

SINYI REALTY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2019 AND 2018

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

(Reviewed, Not Audited)

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on April 29, 2019.

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

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

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

- IFRS 16 “Leases”

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

Definition of a lease

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

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed using the effective interest method. On the 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 will be classified within operating activities. Currently, payments under operating lease contracts, including property interest qualified as investment properties, were recognized as expenses on a straight-line basis. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables are recognized for contracts classified as finance leases.

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

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

The Group also applies the following practical expedients:

- a) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- d) The Group will use hindsight, such as in determining lease terms, to measure lease liabilities.

The weighted average lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.11% to 5.70%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 1,255,111
Less: Recognition exemption for short-term leases	(<u>10,243</u>)
Undiscounted amounts on January 1, 2019	<u>\$ 1,244,868</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	\$ 1,203,841
Add: Adjustments as a result of a different treatment of extension and termination options	2,176,586
Less: Refundable deposits reclassification adjustment	(<u>11,947</u>)
Lease liabilities recognized on January 1, 2019	<u>\$ 3,368,480</u>

The Group as lessor

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

Anticipated impact on assets, liabilities and equity

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Right-of-use assets	\$ -	\$ 3,380,427	\$ 3,380,427
Refundable deposits	<u>143,620</u>	<u>(11,947)</u>	<u>131,673</u>
	<u>\$ 143,620</u>	<u>\$ 3,368,480</u>	<u>\$ 3,512,100</u>
Lease liabilities - current	\$ -	\$ 526,765	\$ 526,765
Lease liabilities - non-current	<u>-</u>	<u>2,841,715</u>	<u>2,841,715</u>
	<u>\$ -</u>	<u>\$ 3,368,480</u>	<u>\$ 3,368,480</u>

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (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 17 “Insurance Contracts”	January 1, 2021
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

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

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

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 preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liability.

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

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

c. Basis of consolidation

The principles of preparation of the consolidated financial statements are in line with 2018 consolidated financial statements. See Note 12 and Table 7 and 8 for the detailed information of subsidiaries (including the percentage of ownership and main business).

d. 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, 2018, 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) Leases

2019

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

The Group as lessor

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

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

When a lease includes both land and building elements, the Group assesses the classification of

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

The Group as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

2018

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

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

3) 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. The effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss.

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, 2018.

6. CASH AND CASH EQUIVALENTS

	March 31, 2019	December 31, 2018	March 31, 2018
Cash on hand	\$ 34,598	\$ 26,952	\$ 16,050
Checking accounts and demand deposits	7,829,148	3,739,797	1,660,287
Cash equivalents			
Time deposits with original maturities less than three months	<u>283,714</u>	<u>784,504</u>	<u>155,394</u>
	<u>\$ 8,147,460</u>	<u>\$ 4,551,253</u>	<u>\$ 1,831,731</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Cash in bank	0%-2.66%	0%-3.2%	0%-1.98%

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

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets at FVTPL - current</u>			
Non-derivative financial assets			
Domestic quoted shares	\$ 8,205	\$ 7,590	\$ 8,282
Mutual funds	47,384	48,308	194,218
Structured financial products	<u>23,914</u>	<u>4,646,837</u>	<u>3,275,266</u>
	<u>\$ 79,503</u>	<u>\$4,702,735</u>	<u>\$ 3,477,766</u>

Structured financial products the Group bought from banks are structured time deposit with the expected yield rates of 0%-4.35% and 0%-4.90% as of March 31, 2019 and March 31, 2018, respectively.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Investment in equity instruments at FVTOCI</u>			
<u>Current</u>			
Domestic investments			
Quoted shares	\$ 304,458	\$ 257,668	\$ 236,150
Foreign investments			
Quoted shares	<u>522,593</u>	<u>527,703</u>	<u>606,925</u>
	<u>\$ 827,051</u>	<u>\$ 785,371</u>	<u>\$ 843,075</u>
<u>Non-current</u>			
Domestic investments			
Unlisted shares	\$ 97,189	\$ 88,583	\$ 36,731
Foreign investments			
Unlisted shares	<u>311,898</u>	<u>304,544</u>	<u>252,053</u>
	<u>\$ 409,087</u>	<u>\$ 393,127</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 the management believes 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.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Notes receivable and Trade receivables</u>			
Notes receivable			
At amortized cost			
Gross carrying amount	<u>\$ 44,624</u>	<u>\$ 52,755</u>	<u>\$ 24,610</u>
Notes receivable - operating	<u>\$ 44,624</u>	<u>\$ 52,755</u>	<u>\$ 24,610</u>
Trade receivables			
At amortized cost			
Gross carrying amount	1,079,771	943,461	895,296
Less: Allowance for doubtful accounts	(23,227)	(17,901)	(16,218)
	<u>\$ 1,056,544</u>	<u>\$ 925,560</u>	<u>\$ 879,078</u>
<u>Other receivables</u>			
Receivables from disposal of investment	\$ -	\$ 4,474	\$ 4,649
Interest receivables	692	1,275	524

(Continued)

	March 31, 2019	December 31, 2018	March 31, 2018
Others	\$ 48,318	\$ 47,088	\$ 49,325
Less: Allowance for impairment loss	(5,268)	(5,268)	(4,165)
	<u>\$ 43,742</u>	<u>\$ 47,569</u>	<u>\$ 50,333</u>

(Concluded)

a. Trade receivables

The average credit period for rendering of services was 30 to 60 days. No interest was charged on trade receivables. The refund liability for trade receivables from real estate brokerage service revenue was estimated based on historical experience. Except for collections from real estate agent service rendered to individuals 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 conditions of its counterparties are continuously monitored. 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 direction of economic conditions 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, 2019

	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%-0.5%	0%-0.5%	0%-0.5%	0%-0.5%	50%-100%	
Gross carrying amount	\$ 866,652	\$ 69,533	\$ 73,803	\$ 32,453	\$ 37,330	\$1,079,771
Refund liability (Note)	(36,477)	(4,555)	(3,242)	(1,120)	(363)	(45,757)
Loss allowance (Lifetime ECL)	(419)	(74)	(161)	(162)	(22,411)	(23,227)
	<u>\$ 829,756</u>	<u>\$ 64,904</u>	<u>\$ 70,400</u>	<u>\$ 31,171</u>	<u>\$ 14,556</u>	<u>\$1,010,787</u>

December 31, 2018

	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%-0.5%	0%-0.5%	0%-0.5%	0%-0.5%	50%-100%	
Gross carrying amount	\$ 747,681	\$ 76,409	\$ 63,149	\$ 21,757	\$ 34,465	\$ 943,461
Refund liability (Note)	(35,470)	(4,039)	(2,666)	(1,493)	(335)	(44,003)
Loss allowance (Lifetime ECL)	(184)	(63)	(237)	(109)	(17,308)	(17,901)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amortized cost	<u>\$ 712,027</u>	<u>\$ 72,307</u>	<u>\$ 60,246</u>	<u>\$ 20,155</u>	<u>\$ 16,822</u>	<u>\$ 881,557</u>

March 31, 2018

	Less than 60 Days	61 to 90 Days	91 to 180 Days	181 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%-0.5%	0%-0.5%	0%-0.5%	0%-0.5%	50%-100%	-
Gross carrying amount	\$ 731,968	\$ 54,982	\$ 46,042	\$ 31,597	\$ 30,707	\$ 895,296
Refund liability (Note)	(31,644)	(3,672)	(3,292)	(1,742)	(2,124)	(42,474)
Loss allowance (Lifetime ECL)	(303)	(36)	(21)	(58)	(15,800)	(16,218)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amortized cost	<u>\$ 700,021</u>	<u>\$ 51,274</u>	<u>\$ 42,729</u>	<u>\$ 29,797</u>	<u>\$ 12,783</u>	<u>\$ 836,604</u>

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

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

	Three Months Ended March 31, 2019	
	Trade Receivables	Other Receivables
Balance at January 1, 2019	\$ 17,901	\$ 5,268
Add: Net remeasurement of loss allowance	4,888	-
Foreign exchange gains and losses	<u>438</u>	<u>-</u>
Balance at March 31, 2019	<u>\$ 23,227</u>	<u>\$ 5,268</u>
	Three Months Ended March 31, 2018	
	Trade Receivables	Other Receivables
Balance at January 1, 2018 per IAS 39	\$ 8,064	\$ 4,165
Adjustment on initial application of IFRS 9	<u>-</u>	<u>-</u>
Balance at January 1, 2018 per IFRS 9	8,064	4,165
Add: Net remeasurement of loss allowance	7,949	-
Foreign exchange gains and losses	<u>205</u>	<u>-</u>
Balance at March 31, 2018	<u>\$ 16,218</u>	<u>\$ 4,165</u>

b. Other receivables

- 1) Receivables from disposal of investment were the Group's disposal of financial assets measured at cost.
- 2) Other receivables were the payment on behalf of others and rental receivable.

10. INVENTORIES

	March 31, 2019	December 31, 2018	March 31, 2018
Properties under development			
Jiading District, Shanghai	\$ -	\$ -	\$ 1,884,676
Binhu District, Wuxi	6,456,691	-	-
Properties to be developed			
Binhu District, Wuxi	-	6,175,692	6,225,401
Banqiao District, New Taipei City	2,444,727	2,440,170	2,407,217
Banqiao District, New Taipei City (for transferable development rights)	283,360	283,360	232,134
Other			
Shilin District, Taipei City	2,113	2,113	2,113
Inventory-merchandise			
Jiading District, Shanghai	1,586,873	1,894,686	754,986
Shilin District, Taipei City	<u>207,427</u>	<u>258,966</u>	<u>405,413</u>
	<u>\$ 10,981,191</u>	<u>\$ 11,054,987</u>	<u>\$ 11,911,940</u>

The amount of cost of goods sold transferred from inventory was \$425,992 thousand and \$254,038 thousand for the three months ended March 31, 2019 and March 31, 2018, respectively.

To ensure the smooth completion of the real estate project, Sinyi Development Inc. of 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 Jia-Ho	Taishin International Bank Co., Ltd.	2017/5/22-2024/5/22
Sinyi Jia-Pin	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.

11. OTHER FINANCIAL ASSETS - CURRENT

	March 31, 2019	December 31, 2018	March 31, 2018
Time deposits with original maturity more than three months	\$ 139,570	\$ 148,470	\$ 157,170
Restricted assets - current	<u>7,290</u>	<u>7,236</u>	<u>7,324</u>
	<u>\$ 146,860</u>	<u>\$ 155,706</u>	<u>\$ 164,494</u>

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

	March 31, 2019	December 31, 2018	March 31, 2018
Time deposits with original maturity more than three months	0.12%-1.13%	0.12%-2.75%	0.12%-2.75%

- b. Restricted assets - current were operating guarantee for real-estate brokerage. Please refer to Note 36.

12. SUBSIDIARIES

- a. Subsidiaries included in consolidated financial statements

Those subsidiaries included in the consolidated entities as of March 31, 2019, December 31, 2018 and March 31, 2018 were as follows:

Investor	Investee	Main Businesses	% of Ownership			Remark	
			March 31, 2019	December 31, 2018	March 31, 2018		
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 Intelligent Technology Inc. (Heng-Yi)	Development, construction, rental and sale of residential building and factories	75	75	75		
	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		
	Yowoo Technology Inc. (Yowoo Technology)	Information software, data processing and electronic information providing services	100	100	100		
	SIN CHIUN HOLDING SDN. BHD.(SIN CHIUN)	Investment holding	100	100	100		
Sinyi Real Estate Consulting Limited (Sinyi Consulting)	Production of Instructions of real estate	100	100	-			
Sinyi Limited	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. (Shanghai Zhi Xin)	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		
	Max Success International Limited (Max Success)	Investment holding	100	100	100		
	Shanghai Sinyi Real Estate	Zhejiang Sinyi Real Estate Co., Ltd. (Zhejiang Sinyi)	Real estate brokerage and management consulting	100	100	100	
	Suzhou Sinyi Real Estate Inc. (Suzhou Sinyi)	Real estate brokerage and management consulting	100	100	100		

(continued)

Investor	Investee	Main Businesses	% of Ownership			Remark
			March 31, 2019	December 31, 2018	March 31, 2018	
Shanghai Zhi Xin	Jiaxing Zhi Zheng Real Estate Marketing Planning Inc. (Jiaxing Zhi Zheng)	Real estate marketing planning and management consulting	100	100	100	
	Suzhou Zhi Xin Real Estate Co. Ltd.	Market information consultation and management consulting	100	100	-	
Ke Wei HK	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	
Forever Success	Sinyi Development Limited (Sinyi Development)	Investment holding	100	100	100	
	Sinyi Estate Ltd. (Sinyi Estate)	Investment holding	100	100	100	
	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	100	100	
Hua Yun	Lunheng Business Management (Shanghai) Ltd. (Lunheng)	Management consulting	100	100	-	
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	
Sinyi Development	Tokyo Sinyi Real Estate Co., Ltd.	Real estate brokerage	100	100	100	
	Sinyi Real Estate (Hong Kong) Limited (Hong Kong Real Estate)	Investment holding	100	100	100	
Sinyi Estate	Kunshan Dingxian Trading Co., Ltd. (Kunshan Digxian Trading)	Construction materials furniture, sanitary ware and ceramic products wholesale	100	100	100	
	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	100	100	
Shanghai Sinyi Estate	Xin Yeh Business Administration (Shanghai) Ltd.(Xin Yeh)	Development of commercial and residential building	100	-	-	Note 1
Yowoo Technology	Wu Pu Co.,Ltd. (Wu Pu)	Investment	100	100	100	
	Heng-Yi Intelligent Technology Inc. (Heng-Yi)	Development, construction, rental and sale of residential building and factories	25	-	-	Note 2
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)	Investment holding	49	49	49	
PEGUSUS	PEGUSUS HOLDING SDN.BHD.(PEGUSUS)	Investment holding	100	100	100	
	FIDELITY PROPERTY CONSULTANT SDN.BHD.(FIDELITY)	Real estate brokerage, management and identification	51	51	51	

(concluded)

Remark:

Note 1: Xin Yeh was incorporated in February 2019, with a capital of RMB350,000 thousand, as of March 31, 2019.

Note 2: The Group acquired 25% ownership of Heng-Yi from non-controlling interests through Yowoo Technology Inc. in March 2019. Please refer to Note 31.

Note 3: Subsidiaries included in consolidated financial statement: The financial statements of the consolidated entities had not been reviewed by the independent accountants, except for those the Company's material subsidiaries such as Sinyi International, Sinyi Development, Hong Kong Real Estate, Shanghai Real Estate, Sinyi Estate, Hong Kong Sinyi Estate, Jiu Xin Estate and Xin Yeh as of and for the three months ended March 31, 2019 and 2018.

b. Subsidiaries excluded from consolidated financial statement: None.

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2019	December 31, 2018	March 31, 2018
Investments in associates	\$ <u>28,926</u>	\$ <u>27,554</u>	\$ <u>29,654</u>

Investments In Associates

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Unlisted company</u>			
Sinyi Interior Design Co., Ltd.	\$ 14,294	\$ 12,870	\$ 13,781
Rakuya International Info. Co., Ltd.	<u>14,632</u>	<u>14,684</u>	<u>15,873</u>
	<u>\$ 28,926</u>	<u>\$ 27,554</u>	<u>\$ 29,654</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, 2019	December 31, 2018	March 31, 2018
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>	
	2019	2018
The Group's share of:		
Loss from continuing operations	(\$ 54)	(\$ 423)
Other comprehensive income	<u>1,425</u>	<u>957</u>
Total comprehensive income for the period	<u>\$ 1,371</u>	<u>\$ 534</u>

Even though holding less than 20% of voting rights of Sinyi Interior Design Co., Ltd. the Group is able to exercise significant influence over it. The investment is still accounted for by the equity method.

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 three months ended March 31, 2019 and 2018 were based on unreviewed financial statements. The Group's management believes the unreviewed financial statements of the investees above do not have material impact.

14. 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
Cost									
Balance at January 1, 2019	\$ 2,833,746	\$ 660,163	\$ 10,654	\$ 388,221	\$ 4,671	\$ 548,513	\$ 87,384	\$ 2,680	\$ 4,536,032
Additions	-	-	-	3,890	-	12,451	-	123	16,464
Disposals	-	-	-	(1,403)	-	(9,223)	(30)	-	(10,656)
Reclassifications	-	-	-	-	-	2,680	-	(2,680)	-
Effect of foreign currency exchange differences	-	5,308	164	1,450	-	2,018	-	-	8,940
Balance at March 31, 2019	<u>\$ 2,833,746</u>	<u>\$ 665,471</u>	<u>\$ 10,818</u>	<u>\$ 392,158</u>	<u>\$ 4,671</u>	<u>\$ 556,439</u>	<u>\$ 87,354</u>	<u>\$ 123</u>	<u>\$ 4,550,780</u>
Accumulated depreciation									
Balance at January 1, 2019	\$ -	\$ 143,941	\$ 5,442	\$ 310,202	\$ 4,671	\$ 442,957	\$ 75,613	\$ -	\$ 982,826
Depreciation expense	-	4,822	260	7,878	-	13,850	1,326	-	28,136
Disposals	-	-	-	(1,266)	-	(9,017)	(22)	-	(10,305)
Reclassifications	-	-	-	-	-	-	-	-	-
Effect of foreign currency exchange differences	-	200	96	912	-	1,498	-	-	2,706
Balance at March 31, 2019	<u>\$ -</u>	<u>\$ 148,963</u>	<u>\$ 5,798</u>	<u>\$ 312,726</u>	<u>\$ 4,671</u>	<u>\$ 449,288</u>	<u>\$ 76,917</u>	<u>\$ -</u>	<u>\$ 1,003,363</u>
Carrying amounts at March 31, 2019	<u>\$ 2,833,746</u>	<u>\$ 516,508</u>	<u>\$ 5,020</u>	<u>\$ 74,432</u>	<u>\$ -</u>	<u>\$ 107,151</u>	<u>\$ 10,437</u>	<u>\$ 123</u>	<u>\$ 3,547,417</u>
Cost									
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	-	-	-	(3,344)	-	(1,891)	-	-	(5,235)
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>
Accumulated depreciation									
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>

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	1-5 years
Other equipment	3-15 years

- a. There was no interest capitalized during the three months ended March 31, 2019 and 2018.
- b. Refer to Note 36 for the details of properties, plant and equipment pledged as collaterals.

15. LEASE ARRANGEMENTS

- a. Right-of-use assets - 2019

	March 31, 2019
<u>Carrying amounts</u>	
Buildings	\$ 3,270,638
Office equipment	75,997
Other equipment	<u>4,241</u>
	<u>\$ 3,350,876</u>
For the Three Months Ended March 31, 2019	
Additions to right-of-use assets	<u>\$ 87,559</u>
Depreciation charge for right-of-use assets	
Buildings	\$ 129,842
Office equipment	3,678
Other equipment	<u>327</u>
	<u>\$ 133,847</u>

- b. Lease liabilities - 2019

	March 31, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 518,371</u>
Non-current	<u>\$ 2,816,994</u>
Range of discount rate for lease liabilities was as follows:	
	March 31, 2019
Buildings	1.11%-5.7%
Office equipment	1.28%-5.7%
Other equipment	1.28%-1.29%

- c. Material lease-in activities and terms

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

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties and freehold property are set out in Notes 16.

2019

**For the Three
Months Ended
March 31, 2019**

Expenses relating to short-term leases	<u>\$ 4,258</u>
Expenses relating to low-value asset leases	<u>\$ 11,250</u>
Expenses relating to variable lease payments not included in the measurement of lease liabilities	<u>\$ 152,233</u>

The Group leases buildings which qualify as short-term leases and office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

2018

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

	December 31, 2018	March 31, 2018
Not later than 1 year	\$461,340	\$469,235
Later than 1 year and not later than 5 years	786,897	664,775
Later than 5 years	<u>6,874</u>	<u>2,362</u>
	<u>\$1,255,111</u>	<u>\$1,136,372</u>

16. INVESTMENT PROPERTIES

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2019	\$ 1,876,100	\$ 319,835	\$ 2,195,935
Disposals	(<u>13,607</u>)	(<u>5,854</u>)	(<u>19,461</u>)
Balance at March 31, 2019	<u>\$ 1,862,493</u>	<u>\$ 313,981</u>	<u>\$ 2,176,474</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2019	\$ 10,010	\$ 102,405	\$ 112,415
Depreciation expense	-	1,988	1,988
Disposals	(<u>2,721</u>)	(<u>1,850</u>)	(<u>4,571</u>)
Balance at March 31, 2019	<u>\$ 7,289</u>	<u>\$ 102,543</u>	<u>\$ 109,832</u>
Carrying amounts at March 31, 2019	<u>\$ 1,855,204</u>	<u>\$ 211,438</u>	<u>\$ 2,066,642</u>

	Land	Buildings	Total
<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>	<u>\$ 344,313</u>	<u>\$ 2,379,687</u>
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ 7,022	\$ 101,329	\$ 108,351
Impairment losses recognized (reversed)	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>

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

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

	March 31, 2019
Year 1	\$ 85,315
Year 2	25,401
Year 3	5,619
Year 4	5,576
Year 5	<u>3,430</u>
	<u>\$ 125,341</u>

The future minimum lease payments of non-cancellable operating lease commitments as of December 31, 2018 and March 31, 2017 were as follows:

	December 31, 2018	March 31, 2018
Not later than 1 year	\$ 86,134	\$ 90,415
Later than 1 year and not later than 5 years	60,780	156,084
Later than 5 years	<u>10</u>	<u>7,754</u>
	<u>\$ 146,924</u>	<u>\$ 254,253</u>

The 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, 2019, December 31, 2018 and March 31, 2018 was \$9,796,813 thousand, \$9,703,340 thousand and \$9,363,006 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.

17. INTANGIBLE ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
Franchise (Note 38)	\$ 48,327	\$ 48,749	\$ 47,861
Goodwill	10,513	10,513	-
System software costs	46,466	51,067	54,413
Patent	<u>4,479</u>	<u>5,000</u>	<u>-</u>
	<u>\$ 109,785</u>	<u>\$ 115,329</u>	<u>\$ 102,274</u>

<u>Cost</u>	Franchise	Goodwill	System Software Costs	Patent	Total
Balance at January 1, 2019	\$ 93,851	\$ 20,134	\$ 256,019	\$ 5,000	\$ 375,004
Additions	-	-	3,911	-	3,911
Effect of foreign currency exchange differences	<u>321</u>	<u>-</u>	<u>470</u>	<u>-</u>	<u>791</u>
Balance at March 31, 2019	<u>\$ 94,172</u>	<u>\$ 20,134</u>	<u>\$ 260,400</u>	<u>\$ 5,000</u>	<u>\$ 379,706</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2019	\$ 45,102	\$ 9,621	\$ 204,952	\$ -	\$ 259,675
Amortization expense	589	-	8,579	521	9,689
Effect of foreign currency exchange differences	<u>154</u>	<u>-</u>	<u>403</u>	<u>-</u>	<u>557</u>
Balance at March 31, 2019	<u>\$ 45,845</u>	<u>\$ 9,621</u>	<u>\$ 213,934</u>	<u>\$ 521</u>	<u>\$ 269,921</u>
Carrying amounts at March 31, 2019	<u>\$ 48,327</u>	<u>\$ 10,513</u>	<u>\$ 46,466</u>	<u>\$ 4,479</u>	<u>\$ 109,785</u>
<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>-</u>	<u>453</u>	<u>-</u>	<u>(1,548)</u>
Balance at March 31, 2018	<u>\$ 88,932</u>	<u>\$ 9,621</u>	<u>\$ 238,385</u>	<u>\$ -</u>	<u>\$ 336,938</u>
<u>Accumulated amortization and impairment</u>					
Balance at January 1, 2018	\$ 41,427	\$ 9,621	\$ 176,038	\$ -	\$ 227,086
Amortization expenses	560	-	8,239	-	8,799
Disposals	-	-	(564)	-	(564)
Effect of foreign currency exchange differences	<u>(916)</u>	<u>-</u>	<u>259</u>	<u>-</u>	<u>(657)</u>
Balance at March 31, 2018	<u>\$ 41,071</u>	<u>\$ 9,621</u>	<u>\$ 183,972</u>	<u>\$ -</u>	<u>\$ 234,664</u>
Carrying amounts at March 31, 2018	<u>\$ 47,861</u>	<u>\$ -</u>	<u>\$ 54,413</u>	<u>\$ -</u>	<u>\$ 102,274</u>

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
Patent	4-7 years

18. OTHER ASSETS

	March 31, 2019	December 31, 2018	March 31, 2018
Prepaid expenses	\$ 80,769	\$ 84,768	\$ 127,742
Tax prepayment	44,978	-	11,094
Overpaid VAT	25,598	14,019	10,712
Temporary payments	6,841	3,355	46,957
Overdue receivables	150	335	1,698
Others	<u>1,890</u>	<u>1,890</u>	<u>1,890</u>
	<u>\$ 160,226</u>	<u>\$ 104,367</u>	<u>\$ 200,093</u>
Current	\$ 158,186	\$ 102,142	\$ 196,505
Non-current	<u>2,040</u>	<u>2,225</u>	<u>3,588</u>
	<u>\$ 160,226</u>	<u>\$ 104,367</u>	<u>\$ 200,093</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.

19. BORROWINGS

a. Short-term borrowings

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Unsecured borrowings</u>			
Unsecured loans	\$ -	\$ -	\$ 60,000
<u>Secured borrowings</u>			
Bank loans	<u>-</u>	<u>748,000</u>	<u>748,000</u>
	<u>\$ -</u>	<u>\$ 748,000</u>	<u>\$ 808,000</u>

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

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

b. Long-term borrowings

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Secured borrowings</u>			
Bank loans	\$ 3,777,640	\$ 3,022,204	\$ 5,343,400
<u>Unsecured borrowings</u>			
Loans unsecured	<u>1,753,479</u>	<u>2,356,956</u>	<u>1,467,119</u>
	5,531,119	5,379,160	6,810,519
Less: Current portion	(<u>7,601</u>)	(<u>7,682</u>)	(<u>13,695</u>)
Long-term borrowings	<u>\$ 5,523,518</u>	<u>\$ 5,371,478</u>	<u>\$ 6,796,824</u>

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

Content of Borrowings		March 31, 2019	December 31, 2018	March 31, 2018
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. The Group repaid all the debts in October 2018.	\$ -	\$ -	\$ 200,000
E.Sun Bank	Loan limit: \$2,450,000 thousand; period: December 29, 2017 to December 29, 2020; fixing interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in October 2018.	-	-	2,450,000
E.Sun Bank	Loan limit: \$200,000 thousand; period: October 19, 2018 to October 19, 2021; fixing interest rate of 1.2%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in March 2019.	-	200,000	-
E.Sun Bank	Loan limit: \$2,450,000 thousand; period: October 19, 2018 to October 19, 2021; fixed interest rate of 1.2% interest is paid monthly and principal is repaid at maturity.	1,950,000	2,450,000	-
East Asia Bank	Loan limit: \$1,600,000 thousand ; period: December 7, 2017 to December 7, 2020; floating interest rate 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. The Group repaid all the debts in July 2018.	-	-	300,000
East Asia Bank	Loan limit: US\$40,000 thousand ; period: December 7, 2017 to December 7, 2020; floating interest rate of 3.2113%; interest is paid quarterly; 3% of principal is repaid in 18th, 24th and 30th months, respectively. 91% of principal is paid in 36th month. The Group repaid all the debts in July 2018.	-	-	1,164,200
East Asia Bank	Loan limit: \$1,600,000 thousand ; period: November 15, 2018 to November 12, 2021; floating interest rate of 1.246% and 1.242%; interest is paid monthly; 3% of principal is repaid in 18th, 24th and 30th months, respectively. 91% of principal is paid in 36th month.	300,000	200,000	-
Yuanta Bank	Loan limit: \$200,000 thousand; period: March 23, 2018 to March 22, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	200,000	200,000
Yuanta Bank	Loan limit: \$400,000 thousand; period: March 7, 2019 to March 19, 2021; fixed interest rate of 1.25%; interest is paid monthly; and principal is repaid at maturity.	250,000	-	-
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.	3,479	6,956	17,119
Mizuho Bank	Loan limit: \$300,000 thousand; period: November 30, 2018 to November 30, 2020; fixed interest rate of 1.16%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	200,000	-

(Continued)

Content of Borrowings		March 31, 2019	December 31, 2018	March 31, 2018
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. The Group repaid all the debts in July 2018.	-	-	200,000
Bank of SinoPac	Loan limit: \$200,000 thousand; period: September 19, 2018 to September 19, 2020; fixed rate of 1.10%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2019.	-	200,000	-
O-Bank	Loan limit: \$200,000 thousand; period: December 26, 2018 to December 25, 2020; fixed interest rate of 1.221%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	200,000	-
O-Bank	Loan limit: \$200,000 thousand; period: March 2, 2018 to March 2, 2020; fixing interest rate of 1.221%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in July 2018.	-	-	200,000
Far Eastern Bank	Loan limit: \$800,000 thousand; period: April 2, 2018 to April 2, 2020; fixed interest rate of 1.29%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	300,000	-
Taishin Bank	Loan limit: \$300,000 thousand; period: December 25, 2017 to December 25, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	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.	285,000	285,000	265,000
Taishin Bank	Loan limit: \$1,373,000 thousand; period: March 29, 2019 to March 29, 2024; fixed interest rate of 1.73%; interest is paid monthly and principal is repaid at maturity.	748,000	-	-
DBS Bank	Loan limit: \$150,000 thousand; period: March 23, 2018 to March 23, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in February 2019.	-	150,000	150,000
DBS Bank	Loan limit: US\$40,000 thousand; period: December 13, 2017 to December 13, 2019; floating interest rate of 3.5066%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in August 2018.	-	-	1,164,200
Taiwan Cooperative Bank	Loan limit: \$200,000 thousand; period: June 21, 2018 to June 21, 2020; fixed interest rate of 1.25% and 1.22%; interest is paid monthly and principal is repaid at maturity.	200,000	200,000	-
Mega Bank	Loan limit: \$250,000 thousand; period: August 13, 2018 to August 13, 2021; fixed interest rate of 1.20%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in January 2019.	-	200,000	-
SK Bank	Loan limit: \$200,000 thousand; period: November 21, 2018 to November 20, 2021; fixed interest rate of 1.20%; interest is paid monthly and principal is repaid at maturity.	200,000	200,000	-
SPD Bank	Loan limit: RMB600,000 thousand; period: December 26, 2018 to December 25, 2023; fixed interest rate of 5.7%; interest is paid quarterly; and principal is repaid proportional every six months.	494,640	87,204	-
Jihsun Bank	Loan limit: \$200,000 thousand; period: December 3, 2018 to November 29, 2020; fixed interest rate of 1.22%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
Jihsun Bank	Loan limit: \$200,000 thousand; period: January 26, 2018 to January 26, 2020; fixed interest rate of 1.25%; interest is paid monthly and principal is repaid at maturity. The Group repaid all the debts in April 2018.	-	-	200,000
Cathay United Bank	Loan limit: \$200,000 thousand; period: August 1, 2018 to August 1, 2020; fixed interest rate of 1.204%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-

(Continued)

Content of Borrowings		March 31, 2019	December 31, 2018	March 31, 2018
SCS Bank	Loan limit: \$400,000 thousand; period: December 8, 2018 to December 8, 2021; fixed interest rate of 1.28%; interest is paid monthly and principal is repaid at maturity.	200,000	-	-
CH Bank	Loan limit: \$500,000 thousand; period: January 25, 2019 to January 25, 2021; fixed interest rate of 1.28%; interest is paid monthly and principal is repaid at maturity.	500,000	-	-
Total long-term borrowings		<u>\$5,531,119</u>	<u>\$5,379,160</u>	<u>\$6,810,519</u>

(Concluded)

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

20. BONDS PAYABLE

	March 31, 2019	December 31, 2018	March 31, 2018
Domestic unsecured bonds	\$ 5,900,000	\$ 5,900,000	\$ 3,000,000
Less: Current portion	<u>(1,500,000)</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
	<u>\$ 4,400,000</u>	<u>\$ 4,400,000</u>	<u>\$ 1,500,000</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 th and 5 th year from the issuance date, the Group will repay half of the principle, respectively. Interest is paid annually.
May 2018 to May 2021	700,000	0.92%	Principal is repaid at maturity. Interest is paid annually.
May 2018 to May 2023	1,900,000	1.07%	Principal is repaid at maturity. Interest is paid annually.
July 2018 to July 2023	1,800,000	1.05%	Principal is repaid at maturity. Interest is paid annually.

21. TRADE PAYABLES

	March 31, 2019	December 31, 2018	March 31, 2018
Construction payables	<u>\$ 646,289</u>	<u>\$ 766,021</u>	<u>\$ 44,651</u>

22. Contract liabilities

	March 31, 2019	December 31, 2018	March 31, 2018
Advance receipts from real estate transactions	\$ <u>367,393</u>	\$ <u>694,468</u>	\$ <u>59,495</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. The amount of deposit and installment which are collected before the criteria of recognition of sales revenue are met have been recorded as contract liabilities - current in the consolidation balance sheets.

23. OTHER LIABILITIES

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
Other payables	\$ 1,340,939	\$ 1,816,073	\$ 1,127,302
Other payable to related parties	46,804	45,930	58,803
Other financial liabilities	389,257	357,126	345,675
Other liabilities	<u>145,405</u>	<u>202,879</u>	<u>95,684</u>
	<u>\$ 1,922,405</u>	<u>\$ 514,141</u>	<u>\$ 1,627,464</u>

Non-current

Other liabilities	\$ <u>465,954</u>	\$ <u>514,141</u>	\$ <u>361,714</u>
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a. Other payables were as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Payable for performance bonus and salaries	\$ 878,503	\$ 1,365,002	\$ 724,019
Payable for annual leave	118,821	106,632	72,001
Payable for labor and health insurance	70,444	63,431	54,063
Interest payables	55,476	39,518	39,758
Advertisement payable	54,871	68,671	47,524
Payable for employees bonuses and compensation to directors	30,808	25,014	43,723
Payable for professional fees	4,618	14,407	9,182
Others	<u>127,398</u>	<u>133,398</u>	<u>137,032</u>
	<u>\$ 1,340,939</u>	<u>\$ 1,816,073</u>	<u>\$ 1,127,302</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 \$465,804 thousand, \$513,806 thousand and \$361,714 thousand as of March 30, 2019, December 31, 2018 and March 31, 2018, respectively.

b. Other payable to related parties were as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Financing to related parties			
Loan from related parties	\$ 39,388	\$ 38,459	\$ 39,964
Interest payable	6,993	6,828	7,095
Others	<u>423</u>	<u>643</u>	<u>11,744</u>
	<u>\$ 46,804</u>	<u>\$ 45,930</u>	<u>\$ 58,803</u>

Loans from related parties were accounted for other payables to related parties with the same interest rates of 0% for the three months ended March 31, 2019 and 2018.

c. Other financial liabilities were as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Receipts under custody from real estate transactions	\$ 304,115	\$ 288,151	\$ 273,754
Other receipts under custody	46,239	45,661	38,710
Payable on equipment	1,563	5,008	4,216
Receipts under custody – escrow service	-	4	230
Others	<u>37,340</u>	<u>18,302</u>	<u>28,765</u>
	<u>\$ 389,257</u>	<u>\$ 357,126</u>	<u>\$ 345,675</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:

	March 31, 2019	December 31, 2018	March 31, 2018
Receipts under custody - escrow service	\$ 9,403,319	\$ 7,747,371	\$ 10,006,824
Interest payable	1,457	1,615	1,650
Deposit accounts	<u>(9,404,776)</u>	<u>(7,748,982)</u>	<u>(10,008,244)</u>
	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ 230</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, 2019, December 31, 2018 and March 31, 2018.

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 liabilities were as follows:

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
VAT payable and other tax payable	\$ 82,695	\$ 143,441	\$ 82,850
Refund liability	45,607	43,668	40,776
Others	<u>17,103</u>	<u>15,770</u>	<u>12,834</u>
	<u>\$ 145,405</u>	<u>\$ 202,879</u>	<u>\$ 136,460</u>
<u>Non-current</u>			
Long-term bonus payable	\$ 465,804	\$ 513,806	\$ 361,714
Refund liability	<u>150</u>	<u>335</u>	<u>1,698</u>
	<u>\$ 465,954</u>	<u>\$ 514,141</u>	<u>\$ 363,412</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.

24. PROVISIONS

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Current</u>			
Operating loss provisions	<u>\$ 6,827</u>	<u>\$ 6,322</u>	<u>\$ 57,878</u>
Three Months Ended March 31			
		2019	2018
<u>Operating loss provisions</u>			
Balance, beginning of period		\$ 6,322	\$ 56,677
Additional reversed recognized		<u>505</u>	<u>1,202</u>
Balance, end of period		<u>\$ 6,827</u>	<u>\$ 57,878</u>

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.

25. 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, 2018 and 2017, and recognized in profit or loss in respect of the defined benefit plans for the three months ended March 31, 2019 and 2018

were \$1,230 thousand and \$1,200 thousand, respectively.

26. EQUITY

Share Capital

	March 31, 2019	December 31, 2018	March 31, 2018
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>736,847</u>	<u>736,847</u>	<u>651,500</u>
Share capital issued	<u>\$ 7,368,465</u>	<u>\$ 7,368,465</u>	<u>\$ 6,515,000</u>

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

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

Capital Surplus

	March 31, 2019	December 31, 2018	March 31, 2018
<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>-</u>	<u>632</u>	<u>632</u>
	<u>\$ \$363,896</u>	<u>\$ \$465,289</u>	<u>\$ 64,528</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 - Employees' Compensation and Remuneration of Directors.

- 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 2018 and 2017 had been proposed at Board meeting on February 25, 2019 and had been approved in the shareholders' meeting held on May 23, 2018, respectively were as follows:

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

The appropriations of earnings for 2018 are subject to the resolution of the shareholders' meeting to be held on May 24, 2019.

Others Equity Items

- 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 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. The accumulated amounts of unrealized gains or losses from financial assets at fair value through other comprehensive income did not reclassified to gains or losses when dispose of investment.

Non-controlling Interests

	Three Months Ended March 31	
	2019	2018
Balance, beginning of period	\$ 99,153	\$ 131,332
Attributed to non-controlling interests:		
Net income	(821)	6,769
Exchange differences on translating foreign operations	3	4
Partial disposal of subsidiaries	-	4,368
Acquisition of non-controlling interests in subsidiaries (see Note 32)	(599)	-
Balance, end of period	<u>\$ 97,736</u>	<u>\$ 142,473</u>

27. REVENUE

- a. Disaggregation of revenue
Refer to Note 41 for information about the disaggregation of revenue.
- b. Balance of contract
The amount of deposit and installment which are collected before the criteria of recognition of sales revenue are recorded as contract liabilities-current in the consolidation balance sheets. Refer to Note 22.

	March 31, 2019	December 31, 2018	March 31, 2018
Contract liabilities - current			
Real estate sales	<u>\$ 367,393</u>	<u>\$ 694,468</u>	<u>\$ 59,495</u>

28. NET PROFIT (LOSS) FROM CONTINUING OPERATIONS

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

Interest Income

	Three Months Ended March 31	
	2019	2018
Interest income		
Cash in bank	\$ 6,843	\$ 3,671
Others	<u>520</u>	<u>-</u>
	<u>\$ 7,363</u>	<u>\$ 3,671</u>

Other Gains and Losses

	Three Months Ended March 31	
	2019	2018
Impairment loss recognized of investment properties	\$ -	(\$ 1,135)
Gains on financial assets mandatorily classified as at FVTPL	45,416	35,334
Losses on disposal of property, plant and equipment	(261)	(159)
Gain on disposal of investment properties	3,876	-
Net foreign exchange gains (losses)	5,802	(10,881)
Share of losses on associates and joint venture	(54)	(423)
Others	<u>7,473</u>	<u>7,505</u>
	<u>\$ 62,252</u>	<u>\$ 30,241</u>

Finance Costs

	Three Months Ended March 31	
	2019	2018
Interest on bank loans	\$ 20,817	\$ 35,572
Interest on unsecured bonds payable	16,735	11,365
Interest on lease liabilities	18,166	-
Others	<u>2</u>	<u>5</u>
	55,720	46,942
Less: Amounts included in the cost of qualifying assets	(<u>8,053</u>)	(<u>23,193</u>)
	<u>\$ 47,667</u>	<u>\$ 23,749</u>

Information about capitalized interest was as follows:

	Three Months Ended March 31	
	2019	2018
Interest capitalization rate	1.7%-5.7%	1.59%-3.51%

Depreciation and Amortization

	Three Months Ended March 31	
	2019	2018
Property, plant and equipment	\$ 28,136	\$ 30,505
Investment property	1,988	2,116
Intangible assets	9,689	8,799
Right-of-use assets	<u>133,847</u>	<u>-</u>
	<u>\$ 173,660</u>	<u>\$ 41,420</u>
An analysis of depreciation by function		
Inventory	\$ -	\$ 240
Operating costs	142,443	20,261
Operating expenses	19,540	10,004
Other losses	<u>1,988</u>	<u>2,116</u>
	<u>\$ 163,971</u>	<u>\$ 32,621</u>

(Continued)

An analysis of amortization by function		
Inventory	\$ 718	\$ 424
Operating costs	307	328
Operating expenses	<u>8,664</u>	<u>8,047</u>
	<u>\$ 9,689</u>	<u>\$ 8,799</u>

(Concluded)

Operating Expenses Directly Related to Investment Properties

	Three Months Ended March 31	
	2019	2018
Direct operating expenses from investment property		
That generated rental income	\$ 6,778	\$ 6,035
That did not generate rental income	<u>11</u>	<u>11</u>
	<u>\$ 6,789</u>	<u>\$ 6,046</u>

Employee Benefits Expense

	Three Months Ended March 31	
	2019	2018
Salary expense	\$ 1,346,516	\$ 1,132,223
Labor and health insurance expense	<u>90,887</u>	<u>78,478</u>
	<u>1,437,403</u>	<u>1,210,701</u>
Post-employment benefits		
Defined contribution plans	50,619	44,761
Defined benefit plans (Note 25)	<u>1,230</u>	<u>1,200</u>
	<u>51,849</u>	<u>45,961</u>
Other employee benefits	<u>50,425</u>	<u>44,063</u>
Total employee benefits expense	<u>\$ 1,539,677</u>	<u>\$ 1,300,725</u>
An analysis of employee benefits expense by function		
Inventory	\$ 4,451	\$ 3,592
Operating costs	1,326,494	1,118,422
Operating expenses	<u>208,732</u>	<u>178,711</u>
	<u>\$ 1,539,677</u>	<u>\$ 1,300,725</u>

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 accrued employees' compensation and remuneration of directors for the three months ended March 31, 2019 and 2018 were as follows:

Accrual rate

	Three Months Ended March 31	
	2019	2018
Employees' compensation	1.00%	1.00%
Remuneration of directors	0.22%	0.41%

Amount

	Three Months Ended March 31	
	2019	2018
	Cash	Cash
Employees' compensation	\$ 4,714	\$ 3,528
Remuneration of directors	1,056	1,225

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 2018 and 2017 had been approved, respectively by the board of directors on February 25, 2019 and on February 26, 2018. The appropriations were as below.

	Years Ended December 31	
	2018	2017
	Cash	Cash
Compensation to employees	\$ 20,476	\$ 30,313
Remuneration to directors	3,909	4,880

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

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

Impairment Loss Recognized on Non-financial Assets

	Three Months Ended March 31	
	2019	2018
	Cash	Cash
Investment property (included in other operating income and expenses, net)	\$ -	\$ 1,135

29. INCOME TAXES RELATING TO CONTINUING OPERATIONS

- a. Income tax recognized in profit or loss

The major components of tax expense were as follows:

	Three Months Ended March 31	
	2019	2018
Current tax		
In respect of the current year	\$ 128,698	\$ 140,301
Land value increment tax	88,154	36,761
Deferred tax		
Adjustments to deferred tax attributable to changes in tax rates	-	(3,899)
In respect of the current period	(7,161)	(373)
Income tax expense recognized in profit or loss	<u>\$ 209,691</u>	<u>\$ 172,790</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. The Company applied for the administrative remedies, including appeal and recheck, in 2011 and 2015. After arising the offer in relation to the compromise, the authorities reassess the tax treatment of the Company's salesperson's long-term retention bonus for the aforementioned years. Based on the offer, the Company recalculated the amount of deferred tax assets for the years which tax return have not yet been assessed. The Company's applications of recheck 2014 and 2015 tax return have been assessed by the tax authorities. The tax authorities agreed to assess the Company's applications of 2016 and 2017 tax return based on the aforementioned offer; as of the date the consolidated financial statements were authorized for issue, the decision of the recheck have not yet been rendered.

Sinyi Global, Heng-Yi, Tokyo Sinyi, Taiwan Sinyi Development, Yowoo, Sinyi Culture, An-Sin, An-Shin, and Sinyi Consulting's tax returns through 2017 had been assessed by the tax authorities. Jui-Inn's tax returns through 2016 had been assessed by the tax authorities.

30. EARNINGS (LOSS) PER SHARE

Unit: NT\$ Per Share

	Three Months Ended March 31	
	2019	2018
Basic EPS	<u>\$ 0.57</u>	<u>\$ 0.28</u>
Diluted EPS	<u>\$ 0.57</u>	<u>\$ 0.28</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 June 25, 2018. The basic and diluted earnings per share adjusted retrospectively for the three months ended March 31, 2018 were as follows:

Unit: NT\$ Per Share

	<u>Before Retrospective Adjustment 2018</u>	<u>After Retrospective Adjustment 2018</u>
Basic earnings per share	\$ 0.31	\$ 0.28
Diluted earnings per share	<u>\$ 0.31</u>	<u>\$ 0.28</u>

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

Net Profit for the Year

	<u>Three Months Ended March 31 2019</u>	<u>2018</u>
Profit for the year attributable to owners of the Company	<u>\$ 422,309</u>	<u>\$ 203,363</u>

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

	<u>Three Months Ended March 31 2019</u>	<u>2018</u>
Weighted average number of ordinary shares in computation of basic earnings per share	736,847	736,847
Effect of dilutive potential ordinary shares Employees' compensation	<u>451</u>	<u>381</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>737,298</u>	<u>737,228</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. BUSINESS COMBINATIONS

a. Acquiring additional ownership of subsidiaries

The ownership of Heng-Yi which the Group holds reaches to 100% through its acquiring additional 25% of the shares of Heng-Yi in March, 2019. Please refer Note 12.

**Three Months Ended
March 31, 2019**

Cash consideration paid	(\$ 5,000)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>599</u>
Differences recognized from equity transactions	(<u>\$ 4,401</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	(\$ 632)
Retained earning	(<u>3,769</u>)
	(<u>\$ 4,401</u>)

b. Acquisition of subsidiaries

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

The Group acquired Sinyi Consulting to pursue the development of business and to integrate the resource of the Group. The Group recognizes the excess amount between the purchase price paid and the fair value of net assets acquired as goodwill, refer to Note 17.

(a) Assets acquired and liabilities assumed at the date of acquisition

	Amount
Current assets	
Cash and cash equivalents	\$ 12,740
Trade receivables	10,730
Trade and other receivables	216
Other current assets	26
Non-current assets	
Property, plant and equipment	1,437
Intangible assets	1,258
Refundable deposits	3
Deferred tax assets	390
Current liabilities	
Trade and other payables	(16,448)
Other current liabilities	(289)

(Continued)

Non-current liabilities	
Net defined benefit liabilities (Note)	<u>(12,576)</u>
Fair value of net assets acquired	<u>\$ (2,513)</u>
	(Concluded)

Note: The Group acquired Sinyi Consulting based on IFRSs, so the net defined benefit liabilities of Sinyi Consulting was remeasured.

(b) Goodwill recognized on acquisitions

	Amount
Consideration transferred	\$ 8,000
Less: Fair value of identifiable net assets acquired	<u>(2,513)</u>
Goodwill recognized on acquisitions	<u>\$ 10,513</u>

The total amount of acquired goodwill that is expected to be not tax-deductible.

(c) Net cash inflow on the acquisition of subsidiaries

	Amount
Consideration paid in cash	\$ (8,000)
Less: Cash and cash equivalent balances acquired	<u>12,740</u>
	<u>\$ 4,740</u>

32. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On February and March 2018, the Group disposed of 25% of its interest in Heng-Yi, 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.

	Three Months Ended March 31, 2018
Cash consideration received	\$ 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>

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

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, 2019

	Carrying Amount	Fair Value Hierarchy			Total
		Level 1	Level 2	Level 3	
<u>Financial liabilities</u>					
Financial liabilities measured at amortized cost - bonds payable	\$5,900,000	\$ -	\$5,912,360	\$ -	\$5,912,360

December 31, 2018

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

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	\$3,000,000	\$ -	\$3,015,054	\$ -	\$3,015,054

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, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets held for trading				
Domestic listed stocks - equity investments	\$ 8,205	\$ -	\$ -	\$ 8,205
Mutual funds	47,384	-	-	47,384
Structured products	<u>-</u>	<u>23,914</u>	<u>-</u>	<u>23,914</u>
	<u>\$ 55,589</u>	<u>\$ 23,914</u>	<u>\$ -</u>	<u>\$ 79,503</u>

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 304,458	\$ -	\$ -	\$ 304,458
Domestic unlisted stocks - equity investments	-	-	97,189	97,189
Foreign listed stocks - equity investments	522,593	-	-	522,593
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>311,898</u>	<u>311,898</u>
	<u>\$ 827,051</u>	<u>\$ -</u>	<u>\$ 409,087</u>	<u>\$ 1,236,138</u>

December 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	\$ 7,590	\$ -	\$ -	\$ 7,590
Mutual funds	48,308	-	-	48,308
Structured products	<u>-</u>	<u>4,646,837</u>	<u>-</u>	<u>4,646,837</u>
	<u>\$ 55,898</u>	<u>\$ 4,646,837</u>	<u>\$ -</u>	<u>\$ 4,702,735</u>

(Continued)

Financial assets at FVTOCI				
Domestic listed stocks - equity investments	\$ 257,668	\$ -	\$ -	\$ 257,668
Domestic unlisted stocks - equity investments	-	-	88,583	88,583
Foreign listed stocks - equity investments	527,703	-	-	527,703
Foreign unlisted stocks - equity investments	<u>-</u>	<u>-</u>	<u>304,544</u>	<u>304,544</u>
	<u>\$ 785,371</u>	<u>\$ -</u>	<u>\$ 393,127</u>	<u>\$ 1,178,498</u>

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>-</u>	<u>3,275,266</u>	<u>-</u>	<u>3,275,266</u>
	<u>\$ 202,500</u>	<u>\$ 3,275,266</u>	<u>\$ -</u>	<u>\$ 3,477,766</u>

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
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>-</u>	<u>252,053</u>	<u>252,053</u>
	<u>\$ 843,075</u>	<u>\$ -</u>	<u>\$ 288,784</u>	<u>\$ 1,131,859</u>

(Concluded)

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

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

Financial Assets	Financial Assets at Fair Value Through Other Comprehensive Income
	Equity Instruments
Balance at January 1, 2019	\$ 393,127
Additions	-
Recognized in other comprehensive income	8,605
Effect of exchange rate changes	<u>7,355</u>
Balance at March 31, 2019	<u>\$ 409,087</u>

Financial Assets	Financial Assets at Fair Value Through Other Comprehensive Income
	Equity Instruments
Balance at January 1, 2018	\$ 260,639
Recognized in other comprehensive income	23,962
Effect of exchange rate changes	<u>4,183</u>
Balance at March 31, 2018	<u>\$ 288,784</u>

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

Financial Instruments	Valuation Techniques and Inputs
Structured financial products	Discounted cash flow: future cash flows are estimated based on observable interest rate and discounted at a market interest rate.

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

Financial Instruments	Valuation Techniques and Inputs
Foreign unlisted stocks	Market comparison method: the value of the evaluation target can be obtained by using the transaction price of the enterprises which are similar to the evaluation target in the active market with consideration of implied value multiplier and liquidity discount.

Domestic unlisted stocks	According to the balance sheet of the evaluation target, evaluate the total value of its individual assets and liabilities using market approach consistently with the consideration of liquidity and non-control discounts to reflect the overall value of the target.
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The investments in equity instruments which are classified in Level 3 without public price at active market should be evaluated with the reference of the evaluation method, the evaluation target's net asset value and the bid price of the competitors which are widely used by the market participants. The Group did not disclose the quantitative information due to the difficulty in fully getting the relationship between the material unobservable inputs and fair value in practice.

c. Categories of financial instruments

	March 31, 2019	December 31, 2018	March 31, 2018
<u>Financial assets</u>			
FVTPL			
Mandatorily classified as at FVTPL	\$ 79,503	\$ 4,702,735	\$ 3,477,766
Financial assets at amortized cost (Note 1)	9,571,854	5,876,463	3,083,033
Financial assets at FVTOCI	1,236,138	1,178,498	1,131,859
<u>Financial liabilities</u>			
Financial assets at amortized cost (Note 2)	17,237,628	15,055,981	12,238,805

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 financial liabilities measured at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables, other payables to related parties, lease liabilities, 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 39.

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					
	2019			2018		
	RMB	JPY	USD	RMB	JPY	USD
Equity	\$ 48,680	\$ 2,723	\$ 1,825	\$ 6,444	\$ 2,616	\$ (23,054)
Profit or loss	22	12	2,613	18	-	1,957

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, 2019	December 31, 2018	March 31, 2018
Fair value interest rate risk			
Financial assets	\$ 410,075	\$ 916,210	\$ 276,888
Financial liabilities	11,131,119	11,627,160	7,930,119
Cash flow interest rate risk			
Financial assets	44,413	4,670,837	3,318,266
Financial liabilities	3,674,753	438,459	2,728,364

Interest rate sensitivity analysis

The Group was exposed to cash flow interest rate risk in relation to floating rate financial assets or liabilities, and the financial assets, short-term and long-term borrowings will be affected by the changes in market interest rate accordingly. If the market interest rate increased/decreased by 1%, the Group's cash inflow/(outflow) will increase/decrease by (\$9,076) thousand and \$1,475 thousand for the three months ended March 31, 2019 and 2018, respectively.

3) Other price risk

The Group was exposed to equity price risk through its investments in mutual fund and domestic and foreign quoted shares.

If equity prices had been 1% higher/lower, pre-tax profit for the three months ended March 31, 2019 would have increased/decreased by \$556 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2019 would have increased/decreased by \$12,361 thousand as a result of [the changes in fair value of financial assets at FVTOCI.

If equity prices had been 1% higher/lower, pre-tax profit for the three months ended March 31, 2018 would have increased/decreased by \$2,025 thousand as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the three months ended March 31, 2018 would have increased/decreased by \$11,319 thousand as a result of the changes in fair value of financial assets at FVTOCI.

b.) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the 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, 2019, December 31, 2018 and March 31, 2018, the Group had available unutilized bank loan facilities were follows:

	March 31, 2019	December 31, 2018	March 31, 2018
Unsecured bank overdraft facility, reviewed annually and payable at call:			
Amount used	\$ 2,248,119	\$ 2,444,160	\$ 1,527,119
Amount unused	<u>7,691,626</u>	<u>6,380,770</u>	<u>3,113,966</u>
	<u>\$ 9,939,745</u>	<u>\$ 8,824,930</u>	<u>\$ 4,641,085</u>
Secured bank overdraft facility:			
Amount used	\$ 3,283,000	\$ 3,683,000	\$ 6,091,400
Amount unused	<u>4,340,000</u>	<u>3,315,000</u>	<u>1,850,000</u>
	<u>\$ 7,623,000</u>	<u>\$ 6,998,000</u>	<u>\$ 7,941,400</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

Related Party	Relationship with the Group
Sinyi Real Estate Consulting Limited	Related party in substance (note)
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
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
Prospect Hospitality Co., Ltd.	The Company's Chairperson is the its director

Note: The Group acquired Sinyi Real Estate Consulting Limited in June 15, 2018. The related transactions entities had been consolidated into the consolidated financial statements, and had been eliminated since June 15, 2018.

Service Revenue

	Three Months Ended March 31 2019	2018
Service revenue - the Company's Chairperson is the its director	<u>\$ 1,355</u>	<u>\$ -</u>

Other Payables to Related Parties

	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties - related parties in substance	\$ <u>46,804</u>	\$ <u>45,930</u>	\$ <u>58,803</u>

Parts of other payables to related parties were financing. Information on the financing for the three months ended March 31, 2019 and 2018 were as follows:

	Three Months Ended March 31, 2019				
	Highest Balance During the Period	Amount	Interest Rate %	Interest Expense	Interest Payable
Other related parties - related parties in substance	<u>\$ 39,388</u>	<u>\$39,388</u>	-	<u>\$ -</u>	<u>\$6,993</u>

	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>

The financing above were unsecured.

Compensation for Key Management Personnel

	Three Months Ended March 31	
	2019	2018
Short-term employee benefits	\$ 31,427	\$ 29,114
Other long-term employee benefits	<u>4,070</u>	<u>2,868</u>
	<u>\$ 35,497</u>	<u>\$ 31,982</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

	<u>Three Months Ended March 31</u>	
	<u>2019</u>	<u>2018</u>
Other related parties		
Related parties in substance	\$ 1,846	\$ 2,906
Parent company	29	29
Ultimate parent company	14	14
Associates	<u>9</u>	<u>8</u>
	<u>\$ 1,898</u>	<u>\$ 2,957</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

	<u>Three Months Ended March 31</u>	
	<u>2019</u>	<u>2018</u>
Other related parties		
Related parties in substance	\$ <u>692</u>	\$ <u>1,006</u>

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

c. Professional fee

	<u>Three Months Ended March 31</u>	
	<u>2019</u>	<u>2018</u>
Other related parties		
Related parties in substance		
Sinyi Real Estate Consulting Limited	\$ -	\$ 25,177
Others	<u>1,294</u>	<u>2,217</u>
	<u>\$ 1,294</u>	<u>\$ 27,394</u>

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

d. Lease agreement

	<u>March 31, 2019</u>	<u>December 31, 2018</u>	<u>March 31, 2018</u>	
Lease liabilities - related parties in substance	\$ <u>32,760</u>	\$ _____	\$ _____	
		<u>Three Months Ended March 31</u>	<u>2019</u>	<u>2018</u>
<u>Interest expense</u>				
Related parties in substance		\$ <u>107,551</u>	\$ _____	_____

	Three Months Ended March 31	
	2019	2018
<u>Rental expense</u>		
Related parties in substance	\$ <u> -</u>	\$ <u> 2,349</u>

As of March 31, 2018, the minimum lease payment for the Group's operating leases for related parties is \$39,997 thousand .

e. Other receivables

	March 31, 2019	December 31, 2018	March 31, 2018
Other related parties			
Related parties in substance	\$ <u> 1,557</u>	\$ <u> 1,269</u>	\$ <u> 8,676</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:

	March 31, 2019	December 31, 2018	March 31, 2018
Property, plant and equipment (including investment properties)			
Land	\$ 4,241,789	\$ 4,241,789	\$ 4,241,789
Building	452,508	456,691	469,241
Other financial assets - current			
Pledged time deposits and demand deposits	7,290	7,236	7,324
Inventories	<u>8,856,144</u>	<u>8,570,743</u>	<u>2,407,217</u>
	<u>\$ 13,557,731</u>	<u>\$ 13,276,459</u>	<u>\$ 7,125,571</u>

37. 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 Sinyi International in obtaining financing limit of \$166,428 thousand. Refer to Note 40, Table 2 for the details.
- d. As of March 31, 2019, the Group had signed construction contracts but not yet paid for \$1,845,566 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 \$191,490 thousand as of March 31, 2019. 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 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 sublicense 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.

39. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

March 31, 2019

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 1,385,483	4.580	\$ 6,345,383
JPY	1,878,465	0.2783	522,777
USD	14,399	30.820	443,766
Non-monetary items			
RMB	73,321	4.580	335,812
JPY	1,877,804	0.2783	522,593
USD	44	30.820	1,362
<u>Financial liabilities</u>			
Monetary items			
RMB	322,092	4.580	1,475,182
JPY	895,959	0.2783	249,345

(Continued)

December 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<u>Financial assets</u>			
Monetary items			
RMB	\$ 357,687	4.472	\$ 1,599,574
JPY	1,854,823	0.2782	516,012
USD	30,269	30.715	929,726
Non-monetary items			
RMB	\$ 1,104,186	4.472	\$ 4,937,920
JPY	1,896,849	0.2782	527,703
USD	44	30.715	1,351
<u>Financial liabilities</u>			
Monetary items			
RMB	280,389	4.472	1,253,900
JPY	891,390	0.2782	247,985
USD	6	30.715	175

March 31, 2018

	Foreign Currencies (In Thousands)	Exchange Rate	New Taiwan Dollars (In Thousands)
<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
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
			(Concluded)

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			
	2019		2018	
	Exchange Rate	Net Foreign Exchange (Loss) Gain	Exchange Rate	Net Foreign Exchange (Loss) Gain
NTD	1 (NTD:NTD)	\$ 5,693	1 (NTD:NTD)	\$ 91
USD	30.820 (USD:NTD)	185	29.3003 (USD:NTD)	367
RMB	4.580 (RMB:NTD)	(38)	4.6110 (RMB:NTD)	(11,411)
JPY	0.2783 (JPY:NTD)	(36)	0.2703 (JPY:NTD)	40
MYR	7.2740 (MYR:NTD)	(43)	7.1990 (MYR:NTD)	2
HKD	3.260 (HKD:NTD)	41	3.7427 (HKD:NTD)	30
		<u>\$ 5,802</u>		<u>\$ (10,881)</u>

40. SEPARATELY DISCLOSED ITEMS

Information on significant transactions and information on investees:

- a. Financing provided: Table 1 (see the attached)
- b. Endorsements/guarantees provided to others: Table 2 (see the attached)
- c. Marketable securities held (excluding investment in subsidiaries, associates and joint controlled entities): Table 3 (see the attached)
- d. Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Table 4 (see the attached)
- e. Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: None
- f. 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: Table 5 (see the attached)
- 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 6 (see the attached)
- k. Information on investees: Table 7 (see the attached)

Information on investments in Mainland China:

- a. Information on any investee company in Mainland China, showing the name, principal business

activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gains, and limit on the amount of investment in the Mainland China area: Table 8 (see the attached)

- b. Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third 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

41. 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, 2019 and 2018:

	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, 2019								
Revenues from external customers	\$ 2,079,433	\$ 294,831	\$ 2,374,264	\$ 76,880	\$ 706,877	\$ 783,757	\$ -	\$ 3,158,021
Inter-segment revenues	44,337	2,003	46,340	1,392	9,483	10,875	(57,215)	-
Segment revenues	<u>\$ 2,123,770</u>	<u>\$ 296,834</u>	<u>\$ 2,420,604</u>	<u>\$ 78,272</u>	<u>\$ 716,360</u>	<u>\$ 794,632</u>	<u>(\$ 57,215)</u>	3,158,021
Rental income from investment property								(20,702)
Consolidated revenues								<u>\$ 3,137,319</u>
Operating profit (loss)	<u>\$ 278,648</u>	(<u>\$ 5,206</u>)	<u>\$ 273,442</u>	<u>\$ 1,364</u>	<u>\$ 312,608</u>	<u>\$ 313,972</u>	<u>\$ 14,875</u>	\$ 602,289
Operating income from investment property								(13,913)
Operating income								<u>\$ 588,376</u>
Segment assets	<u>\$ 8,867,365</u>	<u>\$ 2,549,824</u>	<u>\$ 11,417,189</u>	<u>\$ 5,093,799</u>	<u>\$ 18,801,223</u>	<u>\$ 23,895,022</u>	(<u>\$ 4,095,382</u>)	\$ 31,216,829
Investments accounted for by the equity method and goodwill								28,926
Total assets								<u>\$ 31,245,755</u>
Three months ended March 31, 2018								
Revenues from external customers	\$ 1,848,395	\$ 204,766	\$ 2,053,161	\$ 41,723	\$ 389,826	\$ 431,549	\$ -	\$ 2,484,710
Inter-segment revenues	17,153	14,630	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>\$ 5,330,046</u>	<u>\$ 2,353,805</u>	<u>\$ 7,686,851</u>	<u>\$ 5,375,616</u>	<u>\$ 13,205,266</u>	<u>\$ 18,580,882</u>	(<u>\$ 662,433</u>)	\$ 25,605,300
Investments accounted for by the equity method and goodwill								29,654
Total assets								<u>\$ 25,634,954</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, 2019
(In Thousands of New Taiwan Dollars)

No.	Financing Company	Borrower	Financial Statement Account	Related Parties	Maximum Balance for the Year	Ending Balance	Actual Appropriation	Interest Rate	Type of Financing	Transaction Amounts	Reasons for Short-term Financing	Allowance for Doubtful Accounts	Ending Balance of Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
1	Sinyi Real Estate (Shanghai) Limited	Jiu Xin Estate (Wuxi) Limited	Other receivables	Yes	\$ 114,400 (RMB 25,000 thousand)	\$ 91,600 (RMB 20,000 thousand)	\$ 91,600 (RMB 20,000 thousand)	4.75%	Short-term financing	\$ -	Needs for operation	\$ -	-	\$ -	\$ 5,415,652 (Note 1)	\$ 8,123,478 (Note 1)
		Lunheng Business Management (Shanghai) Ltd..	"	"	69,045 (RMB 15,000 thousand)	68,700 (RMB 15,000 thousand)	68,700 (RMB 15,000 thousand)	4.75%	"	-	"	-	-	-	5,415,652 (Note 1)	8,123,478 (Note 1)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	3,590,340 (RMB 780,000 thousand)	3,572,400 (RMB 780,000 thousand)	3,540,340 (RMB 773,000 thousand)	4.75%	"	-	"	-	-	-	5,415,652 (Note 1)	8,123,478 (Note 1)
2	Hua Yun Renovation (Shanghai) Co., Ltd.	Lunheng Business Management (Shanghai) Ltd..	Other receivables	Yes	34,983 (RMB 7,600 thousand)	34,808 (RMB 7,600 thousand)	34,808 (RMB 7,600 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	140,400 (Note 2)	280,800 (Note 2)
		Xin Yeh Business Administration (Shanghai) Ltd.	"	"	23,015 (RMB 5,000 thousand)	22,900 (RMB 5,000 thousand)	-	4.75%	"	-	"	-	-	-	140,400 (Note 2)	280,800 (Note 2)
3	Shanghai Sinyi Real Estate Inc.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	46,030 (RMB 10,000 thousand)	45,800 (RMB 10,000 thousand)	45,800 (RMB 10,000 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	1,156,869 (Note 3)	2,313,738 (Note 3)
4	Kunshan Dingxian Trading Co., Ltd.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	239,356 (RMB 52,000 thousand)	238,160 (RMB 52,000 thousand)	229,000 (RMB 50,000 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	833,550 (Note 4)	1,250,325 (Note 4)
5	Shanghai Shang Tuo Investment Management Consulting Inc.	Xin Yeh Business Administration (Shanghai) Ltd.	Other receivables	Yes	27,618 (RMB 6,000 thousand)	27,480 (RMB 6,000 thousand)	21,068 (RMB 4,600 thousand)	4.75%	Short-term financing	-	Needs for operation	-	-	-	81,033 (Note 5)	135,055 (Note 5)

Note 1: The maximum total financing provided should not exceed 150% of Sinyi Real Estate (Shanghai) Limited's net worth. The individual lending amount should not exceed 100% of Sinyi Real Estate (Shanghai) Limited's net worth.

Note 2: The maximum total financing provided should not exceed 30 times of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth. The individual lending amount should not exceed 15 times of Hua Yun Renovation (Shanghai) Co., Ltd.'s net worth.

Note 3: The maximum total financing provided should not exceed 300% of Shanghai Sinyi Real Estate Inc.'s net worth. The individual lending amount should not exceed 150% of Shanghai Sinyi Real Estate Inc.'s net worth.

Note 4: The maximum total financing provided should not exceed 15 times of Kunshan Dingxian Trading Co., Ltd.'s net worth. The individual lending amount should not exceed 10 times of Kunshan Dingxian Trading Co., Ltd.'s net worth.

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

SINYI REALTY INC. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED TO OTHER
THREE MONTHS ENDED MARCH 31, 2019
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorser/Guarantor	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party	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	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.	Sinyi International Limited	Indirectly 100% owned subsidiary	\$ 9,380,986 (Note 1)	\$ 166,428 (USD 5,400 thousand)	\$ 166,428 (USD 5,400 thousand)	\$ -	\$ -	1.42	\$ 17,589,350 (Note 1)	Y	N	N	
1	Sinyi Real Estate (Shanghai) Limited	Xin Yeh Business Administration (Shanghai) Ltd.	Indirectly 100% owned subsidiary	4,332,551 (Note 2)	91,520 (RMB 20,000 thousand)	-	-	-	-	8,123,478 (Note 2)	Y	N	Y	

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

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

TABLE 3

SINYI REALTY INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

AS OF MARCH 31, 2019

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

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Realty Inc.	<u>Listed shares</u> E.SUN Financial Holding Co., Ltd.	-	Financial assets at fair value through other comprehensive income - current	12,819,282	\$ 304,458	-	\$ 304,458	
	<u>Shares</u> Han Yu Venture Capital Co., Ltd.	-	"	5,000,000	45,729	11	45,729	
	NOWnews Network Co., Ltd.	-	"	2,707,000	51,460	10	51,460	
	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>Shares</u> Orix Corp.	-	Financial assets at fair value through other comprehensive income - current	1,180,800	522,593	-	522,593	
	<u>Monetary market fund</u> Western Asset US Dollar Fund A	-	Financial assets at fair value through profit or loss - current	44,006	1,362	-	1,362	
Shanghai Sinyi Real Estate Inc.	<u>Shares</u> Cura Investment Management (Shanghai) Co., Ltd.	-	Financial assets at fair value through other comprehensive income - non-current	30,000,000	311,898	2	311,898	

(Continued)

Holding Company Name	Marketable Securities Type and Name	Relationship with the Holding Company	Financial Statement Account	March 31, 2019				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Market Value or Net Asset Value	
Sinyi Development Inc.	<u>Shares</u> CTCI Corporation	-	Financial assets at fair value through profit or loss - current	170,940	\$ 8,205	-	\$ 8,205	
Sinyi Global Asset Management Co., Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	2,282,287	30,871	-	30,871	
An-Sin Real Estate Management Ltd.	<u>Monetary market fund</u> Taishin 1699 Money Market Fund	-	"	1,120,083	15,151	-	15,151	
Ke Wei Shanghai Real Estate Management Consulting Inc.	<u>Financial product</u> Bubu Shengking No. 8688	-	"	2,000,000	10,654	-	10,654	
Shanghai Shang Tuo Investment Management Consulting Inc.	Bubu Shengking No. 8688	-	"	50,000	256	-	256	
Beijing Sinyi Real Estate Ltd.	Bank of China Steady Growth-Daily Plan	-	"	2,820,000	13,004	-	13,004	

(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, 2019
 (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	<u>Stock</u> Xin Yeh Business Administration (Shanghai) Ltd.	Investments accounted for using equity method	-	Subsidiary	-	\$ -	-	\$ 1,594,950	-	\$ -	\$ -	\$ -	-	\$ 1,594,950 (Note1)
	<u>Financial product</u> Yue-de-ying No.18100787	Financial assets at fair value through profit or loss – current	-	-	120,000,000	RMB120,026	-	RMB -	120,000,000	RMB121,195	RMB121,195	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201810294860)	"	-	-	240,000,000	RMB240,503	-	RMB -	240,000,000	RMB243,003	RMB243,003	RMB -	-	RMB -
	Structured Financial Product (Product ID: 201811194978) Fortune Shuttle No.3	"	-	-	200,000,000	RMB200,293	-	RMB -	200,000,000	RMB202,274	RMB202,274	RMB -	-	RMB -
		"	-	-	470,000,000	RMB470,167	-	RMB -	470,000,000	RMB474,428	RMB474,428	RMB -	-	RMB -

Note 1: The ending balance presents historical cost.

SINYI REALTY INC. AND SUBSIDIARIES

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

Company Name	Nature of Relationships	Related Party	Ending Balance	Turnover Date	Overdue		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Action Taken		
Sinyi Realty Inc.	An-Sin Real Estate Management Ltd.	Subsidiary	\$ 161,334	-	\$ -	-	\$ 159,753	\$ -

SINYI REALTY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTION
THREE MONTHS ENDED MARCH 31, 2019

(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	Trade receivables	\$ 161,334	Regular settlement	1
1	Sinyi Real Estate (Shanghai) Limited	Kunshan Dingxian Trading Co., Ltd.	c	Advance receipts from real estate	207,797	-	1
		Kunshan Dingxian Trading Co., Ltd.	c	Prepayment transactions	84,552	-	-
		Kunshan Dingxian Trading Co., Ltd.	c	Trade receivables	85,489	-	-
		Jiu Xin Estate(Wuxi) Limited	c	Other receivables	91,600	For working capital, rate at 4.75%	-
2	Kunshan Dingxian Trading Co., Ltd.	Xin Yeh Business Administration (Shanghai) Ltd.	a	Other receivables	3,540,340	For working capital, rate at 4.75%	11
		Jiu Xin Estate(Wuxi) Limited	c	Advance receipts from real estate	226,710	-	1
		Xin Yeh Business Administration (Shanghai) Ltd.	c	Other receivables	229,000	For working capital, rate at 4.75%	1

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, 2019.

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, 2019.

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, 2019

(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, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Sinyi Realty Inc.	Sinyi International Limited (Samoa)	Equity Trust Chamber, P.O. Box 3269, Apia, Samoa	Investment holding	\$ 10,406,773	\$10,406,773	345,238,037	100	\$ 12,089,199	\$ 213,631	\$ 213,631	
	Sinyi Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	2,258,424	2,103,724	69,777,000	100	1,552,744	(15,982)	(15,982)	
	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	1,941,383	(12,590)	(12,590)	
	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	84,358	(7,382)	(7,382)	
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	21,000	15,000	2,100,000	75	7,796	(4,516)	(3,288)	
	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	1,135	(13)	(13)	
	Sinyi Culture Publishing Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Publication	4,960	4,960	-	99	2,018	6	6	
	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	101,608	661	337	
	Sinyi Interior Design Co., Ltd.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Interior design	950	950	95,000	19	14,294	(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	156,000	135,000	7,700,000	100	13,721	(16,040)	(16,040)	
	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	14,632	(231)	(52)	
	SIN CHIUN HOLDING SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	49,140	49,140	6,537,766	100	16,192	(1,821)	(1,821)	
	Sinyi Real Estate Consulting Limited	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Production of instructions of real estate	8,000	8,000	500,000	100	10,544	224	224	
Sinyi Limited (B.V.I.)	Inane International Limited (B.V.I.)	4th Floor, Ellen Skelton Building, 3076 Sir Francis Drake Highway, Road Town, Tortola VG1110, B. V. I.	Investment holding	1,493,092	1,493,092	46,935,840	100	795,643	(13,857)	(13,857)	
	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	10,231	(1,732)	(1,716)	
Sinyi International Limited (Samoa)	Forever Success International Limited (Mauritius)	3rd Floor, Standard Chartered Tower, 19 Cybercity, Ebene, Mauritius.	Investment holding	68,741	68,741	2,216,239	100	37,006	912	912	
	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	285,601	8,283	8,283	
	Sinyi Development Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	3,919,127	3,919,127	133,506,209	100	5,517,659	205,082	205,082	
	Sinyi Estate Ltd.	TMF Chambers, P.O. Box 3269, Apia Samoa	Investment holding	6,360,046	6,360,046	208,500,000	100	6,248,615	(646)	(646)	
Inane International	Max Success International Limited	Palm Grove House, P.O. Box 438, Road Town,	Investment holding	66,174	66,174	1,584,000	100	11,151	-	-	

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		Balance as of March 31, 2019			Net Income (Loss) of the Investee	Investment Income (Loss) Recognized	Note
				Ending Balance	Beginning Balance	Shares	Percentage of Ownership (%)	Carrying Value			
Limited (B.V.I.)		Torola, British Virgin Islands									
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	\$ 68,098	(\$ 87)	(\$ 87)	
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	44,380	945	945	
	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	16,971	315	315	
Sinyi Development Ltd.	Sinyi Real Estate (Hong Kong) Limited	Room 802, 8 Floor, Millennium City 2, 378 Kwun Tong Road, Kwun Tong, Hong Kong	Investment holding	3,888,107	3,888,107	131,640,306	100	5,433,673	200,478	200,478	
Sinyi Estate Ltd.	Sinyi Estate (Hong Kong) Limited	Unit 2103, Futura Plaza, 111 How Ming Street, Kwun Tong, Kowloon, Hong Kong	Investment holding	6,350,826	6,350,826	207,000,000	100	6,202,632	(645)	(645)	
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	189	(14)	(14)	
	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	112	(14)	(14)	
SIN CHIUN HOLDING SDN. BHD.	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Real estate brokerage	22,604	22,604	2,998,849	49	6,990	(1,791)	(877)	
	PEGUSUS HOLDING SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Investment holding	24,030	24,030	3,191,200	100	7,625	(942)	(942)	
PEGUSUS HOLDING SDN. BHD.	FIDELITY PROPERTY CONSULTANT SDN. BHD.	Suite 9-13A, Level 9, Wisma Uoa II, Jalan Pinang, 50450 Kuala Lumpur, Malaysia	Real estate brokerage	23,526	23,526	3,121,251	51	7,275	(1,791)	(914)	
Yowoo Technology Inc.	Woopu Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Investment holding	500	500	50,000	100	424	(14)	(14)	
	Heng-Yi Intelligent Technology Inc.	No. 100, Sinyi Rd., Sec. 5, Sinyi District, Taipei City, Taiwan	Development, construction, rental and sale of residential building and factories	7000	-	700,000	25	2,599	(4,516)	-	

SINYI REALTY INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA

THREE MONTHS ENDED MARCH 31, 2019

(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, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of March 31, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2019
					Outflow	Inflow						
Ke Wei Shanghai Real Estate Management Consulting Inc.	Real estate brokerage and management consulting	RMB 19,638	Investment in company located in mainland China indirectly through Ke Wei HK Realty Limited	\$ 81,859	\$ -	\$ -	\$ 81,859	\$ (1,685)	100	\$ (1,685)	\$ 1,481	\$ -
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	(12,497)	100	(12,497)	771,246	-
Beijing Sinyi Real Estate Ltd. (Note 3)	Real estate brokerage	RMB 34,747	Investment in company located in mainland China indirectly through Inane International Limited	149,955	-	-	149,955	(1,522)	100	(1,522)	(19,504)	-
Shanghai Zhi Xin allograph Ltd.	Real estate brokerage and management consulting	RMB 11,968	Investment in company located in mainland China indirectly through Inane International Limited	17,095	-	-	17,095	(22)	100	(22)	33,285	-
Suzhou Sinyi Real Estate Inc. (Note 3)	Real estate brokerage and management consulting	RMB 68,000	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	22,414	-	-	22,414	23,987	100	23,987	333,860	-
Cura Investment Management (Shanghai) Co., Ltd. (Note 4)	Real estate fund investment management	RMB1,636,300	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	-	-	-	-	-	2	-	311,898	-
Zhejiang Sinyi Real Estate Co., Ltd. (Note 3)	Real estate brokerage and management consulting	RMB 27,200	Investment in company located in mainland China directly through Shanghai Sinyi Real Estate Inc.	43,766	-	-	43,766	(2,423)	100	(2,423)	19,322	-
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	1,872	100	1,872	27,011	-
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	-	100	-	(513)	-
Qingdao Chengjian & Sinyi Real Estate Co., Ltd. (Note 5)	Real estate brokerage and management consulting	RMB -	Investment in company located in mainland China indirectly through Inane International Limited	37,295	-	-	37,295	-	-	-	-	-

(Continued)

Investee Company Name	Main Businesses and Products	Total Amount of Paid-in Capital	Investment Type	Accumulated Outflow of Investment from Taiwan as of January 1, 2019	Investment Flows		Accumulated Outflow of Investment from Taiwan as of March 31, 2019	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Income (Loss) Recognized (Note 1)	Carrying Value as of March 31, 2019 (Note 2)	Accumulated Inward Remittance of Earnings as of March 31, 2019
					Outflow	Inflow						
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	\$ 201,194	100	\$ 201,194	\$ 5,415,652	\$ 1,084,137
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	(960)	100	(960)	9,360	-
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	4,604	100	4,604	83,355	-
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.	-	-	-	-	63	100	63	9,068	-
Jiaxing 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.	-	-	-	-	1	100	1	1,088	-
Jiu Xin Estate (Wuxi) Limited	Real estate development	US\$ 207,000	Investment in company located in mainland China indirectly through Sinyi Estate (Hong Kong) Limited.	3,900,696	-	-	3,900,696	(641)	100	(641)	6,202,986	-
Suzhou ZHI XIN Real Estate Co., Ltd.	Real estate brokerage and management consulting	RMB 1,000	Investment in company located in Mainland China indirectly through Shanghai ZHI XIN Allograph Ltd	-	-	-	-	(28)	100	(28)	4,532	-
Lunheng Business Management (Shanghai) Ltd	Business management consulting, financial advisory and marketing strategy	RMB 1,000	Investment in company located in Mainland China indirectly through Hua Yun Renovation (Shanghai) Co., Ltd.	-	-	-	-	50	100	50	52,164	-
Xin Yeh Business Administration (Shanghai) Ltd.	Development of commercial and residential building and auxiliary facilities; and construction, rental, sale and property management	RMB 350,000	Investment in company located in Mainland China indirectly through Sinyi Real Estate (Shanghai) Limited.	-	-	-	-	356	100	356	1,603,357	-

Accumulated Outflow for Investment in Mainland China as of March 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 6)
\$9,577,168	\$15,895,093	\$-

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\$30.82 and US\$1=RMB6.7293 on March 31, 2019.

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

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

Note 5: The Corporation has been liquidated in June 2017.

Note 6: The Company has acquired the certification of operation headquarters issued by the Ministry of Economic Affairs, ROC.